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# Annual Report

## 2011-12

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## **VISION**

Austin Health will be renowned for excellence and outstanding leadership in healthcare, research and education.

## **VALUES**

Integrity – We exercise honesty, candour and sincerity.

Accountability – We are transparent, responsible and answerable.

Respect – We treat others with dignity, consideration, equality and value.

Excellence – We continually strive for excellence.

## **OVERVIEW**

Austin Health is the major provider of tertiary health services, health professional education and research in the north-east of Melbourne. Austin Health is world renowned for its research and specialist work in cancer; liver transplantation; spinal cord injuries; neurology; endocrinology; mental health; and rehabilitation.

Austin Health comprises the Austin Hospital, the Heidelberg Repatriation Hospital and the Royal Talbot Rehabilitation Centre.

During 2011-12, Austin Health completed 99,552 inpatient admissions; 186,485 outpatient attendances; and 68,168 emergency attendances.

# Report of Operations

## CHAIR AND CEO'S REPORT

The Hon. Judith Troeth AM,  
Chair of the Board of Directors  
and Dr Brendan Murphy, Chief  
Executive Officer

## OVERVIEW

2011-12 has been another successful and busy year for Austin Health. Emergency Department performance has improved significantly, the first stage of the Olivia Newton-John Cancer & Wellness Centre was officially opened and Austin Health continued to lead with new and innovative approaches to healthcare. Budgets were very well managed throughout the year resulting in the achievement of an operating surplus of \$5.2 million.

## PERFORMANCE TARGETS

Our Emergency Department (ED) continued to be one of the busiest in the state with 68,168 presentations. There was a 9.5 per cent increase in admissions to overnight beds from ED. We are particularly pleased that despite this growth, there were significant improvements in access performance, with 72 per cent of emergency patients admitted to overnight beds within eight hours, compared to 63 per cent the previous year. For three months of the year, we exceeded the target of 80 per cent of admissions within eight hours. This was an unprecedented achievement and the result of organisation-wide commitment and hard work.

We have maintained our outstanding performance in elective surgery, meeting nearly all surgical targets in 2011-12. Category 2 treatment times remain challenging due to capacity constraints but with the refurbishment and expansion of The Surgery Centre due to open next year, we are hoping to continue to significantly improve in this parameter. The Surgery Centre at the Heidelberg Repatriation Hospital allows us to move appropriate

surgery from Austin Hospital in order to create capacity to better manage our elective workload; a model that has played a significant role over the past four years in improving access to elective surgery.

## INNOVATION AND RESEARCH

Austin Health became one of the first health services in Australia to implement fully electronic inpatient medication management in four wards at the Heidelberg Repatriation Hospital. This revolutionary system has been shown to reduce medication errors by replacing traditional paper medication and drug charts with an electronic process. It will be extended to all Austin Health wards by the end of 2012. We are very proud of this ambitious achievement which is transforming our delivery of healthcare and has built on our established record as a trailblazer in clinical information technology development in Australia.

Austin Health was named a Hand Hygiene Centre for Excellence by the World Health Organisation. The award saw Austin Health and Hand Hygiene Australia (based at Austin Health) become one of only four groups worldwide to be honoured in such a manner. The award recognises Austin Health's leadership and considerable ground-breaking work in hand hygiene and the prevention of hospital-acquired infections.

The opening of the Olivia Newton-John Cancer & Wellness Centre was a significant achievement in 2012. The \$189 million Centre brings together three elements: Austin Health's world-class cancer services, the Ludwig Institute for Cancer Research and an important focus on wellness - a new model of care where patients have access to evidence-based complementary therapies and programs to help ease the stress, anxiety and side effects associated with cancer treatment.

The Austin Hospital Liver Transplant Unit (LTU) made history this year. Led by Professor Bob Jones, the transplant team performed Australia's first paediatric intestinal transplant. The complex, multi-organ operation took ten-and-a-half hours to complete, giving the 13-year old recipient a new liver, small bowel, pancreas and duodenum. This came during a record-breaking transplant marathon, as the LTU completed eight highly complex transplants in ten days - a superb feat and a tribute to the dedication and skill of the team and the hospital.

The LTU completed 57 liver transplants in 2011-12, compared with 56 in 2010-11. There has been major growth in the renal transplant program in 2011-12 with a record 47 transplants conducted, compared with 41 the year before.

The introduction of an eight-bed Acute Assessment Unit (AAU) on Ward 7 West has been working well to take pressure off ED. This new model of care aims to rapidly move General Medical patients from ED into ward beds. Patients are triaged and assessed in ED and then streamlined into the AAU for ongoing management by the General Medicine multidisciplinary team.

A brand new, \$1.5 million Positron Emission Tomography Solid Targetry Laboratory was opened this year with funding from the Australian Nuclear Science and Technology Organisation (ANSTO). This state-of-the-art laboratory will enable the Ludwig Institute for Cancer Research, Austin Health and ANSTO to pursue vital partnership research into new nuclear imaging techniques to benefit patients affected by different types of cancer.

Dr Andrew Scanlon became Victoria's first nurse practitioner (NP) in neurosurgery. This innovation will make a big difference at Austin Hospital where Neurosurgery is experiencing trends of increased acuity and activity and waiting lists have subsequently increased over the years. Dr Scanlon will now be able to autonomously perform

advanced physical assessments; order diagnostic tests and interpret their results; and prescribe appropriate medications, amongst other tasks.

In similar exciting developments this year, Austin Health credentialed and trained the first independent nurse colonoscopist endoscopist in Australia and trained its first nurse cystoscopist. These important workforce innovations provide us with greater capacity to monitor and treat patients who have had or are at risk of either bowel or bladder cancer.

## EDUCATION

In 2011-12, the distinct Medical and Nursing Education Units merged into the Clinical Education Unit – a development which heralds a new era in clinical education at Austin Health. In the past, clinical education had been to a large extent discipline specific. Now, the merged unit stimulates inter-professional teamwork and collaboration in health professional education: a new paradigm to better support and prepare the health workforce for the 21st century.

## CAPITAL WORKS

The first stage opening of the Olivia Newton-John Cancer & Wellness Centre was an important milestone. We thank the Victorian State Government for its significant financial support for the Centre and thank the Commonwealth Government for its contribution. The project team have delivered on time and ahead of budget.

We also thank Olivia Newton-John, the Appeal Executive (chaired by Mr Andrew Hagger) and Appeal Ambassadors for their support. Thanks also to our very generous individual donors, corporate supporters, philanthropists and philanthropic trusts. This has been a culmination of nearly 10 years of work to deliver this absolutely outstanding facility.

The Health and Rehabilitation Centre at the Heidelberg Repatriation Hospital formally opened in July 2011. This state-of-the art facility consolidates outpatient rehabilitation and specialist ambulatory services into a flexibly designed 'one-stop-shop' for rehabilitation services. We acknowledge the Victorian State Government's significant contribution of \$9.25m to this building and the Commonwealth government contribution of \$4.25m.

Significant work has been undertaken in 2011-12 to improve the Austin Hospital Emergency Department (ED). We are improving the design of our waiting room and triage area in order to provide a more efficient ED to better cope with increased patient demand. Work is also well underway on the \$2 million ICU third pod fit-out at the Austin Hospital.

Plans for the \$5.8 million redevelopment of the Mellor Ward at the Royal Talbot Rehabilitation Centre are progressing well with work almost ready to commence on the new 42-bed ward. We look forward to the commencement of this important project.

The \$15 million renovation and expansion of The Surgery Centre at the Heidelberg Repatriation Hospital will provide four additional theatres and 12 new surgical beds. The Central Sterilising Services Department will also be recommissioned. This project is due for completion in 2013.

Work on the 22-bed Community Care Unit at the Heidelberg Repatriation Hospital has commenced and is due for completion in April 2013. The unit will provide rehabilitation to people with long-term mental health illnesses in a residential setting.

Plans for the multi-million dollar development of the Martin Street car park have been finalised. The car park will give the hospital an additional 650 car spaces and will be completed by August 2013 in time for the second stage opening of the Olivia Newton-John Cancer & Wellness Centre.

## THE BOARD

In July 2011, we welcomed Ms Mary Ann Morgan and Dr Con Mylonas to the Austin Health Board. Both members bring unique combinations of knowledge and skill to the Board.

In June 2012, we farewelled Tim Daly AM who finished his term as Chair of the Austin Health Board after nine very successful years of service in the role. Tim was a committed leader and passionate supporter of Austin Health. We hope he retains a close association with the organisation. Ms Miranda Douglas-Crane also finished her term on the Board in June 2012. She played a significant role as Chair of the Audit Committee and we thank her for her contribution over the last four years.

We record our appreciation for the dedication and service to Austin Health by all our Board members.

We also thank the Honourable David Davis MLC, Minister for Health and Ageing and the Department of Health for their ongoing support.

Finally, in accordance with the *Financial Management Act 1994*, we are pleased to present the following Report of Operations for Austin Health for the year ending 30 June 2012.

The Hon. Judith Troeth AM  
Chair

Dr Brendan Murphy  
Chief Executive Officer

16 August, 2012

# Board of Directors

(AS AT 30 JUNE 2012)

Austin Health's Board consists of nine directors, appointed by the Victorian Government. The Board leads the strategic direction for the management, administration and control of Austin Health, its funds and its facilities. Directors are elected for a term of up to three years and may be re-elected to serve for up to nine years.

## BOARD MEMBERS

Mr Tim Daly AM (Chair)

Ms Miranda Douglas-Crane

Ms Barbara Hingston

Ms Suzanne Evans

Mr Stephen Kerr

Professor John McNeil AM

Professor David Scott AM

Ms Mary Ann Morgan

Dr Con Mylonas

## AUDIT COMMITTEE MEMBERS

Ms Miranda Douglas-Crane (Chair)

Mr Tim Daly AM

Ms Suzanne Evans

Ms Barbara Hingston

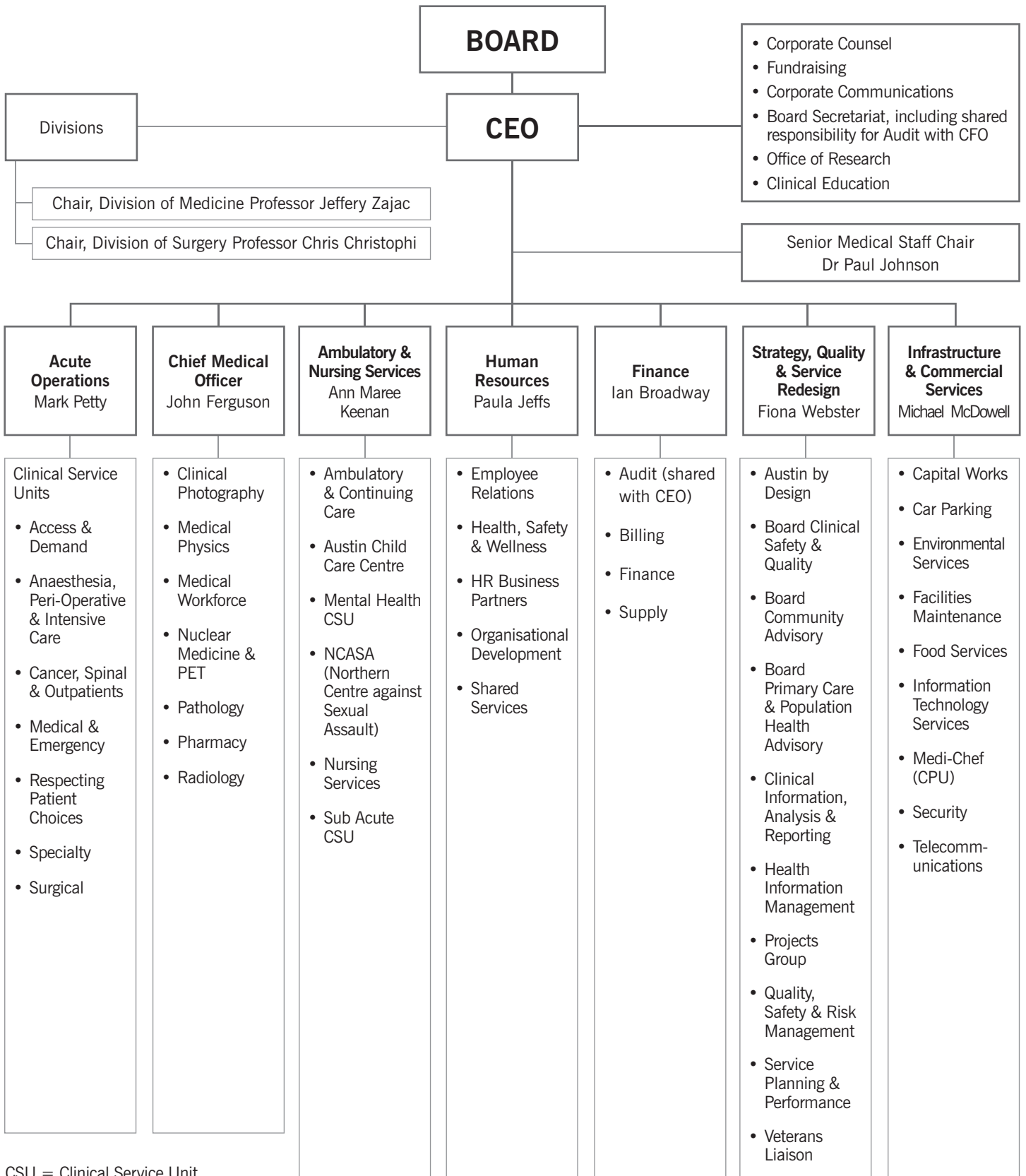
Dr Con Mylonas

## CHIEF EXECUTIVE OFFICER

Dr Brendan Murphy

# Organisational Structure

(AS AT 30 JUNE 2012)



CSU = Clinical Service Unit

# Human Resources

The Human Resources team assists the organisation to leverage its most valuable asset – its employees.

In 2011-12, Human Resources continued to evaluate its own performance and to implement strategies to improve its own efficiency and transparency; a process of review initiated in the previous financial year.

## HUMAN RESOURCES IMPROVEMENTS

As part of efforts to improve the efficiency of Human Resources, a new staff helpdesk portal was introduced called HR Solutions. Employees can now access human resources advice much more simply. Advice is more consistent and the process is more transparent. Queries can also now be better tracked for problem identification and service improvement.

Another significant project delivered was the integration of Austin Health's rostering system with the organisation's payroll process. This project has improved efficiency, governance and payroll accuracy.

## ORGANISATIONAL DEVELOPMENT

An Organisational Development team was established in 2011-12 to respond to Austin Health's future growth and demands and to develop and prepare the organisation to build the right workforce for the future. A number of new frameworks have been developed to encourage leadership, engage the workforce and provide succession planning.

Work has been completed to design a Senior Medical Leadership Program for Austin Health in order to develop high potential leaders who can help build a new culture of leadership amongst Austin Health's medical workforce.

## EMPLOYEE RELATIONS

A specialist employee relations advisory team was created in 2011-12 to enable improved effectiveness in the implementation of organisational change. By centralising this activity into one team, consistency of case management has increased and organisational risk has reduced; timeliness of change implementation has improved and positive relationships with staff have been maintained.

## WORKFORCE HEALTH, SAFETY & WELLNESS

### Incident Reporting and Safety Programs

WorkSafe Victoria notifiable incidents and workplace injuries and claims have decreased in the past year demonstrating a commitment to safer work practices at Austin Health. There were 33 per cent less workers compensation claims received in Acute Operations and a 50 per cent decrease in Infrastructure & Commercial Services.

The MoveSmart program has been consolidated with a large amount of equipment upgrades and training, support and advice for staff in 2011-12. This has increased staff awareness and there has been a further 30 per cent reduction in manual handling claims for 2011-12.

The Health, Safety and Wellness team has also undertaken significant work to review and upgrade emergency management

systems and response procedures across Austin Health.

### Workers Compensation & Injury Management

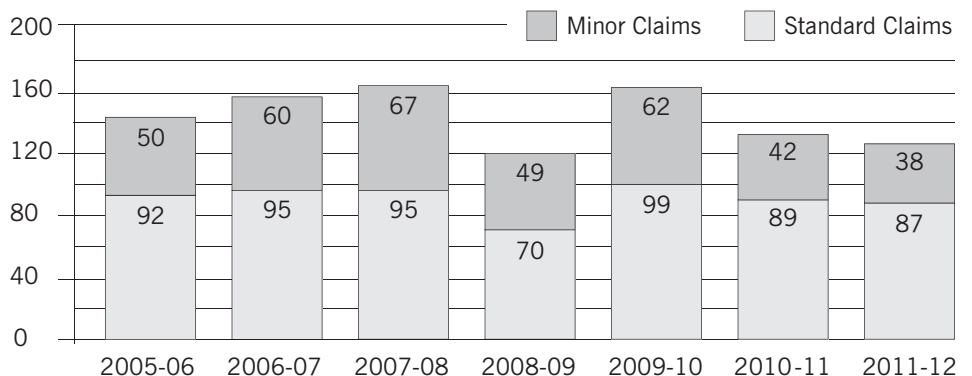
Standard worker's compensation claims have decreased in 2011-12 from 89 to 87 with overall 'all claims' data also demonstrating a reduction from 131 to 125.

### Wellness Programs

The Mature Workforce Program was piloted in Mental Health to engage members of the workforce over 50 years of age with regular onsite information, programs and enhanced educational opportunities. The Program has seen Austin Health recognised as a 'Corporate Champion' in the Federal Government's Experience Plus program. Importantly, funding from the Victorian Department of Health has enabled the expansion of the Mature Workforce Program across the Aged Care and Subacute divisions with an additional 100 staff attending the program in the last 12 months.

Over 1,400 staff attended Work Health checks as part of a very successful Health and Benefits Expo. Hundreds of staff explored the range of health, wellness and corporate benefits available to them. The success of the Expo culminated in Austin Health being nominated for a Work Safe Victoria Award for staff health and wellbeing.

## STANDARD WORKCOVER CLAIMS BY YEAR





# Infrastructure & Commercial Services

The Infrastructure & Commercial Services team supports and facilitates the delivery of healthcare by continually improving facilities for patients and staff. 2011-12 has been a busy year. Two state-of-the-art facilities were opened; ambitious maintenance targets were achieved; and a strategic master plan was completed setting the direction for Austin Health to meet its services needs for the next 10 years in line with the Strategic Services Plan.

## CAPITAL WORKS

- The Olivia Newton-John Cancer & Wellness Centre Stages 1 and 2A were completed in April 2012 and officially opened on 22 June 2012. Construction is progressing for Stage 2b;
- Stage 2A refurbishment of Pathology was completed in May 2012;
- Funding of \$3.9m for a 10-bed off-site Prevention and Recovery Care Service facility was successful in 2011-12 and design has commenced;
- Design for the replacement of the Diamond Creek Opportunity Shop was well advanced;
- Construction has commenced on the 22-bed Community Care Unit at the Heidelberg Repatriation Hospital;
- The next stage of the fire safety upgrades commenced across all three sites;
- The expansion of the Martin Street Car park was tendered and is now awaiting final funding approval from the Department of Health and the Treasury Corporation of Victoria;
- The design for the Mellor Ward at the Royal Talbot Rehabilitation Centre was fully completed and is currently issued to the market for tendering;
- Construction works for The Surgery Centre expansion (\$15m) at the Heidelberg Repatriation Hospital; and the Emergency Department triage reconfiguration (\$1m) and the ICU third pod fit-out (\$2m) at the Austin Hospital are progressing;
- Work commenced on the Reverse Osmosis and flusher pipe system replacement works in the Harold Stokes Building at the Austin Hospital;
- Work commenced on the Domestic Heating & Hot Water Pipe Replacement to the wards in the Flanders Wing at the Heidelberg Repatriation Hospital;
- Upgrades began on the two lifts in the main lift block in the Harold Stokes Building at the Austin Hospital.

## ENVIRONMENTAL SERVICES

### Waste

Educating staff about the importance of correct waste segregation has been a priority through orientation programs and in-service education sessions delivered to clinical and non-clinical areas. During 2011-12, 89 per cent of clinical areas participated in waste education. Austin Health is in the commissioning phase of an organics recycling unit at the Austin Hospital and a recycling compactor has been installed at the Heidelberg Repatriation Hospital, further increasing the ability to recycle.

### Energy

Austin Health initiated a trial program which involved replacement of various lights along nominated corridors with Light Emitting Diode (LED) lighting. During these works, it was found that the number of light fittings could also be reduced while maintaining the required lighting levels. As a result, the program has been expanded to include the lift lobby areas throughout one entire building. A program to replace traditional exit lights with LED exit lights is being implemented.

### Water

During 2011-12, the Infrastructure & Commercial Services team focused on reducing water consumption through leakage by improving response times to maintenance requests and adding internal water meters to the hydrotherapy pools at the Heidelberg Repatriation Hospital and the Royal Talbot Rehabilitation Centre. Some major infrastructure upgrades will also assist to reduce water consumption through leakage.

### Greening

A number of 'greening' projects have been undertaken across Austin Health. At the Austin Hospital, the Level 4 forecourt cafe and the Ward 2 West Paediatric gardens have been established. At the Heidelberg Repatriation Hospital, the wetlands and café courtyard projects have been completed.

### Sustainability Reporting

Austin Health produced a Sustainability Report in late 2011 and was only one of two health services in Victoria to do so. Additional environmental information will be reported publicly in the 2011-12 Sustainability Report.

# Strategy, Quality and Service Redesign

Strategy, Quality and Service Redesign (SQSR) supports Austin Health's continual service improvement by providing access to performance information; service improvement planning; and clear strategic direction.

## SERVICE PLANNING AND PERFORMANCE

Service planning investigates and examines new ways of service delivery to improve the experience and health of patients. In consultation with patients and healthcare partners, plans are developed which outline how Austin Health will deliver care in the future in a way that ensures continual improvement in quality of care.

Two significant five to ten year service plans were completed during the 2011-12 financial year:

The *Radiology Service Plan* ensures the right mix of diagnosis and image-guided interventions to meet community need and to provide good access and a positive experience for patients and referring doctors.

The *Ambulatory and Continuing Care Service Plan* provides patients with high quality:

- Help in managing chronic conditions such as diabetes and heart disease;
- Home or community-based alternatives to hospital care; and
- Support services at home or in the community to assist recovery.

## QUALITY, SAFETY AND RISK MANAGEMENT

In preparation for the new National Safety and Quality Health Service Standards which will be mandatory for all health services from January 2013, a number of significant projects were undertaken in 2011-2012. These included:

- The implementation of a standardised 'track and trigger' observation chart which allows for early recognition of patient deterioration;
- The implementation of a standardised nurse-to-nurse bedside handover tool - the key component of which includes patient involvement in the handover process;
- The rollout of a document control management system for policies, procedures and patient information;
- A trial of 'Patient Centred Walk-Arounds', where inpatients provide real-time feedback about their experiences for the purpose of service improvement; and
- The appointment of two consumer representatives to Austin Health's top level clinical governance group, the Board Clinical Safety and Quality Committee.

## AUSTIN BY DESIGN

*Austin by Design* is a small team dedicated to improving patient outcomes by redesigning some aspects of the organisation's service delivery. The team achieves this by assessing the efficiency of organisational systems and processes and by training staff in 'lean thinking' and problem solving. In 2011-12 *Austin by Design* trained more than 90 staff across the organisation. The team now offers lunch time lectures and training programs for multidisciplinary teams and other work groups. The medical staff training program continued with a further ten senior medical staff completing the training program and now employing these skills in their practice.

The team also spent 12 months assessing the journey of a stroke patient through Austin Health to identify opportunities for improvement. The detailed information collected from this exciting initiative will be used to develop a detailed plan to improve care for stroke patients.

## ROME-O PROJECT

In June 2012, Austin Health became one of the first health services in Australia to implement electronic medication management into four wards at the Heidelberg Repatriation Hospital. This new system has been shown to reduce medication errors by replacing traditional paper medication and drug charts with an electronic process.

Medical staff are supported by a system that warns for potential drug interactions and allergies and also provides guidance on safe prescribing when ordering medications. Nursing staff use mobile computers to view and record medications scheduled for administration to patients.

Nursing staff in particular have found this new system has many benefits including improved legibility of doctors' medication orders and improvements to the timeliness of medication administration. The system will be extended to all Austin Health wards by the end of 2012.

## VETERAN LIAISON

In 2011-12, the Veteran Liaison Department continued to provide support and services to Austin Health's veteran community. The traditional ceremonies of observance were well attended in the Remembrance Garden at the Heidelberg Repatriation Hospital. A generous donation was received from the War Widows Guild of \$100,000 to build a labyrinth at the Heidelberg Repatriation Hospital.

# Financials

Austin Health's long-term financial objectives are to improve financial performance; provide funds to reinvest into the organisation; update equipment; stay abreast of technological advances; and allocate our limited resources in a manner which maximises overall quality and performance.

The net result for the 2011-12 financial year (before capital and specific items) was \$5,186,000, which compared favourably with the budgeted breakeven target. It was a pleasing result because it was achieved while once again treating record patient numbers. The result was largely attributable to on-going efficiencies achieved through initiatives introduced in recent years to improve budget accountability.

Specifically, the better than budgeted financial outcome in 2011-12 was the result of:

- Improved utilisation of nursing resources mainly related to the integration of nurse graduates, reduced out-of-hours work and lower nurse agency costs;
- Improved results in non-operating activities such as commercial operations, research activities and fundraising; and
- Improved financial accountability across many services.

## FINANCIAL SUMMARY

|  | 2012           | 2011            | 2010            | 2009           | 2008           |
|--|----------------|-----------------|-----------------|----------------|----------------|
|  | \$000          | \$000           | \$000           | \$000          | \$000          |
| Total Revenue  | 707,777        | 687,721         | 640,123         | 608,637        | 550,319        |
| Total Expenses   | 702,591        | 686,462         | 635,998         | 604,116        | 550,247        |
| <b>Operating Surplus/(Deficit) before capital and specific items</b> | <b>5,186</b>   | <b>1,259</b>    | <b>4,125</b>    | <b>4,521</b>   | <b>72</b>      |
| Capital and Specific Items   | 4,872          | (14,696)        | (26,459)        | 11,856         | (10,018)       |
| <b>Operating Surplus/(Deficit)</b>                                   | <b>10,058</b>  | <b>(13,437)</b> | <b>(22,334)</b> | <b>16,377</b>  | <b>(9,946)</b> |
| Accumulated Deficit  | (100,956)      | (110,891)       | (97,269)        | (74,824)       | (88,034)       |
| Total Assets   | 1,205,859      | 1,175,318       | 1,183,305       | 1,190,514      | 766,238        |
| Total Liabilities  | 224,730        | 204,247         | 198,797         | 197,252        | 177,711        |
| <b>Net Assets</b>  | <b>981,129</b> | <b>971,071</b>  | <b>984,508</b>  | <b>993,262</b> | <b>588,527</b> |
| <b>Total Equity</b>  | <b>981,129</b> | <b>971,071</b>  | <b>984,508</b>  | <b>993,262</b> | <b>588,527</b> |

# Our Clinical Services

## STATEWIDE SERVICES

Acquired Brain Injury Unit  
Brain Disorders Unit  
Psychological Trauma and Recovery Service  
Statewide Child Mental Health Unit  
Spinal Community Integration Service  
Ventilation Weaning Unit  
Victorian Liver Transplant Unit  
Victorian Respiratory Support Service  
Victorian Spinal Cord Service  
Victorian Toxicology Service and Poisons Centre

## REGIONAL SERVICES

Body Image Eating Disorder Treatment and Recovery Service  
Child and Adolescent Mental Health Service  
Parent Infant Program  
Secure Extended Care Unit

## SUB-ACUTE SERVICES

Acquired Brain Injury Unit  
Aged Care Consultative Service  
Aged Care Volunteer Program  
Community Aged Care Packages  
Darley House Residential Aged Care Service  
Extended Aged Care at Home Dementia  
Heidelberg Aged Care Assessment Service  
Memory and Cognitive Research Unit  
Northern Region Dementia Extended Aged Care at Home Program  
Northern Region Extended Aged Care at Home Program  
Orthotics and Prosthetics  
Rehabilitation Services  
Restorative Care Program  
Transition Care Program

## HOME AND AMBULATORY SERVICES

Community Link Rapid Response Service  
Community Rehabilitation Centre  
Day Treatment Centre  
Hospital in the Home  
Hospital Primary Care Liaison Unit  
Medi-Hotel  
Pastoral Care  
Post Acute Care  
Rehabilitation in the Home  
Residential Care Outreach Service  
Wound Clinic

## ALLIED HEALTH

Leisure Services  
Neurological Rehabilitation Services  
Nutrition and Dietetics  
Occupational Therapy  
Physiotherapy  
Social Work  
Speech Pathology

## ANAESTHESIA, PERIOPERATIVE AND INTENSIVE CARE

Anaesthesia  
Endoscopy  
Intensive Care Unit  
Pain Services  
Perioperative Services (Austin Hospital)  
Surgery and Endoscopy Centre (Austin Hospital)  
The Surgery Centre (Heidelberg Repatriation Hospital)

## CANCER SERVICES

Cancer Clinical Trials Centre  
Cancer Immunology  
Cannulation and Apheresis Treatment Service  
Clinical Haematology  
Day Oncology Unit/Chemotherapy  
Genetics Service  
Lymphoedema Service  
Medical Oncology  
Palliative Care  
Radiation Oncology (Heidelberg Repatriation Hospital and Ballarat Austin Radiation Oncology Centre)  
Wellness and Supportive Care Program

## DIAGNOSTIC SERVICES

Anatomical Pathology  
Blood Bank  
Bone Densitometry  
Centre for Positron Emission Tomography  
Chemical Pathology  
Clinical Pathology  
Haematology  
Laboratory Medicine  
Microbiology  
Molecular Biology  
Nuclear Medicine  
Radiology including CT, MRI and Interventional Radiology

## **SURGERY**

Breast  
Cardiac  
Colorectal  
Gastroenterology  
Gynaecology  
Hepato Pancreato Biliary and Transplant  
Maxillo Facial  
Neurosurgery  
Ophthalmology  
Orthopaedics  
Paediatrics  
Plastics  
Thoracics  
Upper Gastrointestinal and Endocrine  
Urology  
Vascular

## **MEDICAL AND EMERGENCY**

Acute Assessment Unit  
After Hours GP Clinic  
Clinical Pharmacology, Therapeutics and Hypertension  
Dermatology  
Emergency Medicine  
Endocrinology  
General Medicine  
Hypertension  
Infection Control  
Infectious Diseases  
Medical Assessment and Planning Unit  
Nephrology  
Paediatric Medicine  
Podiatry  
Renal Dialysis  
Rheumatology  
Short Stay Observation Unit  
Toxicology

## **MENTAL HEALTH**

Adolescent Inpatient Unit  
Adult Acute Psychiatry Unit  
Body Image Eating Disorder Treatment and Recovery Service  
Brain Disorders Program  
Child and Adolescent Mental Health Service  
Clinical and Health Psychology  
Community Mental Health Services  
Drug Dependence Clinic  
General Hospital Mental Health  
North East Area Mental Health Service  
Parent Infant Program  
Post Trauma Victoria  
Secure Extended Care  
Psychological Trauma Recovery Service (including Post Trauma Victoria and Veterans' Psychiatry Unit)  
Statewide Child In Patient  
Veterans' Psychiatry Unit

## **SPECIALTY SERVICES**

Acute Stroke Care Unit  
Cardiac Catheterisation Laboratories  
Cardiac Rehabilitation  
Cardiac surgery  
Cardiology  
Cardiodiagnostics Laboratory  
Clinical Neuropsychology  
Comprehensive Epilepsy Program  
Neurodiagnostics Laboratory  
Neuroimmunology  
Neurology  
Neurosurgery  
Ophthalmology  
Orthoptics

Respiratory and Sleep Medicine  
Respiratory Laboratory  
Sleep Laboratory  
Thoracic Surgery  
Tracheostomy Review and Management Service  
Vascular Laboratory  
Vascular Surgery

## **SPECIALIST SURGICAL AND SPINAL**

Audiology  
Dental Services  
Ear Nose Throat/Head and Neck Surgery  
Oral and Maxillofacial Surgery  
Orthopaedic Surgery  
Plastic and Reconstructive Surgery  
Spinal Surgery

## **OTHER**

Northern Centre Against Sexual Assault  
Outpatients  
Pharmacy

# Mandatory Reporting

By Government Gazette Notice dated 1 July 2000, the Governor in Council, on the recommendation of the Minister for Health, established Austin and Repatriation Medical Centre as a body corporate, being a metropolitan health service, pursuant to the provisions of the *Health Services Act 1988*. The organisation changed its name to Austin Health in 2003. Pursuant to amendments in 2004 to the *Health Services Act*, Austin Health was designated a public health service and appears as such in Schedule 5 of that Act.

## ATTESTATION ON COMPLIANCE WITH AUSTRALIAN/NEW ZEALAND RISK MANAGEMENT STANDARD

I, Brendan Murphy certify that Austin Health 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 exposures. The Board Audit Committee verifies this assurance and that the risk profile of Austin Health has been critically reviewed within the last 12 months.

Austin Health is committed to the ongoing evaluation and development of our new Risk Management Framework.



Dr Brendan Murphy  
Chief Executive Officer  
Heidelberg  
8 August, 2012

## ATTESTATION ON GIFTS, BENEFITS AND HOSPITALITY

I, Brendan Murphy certify that:

- my organisation has gifts, benefits and hospitality policies and procedures in place;
- these policies and procedures are consistent with the minimum requirements and accountabilities outlined in the *Gifts, Benefits and Hospitality Policy Framework for the Victorian Public Sector* issued by the Public Sector Standards Commissioner;
- these policies and procedures are updated, promulgated and provided to my organisation's audit committee for review once a year.



Dr Brendan Murphy  
Chief Executive Officer  
Heidelberg  
16 August, 2012

## ATTESTATION ON DATA INTEGRITY

I, Brendan Murphy certify that Austin Health has put in place appropriate internal controls and processes to ensure that reported data reasonably reflects actual performance. Austin Health has critically reviewed these controls and processes during the year.



Dr Brendan Murphy  
Chief Executive Officer  
Heidelberg  
8 August, 2012

**EX-GRATIA PAYMENTS**

Austin Health made no ex-gratia payments for the year ending 30 June, 2012.

**FREEDOM OF INFORMATION APPLICATIONS 2011-12**

|                   |      |
|-------------------|------|
| Requests received | 1013 |
| Fully granted     | 921  |
| Partially         | 27   |
| Denied            | 3    |
| Other:            |      |
| Withdrawn         | 17   |
| Not proceeded     | 4    |
| Not processed     | 0    |
| No documents      | 31   |
| In progress       | 10   |

All applications were processed in accordance with the provisions of the *Freedom of Information Act 1982*, which provides a legally enforceable right of access to information held by government agencies. Austin Health reports on these requests to the Victorian Department of Justice annually.

**WHISTLEBLOWERS PROTECTION ACT 2001**

Austin Health is committed to the aims and objectives of the *Whistleblowers Protection Act 2001* and has procedures in place to facilitate the making of disclosures, to investigate disclosures and to protect persons making disclosures. During 2011-12, there were no disclosures made of improper conduct or detrimental action to Austin Health.

Procedures can be obtained from the Protected Disclosure Officer on 03 9496 5370 or by writing to Austin Health, PO Box 5555, Heidelberg, Victoria, 3084.

**VICTORIAN INDUSTRY PARTICIPATION POLICY ACT 2003**

During 2011-12, Austin Health had no projects that commenced or were completed during the 2011-12 reporting period, to which the *Victorian Industry Participation Policy (VIPPP)* applied.

**BUILDING ACT 1993 AND BUILDING REGULATION 2006**

During the financial year it has been Austin Health's practice to obtain building permits for new projects and certificates of occupancy or certificates of final inspection for all completed projects. Registered building practitioners have been engaged for all new building projects.

In order to ensure Austin Health's buildings are maintained in a safe and functional condition ongoing maintenance programs are in place. Routine inspections were also undertaken throughout the year. From those inspections, Austin Health identified areas that required rectification and recommendations were made for this work to be carried out.

**NATIONAL COMPETITION POLICY**

Austin Health continues to comply with the National Competition Policy. In addition, the Victorian Government's competitive neutrality pricing principals for all relevant business activities have been applied by Austin Health.

# Mandatory Reporting

(CONTINUED)

## CONSULTANCIES ENGAGED DURING 2011-12

In excess of \$10,000 per consultancy

| Consultancy                                       | Originating Master Name             | Sum of Amount       | Future Commitments |
|---|-------------------------------------|---------------------|--------------------|
| Bed configuration project                         | CSIRO                               | \$59,000.00         | \$0.00             |
| Courier services review                           | Votar Partners                      | \$58,500.00         | \$0.00             |
| ONJ IT enablers project                           | Data Agility Pty Ltd                | \$55,290.00         | \$0.00             |
| Radiology & hTrak review                          | Arpos Pty Ltd                       | \$51,311.35         | \$0.00             |
| Post Trauma Recovery Service review               | Aspex Consulting                    | \$28,677.27         | \$0.00             |
| Laboratory IT & Business Case                     | Paxton Partners Pty Ltd             | \$26,476.99         | \$0.00             |
| ONJ Clerical & Reception modelling                | Data Agility Pty Ltd                | \$26,000.00         | \$0.00             |
| ONJ supply chain review                           | Arpos Pty Ltd                       | \$25,311.35         | \$0.00             |
| Review of pre-admission services                  | LD&D Australia Pty Ltd              | \$24,000.00         | \$0.00             |
| Switchboard review                                | Votar Partners                      | \$22,510.00         | \$0.00             |
| Pharmacy supply chain review                      | Logdesign                           | \$20,000.00         | \$0.00             |
| PSA supervisor review                             | Votar Partners                      | \$18,771.00         | \$0.00             |
| Ward 9 - IT, Dietetics & Nutrition review         | K20 AU Pty Ltd                      | \$18,000.00         | \$0.00             |
| Health Independence Program administration review | Votar Partners                      | \$18,000.00         | \$0.00             |
| Evaluation of NEMICS PD grant program             | Cathy Balding Qualityworks Pty Ltd  | \$17,850.00         | \$0.00             |
| Review SMS costs                                  | Susan Sdrinis                       | \$15,000.00         | \$0.00             |
| Sub-Acute administration review                   | Votar Partners                      | \$15,000.00         | \$0.00             |
| Pharmacy review                                   | David Ford                          | \$15,000.00         | \$0.00             |
| AH Digital TV project                             | Lehr consultants International Aust | \$14,580.00         | \$0.00             |
| Electricity supply project                        | Advance Business Consult Service    | \$14,150.00         | \$0.00             |
| Martin St Carpark                                 | Bonacci Group Pty Ltd               | \$11,000.00         | \$0.00             |
| <b>Totals</b>                                     |                                     | <b>\$554,427.96</b> |                    |

Number of Consultancies – 21

### Less than \$10,000 per consultancy

There were 22 consultancies engaged at a total cost of \$79,796.51.



## AVAILABILITY OF OTHER INFORMATION

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the items listed below have been retained by Austin Health and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

- (a) A statement of pecuniary interest has been completed.
- (b) Details of shares held by senior officers as nominee or held beneficially.
- (c) Details of publications produced by the Department about the activities of the Health Service and where they can be obtained.
- (d) Details of changes in prices, fees, charges, rates and levies charged by the Health Service.
- (e) Details of any major external reviews carried out on the entity.
- (f) Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the Report of Operations or in a document that contains the financial report and Report of Operations.
- (g) Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit.
- (h) Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services.
- (i) Details of assessments and measures undertaken to improve the occupational health and safety of employees.

(j) General statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the Report of Operations.

(k) A list of major committees sponsored by the Health Service, the purposes of each committee and the extent to which the purposes have been achieved.

## MERIT AND EQUITY

Recruitment, selection and employment within Austin Health complies with employment conditions as specified in relevant Health Awards and Enterprise Bargaining Agreements. The employment of staff satisfies equal employment opportunity requirements, legislative and moral obligations, and terms and conditions of the *Fair Work Act*, Australia including National Employment Standards.

## WORK FORCE DATA

| Labour Category                 | June Current month FTE |          | June YTD FTE |          |
|---------------------------------|------------------------|----------|--------------|----------|
|                                 | 2011                   | 2012     | 2011         | 2012     |
| Nursing                         | 2,144.35               | 2,107.05 | 2,100.26     | 2,098.81 |
| Administration and Clerical     | 801.39                 | 792.13   | 805.68       | 797.08   |
| Medical Support                 | 648.59                 | 654.91   | 658.32       | 653.43   |
| Hotel and Allied Services       | 540.88                 | 511.31   | 548.82       | 519.32   |
| Medical Officers                | 137.17                 | 147.61   | 141.41       | 141.64   |
| Hospital Medical Officers       | 387.67                 | 414.32   | 390.43       | 405.52   |
| Sessional Clinicians            | 102.96                 | 108.15   | 99.87        | 101.27   |
| Ancillary Staff (Allied Health) | 473.41                 | 479.58   | 444.40       | 470.86   |

# Statement of Priorities

## PART A: STRATEGIC PRIORITIES FOR 2011-12

| Strategic Priority |  | Deliverables  | Outcome  |
|--------------------|--|---|--|
| 1                  | Ensure that health care is clinically effective and provided in the most clinically effective and cost-effective environments                              | Ambulatory & Continuing Care Service Plan completed   | Draft plan completed.<br><br>Final plan to be completed in July 2012.  |
| 2                  | Develop and implement new models of care in the Olivia Newton-John Cancer & Wellness Centre  | Appointment of Project Co-ordinators and establishment of User Groups<br><br>Transitions plans to ambulatory oncology services complete and implemented | Completed<br><br>Plans in place with first clinics commencing 2nd July 2012.   |
| 3                  | Progress capacity enhancement projects, including the redevelopment of the Intensive Care Unit (Pod C), Emergency Department triage and The Surgery Centre | Construction commenced and progressing on site  | Construction progressing on schedule, with anticipated completion in the 2012-13 financial year.   |
| 4                  | Extend Health Assistants in Nursing (HAN) role in acute inpatient wards  | Additional 9 acute wards with HAN, with reduced specialising and increased patient and staff satisfaction   | The Health Assistants in Nursing now employed in additional nine acute wards and meeting deliverables.   |
| 5                  | Implement Billing Project  | Approved (and controllable) deadlines as per approved Plan, met   | Project completed to extent possible (within the control of Austin Health). Further work will be undertaken as business as usual when relevant systems are updated and external suppliers available.   |
| 6                  | Implementation of the <i>Journey to Zero</i> in targeted wards for Observation Response Charts   | Improved compliance with observation orders and escalation of care requirements   | Trial in targeted wards was successfully undertaken in 2011 and organisation wide model subsequently developed. Observation and response chart with vital signs procedure and escalation policy were rolled out organisation wide in May 2012. Baseline audit was completed and post implementation audits are scheduled for 1, 6 and 12 months. |
| 7                  | Implementation of Release 2C Cerner Millennium clinical system that provides electronic inpatient prescribing and administration                           | Go-live with electronic inpatient prescriptions and administration in pilot area  | Go-live has occurred in HRH sub-acute wards  |

## PART B: PERFORMANCE PRIORITIES

### FINANCIAL PERFORMANCE

| Key performance indicator     | Target    | Progress to end June 2012 |
|-------------------------------|-----------|---------------------------|
| <b>Operating result</b>       |           |                           |
| Annual operating result (\$m) | 0         | 5.186                     |
| <b>Cash management</b>        |           |                           |
| Creditors                     | < 60 days | 45 days                   |
| Debtors                       | < 60 days | 68 days                   |

| Key performance indicator   | Target | Progress to end June 2012 |
|---|--------|---------------------------|
| <b>Elective surgery</b>   |        |                           |
| Percentage of Urgency Category 1 elective patients admitted within 30 days            | 100    | 100                       |
| Percentage of Urgency Category 2 elective surgery patients waiting less than 90 days  | 80     | 65                        |
| Percentage of Urgency Category 3 elective surgery patients waiting less than 365 days | 90     | 90                        |
| Number of patients on the elective surgery waiting list <sup>(1)</sup>                | 3,499  | 3,517                     |
| Number of Hospital initiated Postponements (HiPs) per 100 scheduled admissions        | 8      | 8                         |

(1) The target shown is the number of patients on the elective surgery waiting list as at 30 June 2012.

### ACCESS PERFORMANCE

| Key performance indicator  | Target | Progress to end June 2012 |
|--|--------|---------------------------|
| <b>Emergency care</b>  |        |                           |
| Percentage of operating time on hospital bypass  | 3      | 2.1                       |
| Percentage of emergency patients transferred to an inpatient bed within 8 hours            | 80     | 72                        |
| Percentage of non-admitted emergency patients with a length of stay less than 4 hours      | 80     | 67                        |
| Number of patients with a length of stay in the Emergency Department greater than 24 hours | 0      | 4                         |
| Percentage of Triage Category 1 emergency patients seen immediately                        | 100    | 100                       |
| Percentage of Triage Category 2 emergency patients seen within 10 minutes                  | 80     | 80                        |
| Percentage of Triage Category 3 emergency patients seen within 30 minutes                  | 75     | 61                        |

# Statement of Priorities

(CONTINUED)

## SERVICE PERFORMANCE

| Key performance indicator  | Target          | Actual at end June 2012 |
|--|-----------------|-------------------------|
| <b>WIES <sup>(1)</sup> activity</b>  |                 |                         |
| Percentage of WIES (public & private) performance to target                    | 98 to 102       | 99.5                    |
| <b>Elective surgery <sup>(2)</sup></b>   |                 |                         |
| Number of patients admitted from the elective surgery waiting list – quarter 1 | 2,726           | 2,714                   |
| Number of patients admitted from the elective surgery waiting list – quarter 2 | 2,520           | 2,591                   |
| Number of patients admitted from the elective surgery waiting list – quarter 3 | 2,289           | 2,558                   |
| Number of patients admitted from the elective surgery waiting list – quarter 4 | 2,615           | 2,676                   |
| <b>Critical care</b>   |                 |                         |
| ICU minimum operating capacity   | 18              | 18                      |
| <b>Quality and safety</b>  |                 |                         |
| Health service accreditation   | Full compliance | Full compliance         |
| Residential aged care accreditation  | Full compliance | Full compliance         |
| Cleaning standards   | Full compliance | Full compliance         |
| Infection Surveillance Clinical indicators                                     | No outliers     | No outliers             |
| Hand Hygiene Program compliance rate   | 65              | 78                      |
| SAB rate per occupied bed days <sup>(3)</sup>                                  | < 2/10,000      | 0.7/10,000              |

| Key performance indicator                                    | Target     | Actual at end June 2012                    |
|--|------------|--|
| Victorian Patient Satisfaction Monitor: (OCI) <sup>(4)</sup> | 73         | Austin – 75.1<br>HRH – 77.8<br>RTRC – 74.8 |
| Consumer Participation Indicator <sup>(5)</sup>              | 75         | Austin – 77.0<br>HRH – 78.3<br>RTRC – 75.1 |
| <b>Maternity</b>   |            |  |
| Percentage of women with prearranged postnatal home care     | 100        | N/A  |
| <b>Mental Health</b>   |            |  |
| 28 day readmission rate                                      | 14         | 10.7                                       |
| Post-discharge follow up rate <sup>(6)</sup>                 | 75         | 81.7                                       |
| Seclusion rate per occupied bed days <sup>(7)</sup>          | < 20/1,000 | 4.7  |

(1) WIES is a Weighted Inlier Equivalent Separation.

(2) Established benchmark targets for patient access to public health service. It is expected that health services show demonstrable improvement towards achievement of benchmark targets.

(3) SAB is Staphylococcus aureus bacteraemia.

(4) The target for the Victorian Patient Satisfaction Monitor is the Overall Care Index (OCI) which comprises six categories.

(5) The Consumer Participation Indicator is a category of the Victorian Patient Satisfaction Monitor.

(6) Applicable to child and adolescent, adult and aged services.

(7) Most recent available result.

## PART C: ACTIVITY AND FUNDING

| Activity and funding type     | Actual activity at end June 2012 |
|-------------------------------|----------------------------------|
| <b>Acute Inpatients</b>       |                                  |
| WIES Public                   | 53,296                           |
| WIES Private                  | 13,087                           |
| <b>WIES (Public, Private)</b> | <b>66,382</b>                    |
| WIES Renal                    | 1,839                            |
| WIES DVA                      | 1,750                            |
| WIES TAC                      | 811                              |
| <b>WIES TOTAL</b>             | <b>70,783</b>                    |
| <b>Sub-Acute Inpatient</b>    |                                  |
| CRAFT Public                  | 572                              |
| CRAFT Private                 | 129                              |
| Rehab Spinal                  | 5,348                            |
| Rehab L1 Public               | 3,959                            |
| Rehab L1 Private              | 190                              |
| Rehab L1 DVA                  | 88                               |
| Rehab L2 Public               | 638                              |
| Rehab L2 Private              | 118                              |
| Rehab L2 DVA                  | 789                              |
| Rehab - paediatric            | 233                              |
| GEM Public                    | 18,939                           |
| GEM Private                   | 5,576                            |
| GEM DVA                       | 2,801                            |
| Palliative Care Public        | 4,967                            |
| Palliative Care Private       | 746                              |
| Palliative Care DVA           | 257                              |
| Restorative Care              | 1,422                            |

| Activity and funding type      | Actual activity at end June 2012 |
|--------------------------------|----------------------------------|
| <b>Ambulatory</b>              |                                  |
| VACS – Allied Health           | 57,064                           |
| VACS – Allied Health DVA       | 23,699                           |
| VACS – Variable                | 101,092                          |
| VACS – Variable DVA            | 1,653                            |
| Radiotherapy – WAUs Public     | 48,527                           |
| Radiotherapy – WAUs DVA        | 1,709                            |
| Transition care - Bed days     | 7,070                            |
| Transition care - Homeday      | 9,964                            |
| SACS                           | 25,200                           |
| SACS DVA                       | 326                              |
| Post Acute Care                | 1,528                            |
| Post Acute Care DVA            | 25                               |
| <b>Aged Care</b>               |                                  |
| Residential Aged Care          | 21,399                           |
| HACC                           | 1,241                            |
| <b>Mental Health</b>           |                                  |
| MH - Inpatient                 | 47,946                           |
| MH - Ambulatory <sup>(1)</sup> | 38,707                           |

(1) Activity was under-reported for the period, November 2011 to June 2012, due to industrial action.

# Disclosure Index

The annual report of Austin Health is prepared in accordance with all relevant Victorian legislation.

This index has been prepared to facilitate identification of Austin Health's compliance with statutory disclosure requirements.

## MINISTERIAL DIRECTIONS

Report of Operations

### Charter and Purpose

|         |  |        |
|---------|--|--------|
| FRD 22C | Manner of establishment and the relevant Ministers | 3, 12  |
| FRD 22C | Objectives, functions, powers and duties           | 1      |
| FRD 22C | Nature and range of services provided              | 10, 11 |

### Management and Structure

|         |                          |   |
|---------|--------------------------|---|
| FRD 22C | Organisational structure | 5 |
|---------|--------------------------|---|

### Financial and Other Information

|         |  |             |
|---------|--|-------------|
| FRD 10  | Disclosure index   | 20, 21      |
| FRD 11  | Disclosure of ex-gratia payments   | 13          |
| FRD 15B | Executive officer disclosures  | 97          |
| FRD 21A | Responsible person and executive officer disclosures   | 96, 97      |
| FRD 22C | Application and operation of <i>Freedom of Information Act 1982</i>                                      | 13          |
| FRD 22C | Application and operation of <i>Whistleblowers Protection Act 2001</i>                                   | 13          |
| FRD 22C | Compliance with building and maintenance provisions of <i>Building Act 1993</i>                          | 13          |
| FRD 22C | Details of consultancies over \$10,000   | 14          |
| FRD 22C | Details of consultancies under \$10,000  | 14          |
| FRD 22C | Major changes or factors affecting performance   | 2, 3        |
| FRD 22C | Occupational health and safety   | 6           |
| FRD 22C | Operational and budgetary objectives and performance against objectives                                  | 2, 9, 16-19 |
| FRD 22C | Significant changes in financial position during the year  | 9           |
| FRD 22C | Statement of availability of other information   | 15          |
| FRD 22C | Statement on <i>National Competition Policy</i>  | 13          |
| FRD 22C | Subsequent events  | 97          |
| FRD 22C | Summary of the financial results for the year  | 9           |
| FRD 22C | Workforce Data Disclosures including a statement on the application of employment and conduct principles | 15          |
| FRD 25  | <i>Victorian Industry Participation Policy</i> disclosures   | 13          |

### Financial and Other Information (continued)

|           |   |    |
|-----------|---|----|
| SD 4.2(J) | Sign-off requirements   | 3  |
| SD 3.4.13 | Attestation on Data Integrity   | 12 |
| SD 4.5.5  | Attestation on Compliance with <i>Australian/New Zealand Risk Management Standard</i> | 12 |

### Financial statements required under Part 7 of the FMA

|           |                                |    |
|-----------|--------------------------------|----|
| SD 4.2(a) | Statement of changes in equity | 29 |
| SD 4.2(b) | Operating Statement            | 27 |
| SD 4.2(b) | Balance Sheet                  | 28 |
| SD 4.2(b) | Cash Flow Statement            | 30 |

### Other requirements under Standing Directions 4.2

|           |  |       |
|-----------|--|-------|
| SD 4.2(a) | Compliance with Australian accounting standards and other authoritative pronouncements | 32-57 |
| SD 4.2(c) | Accountable officer's declaration  | 24    |
| SD 4.2(c) | Compliance with Ministerial directions   | 32    |
| SD 4.2(d) | Rounding of amounts  | 47    |

### Relevant legislation

|   |    |
|---|----|
| <i>Freedom of Information Act 1982</i>                  | 13 |
| <i>Whistleblowers Protection Act 2001</i>               | 13 |
| <i>Victorian Industry Participation Policy Act 2003</i> | 13 |
| <i>Building Act 1993</i>                                | 13 |
| <i>Financial Management Act 1994</i>                    | 32 |





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# Financial Statements

## Chairperson's, Chief Executive Officer's and Executive Director, Finance's Declaration

We certify that the attached financial statements for Austin Health have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable *Financial Reporting Directions*, Australian Accounting Standards, Australian Accounting Interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2012 and financial position of Austin Health as at 30 June 2012.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on this day.

  
The Hon JUDITH TROETH AM  
**Chairperson**


Heidelberg, Victoria

10 / 8 / 2012

  
DR BRENDAN MURPHY  
**Chief Executive Officer**

Heidelberg, Victoria

10 / 8 / 2012

  
MR IAN BROADWAY  
**Executive Director, Finance**

Heidelberg, Victoria

10 / 8 / 2012

## INDEPENDENT AUDITOR'S REPORT

### To the Board Members of Austin Health

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2012 of Austin Health which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Chairperson's, Chief Executive Officer's and Executive Director, Finance's declaration has been audited.

#### *The Board Members' Responsibility for the Financial Report*

The Board Members of Austin Health are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of the financial report that 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 the 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 entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board Members, 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.

## Independent Auditor's Report (continued)

### *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.

### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of Austin Health as at 30 June 2012 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

### *Matters Relating to the Electronic Publication of the Audited Financial Report*

This auditor's report relates to the financial report of Austin Health for the year ended 30 June 2012 included both in Austin Health's annual report and on the website. The Board Members of Austin Health are responsible for the integrity of Austin Health's website. I have not been engaged to report on the integrity of Austin Health'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  
5 September 2012

  
for D D R Pearson  
Auditor-General

*Auditing in the Public Interest*

**Comprehensive operating statement  
For the year ended 30 June 2012**

|   | Note | Total<br>2012<br>\$000 | Total<br>2011<br>\$000 |
|---|------|------------------------|------------------------|
| Revenue from Operating Activities                     | 2    | 705,312                | 685,784                |
| Revenue from Non-Operating Activities                 | 2    | 2,465                  | 1,937                  |
| Employee Expenses                                     | 3    | (516,243)              | (499,057)              |
| Non Salary Labour Costs                               | 3    | (6,696)                | (9,224)                |
| Supplies and Consumables                              | 3    | (105,175)              | (104,974)              |
| Other Expenses  | 3    | (74,477)               | (73,207)               |
| <b>Net Result Before Capital &amp; Specific Items</b> |      | <b>5,186</b>           | <b>1,259</b>           |
| Capital Purpose Income                                | 2    | 80,771                 | 63,861                 |
| Impairment of Non-Financial Assets                    | 3    | -                      | -                      |
| Depreciation and Amortisation                         | 4    | (70,957)               | (74,345)               |
| Expenditure Using Capital Purpose Income              | 3    | (4,942)                | (4,212)                |
| <b>Net Result for the Year</b>                        |      | <b>10,058</b>          | <b>(13,437)</b>        |
| <b>Other Comprehensive Income</b>                     |      |                        |                        |
| Net fair value revaluation on Non Financial Assets    |      | -                      | -                      |
| <b>Comprehensive Result for the Year</b>              |      | <b>10,058</b>          | <b>(13,437)</b>        |

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

**Balance sheet**  
**As at 30 June 2012**

|   | Note  | Total<br>2012<br>\$000 | Total<br>2011<br>\$000 |
|---|-------|------------------------|------------------------|
| <b>Current Assets</b>                           |       |                        |                        |
| Cash and Cash Equivalents                       | 6     | 57,638                 | 27,674                 |
| Receivables                                     | 7     | 32,878                 | 32,627                 |
| Investments and Other Financial Assets          | 8     | -                      | 25,077                 |
| Inventories                                     | 9     | 5,864                  | 6,706                  |
| Other Assets                                    | 11    | 2,017                  | 2,779                  |
| <b>Total Current Assets</b>                     |       | <b>98,397</b>          | <b>94,863</b>          |
| <b>Non-Current Assets</b>                       |       |                        |                        |
| Receivables                                     | 7     | 24,658                 | 18,036                 |
| Investments and Other Financial Assets          | 8     | 154                    | 154                    |
| Other Assets                                    | 11    | 221                    | 104                    |
| Property, Plant and Equipment                   | 12    | 1,079,286              | 1,060,846              |
| Intangible Assets                               | 13    | 3,143                  | 1,315                  |
| <b>Total Non-Current Assets</b>                 |       | <b>1,107,462</b>       | <b>1,080,455</b>       |
| <b>TOTAL ASSETS</b>                             |       | <b>1,205,859</b>       | <b>1,175,318</b>       |
| <b>Current Liabilities</b>                      |       |                        |                        |
| Payables  | 14    | 39,310                 | 37,588                 |
| Borrowings                                      | 15    | 521                    | 488                    |
| Provisions                                      | 16    | 141,770                | 126,408                |
| Other Liabilities                               | 17    | 2,395                  | 895                    |
| <b>Total Current Liabilities</b>                |       | <b>183,996</b>         | <b>165,379</b>         |
| <b>Non-Current Liabilities</b>                  |       |                        |                        |
| Borrowings                                      | 15    | 22,502                 | 23,023                 |
| Provisions                                      | 16    | 18,104                 | 15,711                 |
| Other Liabilities                               | 17    | 128                    | 134                    |
| <b>Total Non-Current Liabilities</b>            |       | <b>40,734</b>          | <b>38,868</b>          |
| <b>TOTAL LIABILITIES</b>                        |       | <b>224,730</b>         | <b>204,247</b>         |
| <b>NET ASSETS</b>                               |       | <b>981,129</b>         | <b>971,071</b>         |
| <b>EQUITY</b>                                   |       |                        |                        |
| Property, Plant & Equipment Revaluation Surplus | 18(a) | 546,297                | 546,297                |
| Restricted Specific Purpose Surplus             | 18(a) | 5,861                  | 5,738                  |
| Contributed Capital                             | 18(b) | 529,927                | 529,927                |
| Accumulated Surpluses/(Deficits)                | 18(c) | (100,956)              | (110,891)              |
| <b>TOTAL EQUITY</b>                             |       | <b>981,129</b>         | <b>971,071</b>         |
| Commitments                                     | 22    | 85,769                 | 95,005                 |
| Contingent Liabilities                          | 23    | 6,250                  | 3,750                  |
|   |       | 92,019                 | 98,755                 |

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

**Statement of changes in equity  
For the year ended 30 June 2012**

|   | Property,<br>Plant &<br>Equipment<br>Revaluation<br>Surplus | Restricted<br>Specific<br>Purpose<br>Surplus | Accumulated<br>Surpluses/(Deficits) | Contributions<br>by Owners | Total          |
|---|---|--|-------------------------------------|----------------------------|----------------|
| Note                                    | \$000   | \$000  | \$000                               | \$000                      | \$000          |
| <b>Balance at 1 July 2010</b>           | 546,297   | 5,553  | (97,269)                            | 529,927                    | 984,508        |
| Net result for the year as restated     | -   | 185  | (13,437)                            | -                          | (13,252)       |
| Other comprehensive income for the year | -   | -  | -                                   | -                          | -              |
| Transfer to accumulated surplus         | -   | -  | (185)                               | -                          | (185)          |
|   | 18 a, c   |  |                                     |                            |                |
| <b>Balance at 30 June 2011</b>          | <b>546,297</b>  | <b>5,738</b>                                 | <b>(110,891)</b>                    | <b>529,927</b>             | <b>971,071</b> |
| Net result for the year                 | -   | 123  | 10,058                              | -                          | 10,181         |
| Other comprehensive income for the year | -   | -  | -                                   | -                          | -              |
| Transfer to accumulated surplus         | -   | -  | (123)                               | -                          | (123)          |
| Transfer to contributed capital         | -   | -  | -                                   | -                          | -              |
|   | 18 a, c   |  |                                     |                            |                |
| <b>Balance at 30 June 2012</b>          | <b>546,297</b>  | <b>5,861</b>                                 | <b>(100,956)</b>                    | <b>529,927</b>             | <b>981,129</b> |

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

**Cash flow statement**  
**For the year ended June 2012**

|   | Note | Total<br>2012<br>\$000 | Total<br>2011<br>\$000 |
|---|------|------------------------|------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |      |                        |                        |
| Operating Grants from Government                                |      | 556,629                | 534,566                |
| Patient and Resident Fees Received                              |      | 24,408                 | 26,686                 |
| Private Practice Fees Received                                  |      | 11,832                 | 11,646                 |
| Donations and Bequests Received                                 |      | 2,628                  | 1,521                  |
| GST Received from/(paid to) ATO                                 |      | 41                     | (648)                  |
| Recoupment from Private Practice for use of Hospital Facilities |      | 30,624                 | 30,355                 |
| Interest Received   |      | 2,501                  | 2,101                  |
| Other Receipts  |      | 70,776                 | 64,615                 |
| Employee Expenses Paid  |      | (497,558)              | (491,068)              |
| Non Salary Labour Costs   |      | (6,696)                | (9,224)                |
| Finance Costs   |      | (1,999)                | (1,846)                |
| Other Payments  |      | (174,338)              | (166,576)              |
| <b>Cash Generated from Operations</b>                           |      | <b>18,848</b>          | <b>2,128</b>           |
| Capital Grants from Government                                  |      | 70,194                 | 45,264                 |
| Capital Donations and Bequests Received                         |      | 4,357                  | 3,372                  |
| Other Capital Receipts  |      | 4,294                  | 4,968                  |
| Other Capital Payments  |      | (4,941)                | (4,211)                |
| <b>NET CASH INFLOW(OUTFLOW) FROM OPERATING ACTIVITIES</b>       | 19   | <b>92,752</b>          | <b>51,521</b>          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |      |                        |                        |
| Proceeds from Sale of Investments                               |      | 25,077                 | 13,891                 |
| Payments for Non-Financial Assets                               |      | (87,384)               | (61,910)               |
| Proceeds from sale of Non-Financial Assets                      |      | 94                     | 483                    |
| <b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>      |      | <b>(62,213)</b>        | <b>(47,536)</b>        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |      |                        |                        |
| Repayment of Borrowings   |      | (575)                  | (601)                  |
| <b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>      |      | <b>(575)</b>           | <b>(601)</b>           |
| <b>NET INCREASE/(DECREASE) IN CASH AND EQUIVALENTS HELD</b>     |      | <b>29,964</b>          | <b>3,384</b>           |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR                  | 6    | 27,634                 | 24,250                 |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>                 | 6    | <b>57,598</b>          | <b>27,634</b>          |

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



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## Note 1: Summary of Significant Accounting Policies

### (a) Statement of Compliance

The financial statements are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AASs) issued by the Australian Accounting Standards Board (AASB).

The financial statements also comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance, and relevant Standing Directions (SDs) authorised by the Minister for Finance.

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

The annual financial statements were authorised for issue by the Board of Austin Health on 10 August 2012.

### (b) Basis of accounting preparation and measurement

Accounting policies are adopted 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 2012, and the comparative information presented in these financial statements for the year ended 30 June 2011.

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

The presentation currency of Austin Health is the Australian dollar, which has also been identified as the functional currency of the Health Service.

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.

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

Particularly, exceptions to the historical cost convention include:

- Non-current physical assets, which subsequent to acquisition, are measured at valuation and are re-assessed with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair values;
- Derivative financial instruments, managed investment schemes, certain debt securities, and investment properties after initial recognition, which are measured at fair value through profit and loss;
- Available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised; and
- The fair value of assets other than land is generally based on their depreciated replacement value.

Historical cost is based on the fair values of the consideration given in exchange for assets.

In the application of AASs management is required to make judgments, estimates and assumptions about 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, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

## Note 1: Summary of Significant Accounting Policies (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods. Judgements made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to note 1(i));
- 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(j)).

### (c) Reporting Entity

The financial statements include all the controlled activities of Austin Health.

Its principle address is:

Austin Hospital  
Studley Road  
Heidelberg  
Victoria 3084.

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

### (d) Scope and presentation of financial statements

#### Fund Accounting

Austin Health operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. Austin Health's Capital and Specific Purpose Funds include unspent capital donations and receipts from fund-raising activities conducted solely in respect of these funds.

#### 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 and includes Residential Aged Care Services (RACS) and are also funded from other sources such as the Commonwealth, patients and residents, while Services Supported by Hospital and Community Initiatives (H&CI) are funded by the Health Service's own activities or local initiatives and/or the Commonwealth.

#### Residential Aged Care Service

The Residential Aged Care Service operations are an integral part of Austin Health and shares its resources. An apportionment of land and buildings has been made based on floor space. The results of the two operations have been segregated based on actual revenue earned and expenditure incurred by each operation in Note 2b to the financial statements.

The Residential Aged Care Service is substantially funded from Commonwealth bed-day subsidies.

#### Net Result Before Capital & Specific Items

The subtotal entitled 'Net result Before Capital & Specific Items' is included in the comprehensive operating statement to enhance the understanding of the financial performance of Austin Health. 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 Austin Health, the Department of Health and the Victorian Government to measure the ongoing performance of Health Services in operating hospital services.

## Note 1: Summary of Significant Accounting Policies (continued)

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. It also includes donations of plant and equipment. 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.
- Specific income/expense, comprises the following items, where material:
  - Voluntary departure packages
  - Write-down of inventories
  - Non-current asset revaluation increments/decrements
  - Diminution/impairment of investments
  - Restructuring of operations (disaggregation/aggregation of Health Services)
  - Litigation settlements
  - Non-current assets lost or found
  - Forgiveness of loans
  - Reversals of provisions
  - Voluntary changes in accounting policies (which are not required by an accounting standard or other authoritative pronouncement of the Australian Accounting Standards Board)
- Impairment of financial and non-financial assets, includes all impairment losses (and reversal of previous impairment losses), which have been recognised in accordance with Note 1 (j) and (i)
- Depreciation and amortisation, as described in Note 1 (f)
- Assets provided or received free of charge (refer to Note 1 (g) and (h))
- 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.

### Statement of changes in equity

The statement of changes in equity presents reconciliations of each non-owner and owner equity 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 related to other non-owner changes in equity.

### 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.

## **Note 1: Summary of Significant Accounting Policies (continued)**

### **Comparative Information**

The Mary Guthrie Residential Care Facility has 20 beds funded under the Commonwealth "Residential Aged Care Nursing Home" scheme. This facility is reported under the "Residential Aged Care, including Mental Health" program in Note 2a and 3a. The facility was previously reported as part of the Mental Health program.

### **(e) Income Recognition**

Income is recognised in accordance with AASB 118 Revenue and is recognised as to the extent that it is probable that the economic benefits will flow to Austin Health and the income can be reliably measured. Unearned income at reporting date is reported as income received in advance.

Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes.

### **Government Grants and other transfers of income (other than contributions by owners)**

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

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

### **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 14/2009.

### **Patient and Resident Fees**

Patient fees are recognised as revenue at the time invoices are raised or accrued when a service is performed.

### **Private Practice Fees**

Private practice fees are recognised as revenue at the time invoices are raised or accrued when a service is performed.

### **Donations and Other 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 the specific restricted purpose reserve.

### **Dividend Revenue**

Dividend revenue is recognised when the right to receive payment is established.

### **Interest Revenue**

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

### **Sale of investments**

The gain/loss on the sale of investments is recognised when the investment is realised.

## Note 1: Summary of Significant Accounting Policies (continued)

### Resources Received Free of Charge or for Nominal Consideration

Resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another Health Service or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such transfer will be recognised at carrying value. 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.

### (f) Expense Recognition

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

### Cost of Goods Sold

Costs of goods sold are recognised when the sale of an item occurs by transferring the cost or value of the item/s from inventories.

### 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 Health Service to the superannuation plans in respect of the services of current Health Service staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan, and are based on actuarial advice.

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

## Note 1: Summary of Significant Accounting Policies (continued)

The name and details of the major employee superannuation funds and contributions made by Austin Health are as follows:

| Fund   | Contributions Paid or Payable for the year |               |
|--|--|---------------|
|  | 2012                                       | 2011          |
|  | \$'000                                     | \$'000        |
| <b>Defined benefit plans:</b>                |  |               |
| Hospital Superannuation Board – Health Super | 2,489                                      | 2,781         |
| Commonwealth Superannuation Scheme           | 2,001                                      | 2,019         |
| ESS (previously GSO)                         | 499  | 584           |
| <b>Defined contribution plans:</b>           |  |               |
| Hospital Superannuation Board – Health Super | 23,745                                     | 23,470        |
| Hesta  | 10,282                                     | 9,586         |
| Other  | 892  | 1,169         |
| <b>Total</b>                                 | <b>39,908</b>                              | <b>39,609</b> |

### Depreciation

Assets with a cost in excess of \$1,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives. Depreciation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and depreciation method for all assets are reviewed at least annually, and adjustments made where appropriate. This depreciation charge is not funded by the Department of Health.

Depreciation is provided on property, plant and equipment, including freehold buildings, but excluding land and investment properties. Depreciation begins when the asset is available for use, which is when it is in the location and condition necessary for it to be capable of operating in a manner intended by management.

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

|                             | 2012           | 2011           |
|-----------------------------|----------------|----------------|
| Building Components:        |                |                |
| - Shell/Structure           | Up to 60 years | Up to 60 years |
| - Siteworks/Site Services   | Up to 30 years | Up to 30 years |
| - Services                  | Up to 28 years | Up to 28 years |
| - Fitout                    | Up to 20 years | Up to 20 years |
| Plant & Equipment           | Up to 15 years | Up to 15 years |
| Medical Equipment           | Up to 15 years | Up to 15 years |
| Computers and Communication | Up to 5 years  | Up to 5 years  |
| Furniture and Fitting       | Up to 5 years  | Up to 5 years  |
| Motor Vehicles              | Up to 3 years  | Up to 3 years  |
| Other Equipment             | Up to 5 years  | Up to 5 years  |
| Intangible Assets           | Up to 3 years  | Up to 3 years  |

As part of the Buildings valuation, building values were componentised and each component assessed for its useful life which is represented above.

### Amortisation

Amortisation is allocated to intangible assets with finite useful lives on a systematic (typically straight-line) 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 are 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.

## Note 1: Summary of Significant Accounting Policies (continued)

### Amortisation (continued)

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually or whenever there is an indication that the asset may be impaired. 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 Health Service tests all intangible assets with indefinite useful lives for impairment by comparing the recoverable amount for each asset with its carrying amount:

- 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. Intangible assets with finite useful lives are amortised over a 3 year period (2011: 3 years).

### 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; and
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings;

### Resources Provided Free of Charge or for Nominal Consideration

Resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another Health Service or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such transfer will be recognised at carrying value. 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) Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Austin Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

#### *Categories of non-derivative financial instruments*

#### **Financial assets and liabilities at fair value through profit or loss**

Financial assets are categorised as fair value through profit or loss at trade date if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through profit or loss on the basis that the financial assets form part of a group of financial assets that are managed by the entity concerned based on their fair values, and have their performance evaluated in accordance with documented risk management and investment strategies.



## **Note 1: Summary of Significant Accounting Policies (continued)**

Financial instruments at fair value through profit or loss are initially measured at fair value and attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result.

Financial assets held for trading purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the net result. The net gain or loss recognised in net result incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 21.

### **Loans and receivables**

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits (refer to Note 1(h)), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

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

If the Health Service has the positive intent and ability to hold nominated investments to maturity, then such financial assets may be classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

The Health Service 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. The Health Service would also be prevented from classifying investment securities as held-to-maturity for the current and the following two financial years.

The held-to-maturity category includes certain term deposits and debt securities for which the entity concerned intends to hold to maturity.

### **Available-for-sale financial assets**

Available-for-sale financial instrument assets are those designated as available-for-sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in net result for the period. Fair value is determined in the manner described in Note 21.

### **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.

## Note 1: Summary of Significant Accounting Policies (continued)

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

### (h) Financial assets

#### Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of 3 months or less, held for the purpose of meeting short term cash commitments rather than investment purposes, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

#### Receivables

Receivables consist of:

- Statutory receivables, which includes predominantly amounts owing from the Victorian Government and GST input tax credits recoverable; and
- Contractual receivables, which includes mainly debtors in relation to goods and services, loans to third parties, accrued investment income, and finance lease receivables.

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

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.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less any accumulated impairment.

#### Investments and Other Financial Assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Investments are classified in the following categories:

- Financial assets at fair value through profit or loss;
- Loans and receivables; and
- Available-for-sale financial assets.

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

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

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

## Note 1: Summary of Significant Accounting Policies (continued)

### Impairment of Financial Assets

At the end of each reporting period Austin Health assesses whether there is objective evidence that a financial asset or group of financial asset is impaired. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings. All financial instruments assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Bad and doubtful debts for financial assets are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. The bad debts not written off by mutual consent and allowance for doubtful receivables are classified as 'other economic flows' in the net result.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Where a financial asset's fair value at balance date has reduced by 20 per cent or more than its cost price; or where its fair value has been less than its cost price for a period of 12 or more months, the financial instrument is treated as impaired.

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

### (i) Non-Financial Assets

#### Inventories

Inventories include goods and other property held either for sale, consumption or for distribution at no or nominal cost in the ordinary course of business operations. It includes land held for sale and excludes depreciable assets.

Inventories held for distribution are measured at cost, adjusted for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value.

The bases used in assessing loss of service potential for inventories held for distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

Cost is assigned to land for sale (undeveloped, under development and developed) and to other high value, low volume inventory items on a specific identification of cost basis (identify classes). Cost for all other inventory is measured on the basis of weighted average cost.

Inventories acquired for no cost or nominal consideration are measured at current replacement cost at the date of acquisition.

#### Non-financial Physical Assets Classified as Held for Sale

Non-financial physical assets (including disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell, and are not subject to depreciation.

Non-financial physical assets and disposal groups and related liabilities are treated as current and are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group) is expected to be completed within 12 months from the date of classification, and the asset is available for immediate use in the current condition.

## Note 1: Summary of Significant Accounting Policies (continued)

### Property, Plant and Equipment

All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

**Crown Land** is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or constructive restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset(s) are not taken into account until it is virtually certain that any restrictions will no longer apply.

**Land and Buildings** are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment.

**Plant, Equipment and Vehicles** are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment. Depreciated historical cost is generally a reasonable proxy for fair value because of the short lives of the assets concerned.

### Revaluations of Non-current Physical Assets

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103D Non-current physical assets. This revaluation process normally occurs at least every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

Revaluation increments are credited directly to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, the increment is recognised as income in the net result. Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of assets, they are debited directly to the asset revaluation surplus.

Revaluation increases and revaluation decreases relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes. Revaluation surplus are normally not transferred to accumulated funds on derecognition of the relevant asset.

In accordance with FRD 103D, Austin Health's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

### Intangible Assets

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

### Other non-financial assets

#### 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.

## Note 1: Summary of Significant Accounting Policies (continued)

### Disposal of Non-Financial Assets

Any gain or loss on the sale of non-financial assets is recognised at the date that control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

### Impairment of Non-Financial Assets

Apart from intangible assets with indefinite useful lives, all other non-financial assets are assessed annually for indications of impairment, except for:

- inventories;
- non-current physical assets held for sale; and
- assets arising from construction contracts.

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

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an expense except to the extent that the write down can be debited to an asset revaluation surplus amount applicable to that same class of asset.

If there is an indication that there has been a change in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. The reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

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. 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.

## (j) Liabilities Payables

Payables consist of:

- Contractual payables which consist predominantly of accounts payable representing liabilities for goods and services provided to the health service prior to the end of the financial year that are unpaid, and arise when the health service becomes obliged to make future payments in respect of the purchase of those goods and services.

The normal credit terms are usually Nett 30 days.

- Statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables 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.

## Note 1: Summary of Significant Accounting Policies (continued)

### Borrowings

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs (refer also to note 1(k)). The measurement basis subsequent to initial recognition depends on, whether the Health Service 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 borrowing using the effective interest method.

### Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

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

### Employee Benefits

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

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accrued days off which are expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee's services up to the reporting date, and are classified as current liabilities and measured at their nominal values.

Those liabilities that are not expected to be settled within 12 months are recognised in the provision for employee benefits as non-current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

#### *Long Service Leave*

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

**Current Liability – unconditional LSL** (representing 10 or more years of continuous service) is disclosed in the notes to the financial statements as a current liability even where Austin Health does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- present value – component that the Austin Health does not expect to settle within 12 months; and
- nominal value – component that the Austin Health 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 the employee has completed the requisite years of service. Conditional LSL is required to be measured at present value.

## **Note 1: Summary of Significant Accounting Policies (continued)**

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.

### **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, such as payroll tax, workers compensation, superannuation are recognised together with provisions for employee benefits.

### **Superannuation liabilities**

Austin Health does not recognise any unfunded defined benefit liability in respect of the superannuation plans because the Health Service 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 administers and discloses the State's defined benefit liabilities in its financial statements.

### **Onerous contracts**

An onerous contract is considered to exist when the Health Service has a contract under which the unavoidable cost of meeting the contractual obligation exceeds the estimated economic benefits to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the estimated economic benefits to be received.

### **Make good provisions**

Make good provisions are recognised when the Health Service has contractual obligations to remove leasehold improvements from leased properties and restore the leased premises to their original condition at the end of the lease term. The related expenses of making good such properties are recognised when leasehold improvements are made.

### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an expense in the estimated consolidated comprehensive operating statement.

## **(k) Leases**

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership.

## Note 1: Summary of Significant Accounting Policies (continued)

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.

### Finance Leases

#### *Entity as lessor*

Austin Health has one finance lease arrangement as a lessor. Rent payable to Austin Health that is considered material is recorded in the balance sheet as a lease receivable.

#### *Entity as lessee*

Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the comprehensive operating statement.

### Operating Leases

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement 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.

### Lease Incentives

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are received by the lessee to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset is diminished.

### Leasehold Improvements

The cost of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or the estimated useful life of the improvements, whichever is the shorter.

## (I) Equity

### Contributed Capital

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



## **Note 1: Summary of Significant Accounting Policies (continued)**

### **Property, Plant & Equipment Revaluation Surplus**

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

### **Financial Asset Available-for-Sale Revaluation Surplus**

The available-for-sale revaluation surplus arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold that portion of the reserve which relates to that financial asset is effectively realised, and is recognised in the comprehensive operating statement. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in the comprehensive operating statement.

### **Specific Restricted Purpose Reserve**

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

#### **(m) Commitments**

Commitments for future expenditure are not recognised on the balance sheet. Commitments for expenditure are disclosed at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

#### **(n) Contingent assets and contingent liabilities**

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of note and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

#### **(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 balance sheet.

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

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

#### **(p) Rounding**

All amounts shown in the financial statements are expressed to the nearest \$1,000 unless otherwise stated.

#### **(q) New Accounting Standards and Interpretations**

Certain new Australian accounting standards and interpretations have been published that are not mandatory for the 30 June 2012 reporting period.

As at 30 June 2011, the following standards and interpretations had been issued but were not mandatory for the reporting period ending 30 June 2012. Austin Health has not and does not intend to adopt these standards early.

## Note 1: Summary of Significant Accounting Policies (continued)

| Standard/Interpretation   | Summary   | Applicable for Annual Reporting period beginning | Impact on Financial Statements                |
|---|---|--|---|
| <p>AASB 2009-12<br/>Amendments to Australian Accounting Standards<br/>[AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 &amp; 1031 and Interpretations 2, 4, 16, 1039 &amp; 1052]</p>                                  | <p>Makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations.</p> <p>In particular, it amends AASB 8 <i>Operating Segments</i> to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. It also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB.</p>   | 1 July 2011                                      | No significant impact on Financial Statements |
| <p>AASB 2010-4<br/>Amendments to Australian Accounting Standards arising from the Annual Improvements Project<br/>[AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]</p>  | <p>Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments.</p> <p>Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.</p> <p>Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions.</p> <p>Clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.</p> | 1 July 2011                                      | No significant impact on Financial Statements |
| <p>AASB 2010-5<br/>Amendments to Australian Accounting Standards<br/>[AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 &amp; 1038 and Interpretations 112, 115, 127, 132 &amp; 1042]</p> | <p>This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB.</p> <p>These amendments have no major impact on the requirements of the amended pronouncements.</p>   | 1 July 2011                                      | No significant impact on Financial Statements |

## Note 1: Summary of Significant Accounting Policies (continued)

| Standard/Interpretation   | Summary   | Applicable for Annual Reporting period beginning | Impact on Financial Statements                |
|---|---|--|---|
| AASB 1054<br>Australian Additional Disclosures  | <p>This standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB.</p> <p>This standard, with AASB 2011-1 relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas:</p> <ul style="list-style-type: none"> <li>(a) Compliance with Australian Accounting Standards</li> <li>(b) The statutory basis or reporting framework for financial statements</li> <li>(c) Whether the entity is a for-profit or not-for-profit entity</li> <li>(d) Whether the financial statements are general purpose or special purpose</li> <li>(e) Audit fees</li> <li>(f) Imputation credits</li> </ul> | 1 July 2011                                      | No impact on Financial Statements             |
| AASB 2010-6<br>Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] | The amendments increase the disclosure requirements for transactions involving transfers of financial assets but which are not derecognised and introduce new disclosures for assets that are derecognised but the entity continues to have a continuing exposure to the asset after the sale.  | 1 July 2011                                      | No significant impact on Financial Statements |
| AASB 1048   | AASB 1048 identifies the Australian Interpretations and classifies them into two groups: those that correspond to an IASB Interpretation and those that do not. Entities are required to apply each relevant Australian Interpretation in preparing financial statements that are within the scope of the Standard. The revised version of AASB 1048 updates the lists of Interpretations for new and amended Interpretations issued since the June 2010 version of AASB 1048.  | 1 July 2011                                      | No significant impact on Financial Statements |

## Note 1: Summary of Significant Accounting Policies (continued)

| Standard/Interpretation  | Summary   | Applicable for Annual Reporting period beginning | Impact on Financial Statements                             |
|--|---|--|--|
| <p>AASB 2011-3<br/>Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments (AASB 1049)</p>                              | <p>This Standard makes amendments including clarifying the definition of the ABS GFS Manual, facilitating the orderly adoption of changes to the ABS GFS Manual and related disclosures to AASB 1049.</p> <p>Amendments to Australian Accounting Standards – Improvements to AASB 1049 can be found in AASB 2011-13.</p>  | 1 July 2012                                      | This amendment is unlikely to have any significant impact. |
| <p>AASB 2011-9<br/>Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income<br/>[AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 &amp; 1049]</p> | <p>This Standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not.</p>  | 1 July 2012                                      | Detail of impact is still being assessed.                  |
| <p>AASB 13<br/>Fair Value Measurement</p>  | <p>AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.</p> <p>AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.</p> <p>Consequential amendments were also made to other standards via AASB 2011-8.</p> | 1 July 2013                                      | Detail of impact is still being assessed.                  |

**Note 1: Summary of Significant Accounting Policies (continued)**

| Standard/Interpretation       | Summary   | Applicable for Annual Reporting period beginning | Impact on Financial Statements            |
|-------------------------------|---|--|---|
| AASB 119<br>Employee Benefits | <p>The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognized in full with actuarial gains and losses being recognized in other comprehensive income. It also revised the method of calculating the return on plan assets.</p> <p>The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.</p> <p>Consequential amendments were also made to other standards via AASB 2011-10.</p> | 1 July 2013                                      | Detail of impact is still being assessed. |

## Note 1: Summary of Significant Accounting Policies (continued)

| Standard/Interpretation   | Summary   | Applicable for Annual Reporting period beginning | Impact on Financial Statements  |
|---|---|--|---|
| <p>Annual Improvements 2009 – 2011 Cycle</p> <p>Annual Improvements to IFRSs 2009 – 2011 Cycle</p>  | <p>This standard sets out amendments to International Financial Reporting Standards (IFRSs) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB.</p> <p>The following items are addressed by this standard:</p> <p>IFRS 1 First-time Adoption of International Financial Reporting Standards</p> <ul style="list-style-type: none"> <li>• Repeated application of IFRS 1</li> <li>• Borrowing costs</li> </ul> <p>IAS 1 Presentation of Financial Statements</p> <ul style="list-style-type: none"> <li>• Clarification of the requirements for comparative information</li> </ul> <p>IAS 16 Property, Plant and Equipment</p> <ul style="list-style-type: none"> <li>• Classification of servicing equipment</li> </ul> <p>IAS 32 Financial Instruments: Presentation</p> <ul style="list-style-type: none"> <li>• Tax effect of distribution to holders of equity instruments</li> </ul> <p>IAS 34 Interim Financial Reporting</p> <ul style="list-style-type: none"> <li>• Interim financial reporting and segment information for total assets and liabilities</li> </ul> | <p>1 July 2013</p>                               | <p>Detail of impact is still being assessed.</p>  |
| <p>AASB 2014 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]</p> | <p>This Amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies.</p>   | <p>1 July 2013</p>                               | <p>Detail of impact is still being assessed, however unlikely to have a significant impact.</p> |

**Note 1: Summary of Significant Accounting Policies (continued)**

| Standard/Interpretation  | Summary   | Applicable for Annual Reporting period beginning | Impact on Financial Statements  |
|--|---|--|---|
| <p>AASB 1053<br/>Application of Tiers of Australian Accounting Standards</p>   | <p>This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements:</p> <ul style="list-style-type: none"> <li>(a) Tier 1: Australian Accounting Standards</li> <li>(b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements</li> </ul> <p>Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.</p> <p>The following entities apply Tier 1 requirements in preparing general purpose financial statements:</p> <ul style="list-style-type: none"> <li>(a) For-profit entities in the private sector that have public accountability (as defined in this Standard)</li> <li>(b) The Australian Government and State, Territory and Local Governments</li> </ul> <p>The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements:</p> <ul style="list-style-type: none"> <li>(a) For-profit private sector entities that do not have public accountability</li> <li>(b) All not-for-profit private sector entities</li> <li>(c) Public sector entities other than the Australian Government and State, Territory and Local Governments.</li> </ul> <p>Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11 and 2012-1.</p> | <p>1 July 2013</p>                               | <p>The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented to the Victorian Public Sector.</p> |
| <p>AASB 2012 – 2<br/>Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities</p> | <p>AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of information that will enable users of an entity’s financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity’s recognised financial assets and recognised financial liabilities, on the entity’s financial position.</p>  | <p>1 July 2013</p>                               | <p>Detail of impact is still being assessed.</p>  |

## Note 1: Summary of Significant Accounting Policies (continued)

| Standard/Interpretation  | Summary   | Applicable for Annual Reporting period beginning | Impact on Financial Statements            |
|--|---|--|---|
| AASB 2012 – 4<br>Amendments to Australian Accounting Standards – Government Loans                                      | AASB 2012-4 adds an exception to the retrospective application of Australian Accounting Standards under AASB 1 First-time Adoption of Australian Accounting Standards to require that first-time adopters apply the requirements in AASB 139 Financial Instruments: Recognition and Measurement (or AASB 9 Financial Instruments) and AASB 120 Accounting for Government Grants and Disclosure of Government Assistance prospectively to government loans (including those at a below-market rate of interest) existing at the date of transition to Australian Accounting Standards. | 1 July 2013                                      | Detail of impact is still being assessed. |
| AASB 2012 – 5<br>Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle        | The Standard addresses a range of improvements, including the following: <ul style="list-style-type: none"> <li>• repeat application of AASB 1 is permitted (AASB 1); and</li> <li>• clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements).</li> </ul>  | 1 July 2013                                      | Detail of impact is still being assessed. |
| AASB 2012 – 3<br>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities | AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.  | 1 July 2015                                      | Detail of impact is still being assessed. |



## Note 1: Summary of Significant Accounting Policies (continued)

| Standard/Interpretation                        | Summary  | Applicable for Annual Reporting period beginning | Impact on Financial Statements            |
|--|--|--|---|
| AASB 9<br>Financial Instruments<br>(continued) | <p>AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below.</p> <p>(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.</p> <p>(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p>(d) <b>Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</b></p> <ul style="list-style-type: none"> <li>▶ The change attributable to changes in credit risk are presented in other comprehensive income (OCI)</li> <li>▶ The remaining change is presented in profit or loss</li> </ul> | 1 July 2015                                      | Detail of impact is still being assessed. |

## Note 1: Summary of Significant Accounting Policies (continued)

| Standard/Interpretation                        | Summary   | Applicable for Annual Reporting period beginning | Impact on Financial Statements            |
|--|---|--|---|
| AASB 9<br>Financial Instruments<br>(continued) | If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10. | 1 July 2015                                      | Detail of impact is still being assessed. |

### (r) Category Groups

Austin Health has used the following category groups for reporting purposes for the current and previous financial years.

**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 alcohol and drug treatment units or hospitals specialising in dental services, hearing and ophthalmic aids.

**Mental Health Services (Mental Health)** comprises all recurrent health revenue/expenditure on specialised mental Health Services (child and adolescent, general and adult, community and forensic) managed or funded by the state or territory health administrations, and includes: Admitted patient services (including forensic mental health), 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.

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

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

**Off Campus, Ambulatory Services (Ambulatory)** comprises all recurrent health revenue/expenditure on public hospital type services including palliative care facilities and rehabilitation facilities, as well as services provided under the following agreements: Services that are provided or received by hospitals (or area Health Services) but 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 within hospital's i.e. in rural/remote areas.

## Note 1: Summary of Significant Accounting Policies (continued)

**Residential Aged Care including Mental Health (RAC incl. 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 DH 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).

**Other Services excluded from Australian Health Care Agreement (AHCA) (Other)** comprises revenue/expenditure for services not separately classified above, including: Public Health Services including Laboratory testing, Blood Borne Viruses / Sexually Transmitted Infections clinical services, Kooris liaison officers, immunisation and screening services, Drugs services including drug withdrawal, counselling and the needle and syringe program, Dental Health services including general and specialist dental care, school dental services and clinical education, Disability services including aids and equipment and flexible support packages to people with a disability, Community Care programs including sexual assault support, early parenting services, parenting assessment and skills development, and various support services. Health and Community Initiatives also falls in this category group.

### (s) Going Concern

The financial statements have been prepared on a going concern basis. Austin Health has:

- A net surplus result of \$10.1 million for the year ended 30 June 2012 (\$13.4 million deficit for the year ended 30 June 2011);
- Depreciation/Amortisation Expense of \$71.0 million for the year ended 30 June 2012 (\$74.3 million for the year ended 30 June 2011) which is not matched with recurrent funding;
- A working capital deficiency of \$85.6 million as at 30 June 2012 (\$70.4 million deficiency as at 30 June 2011);
- Net cash inflows of \$30.0 million for the year ended 30 June 2012 (\$3.4 million inflows for the year ended 30 June 2011); and
- Management will commit to achieve agreed budget targets and all other requirements of its 2012/13 statement of priorities.

With respect to Austin Health's current financial position, the Board and Management of Austin Health have initiated various strategies which will be monitored throughout the 2012/13 financial year. On the basis of the advice and assurances received in writing from the Department of Health, the Directors of Austin Health are of the opinion that Austin Health will be able to pay its debts as and when they fall due.

**Note 2: Revenue**

|   | HSA<br>2012<br>\$000 | HSA<br>2011<br>\$000 | H&CI<br>2012<br>\$000 | H&CI<br>2011<br>\$000 | Total<br>2012<br>\$000 | Total<br>2011<br>\$000 |
|---|----------------------|----------------------|-----------------------|-----------------------|------------------------|------------------------|
| <b>Revenue from Operating Activities</b>                    |                      |                      |                       |                       |                        |                        |
| Government Grants   |                      |                      |                       |                       |                        |                        |
| - Department of Health                                      | 520,505              | 507,204              | -                     | -                     | 520,505                | 507,204                |
| - Department of Human Services                              | 1,908                | 2,304                | -                     | -                     | 1,908                  | 2,304                  |
| - State Government - Other                                  | -                    | 7                    | 450                   | -                     | 450                    | 7                      |
| - Commonwealth Government                                   |                      |                      |                       |                       |                        |                        |
| - Residential Aged Care Subsidy                             | 4,109                | 3,911                | -                     | -                     | 4,109                  | 3,911                  |
| - Other   | 31,975               | 25,163               | -                     | -                     | 31,975                 | 25,163                 |
| <b>Total Government Grants</b>                              | <b>558,497</b>       | <b>538,589</b>       | <b>450</b>            | <b>-</b>              | <b>558,947</b>         | <b>538,589</b>         |
| Indirect Contributions by Department of Health              |                      |                      |                       |                       |                        |                        |
| - Insurance   | 770                  | 8,075                | -                     | -                     | 770                    | 8,075                  |
| - Long Service Leave  | 6,621                | 2,075                | -                     | -                     | 6,621                  | 2,075                  |
| <b>Total Indirect Contributions by Department of Health</b> | <b>7,391</b>         | <b>10,150</b>        | <b>-</b>              | <b>-</b>              | <b>7,391</b>           | <b>10,150</b>          |
| Patient and Resident Fees                                   |                      |                      |                       |                       |                        |                        |
| - Patient and Resident Fees (Refer note 2b)                 | 26,344               | 25,860               | -                     | -                     | 26,344                 | 25,860                 |
| - Residential Aged Care (Refer note 2b)                     | 1,223                | 1,293                | -                     | -                     | 1,223                  | 1,293                  |
| <b>Total Patient and Resident Fees</b>                      | <b>27,567</b>        | <b>27,153</b>        | <b>-</b>              | <b>-</b>              | <b>27,567</b>          | <b>27,153</b>          |

**Note 2: Revenue (continued)**

|   | HSA<br>2012<br>\$000 | HSA<br>2011<br>\$000 | H&CI<br>2012<br>\$000 | H&CI<br>2011<br>\$000 | Total<br>2012<br>\$000 | Total<br>2011<br>\$000 |
|---|----------------------|----------------------|-----------------------|-----------------------|------------------------|------------------------|
| Business Units  |                      |                      |                       |                       |                        |                        |
| - Laboratory Medicine   | -                    | -                    | 16,245                | 15,174                | 16,245                 | 15,174                 |
| - Diagnostic Imaging  | -                    | 178                  | 3,219                 | 3,410                 | 3,219                  | 3,588                  |
| Commercial Activities & Specific Purpose Funds                  |                      |                      |                       |                       |                        |                        |
| - Private Practice and Other Patient Activities Fees            | -                    | -                    | 5,527                 | 6,443                 | 5,527                  | 6,443                  |
| - Commercial Laboratory Medicine                                | -                    | -                    | -                     | -                     | -                      | -                      |
| - Commercial Diagnostic Imaging                                 | -                    | -                    | -                     | -                     | -                      | -                      |
| - Mental Health Services  | -                    | -                    | 1,859                 | 1,406                 | 1,859                  | 1,406                  |
| - Pharmacy Services   | -                    | 319                  | 325                   | 245                   | 325                    | 564                    |
| - Affiliated Entities   | -                    | -                    | 3,642                 | 4,260                 | 3,642                  | 4,260                  |
| - Retail Services   | -                    | -                    | 757                   | 722                   | 757                    | 722                    |
| - Laundry   | -                    | -                    | -                     | 2,396                 | -                      | 2,396                  |
| - Food Production Kitchen                                       | -                    | -                    | 2,754                 | 2,538                 | 2,754                  | 2,538                  |
| - Car Park  | -                    | -                    | 7,747                 | 7,174                 | 7,747                  | 7,174                  |
| - Research  | -                    | -                    | 10,655                | 8,647                 | 10,655                 | 8,647                  |
| - Cardiology  | -                    | -                    | 717                   | 557                   | 717                    | 557                    |
| - Child Care  | -                    | -                    | 1,490                 | 1,318                 | 1,490                  | 1,318                  |
| - Nuclear Medicine  | -                    | -                    | 942                   | 858                   | 942                    | 858                    |
| - Fundraising   | -                    | -                    | 1,255                 | 980                   | 1,255                  | 980                    |
| - Hospital Department Funds                                     | -                    | -                    | 1,893                 | 1,481                 | 1,893                  | 1,481                  |
| - Salary Packaging  | -                    | -                    | 2,499                 | 2,392                 | 2,499                  | 2,392                  |
| - Other   | -                    | -                    | 857                   | 1,706                 | 857                    | 1,706                  |
| <b>Total Commercial Activities and Specific Purpose Funds</b>   | -                    | 497                  | 62,383                | 61,707                | 62,383                 | 62,204                 |
| Donations and Bequests  | -                    | -                    | -                     | -                     | -                      | -                      |
| Recoupment from Private Practice for use of Hospital Facilities | 31,445               | 30,355               | -                     | -                     | 31,445                 | 30,355                 |
| Other Revenue from Operating Activities                         | 17,579               | 17,333               | -                     | -                     | 17,579                 | 17,333                 |
| <b>Total Revenue from Operating Activities</b>                  | <b>642,479</b>       | <b>624,077</b>       | <b>62,833</b>         | <b>61,707</b>         | <b>705,312</b>         | <b>685,784</b>         |

**Note 2: Revenue (continued)**

|   | HSA<br>2012<br>\$000 | HSA<br>2011<br>\$000 | H&CI<br>2012<br>\$000 | H&CI<br>2011<br>\$000 | Total<br>2012<br>\$000 | Total<br>2011<br>\$000 |
|---|----------------------|----------------------|-----------------------|-----------------------|------------------------|------------------------|
| <b>Revenue from Non-Operating Activities</b>                        |                      |                      |                       |                       |                        |                        |
| Interest & Dividends  | 2,253                | 1,937                | -                     | -                     | 2,253                  | 1,937                  |
| Other Revenue from Non-Operating Activities                         | 212                  | -                    | -                     | -                     | 212                    | -                      |
| <b>Total Revenue from Non-Operating Activities</b>                  | <b>2,465</b>         | <b>1,937</b>         | -                     | -                     | <b>2,465</b>           | <b>1,937</b>           |
| <b>Revenue from Capital Purpose Income</b>                          |                      |                      |                       |                       |                        |                        |
| State Government Capital Grants                                     | -                    | -                    | 3,078                 | 4,255                 | 3,078                  | 4,255                  |
| - Targeted Capital Works & Equipment                                | -                    | -                    | 65,603                | 40,664                | 65,603                 | 40,664                 |
| - Other   | -                    | -                    | 2,819                 | 7,684                 | 2,819                  | 7,684                  |
| - DoH Indirect Contribution   | -                    | -                    | 1,513                 | 5,202                 | 1,513                  | 5,202                  |
| Commonwealth Government Capital Grants                              | -                    | -                    | 302                   | 211                   | 302                    | 211                    |
| Residential Accommodation Payments (refer note 2b)                  | -                    | -                    | -                     | -                     | -                      | -                      |
| Assets Received Free of Charge (refer note 2d)                      | -                    | -                    | -                     | -                     | -                      | -                      |
| Net Gain/(Loss) on Disposal of Non-Financial Assets (refer note 2c) | -                    | -                    | 91                    | 87                    | 91                     | 87                     |
| Capital Interest  | -                    | -                    | 1,122                 | 2,263                 | 1,122                  | 2,263                  |
| Donations and Bequests  | -                    | -                    | 4,357                 | 3,372                 | 4,357                  | 3,372                  |
| Other Capital Purpose Income  | -                    | -                    | 1,886                 | 123                   | 1,886                  | 123                    |
| <b>Total Revenue from Capital Purpose Income</b>                    | <b>-</b>             | <b>-</b>             | <b>80,771</b>         | <b>63,861</b>         | <b>80,771</b>          | <b>63,861</b>          |
| <b>Total Revenue (Refer Note 2a)</b>                                | <b>644,944</b>       | <b>626,014</b>       | <b>143,604</b>        | <b>125,568</b>        | <b>788,548</b>         | <b>751,582</b>         |

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

This note relates to revenue above the net result line only, and does not reconcile to comprehensive income.

**Note 2a: Analysis of Revenue by Source**

|  | Admitted Patients | Outpatients   | EDS           | Ambulatory    | Mental Health | RAC incl. Mental Health | Aged Care    | Other          | Total          |
|--|-------------------|---------------|---------------|---------------|---------------|-------------------------|--------------|----------------|----------------|
|  | 2012              | 2012          | 2012          | 2012          | 2012          | 2012                    | 2012         | 2012           | 2012           |
|  | \$000             | \$000         | \$000         | \$000         | \$000         | \$000                   | \$000        | \$000          | \$000          |
| <b>Revenue from Services Supported by Health Services Agreement</b>                    |                   |               |               |               |               |                         |              |                |                |
| Government Grants  | 351,396           | 61,400        | 20,823        | 63,506        | 46,166        | 8,648                   | 3,685        | 2,873          | 558,497        |
| Indirect Contributions by Department of Health *                                       | 6,043             | 333           | 201           | 414           | 308           | 45                      | 12           | 36             | 7,392          |
| Patient and Resident Fees (refer note 2b)  | 19,481            | 819           |               | 4,682         | 1,283         | 1,223                   | 79           |                | 27,567         |
| Recoupment from Private Practice for Use of Hospital Facilities                        | 13,288            | 14,401        | 1,893         | 478           | 99            | -                       | 1            | 1,285          | 31,445         |
| Business Units - Pathology & Radiology   | 10,395            | 2,177         | 1,096         | 1,374         | 2,423         | 28                      | 65           | 232            | 17,790         |
| Other Revenue from Operating Activities Interest & Dividends                           | 2,253             |               |               |               |               |                         |              |                | 2,253          |
| Capital Purpose Income (refer note 2)  |                   |               |               |               |               |                         |              |                | -              |
| <b>Sub-Total Revenue from Services Supported by Health Services Agreement</b>          | <b>402,856</b>    | <b>79,130</b> | <b>24,013</b> | <b>70,454</b> | <b>50,279</b> | <b>9,944</b>            | <b>3,842</b> | <b>4,426</b>   | <b>644,944</b> |
| <b>Revenue from Services Supported by Hospital and Community Initiatives</b>           |                   |               |               |               |               |                         |              |                |                |
| Donations & Bequests (non capital)   | -                 | -             | -             | -             | -             | -                       | -            | 2,628          | 2,628          |
| Commercial Activities & Specific Purpose Funds   | -                 | -             | -             | -             | -             | -                       | -            | 60,205         | 60,205         |
| Capital Purpose Income (refer note 2)  | -                 | -             | -             | -             | -             | -                       | -            | 80,771         | 80,771         |
| <b>Sub-Total Revenue from Services Supported by Hospital and Community Initiatives</b> | <b>-</b>          | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>                | <b>-</b>     | <b>143,604</b> | <b>143,604</b> |
| <b>Total Revenue</b>   | <b>402,856</b>    | <b>79,130</b> | <b>24,013</b> | <b>70,454</b> | <b>50,279</b> | <b>9,944</b>            | <b>3,842</b> | <b>148,030</b> | <b>788,548</b> |

\* Indirect Contributions by Department of Health – Department of Health makes certain payments on behalf of the Health Service. These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expenses.

**Note 2a: Analysis of Revenue by Source (continued)**

|  | Admitted Patients | Outpatients   | EDS           | Ambulatory    | Mental Health | RAC incl. Mental Health | Aged Care    | Other          | Total          |
|--|-------------------|---------------|---------------|---------------|---------------|-------------------------|--------------|----------------|----------------|
|  | 2011              | 2011          | 2011          | 2011          | 2011          | 2011                    | 2011         | 2011           | 2011           |
|  | \$000             | \$000         | \$000         | \$000         | \$000         | \$000                   | \$000        | \$000          | \$000          |
| <b>Revenue from Services Supported by Health Services Agreement</b>                    |                   |               |               |               |               |                         |              |                |                |
| Government Grants  | 328,671           | 64,797        | 19,997        | 65,509        | 44,878        | 7,964                   | 3,525        | 3,248          | 538,589        |
| Indirect Contributions by Department of Health *                                       | 9,640             | 126           | 74            | 157           | 117           | 17                      | 4            | 15             | 10,150         |
| Patient and Resident Fees (refer note 2b)  | 17,973            | 531           | -             | 5,989         | 1,319         | 1,293                   | 48           | -              | 27,153         |
| Recoupment from Private Practice for Use of Hospital Facilities                        | 13,049            | 13,635        | 1,793         | 482           | 79            | -                       | 1            | 1,316          | 30,355         |
| Business Units - Pathology & Radiology   | 9,881             | 2,325         | 1,769         | 1,574         | 1,875         | 34                      | 66           | 306            | 17,830         |
| Other Revenue from Operating Activities  | 1,937             | -             | -             | -             | -             | -                       | -            | -              | 1,937          |
| Interest & Dividends   | -                 | -             | -             | -             | -             | -                       | -            | -              | -              |
| Capital Purpose Income (refer note 2)  | -                 | -             | -             | -             | -             | -                       | -            | -              | -              |
| <b>Sub-Total Revenue from Services Supported by Health Services Agreement</b>          | <b>381,151</b>    | <b>81,414</b> | <b>23,633</b> | <b>73,711</b> | <b>48,268</b> | <b>9,308</b>            | <b>3,644</b> | <b>4,885</b>   | <b>626,014</b> |
| <b>Revenue from Services Supported by Hospital and Community Initiatives</b>           |                   |               |               |               |               |                         |              |                |                |
| Donations & Bequests (non capital)   | -                 | -             | -             | -             | -             | -                       | -            | 1,521          | 1,521          |
| Commercial Activities & Specific Purpose Funds   | -                 | -             | -             | -             | -             | -                       | -            | 60,186         | 60,186         |
| Capital Purpose Income (refer note 2)  | -                 | -             | -             | -             | -             | -                       | -            | 63,861         | 63,861         |
| <b>Sub-Total Revenue from Services Supported by Hospital and Community Initiatives</b> | <b>-</b>          | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>                | <b>-</b>     | <b>125,568</b> | <b>125,568</b> |
| <b>Total Revenue</b>   | <b>381,151</b>    | <b>81,414</b> | <b>23,633</b> | <b>73,711</b> | <b>48,268</b> | <b>9,308</b>            | <b>3,644</b> | <b>130,453</b> | <b>751,582</b> |

\* Indirect Contributions by Department of Health – Department of Health makes certain payments on behalf of the Health Service. These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expenses.



## Note 2b: Patient and Resident Fees Raised

|   | 2012          | 2011          |
|---|---------------|---------------|
|   | \$000         | \$000         |
| <b>Patient and Resident Fees Raised (*)</b>           |               |               |
| <b>Recurrent:</b>                                     |               |               |
| Acute (Inc rehabilitation, GEM and other acute types) |               |               |
| - Inpatients (*)                                      | 23,095        | 22,678        |
| - Outpatients   | 1,191         | 1,144         |
| Residential Aged Care                                 |               |               |
| - Generic   | 954           | 971           |
| - Mental Health                                       | 269           | 322           |
| Mental Health   | 1,282         | 1,319         |
| Prosthetics & Orthotics                               | 776           | 719           |
| <b>Total Patient and Resident Fees</b>                | <b>27,567</b> | <b>27,153</b> |
| <b>Capital Purpose Income:</b>                        |               |               |
| Residential Accommodation Payments (**)               | 302           | -             |
| <b>Total Capital Purpose Income</b>                   | <b>302</b>    | <b>-</b>      |

\* Compensable payments paid to hospitals as grants from the Department of Health (such as TAC, WIES and DVA throughput) are excluded.

\*\* This includes accommodation charges, interest earned on accommodation bonds and retention amount.

## Note 2c: Net Gain/(Loss) on Disposal of Non-Financial Assets

|   | 2012      | 2011       |
|---|-----------|------------|
|   | \$000     | \$000      |
| <b>Proceeds from Disposal of Assets held for Re-Sale</b>    |           |            |
| Plant & Equipment   | -         | 245        |
| Linen   | -         | 231        |
| <b>Total Proceeds from Disposal of Current Assets</b>       | <b>-</b>  | <b>476</b> |
| <b>Proceeds from Disposal of Non-Current Assets</b>         |           |            |
| Plant & Equipment   | 11        | 5          |
| Motor Vehicles  | 83        | 8          |
| Buildings   | -         | -          |
| <b>Total Proceeds from Disposal of Non-Current Assets</b>   | <b>94</b> | <b>489</b> |
| <b>Less: Written Down Value of Assets Held for Re-Sale</b>  |           |            |
| Linen   | -         | 300        |
| Plant   | -         | 96         |
|   | <b>-</b>  | <b>396</b> |
| <b>Less: Written Down Value of Non-Current Assets Sold</b>  |           |            |
| Plant & Equipment   | -         | 3          |
| Medical Equipment   | 1         | -          |
| Other Equipment   | -         | -          |
| Computers and Communication                                 | 1         | 3          |
| Motor Vehicles  | 1         | -          |
| <b>Total Written Down Value of Non-Current Assets Sold</b>  | <b>3</b>  | <b>402</b> |
| <b>Net gains/(losses) on Disposal of Non-Current Assets</b> | <b>91</b> | <b>87</b>  |

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**Note 2d: Assets Received Free of Charge or For Nominal Consideration**

There were no assets received free of charge or for nominal consideration recognised during the years ended 30 June 2012 and 30 June 2011.

**Note 2e: Specific Income**

There was no specific income recognised during the years ended 30 June 2012 and 30 June 2011.

**Note 3: Expenses**

|   | HSA<br>2012<br>\$000 | HSA<br>2011<br>\$000 | H&C<br>2012<br>\$000 | H&C<br>2011<br>\$000 | Total<br>2012<br>\$000 | Total<br>2011<br>\$000 |
|---|----------------------|----------------------|----------------------|----------------------|------------------------|------------------------|
| <b>Employee Expenses</b>                  |                      |                      |                      |                      |                        |                        |
| Salaries & Wages                          | 426,130              | 411,971              | 26,033               | 24,367               | 452,163                | 436,338                |
| WorkCover Premium                         | 4,101                | 4,838                | 187                  | 215                  | 4,288                  | 5,053                  |
| Departure Packages                        | 2,147                | 3,710                | 38                   | 2,194                | 2,185                  | 5,904                  |
| Long Service Leave                        | 17,304               | 12,194               | 343                  | 332                  | 17,647                 | 12,526                 |
| Superannuation                            | 38,263               | 37,507               | 1,697                | 1,729                | 39,960                 | 39,236                 |
| <b>Total Employee Expenses</b>            | <b>487,945</b>       | <b>470,220</b>       | <b>28,298</b>        | <b>28,837</b>        | <b>516,243</b>         | <b>499,057</b>         |
| <b>Non Salary Labour Costs</b>            |                      |                      |                      |                      |                        |                        |
| Agency Costs - Nursing                    | 2,581                | 4,586                | 4                    | 14                   | 2,585                  | 4,600                  |
| Agency Costs - Other                      | 2,808                | 3,049                | 1,303                | 1,575                | 4,111                  | 4,624                  |
| <b>Total Non Salary Labour Costs</b>      | <b>5,389</b>         | <b>7,635</b>         | <b>1,307</b>         | <b>1,589</b>         | <b>6,696</b>           | <b>9,224</b>           |
| <b>Supplies &amp; Consumables</b>         |                      |                      |                      |                      |                        |                        |
| Drug Supplies                             | 20,116               | 31,600               | 24                   | 25                   | 20,140                 | 31,625                 |
| S100 Drugs                                | 19,079               | 7,241                | -                    | -                    | 19,079                 | 7,241                  |
| Medical, Surgical Supplies and Prosthesis | 53,639               | 54,491               | 517                  | 602                  | 54,156                 | 55,093                 |
| Pathology Supplies                        | 7,327                | 5,217                | 1,740                | 3,158                | 9,067                  | 8,375                  |
| Food Supplies                             | 4,113                | 3,937                | (1,380)              | (1,297)              | 2,733                  | 2,640                  |
| <b>Total Supplies &amp; Consumables</b>   | <b>104,274</b>       | <b>102,486</b>       | <b>901</b>           | <b>2,488</b>         | <b>105,175</b>         | <b>104,974</b>         |

**Note 3: Expenses (continued)**

|  | HSA<br>2012<br>\$000 | HSA<br>2011<br>\$000 | H&CI<br>2012<br>\$000 | H&CI<br>2011<br>\$000 | Total<br>2012<br>\$000 | Total<br>2011<br>\$000 |
|--|----------------------|----------------------|-----------------------|-----------------------|------------------------|------------------------|
| <b>Other Expenses</b>                  |                      |                      |                       |                       |                        |                        |
| Domestic Services & Supplies           | 5,776                | 5,064                | 2,348                 | 2,012                 | 8,124                  | 7,076                  |
| Fuel, Light, Power and Water           | 7,486                | 6,745                | 268                   | 266                   | 7,754                  | 7,011                  |
| Insurance costs funded by DoH          | 770                  | 8,075                | -                     | -                     | 770                    | 8,075                  |
| Motor Vehicle Expenses                 | 678                  | 745                  | 29                    | 36                    | 707                    | 781                    |
| Repairs and Maintenance                | 6,787                | 5,152                | 230                   | 375                   | 7,017                  | 5,527                  |
| Maintenance Contracts                  | 14,995               | 11,531               | 403                   | 381                   | 15,398                 | 11,912                 |
| Patient Transport                      | 1,554                | 1,617                | 24                    | 9                     | 1,578                  | 1,626                  |
| Bad & Doubtful Debts                   | 1,254                | 569                  | 105                   | 48                    | 1,359                  | 617                    |
| Lease Expenses                         | 2,111                | 2,206                | 1,227                 | 1,772                 | 3,338                  | 3,978                  |
| Finance Costs (refer note 5)           | 434                  | 107                  | 1,556                 | 1,587                 | 1,990                  | 1,694                  |
| Other Administrative Expenses          | 18,798               | 15,112               | 5,127                 | 6,142                 | 23,925                 | 21,254                 |
| Other                                  | 1,737                | 3,017                | 203                   | 288                   | 1,940                  | 3,305                  |
| Audit Fees                             |                      |                      |                       |                       |                        |                        |
| - VAGO - Audit of Financial Statements | 229                  | 210                  | -                     | -                     | 229                    | 210                    |
| - Other                                | 348                  | 141                  | -                     | -                     | 348                    | 141                    |
| <b>Total Other Expenses</b>            | <b>62,957</b>        | <b>60,291</b>        | <b>11,520</b>         | <b>12,916</b>         | <b>74,477</b>          | <b>73,207</b>          |

**Note 3: Expenses (continued)**

|   | HSA<br>2012<br>\$000 | HSA<br>2011<br>\$000 | H&CI<br>2012<br>\$000 | H&CI<br>2011<br>\$000 | Total<br>2012<br>\$000 | Total<br>2011<br>\$000 |
|---|----------------------|----------------------|-----------------------|-----------------------|------------------------|------------------------|
| <b>Expenditure using Capital Purpose Income</b>       |                      |                      |                       |                       |                        |                        |
| Employee Benefits                                     |                      |                      |                       |                       |                        |                        |
| - Salaries and Wages                                  | -                    | -                    | 1,028                 | (618)                 | 1,028                  | (618)                  |
| - Workcover Premium                                   | -                    | -                    | 23                    | 40                    | 23                     | 40                     |
| - Superannuation                                      | -                    | -                    | 235                   | 315                   | 235                    | 315                    |
| - Long Service Leave                                  | -                    | -                    | 32                    | 68                    | 32                     | 68                     |
| <b>Total Employee Benefits</b>                        | -                    | -                    | 1,318                 | (195)                 | 1,318                  | (195)                  |
| Non Salary Labour Costs                               |                      |                      |                       |                       |                        |                        |
| - Agency Costs - Other                                | -                    | -                    | 337                   | 338                   | 337                    | 338                    |
| <b>Total Non Salary Labour Costs</b>                  | -                    | -                    | 337                   | 338                   | 337                    | 338                    |
| Other Expenses  |                      |                      |                       |                       |                        |                        |
| - Domestic Services & Supplies                        | -                    | -                    | 5                     | 6                     | 5                      | 6                      |
| - Motor Vehicle Expenses                              | -                    | -                    | -                     | 2                     | -                      | 2                      |
| - Administrative Expenses                             | -                    | -                    | 1,790                 | 2,114                 | 1,790                  | 2,114                  |
| - Other   | -                    | -                    | 1,479                 | 1,933                 | 1,479                  | 1,933                  |
| Finance Costs (refer note 5)                          | -                    | -                    | 13                    | 14                    | 13                     | 14                     |
| <b>Total Other Expenses</b>                           | -                    | -                    | 3,287                 | 4,069                 | 3,287                  | 4,069                  |
| <b>Total Expenditure using Capital Purpose Income</b> | -                    | -                    | 4,942                 | 4,212                 | 4,942                  | 4,212                  |
| Impairment of Non-Financial Assets                    | -                    | -                    | -                     | -                     | -                      | -                      |
| Depreciation and Amortisation (refer note 4)          | -                    | -                    | 70,957                | 74,345                | 70,957                 | 74,345                 |
| <b>Total</b>  | -                    | -                    | 70,957                | 74,345                | 70,957                 | 74,345                 |
| <b>Total Expenses</b>                                 | <b>660,565</b>       | <b>640,632</b>       | <b>117,925</b>        | <b>124,387</b>        | <b>778,490</b>         | <b>765,019</b>         |

**Note 3a: Analysis of Expenses by Source**

|   | Admitted Patients |               | Outpatients   |               | EDS           |              | Ambulatory   |              | Mental Health  |       | RAC incl. Mental Health |       | Aged Care |       | Other |       | Total |       |  |
|---|-------------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|----------------|-------|-------------------------|-------|-----------|-------|-------|-------|-------|-------|--|
|   | 2012              | 2012          | 2012          | 2012          | 2012          | 2012         | 2012         | 2012         | 2012           | 2012  | 2012                    | 2012  | 2012      | 2012  | 2012  | 2012  | 2012  | 2012  |  |
|   | \$000             | \$000         | \$000         | \$000         | \$000         | \$000        | \$000        | \$000        | \$000          | \$000 | \$000                   | \$000 | \$000     | \$000 | \$000 | \$000 | \$000 | \$000 |  |
| <b>Services Supported by Health Services Agreement</b>                                |                   |               |               |               |               |              |              |              |                |       |                         |       |           |       |       |       |       |       |  |
| Employee Expenses   | 279,084           | 52,522        | 32,225        | 63,276        | 44,834        | 8,482        | 1,859        | 5,663        | 487,945        |       |                         |       |           |       |       |       |       |       |  |
| Non Salary Labour Costs   | 2,714             | 783           | 304           | 894           | 507           | 156          | 10           | 21           | 5,389          |       |                         |       |           |       |       |       |       |       |  |
| Supplies & Consumables  | 71,576            | 20,399        | 2,316         | 5,825         | 1,161         | 290          | 1,434        | 1,273        | 104,274        |       |                         |       |           |       |       |       |       |       |  |
| Other Expenses from Continuing Operations   | 36,341            | 7,734         | 2,068         | 9,990         | 4,501         | 996          | 459          | 434          | 62,523         |       |                         |       |           |       |       |       |       |       |  |
| Finance Costs   | 373               | 10            | 8             | 23            | 17            | 1            | 2            | -            | 434            |       |                         |       |           |       |       |       |       |       |  |
| <b>Total Expenses from Services Supported by Health Services Agreement</b>            | <b>390,088</b>    | <b>81,448</b> | <b>36,921</b> | <b>80,008</b> | <b>51,020</b> | <b>9,925</b> | <b>3,764</b> | <b>7,391</b> | <b>660,565</b> |       |                         |       |           |       |       |       |       |       |  |
| <b>Services Supported by Hospital &amp; Community Initiatives</b>                     |                   |               |               |               |               |              |              |              |                |       |                         |       |           |       |       |       |       |       |  |
| Employee Expenses   | -                 | -             | -             | -             | -             | -            | -            | -            | 28,298         |       |                         |       |           |       |       |       |       |       |  |
| Non Salary Labour Costs   | -                 | -             | -             | -             | -             | -            | -            | -            | 1,307          |       |                         |       |           |       |       |       |       |       |  |
| Supplies & Consumables  | -                 | -             | -             | -             | -             | -            | -            | -            | 901            |       |                         |       |           |       |       |       |       |       |  |
| Other Expenses from Continuing Operations   | -                 | -             | -             | -             | -             | -            | -            | -            | 9,964          |       |                         |       |           |       |       |       |       |       |  |
| Finance Costs   | -                 | -             | -             | -             | -             | -            | -            | -            | 1,556          |       |                         |       |           |       |       |       |       |       |  |
| <b>Total Expenses from Services Supported by Hospital &amp; Community Initiatives</b> | <b>-</b>          | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>42,026</b>  |       |                         |       |           |       |       |       |       |       |  |

**Note 3a: Analysis of Expenses by Source (continued)**

|   | Admitted Patients | Outpatients   | EDS           | Ambulatory    | Mental Health | RAC incl. Mental Health | Aged Care    | Other          | Total          |
|---|-------------------|---------------|---------------|---------------|---------------|-------------------------|--------------|----------------|----------------|
|   | 2012              | 2012          | 2012          | 2012          | 2012          | 2012                    | 2012         | 2012           | 2012           |
|   | \$000             | \$000         | \$000         | \$000         | \$000         | \$000                   | \$000        | \$000          | \$000          |
| <b>Expenditure using Capital Purpose Income</b>       |                   |               |               |               |               |                         |              |                |                |
| Employee Expenses                                     | -                 | -             | -             | -             | -             | -                       | -            | 1,318          | 1,318          |
| Non Salary Labour Costs                               | -                 | -             | -             | -             | -             | -                       | -            | 337            | 337            |
| Other Expenses  | -                 | -             | -             | -             | -             | -                       | -            | 3,287          | 3,287          |
| Finance Costs   | -                 | -             | -             | -             | -             | -                       | -            | 13             | 13             |
| <b>Total Expenditure using Capital Purpose Income</b> |                   |               |               |               |               |                         |              |                |                |
| <b>Purpose Income</b>                                 |                   |               |               |               |               |                         |              |                |                |
| Impairment of Non-Financial Assets                    | -                 | -             | -             | -             | -             | -                       | -            | -              | -              |
| Depreciation & Amortisation (refer note 4)            | -                 | -             | -             | -             | -             | -                       | -            | 70,957         | 70,957         |
|   | -                 | -             | -             | -             | -             | -                       | -            | 70,957         | 70,957         |
| <b>Total Expenses</b>                                 | <b>390,088</b>    | <b>81,448</b> | <b>36,921</b> | <b>80,008</b> | <b>51,020</b> | <b>9,925</b>            | <b>3,764</b> | <b>125,316</b> | <b>778,490</b> |

**Note 3a: Analysis of Expenses by Source (continued)**

|   | Admitted Patients | Outpatients   | EDS           | Ambulatory    | Mental Health | RAC incl. Mental Health | Aged Care    | Other         | Total          |
|---|-------------------|---------------|---------------|---------------|---------------|-------------------------|--------------|---------------|----------------|
|   | 2011              | 2011          | 2011          | 2011          | 2011          | 2011                    | 2011         | 2011          | 2011           |
|   | \$000             | \$000         | \$000         | \$000         | \$000         | \$000                   | \$000        | \$000         | \$000          |
| <b>Services Supported by Health Services Agreement</b>                                |                   |               |               |               |               |                         |              |               |                |
| Employee Expenses   | 268,218           | 49,565        | 30,595        | 61,998        | 45,035        | 8,039                   | 1,758        | 5,012         | 470,220        |
| Non Salary Labour Costs   | 3,969             | 803           | 466           | 1,100         | 1,114         | 149                     | 16           | 18            | 7,635          |
| Supplies & Consumables  | 66,700            | 23,653        | 2,006         | 5,643         | 1,070         | 279                     | 1,555        | 1,580         | 102,486        |
| Other Expenses from Continuing Operations   | 36,094            | 7,450         | 1,767         | 8,915         | 4,643         | 456                     | 397          | 462           | 60,184         |
| Finance Costs   | -                 | -             | -             | -             | -             | -                       | -            | 107           | 107            |
| <b>Total Expenses from Services Supported by Health Services Agreement</b>            | <b>374,981</b>    | <b>81,471</b> | <b>34,834</b> | <b>77,656</b> | <b>51,862</b> | <b>8,923</b>            | <b>3,726</b> | <b>7,179</b>  | <b>640,632</b> |
| <b>Services Supported by Hospital &amp; Community Initiatives</b>                     |                   |               |               |               |               |                         |              |               |                |
| Employee Expenses   | -                 | -             | -             | -             | -             | -                       | -            | 28,837        | 28,837         |
| Non Salary Labour Costs   | -                 | -             | -             | -             | -             | -                       | -            | 1,589         | 1,589          |
| Supplies & Consumables  | -                 | -             | -             | -             | -             | -                       | -            | 2,488         | 2,488          |
| Other Expenses from Continuing Operations   | -                 | -             | -             | -             | -             | -                       | -            | 11,329        | 11,329         |
| Finance Costs   | -                 | -             | -             | -             | -             | -                       | -            | 1,587         | 1,587          |
| <b>Total Expenses from Services Supported by Hospital &amp; Community Initiatives</b> | <b>-</b>          | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>                | <b>-</b>     | <b>45,830</b> | <b>45,830</b>  |



**Note 3a: Analysis of Expenses by Source (continued)**

|   | Admitted Patients | Outpatients   | EDS           | Ambulatory    | Mental Health | RAC incl. Mental Health | Aged Care    | Other          | Total          |
|---|-------------------|---------------|---------------|---------------|---------------|-------------------------|--------------|----------------|----------------|
|   | 2011              | 2011          | 2011          | 2011          | 2011          | 2011                    | 2011         | 2011           | 2011           |
|   | \$000             | \$000         | \$000         | \$000         | \$000         | \$000                   | \$000        | \$000          | \$000          |
| <b>Expenditure using Capital Purpose Income</b>           |                   |               |               |               |               |                         |              |                |                |
| Employee Benefits   | -                 | -             | -             | -             | -             | -                       | -            | (195)          | (195)          |
| Non Salary Labour Costs                                   | -                 | -             | -             | -             | -             | -                       | -            | 338            | 338            |
| Other Expenses  | -                 | -             | -             | -             | -             | -                       | -            | 4,055          | 4,055          |
| Finance Costs   | -                 | -             | -             | -             | -             | -                       | -            | 14             | 14             |
| <b>Sub-Total Expenditure using Capital Purpose Income</b> | -                 | -             | -             | -             | -             | -                       | -            | 4,212          | 4,212          |
| Impairment of Non-Financial Assets                        | -                 | -             | -             | -             | -             | -                       | -            | 74,345         | 74,345         |
| Depreciation & Amortisation (refer note 4)                | -                 | -             | -             | -             | -             | -                       | -            | -              | -              |
|   | -                 | -             | -             | -             | -             | -                       | -            | 74,345         | 74,345         |
| <b>Total Expenses</b>                                     | <b>374,981</b>    | <b>81,471</b> | <b>34,834</b> | <b>77,656</b> | <b>51,862</b> | <b>8,923</b>            | <b>3,726</b> | <b>131,566</b> | <b>765,019</b> |

### Note 3b: Analysis of Expenses by Business Unit for Services Supported by Hospital and Community Initiatives

|   | Total<br>2012<br>\$000 | Total<br>2011<br>\$000 |
|---|------------------------|------------------------|
| Commercial Activities:                          |                        |                        |
| - Private Practice and Other Patient Activities | 3,205                  | 3,547                  |
| - Laboratory Medicine                           | 12,785                 | 13,421                 |
| - Diagnostic Imaging                            | 762                    | 1,128                  |
| - Mental Health Services                        | 1,426                  | 1,437                  |
| - Pharmacy Services                             | 262                    | 241                    |
| - Affiliated Entities                           | 3,324                  | 3,873                  |
| - Retail Services                               | 9                      | 27                     |
| - Laundry                                       | 0                      | 2,346                  |
| - Food Production Kitchen                       | 2,432                  | 2,352                  |
| - Car Park                                      | 2,477                  | 2,561                  |
| - Research                                      | 9,693                  | 9,572                  |
| - Cardiology                                    | 587                    | 593                    |
| - Child Care                                    | 1,176                  | 1,125                  |
| - Nuclear Medicine                              | 264                    | 234                    |
| - Fundraising                                   | 545                    | 513                    |
| - Hospital Department Funds                     | 1,240                  | 1,056                  |
| - Salary Packaging                              | 1,115                  | 1,103                  |
| - Other   | 724                    | 808                    |
| <b>Total</b>                                    | <b>42,026</b>          | <b>45,937</b>          |

### Note 3c: Specific Expenses

There were no specific expenses incurred during the years ended 30 June 2012 and 30 June 2011.

### Note 4: Depreciation and Amortisation

|  | Total<br>2012<br>\$000 | Total<br>2011<br>\$000 |
|--|------------------------|------------------------|
| <b>Depreciation</b>                          |                        |                        |
| Buildings                                    | 55,557                 | 59,115                 |
| Plant & Equipment                            | 1,954                  | 1,344                  |
| Motor Vehicles                               | 137                    | 146                    |
| Medical Equipment                            | 8,683                  | 9,371                  |
| Computers and Communication                  | 1,602                  | 1,493                  |
| Other Equipment                              | 1,512                  | 1,453                  |
| Furniture and Fittings                       | 151                    | 125                    |
| <b>Total Depreciation</b>                    | <b>69,596</b>          | <b>73,047</b>          |
| <b>Amortisation</b>                          |                        |                        |
| Intangible Assets                            | 1,361                  | 1,298                  |
|  | 1,361                  | 1,298                  |
| <b>Total Depreciation &amp; Amortisation</b> | <b>70,957</b>          | <b>74,345</b>          |

## Note 5: Finance Costs

|                                  | <b>Total<br/>2012<br/>\$000</b> | <b>Total<br/>2011<br/>\$000</b> |
|----------------------------------|---------------------------------|---------------------------------|
| Interest on Long Term Borrowings | 1,858                           | 1,577                           |
| Bank Charges                     | 145                             | 131                             |
| <b>Total Finance Costs</b>       | <b>2,003</b>                    | <b>1,708</b>                    |

## Note 6: Cash and Cash Equivalents

|   | <b>Total<br/>2012<br/>\$000</b> | <b>Total<br/>2011<br/>\$000</b> |
|---|---------------------------------|---------------------------------|
| Cash on Hand  | 69                              | 69                              |
| Cash at Bank  | 13,461                          | 9,047                           |
| Deposits at Call  | 44,108                          | 18,558                          |
| <b>Total Cash and Cash Equivalents</b>                          | <b>57,638</b>                   | <b>27,674</b>                   |
| <b>Represented by:</b>  |                                 |                                 |
| Cash for Health Service Operations (as per Cash Flow Statement) | 57,598                          | 27,634                          |
| Cash for Monies Held in Trust                                   |                                 |                                 |
| - Cash at Bank  | 40                              | 40                              |
| <b>Total</b>  | <b>57,638</b>                   | <b>27,674</b>                   |

For the purpose of the Cash Flow Statement, cash 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.

The movement in Deposits at Call represents a timing difference in relation to Department of Health grants.

## Note 7: Receivables

|  | <b>Total<br/>2012<br/>\$000</b> | <b>Total<br/>2011<br/>\$000</b> |
|--|---------------------------------|---------------------------------|
| <b>CURRENT</b>                           |                                 |                                 |
| <b>Contractual</b>                       |                                 |                                 |
| Inter Hospital Debtors                   | 3,334                           | 3,545                           |
| Trade Debtors                            | 9,941                           | 11,419                          |
| Other Debtors - Major Projects Victoria  | 13                              | 997                             |
| Patient Fees                             | 16,180                          | 12,563                          |
| Accrued Investment Income                | 45                              | 293                             |
| Accrued Revenue - Other                  | 2,418                           | 2,388                           |
| <i>Less Allowance for Doubtful Debts</i> |                                 |                                 |
| Trade Debtors                            | (390)                           | (387)                           |
| Patient Fees                             | (1,087)                         | (567)                           |
|  | <u>30,454</u>                   | <u>30,251</u>                   |
| <b>Statutory</b>                         |                                 |                                 |
| GST Receivable                           | 2,424                           | 2,376                           |
|  | <u>2,424</u>                    | <u>2,376</u>                    |
| <b>TOTAL CURRENT RECEIVABLES</b>         | <u>32,878</u>                   | <u>32,627</u>                   |
| <b>NON CURRENT</b>                       |                                 |                                 |
| <b>Statutory</b>                         |                                 |                                 |
| DHS - Long Service Leave                 | 24,658                          | 18,036                          |
| <b>TOTAL NON-CURRENT RECEIVABLES</b>     | <u>24,658</u>                   | <u>18,036</u>                   |
| <b>TOTAL RECEIVABLES</b>                 | <u>57,536</u>                   | <u>50,663</u>                   |

### (a) Movement in the Allowance for Doubtful Debts

|   | <b>Total<br/>2012<br/>\$000</b> | <b>Total<br/>2011<br/>\$000</b> |
|---|---------------------------------|---------------------------------|
| Balance at beginning of year                              | 955                             | 791                             |
| Amounts written off during the year                       | (779)                           | (361)                           |
| Increase/(decrease) in allowance recognised in net result | 1,301                           | 525                             |
| <b>Balance at end of year</b>                             | <u>1,477</u>                    | <u>955</u>                      |

### (b) Ageing analysis of receivables

Please refer to note 21(b) for the ageing analysis of receivables

### (c) Nature and extent of risk arising from receivables

Please refer to note 21(b) for the nature and extent of credit risk arising from receivables

## Note 8: Investments and other Financial Assets

### (a) Ageing analysis of other financial assets

Please refer to note 21(b) for the ageing analysis of other financial assets

### (b) Nature and extent of risk arising from other financial assets

Please refer to note 21(b) for the nature and extent of credit risk arising from other financial assets

|   | Operating Fund |            | Specific Purpose Fund |            | Capital Fund |            | Total      |            |
|---|----------------|------------|-----------------------|------------|--------------|------------|------------|------------|
|   | 2012 \$000     | 2011 \$000 | 2012 \$000            | 2011 \$000 | 2012 \$000   | 2011 \$000 | 2012 \$000 | 2011 \$000 |
| <b>Current</b>                                  |                |            |                       |            |              |            |            |            |
| <i>Term Deposit</i>                             |                |            |                       |            |              |            |            |            |
| <i>Aust. Dollar Term Deposits &gt; 3 months</i> | -              | -          | -                     | 52         | -            | 25,025     | -          | 25,077     |
| <b>Total Current</b>                            | -              | -          | -                     | 52         | -            | 25,025     | -          | 25,077     |
| <b>Non Current</b>                              |                |            |                       |            |              |            |            |            |
| <i>Other - Shares</i>                           | -              | -          | 154                   | 154        | -            | -          | 154        | 154        |
| <b>Total Non Current</b>                        | -              | -          | 154                   | 154        | -            | -          | 154        | 154        |
| <b>TOTAL</b>                                    | -              | -          | 154                   | 206        | -            | 25,025     | 154        | 25,231     |
| <b>Represented By:</b>                          |                |            |                       |            |              |            |            |            |
| Health Service Investments                      | -              | -          | 154                   | 206        | -            | 25,025     | 154        | 25,231     |

## Note 9: Inventory

|                            | <b>Total<br/>2012<br/>\$000</b> | <b>Total<br/>2011<br/>\$000</b> |
|----------------------------|---------------------------------|---------------------------------|
| <b>Current - at cost</b>   |                                 |                                 |
| Pharmaceuticals            | 2,731                           | 3,070                           |
| Catering Supplies          | 61                              | 78                              |
| Medical and Surgical Lines | 3,063                           | 3,550                           |
| Administrative Stores      | 9                               | 8                               |
| <b>TOTAL INVENTORIES</b>   | <b>5,864</b>                    | <b>6,706</b>                    |

## Note 10: Non-Financial Physical Assets Classified as Held for Sale

There were no Non-Financial assets held for resale at 30 June 2011 and 2012.

## Note 11: Other Assets

|                           | <b>Total<br/>2012<br/>\$000</b> | <b>Total<br/>2011<br/>\$000</b> |
|---------------------------|---------------------------------|---------------------------------|
| Prepayments - Current     | 2017                            | 2779                            |
| Prepayments - Non Current | 221                             | 104                             |
| <b>Total Other Assets</b> | <b>2,238</b>                    | <b>2,883</b>                    |

## Note 12: Property, Plant & Equipment

|                                      | <b>Total<br/>2012<br/>\$000</b> | <b>Total<br/>2011<br/>\$000</b> |
|--------------------------------------|---------------------------------|---------------------------------|
| <b>Land</b>                          |                                 |                                 |
| Land at fair value                   | 180,251                         | 180,251                         |
| <b>Total Land</b>                    | <b>180,251</b>                  | <b>180,251</b>                  |
| <b>Buildings</b>                     |                                 |                                 |
| Buildings under Construction at cost | 125,563                         | 90,375                          |
| Buildings at Cost                    | 61,175                          | 22,729                          |
| Less Accumulated Depreciation        | (3,443)                         | (1,742)                         |
|                                      | <b>57,732</b>                   | <b>20,987</b>                   |
| Buildings at fair value              | 831,678                         | 831,678                         |
| Less Accumulated Depreciation        | (169,267)                       | (115,412)                       |
|                                      | <b>662,411</b>                  | <b>716,266</b>                  |
| <b>Total Buildings</b>               | <b>845,706</b>                  | <b>827,628</b>                  |
| <b>Plant and Equipment</b>           |                                 |                                 |
| Plant and Equipment at Fair Value    | 29,428                          | 25,922                          |
| Less Accumulated Depreciation        | (18,287)                        | (16,333)                        |
| <b>Total Plant and Equipment</b>     | <b>11,141</b>                   | <b>9,589</b>                    |

## Note 12: Property, Plant & Equipment (continued)

|  | Total<br>2012<br>\$000 | Total<br>2011<br>\$000 |
|--|------------------------|------------------------|
| <b>Motor Vehicles</b>                        |                        |                        |
| Motor Vehicles at Fair Value                 | 1,321                  | 1,426                  |
| Less Accumulated Depreciation                | (1,162)                | (1,254)                |
| <b>Total Motor Vehicles</b>                  | <b>159</b>             | <b>172</b>             |
| <b>Medical Equipment</b>                     |                        |                        |
| Medical Equipment at Fair Value              | 91,463                 | 87,431                 |
| Less Accumulated Depreciation                | (73,867)               | (67,068)               |
| <b>Total Major Medical</b>                   | <b>17,596</b>          | <b>20,363</b>          |
| <b>Computers and Communication</b>           |                        |                        |
| Computers and Communication at Fair Value    | 10,218                 | 8,863                  |
| Less Accumulated Depreciation                | (8,392)                | (6,903)                |
| <b>Total Computers and Communication</b>     | <b>1,826</b>           | <b>1,960</b>           |
| <b>Other Equipment</b>                       |                        |                        |
| Other Equipment at Fair Value                | 9,608                  | 9,349                  |
| Less Accumulated Depreciation                | (6,520)                | (5,950)                |
| <b>Total Other Equipment</b>                 | <b>3,088</b>           | <b>3,399</b>           |
| <b>Furniture and Fittings</b>                |                        |                        |
| Furniture and Fittings at Fair Value         | 1,422                  | 1,270                  |
| Less Accumulated Depreciation                | (1,122)                | (972)                  |
| <b>Total Furniture and Fittings</b>          | <b>300</b>             | <b>298</b>             |
| <b>Assets Under Construction</b>             |                        |                        |
| Medical Equipment under Construction         | 19,220                 | 17,186                 |
| <b>Total Assets under construction</b>       | <b>19,220</b>          | <b>17,186</b>          |
| <b>Total Property, Plant &amp; Equipment</b> | <b>1,079,286</b>       | <b>1,060,846</b>       |

### Land carried at valuation - 2010

Management completed a Land Fair Value Assessment using the VGV indices as at 30 June 2010. This resulted in a Revaluation of Land - increase \$16,547,045. Subsequent assessments have resulted in no further revaluation of land.

### Land and buildings carried at valuation - 2009

An independent valuation of the Health Service's property was performed by the *Valuer-General Victoria* to determine the fair value of the land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation was 30 June 2009. Subsequent assessments have resulted in no further revaluation of buildings.

### Plant and Equipment carried at fair value

As noted in note 1(i) plant and equipment are measured at fair value in accordance with FRD 103D. Based on management assessment of fair value of plant and equipment it was found that fair value approximated depreciated replacement cost and therefore a revaluation was not required.

Austin Health owns the Melbourne Brain Centre building that is situated on the Austin Campus and valued at \$26.8 million. The rights to use this building have been assigned to the Florey Neuroscience Institutes under an arrangement that is deemed a finance lease pursuant to Accounting Standard AASB117. The rent payable to Austin Health on this building is not considered material and as such not recorded on the Austin Health balance sheet as a lease receivable.

## Note 12: Property, Plant & Equipment (continued)

Reconciliation of the carrying amount of each class of asset at the beginning and end of the previous and current and previous financial year is set out below.

|  | Land           | Buildings      | Plant & Equipment | Motor Vehicles | Medical       | Computers & Comm'n's | Other Equipment | Furniture & Fittings | Total            |
|--|----------------|----------------|-------------------|----------------|---------------|----------------------|-----------------|----------------------|------------------|
|  | \$000          | \$000          | \$000             | \$000          | \$000         | \$000                | \$000           | \$000                | \$000            |
| <b>Balance at 1 July 2010</b>                | <b>180,251</b> | <b>841,040</b> | <b>5,646</b>      | <b>175</b>     | <b>32,462</b> | <b>2,023</b>         | <b>3,159</b>    | <b>237</b>           | <b>1,064,993</b> |
| Additions                                    | -              | 45,703         | 5,290             | 143            | 14,458        | 1,433                | 1,693           | 186                  | 68,906           |
| Revaluation Increment                        | -              | -              | (3)               | -              | -             | (3)                  | -               | -                    | (6)              |
| Depreciation Expense (refer Note 4)          | -              | (59,115)       | (1,344)           | (146)          | (9,371)       | (1,493)              | (1,453)         | (125)                | (73,047)         |
| <b>Balance at 30 June 2011</b>               | <b>180,251</b> | <b>827,628</b> | <b>9,589</b>      | <b>172</b>     | <b>37,549</b> | <b>1,960</b>         | <b>3,399</b>    | <b>298</b>           | <b>1,060,846</b> |
| Additions                                    | -              | 73,635         | 3,506             | 125            | 7,951         | 1,469                | 1,200           | 153                  | 88,039           |
| Disposals                                    | -              | -              | -                 | (1)            | (1)           | (1)                  | -               | -                    | (3)              |
| Revaluation Increment/(Decrements)           | -              | -              | -                 | -              | -             | -                    | -               | -                    | -                |
| Depreciation and Amortisation (refer Note 4) | -              | (55,557)       | (1,954)           | (137)          | (8,683)       | (1,602)              | (1,512)         | (151)                | (69,596)         |
| <b>Balance at 30 June 2012</b>               | <b>180,251</b> | <b>845,706</b> | <b>11,141</b>     | <b>159</b>     | <b>36,816</b> | <b>1,826</b>         | <b>3,087</b>    | <b>300</b>           | <b>1,079,286</b> |



## Note 13: Intangible Assets

|                                | <b>Total<br/>2012<br/>\$000</b> | <b>Total<br/>2011<br/>\$000</b> |
|--------------------------------|---------------------------------|---------------------------------|
| Software                       | 13,115                          | 9,925                           |
| Less Accumulated Amortisation  | (9,972)                         | (8,610)                         |
| <b>Total Intangible Assets</b> | <b>3,143</b>                    | <b>1,315</b>                    |

Reconciliation of the carrying amount of intangible assets at the beginning and end of the previous and current financial year is set out below.

|                                     | <b>Software<br/>\$000</b> | <b>Total<br/>\$000</b> |
|-------------------------------------|---------------------------|------------------------|
| <b>Balance at 1 July 2010</b>       | <b>1,919</b>              | <b>1,919</b>           |
| Additions                           | 694                       | 694                    |
| Disposals                           | -                         | -                      |
| Amortisation Expense (refer Note 4) | (1,298)                   | (1,298)                |
| <b>Balance at 1 July 2011</b>       | <b>1,315</b>              | <b>1,315</b>           |
| Additions                           | 3,189                     | 3,189                  |
| Disposals                           | -                         | -                      |
| Amortisation Expense (refer Note 4) | (1,361)                   | (1,361)                |
| <b>Balance at 30 June 2012</b>      | <b>3,143</b>              | <b>3,143</b>           |

## Note 14: Payables

|                           | <b>Total<br/>2012<br/>\$000</b> | <b>Total<br/>2011<br/>\$000</b> |
|---------------------------|---------------------------------|---------------------------------|
| <b>Contractual</b>        |                                 |                                 |
| Trade Creditors           | 10,931                          | 9,782                           |
| Accrued Interest          | 386                             | 394                             |
| Accrued Expenses          | 14,283                          | 14,605                          |
| Salary Packaging          | 5,076                           | 4,438                           |
| Other                     | 132                             | 123                             |
|                           | <b>30,808</b>                   | <b>29,342</b>                   |
| <b>Statutory</b>          |                                 |                                 |
| GST Payable               | 578                             | 489                             |
| Department of Health      | 1,532                           | 1,656                           |
| Pay As You Go Withholding | 2,145                           | 1,970                           |
| Superannuation Payable    | 4,247                           | 4,131                           |
|                           | <b>8,502</b>                    | <b>8,246</b>                    |
| <b>Total Payables</b>     | <b>39,310</b>                   | <b>37,588</b>                   |

## Note 14: Payables (continued)

### (a) Maturity analysis of payables

Please refer to note 21(c) for the ageing analysis of payables

### (b) Nature and extent of risk arising from payables

Please refer to note 21(c) for the nature and extent of risks arising from payables

## Note 15: Borrowings

|                                 | Total<br>2012<br>\$000 | Total<br>2011<br>\$000 |
|---------------------------------|------------------------|------------------------|
| <b>Current</b>                  |                        |                        |
| Australian Dollar Borrowings    |                        |                        |
| - Treasury Corporation Victoria | 521                    | 488                    |
| <b>Total Current</b>            | <b>521</b>             | <b>488</b>             |
| <b>Non-Current</b>              |                        |                        |
| Australian Dollar Borrowings    |                        |                        |
| - Treasury Corporation Victoria | 22,502                 | 23,023                 |
| <b>Total Non Current</b>        | <b>22,502</b>          | <b>23,023</b>          |
| <b>Total Borrowings</b>         | <b>23,023</b>          | <b>23,511</b>          |

### Terms and conditions of Interest Bearing Liabilities - Treasury Corporation Victoria

- i) Repayments are quarterly with the final instalment due 25 years from date of the last draw down in April 2008.
- ii) Average interest rate applied during 2011/12 was 6.70% (2010/11: 6.72%).
- iii) The loan is secured by a Statutory Guarantee from the Government of Victoria in favour of Treasury Corporation Victoria under Section 30 of the Health Services Act.
- iv) Total approved value of borrowings is \$25 million.

### (a) Maturity analysis of interest bearing liabilities

Please refer to note 21(c) for the ageing analysis of interest bearing liabilities

### (b) Nature and extent of risk arising from interest bearing liabilities

Please refer to note 21(c) for the nature and extent of risks arising from interest bearing liabilities

### (c) Defaults and breaches

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

## Note 16: Provisions

|   | Total<br>2012<br>\$000 | Total<br>2011<br>\$000 |
|---|------------------------|------------------------|
| <b>Current Provisions</b>                                   |                        |                        |
| Employee Benefits   |                        |                        |
| - Unconditional and expected to be settled within 12 months | 86,291                 | 74,867                 |
| - Unconditional and expected to be settled after 12 months  | 42,708                 | 38,177                 |
| Employee Termination Benefits                               | 1,214                  | 2,468                  |
| Provision related to Employee Benefit On-Costs              |                        |                        |
| - Unconditional and expected to be settled within 12 months | 7,072                  | 6,887                  |
| - Unconditional and expected to be settled after 12 months  | 4,485                  | 4,009                  |
| <b>Total Current Provisions</b>                             | <b>141,770</b>         | <b>126,408</b>         |

## Note 16: Provisions (continued)

|  | <b>Total<br/>2012<br/>\$000</b> | <b>Total<br/>2011<br/>\$000</b> |
|--|---------------------------------|---------------------------------|
| <b>Non-Current Provisions</b>                  |                                 |                                 |
| Employee Benefits                              | 16,384                          | 14,218                          |
| Provision related to Employee Benefit On-Costs | 1,720                           | 1,493                           |
| <b>Total Non-Current Provisions</b>            | <u>18,104</u>                   | <u>15,711</u>                   |
| <b>Total Provisions</b>                        | <u>159,874</u>                  | <u>142,119</u>                  |

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

|   | <b>Total<br/>2012<br/>\$000</b> | <b>Total<br/>2011<br/>\$000</b> |
|---|---------------------------------|---------------------------------|
| <b>Current Employee Benefits and related on-costs</b>       |                                 |                                 |
| Unconditional LSL Entitlement                               | 66,860                          | 61,198                          |
| Annual Leave Entitlements                                   | 41,855                          | 41,056                          |
| Accrued Wages and Salaries                                  | 20,141                          | 11,743                          |
| Accrued Days Off  | 1,357                           | 1,515                           |
| <b>Non-Current Employee Benefits and related on-costs</b>   |                                 |                                 |
| Conditional Long Service Leave Entitlements (present value) | 16,384                          | 14,218                          |
| <b>Total Employee Benefits and Related On-Costs</b>         | <u>146,597</u>                  | <u>129,731</u>                  |
| <b>On-Costs</b>   | 13,277                          | 12,389                          |
| <b>Total Employee Benefits and Related On-Costs</b>         | <u>159,874</u>                  | <u>142,119</u>                  |

### (b) Movements in provisions

|  | <b>Total<br/>2012<br/>\$000</b> | <b>Total<br/>2011<br/>\$000</b> |
|--|---------------------------------|---------------------------------|
| <b>Movement in Long Service Leave:</b> |                                 |                                 |
| <b>Balance at start of year</b>        | 83,335                          | 78,476                          |
| Provision made during the year         | 17,678                          | 12,593                          |
| Settlement made during the year        | (9,028)                         | (7,734)                         |
| <b>Balance at end of year</b>          | <u>91,985</u>                   | <u>83,335</u>                   |

## Note 17: Other Liabilities

|                                    | <b>Total<br/>2012<br/>\$000</b> | <b>Total<br/>2011<br/>\$000</b> |
|------------------------------------|---------------------------------|---------------------------------|
| <b>Current</b>                     |                                 |                                 |
| Monies Held in Trust               |                                 |                                 |
| -Patient Monies Held in Trust      | 40                              | 41                              |
| Borrowings - Department of Health* | 100                             | 100                             |
| Other                              | 2,255                           | 754                             |
| <b>Total Current</b>               | <u>2,395</u>                    | <u>895</u>                      |

## Note 17: Other Liabilities (continued)

|                                    | Total<br>2012<br>\$000 | Total<br>2011<br>\$000 |
|------------------------------------|------------------------|------------------------|
| <b>Non-Current</b>                 |                        |                        |
| Borrowings - Department of Health* | 47                     | 134                    |
| Other                              | 81                     | -                      |
| <b>Total Non Current</b>           | <u>128</u>             | <u>134</u>             |
| <b>Total Other Liabilities</b>     | <u>2,523</u>           | <u>1,029</u>           |

### \* Borrowings - Department of Health

- a) Austin Health has one loan repayable to the Department of Health.
- b) Repayments on this loan are monthly with the final instalment due on 31 December 2013.
- c) This is an interest free loan, however a present value calculation has applied an interest rate of 2.87% as at 30 June 2012 (30 June 2011: 4.72%).

## Note 18: Equity

|   | Total<br>2012<br>\$000 | Total<br>2011<br>\$000 |
|---|------------------------|------------------------|
| <b>(a) Surpluses</b>  |                        |                        |
| <b><i>Property, Plant &amp; Equipment Revaluation Surplus</i></b> |                        |                        |
| Balance at the Beginning of the Reporting Period                  | 546,297                | 546,297                |
| Revaluation Increments/(Decrements):                              |                        |                        |
| - Land  | -                      | -                      |
| - Buildings   | -                      | -                      |
| Balance at the end of the Reporting Period                        | <u>546,297</u>         | <u>546,297</u>         |
| <b>Represented by:</b>  |                        |                        |
| - Land  | 150,699                | 150,699                |
| - Buildings   | 395,598                | 395,598                |
|   | <u>546,297</u>         | <u>546,297</u>         |
| <b><i>Restricted Specific Purpose Reserve</i></b>                 |                        |                        |
| Balance at the Beginning of the Reporting Period                  | 5,738                  | 5,553                  |
| Transfers to/(from) Restricted Specific Purpose Reserve           | 123                    | 185                    |
| Balance at the end of the Reporting Period                        | <u>5,861</u>           | <u>5,738</u>           |
| <b>Total Surpluses</b>  | <u>552,158</u>         | <u>552,035</u>         |

### (b) Contributed Capital

|  |                |                |
|--|----------------|----------------|
| Balance at the Beginning of the Reporting Period         | 529,927        | 529,927        |
| Capital Contributions received from Victorian Government | -              | -              |
| Balance at the end of the Reporting Period               | <u>529,927</u> | <u>529,927</u> |

## Note 18: Equity (continued)

|  | Total<br>2012<br>\$000 | Total<br>2011<br>\$000 |
|--|------------------------|------------------------|
| <b>(c) Accumulated Deficits</b>                  |                        |                        |
| Balance at the Beginning of the Reporting Period | (110,891)              | (97,269)               |
| Net Result for the Year                          | 10,058                 | (13,437)               |
| Transfers (to)/from Surplus                      | (123)                  | (185)                  |
| Balance at the end of the Reporting Period       | <u>(100,956)</u>       | <u>(110,891)</u>       |
| <b>Total Equity at the end of Financial Year</b> | <u>981,129</u>         | <u>971,071</u>         |

The Property, Plant & Equipment Asset Revaluation Surplus arises on the revaluation of property, plant and equipment.

## Note 19: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities

|  | Total<br>2012<br>\$000 | Total<br>2011<br>\$000 |
|--|------------------------|------------------------|
| <b>Net Result for the Year</b>                   | 10,058                 | (13,437)               |
| Depreciation and Amortisation                    | 70,957                 | 74,345                 |
| Provision for Doubtful Debts                     | 521                    | 163                    |
| Net (Gain)/Loss from Sale of Plant and Equipment | (91)                   | (87)                   |
| DoH Capital Grant - Indirect Contribution        | (2,819)                | (7,684)                |
| Change in Operating Assets & Liabilities:        |                        |                        |
| Increase/(Decrease) in Payables                  | 697                    | (4,386)                |
| Increase/(Decrease) in Employee Benefits         | 17,755                 | 10,776                 |
| Increase/(Decrease) in Other Liabilities         | 1,581                  | (476)                  |
| (Increase)/Decrease in Receivables               | (7,394)                | (6,758)                |
| (Increase)/Decrease in Inventories               | 842                    | (4)                    |
| (Increase)/Decrease in Prepayments               | 645                    | (931)                  |
| <b>Net Cash Inflow from Operating Activities</b> | <u>92,752</u>          | <u>51,521</u>          |

## Note 20: Non-Cash Financing and Investing Activities

|  | Total<br>2012<br>\$000 | Total<br>2011<br>\$000 |
|--|------------------------|------------------------|
| Assets Received Free of Charge                             | -                      | -                      |
| Acquisition of Assets through DoH Indirect Contributions   | 2,819                  | 7,684                  |
| <b>Total Non-Cash Financing &amp; Investing Activities</b> | <u>2,819</u>           | <u>7,684</u>           |

## Note 21: Financial Instruments

### (a) Financial Risk Management Objectives and Policies

The Austin Health's principal financial instruments comprise of:

- Cash Assets
- Term Deposits
- Receivables (excluding statutory receivables)
- Payables (excluding statutory payables)
- Loan with TCV

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, with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

The main purpose in holding financial instruments is to prudentially manage Austin Health's financial risks within the government policy parameters.

### Categorisation of financial Instruments

|   | Note | Category   | Carrying<br>Amount<br>2012<br>\$000 | Carrying<br>Amount<br>2011<br>\$000 |
|---|------|--|-------------------------------------|-------------------------------------|
| <b>Financial Assets</b>                 |      |  |                                     |                                     |
| Cash and cash equivalents               | 6    | N/A  | 57,638                              | 27,674                              |
| Receivables                             | 7    | Loans and Receivables                                  | 30,454                              | 30,251                              |
| Other Financial Assets                  | 8    | Available for Sale Financial<br>Assets (at fair value) | 154                                 | 25,231                              |
| <b>Total Financial Assets (i)</b>       |      |  | <b>88,246</b>                       | <b>83,156</b>                       |
| <b>Financial Liabilities</b>            |      |  |                                     |                                     |
| Payables                                | 14   | Financial Liabilities<br>measured<br>at amortised cost | 30,808                              | 29,341                              |
| Interest Bearing Liabilities            | 15   | Financial Liabilities<br>measured<br>at amortised cost | 23,023                              | 23,511                              |
| Other Liabilities                       | 17   | Financial Liabilities<br>measured<br>at amortised cost | 2,523                               | 1,029                               |
| <b>Total Financial Liabilities (ii)</b> |      |  | <b>56,354</b>                       | <b>53,881</b>                       |

(i) The total amount of financial assets disclosed here excludes statutory receivables (i.e. GST input tax credit recoverable)

(ii) The total amount of financial liabilities disclosed here excludes statutory payables (i.e Taxes payables and Superannuation owing)

### (b) Credit Risk

Credit risk arises from the contractual financial assets of the Health Service, which comprise cash and deposits, non-statutory receivables and available for sale contractual financial assets. The Health Service's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Health Service. Credit risk is measured at fair value and is monitored on a regular basis.

## Note 21: Financial Instruments (continued)

### Credit Risk (continued)

Credit risk associated with the Health Service's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, it is the Health Service's policy to only deal with entities with high credit ratings of a minimum Triple-B rating and to obtain sufficient collateral or credit enhancements, where appropriate.

In addition, the Health Service does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank. As with the policy for debtors, the Health Service's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Health Service will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Austin Health's maximum exposure to credit risk without taking account of the value of any collateral obtained.

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

|                                | Financial Institutions<br>(AAA credit rating)<br>\$000 | Government Agencies<br>(AAA credit rating)<br>\$000 | Government Agencies<br>(BBB credit rating)<br>\$000 | Other<br>(min BBB credit rating)<br>\$000 | Total<br>\$000 |
|--------------------------------|--|---|---|---|----------------|
| <b>2012 - Financial Assets</b> |  |   |   |   |                |
| Cash and Cash Equivalents      | 57,638   | -   | -   | -   | 57,638         |
| Receivables: -                 |  |   |   |   |                |
| - Trade Debtors                | -  | 3,334   | -   | -   | 3,334          |
| - Other Receivables (i)        | -  | 3,686   | -   | -   | 3,686          |
| Other Financial Assets         |  |   |   |   |                |
| - Term Deposits                | -  | -   | -   | -   | -              |
| <b>Total Financial Assets</b>  | <b>57,638</b>  | <b>7,020</b>  | <b>-</b>  | <b>-</b>                                  | <b>64,658</b>  |
| <b>2011 - Financial Assets</b> |  |   |   |   |                |
| Cash and Cash Equivalents      | 27,674   | -   | -   | -   | 27,674         |
| Receivables: -                 |  |   |   |   |                |
| - Trade Debtors                | -  | 3,792   | -   | -   | 3,792          |
| - Other Receivables            | -  | 2,779   | -   | -   | 2,779          |
| Other Financial Assets         |  |   |   |   |                |
| - Term Deposits                | 25,077   | -   | -   | -   | 25,077         |
| <b>Total Financial Assets</b>  | <b>52,751</b>  | <b>6,571</b>  | <b>-</b>  | <b>-</b>                                  | <b>59,322</b>  |

The amounts disclosed here exclude statutory amounts (eg amounts owing to Govt and GST input tax credit recoverable)

## Note 21: Financial Instruments (continued)

### (b) Credit Risk (continued)

#### Ageing analysis of Financial Assets as at 30 June

|                                | Carrying Amount<br>\$000 | Not past Due & Not Impaired<br>\$000 | Past Due But not Impaired |                            |                      | Impaired Financial<br>\$000 |
|--------------------------------|--------------------------|--------------------------------------|---------------------------|----------------------------|----------------------|-----------------------------|
|                                |                          |                                      | 1 - 3 Months<br>\$000     | 3 months - 1 Year<br>\$000 | 1 - 5 Years<br>\$000 |                             |
| <b>2012 - Financial Assets</b> |                          |                                      |                           |                            |                      |                             |
| Cash and Cash Equivalents      | 57,638                   | 57,638                               | -                         | -                          | -                    | -                           |
| Receivables: -                 |                          |                                      |                           |                            |                      |                             |
| - Trade Debtors                | 12,885                   | 5,656                                | 4,585                     | 2,644                      | -                    | -                           |
| - Other Receivables            | 17,569                   | 9,789                                | 2,661                     | 5,119                      | -                    | -                           |
| Other Financial Assets         |                          |                                      |                           |                            |                      |                             |
| - Term Deposits                | -                        | -                                    | -                         | -                          | -                    | -                           |
| - Unlisted Shares              | 154                      | 154                                  | -                         | -                          | -                    | -                           |
| <b>Total Financial Assets</b>  | <b>88,246</b>            | <b>73,237</b>                        | <b>7,246</b>              | <b>7,763</b>               | <b>-</b>             | <b>-</b>                    |
| <b>2011 - Financial Assets</b> |                          |                                      |                           |                            |                      |                             |
| Cash and Cash Equivalents      | 27,674                   | 27,674                               | -                         | -                          | -                    | -                           |
| Receivables: -                 |                          |                                      |                           |                            |                      |                             |
| - Trade Debtors                | 14,577                   | 9,595                                | 2,899                     | 2,083                      | -                    | -                           |
| - Other Receivables            | 15,674                   | 11,377                               | 1,931                     | 2,366                      | -                    | -                           |
| Other Financial Assets         |                          |                                      |                           |                            |                      |                             |
| - Term Deposits                | 25,077                   | 25,077                               | -                         | -                          | -                    | -                           |
| - Unlisted Shares              | 154                      | 154                                  | -                         | -                          | -                    | -                           |
| <b>Total Financial Assets</b>  | <b>83,156</b>            | <b>73,877</b>                        | <b>4,830</b>              | <b>4,449</b>               | <b>-</b>             | <b>-</b>                    |

Ageing analysis of financial assets have excluded statutory financial assets (i.e. GST input tax credits).

There are no material financial assets which are individually determined to be impaired. Currently Austin Health does not hold any collateral as security nor credit enhancements relating to any of its financial assets

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The ageing analysis table above discloses the ageing only of contractual financial assets that are past due but not impaired.

### (c) Liquidity Risk

Liquidity risk is the risk that the Health Service would be unable to meet its financial obligations as and when they fall due.

The Health Service's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. The Health Service manages its liquidity risk through regular cash forecasts and ensuring sufficient available cash is held to meet its obligations.

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



## Note 21: Financial Instruments (continued)

### Maturity analysis of financial liabilities as at 30 June

|                                     | Carrying Amount \$000 | Contractual Cash Flows \$000 | Maturity Dates          |                    |                         |                   |                    |   |
|-------------------------------------|-----------------------|------------------------------|-------------------------|--------------------|-------------------------|-------------------|--------------------|---|
|                                     |                       |                              | Less than 1 month \$000 | 1 - 3 Months \$000 | 3 months - 1 Year \$000 | 1 - 5 Years \$000 | Over 5 Years \$000 |   |
| <b>2012 - Financial Liabilities</b> |                       |                              |                         |                    |                         |                   |                    |   |
| Payables                            | 30,808                | -                            | 30,808                  | -                  | -                       | -                 | -                  | - |
| Interest Bearing Liabilities        | 23,023                | 23,023                       | 127                     | 129                | 265                     | 2,468             | 20,034             |   |
| Other Liabilities (i)               | 2,376                 | -                            | 700                     | 444                | 1,232                   | -                 | -                  |   |
| Borrowings - DHS                    | 147                   | 147                          | -                       | 30                 | 70                      | 47                | -                  |   |
| <b>Total Financial Liabilities</b>  | <b>56,354</b>         | <b>23,170</b>                | <b>31,635</b>           | <b>603</b>         | <b>1,567</b>            | <b>2,515</b>      | <b>20,034</b>      |   |
| <b>2011 - Financial Liabilities</b> |                       |                              |                         |                    |                         |                   |                    |   |
| Payables                            | 29,341                | -                            | 29,341                  | -                  | -                       | -                 | -                  |   |
| Interest Bearing Liabilities        | 23,511                | 23,511                       | 119                     | 121                | 248                     | 2,309             | 20,714             |   |
| Other Liabilities                   | 795                   | -                            | 607                     | 188                | -                       | -                 | -                  |   |
| Borrowings - DHS                    | 234                   | 234                          | -                       | 30                 | 70                      | 134               | -                  |   |
| <b>Total Financial Liabilities</b>  | <b>53,881</b>         | <b>23,745</b>                | <b>30,067</b>           | <b>339</b>         | <b>318</b>              | <b>2,443</b>      | <b>20,714</b>      |   |

Excludes statutory financial liabilities (ie GST payable)

#### Market Risk

Austin Health'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.

## Note 21: Financial Instruments (continued)

### Currency Risk

Austin Health is exposed to insignificant foreign currency risk through its payables relating to purchases of supplies and consumables from overseas. This is because of a limited amount of purchases denominated in foreign currencies and a short timeframe between commitment and settlement.

### Interest Rate Risk

Exposure to interest rate risk might arise primarily through Austin Health's interest bearing liabilities. Minimisation of the risk is achieved by mainly undertaking fixed rate or non-interest bearing financial instruments. For financial liabilities, Austin Health mainly undertakes financial liabilities with relatively even maturity profiles.

### Other Price Risk

Austin Health does not have any material other price risks.

### Interest Rate Exposure of Financial Assets and Liabilities as at 30 June

|                                     | Weighted<br>Average<br>Effective<br>Interest<br>Rates (%) | Carrying<br>Amount<br>\$000 | Interest Rate Exposure             |                                       |                                     |
|-------------------------------------|---|-----------------------------|------------------------------------|---------------------------------------|-------------------------------------|
|                                     |   |                             | Fixed<br>Interest<br>Rate<br>\$000 | Variable<br>Interest<br>Rate<br>\$000 | Non<br>Interest<br>Bearing<br>\$000 |
| <b>2012- Financial Assets</b>       |   |                             |                                    |                                       |                                     |
| Cash and Cash Equivalents           | 3.72  | 57,638                      | -                                  | 57,569                                | 69                                  |
| Receivables: - (i)                  |   |                             |                                    |                                       |                                     |
| - Trade Debtors                     | 3.50  | 12,885                      | -                                  | -                                     | 12,885                              |
| - Other Receivables                 | 3.50  | 17,569                      | -                                  | -                                     | 17,569                              |
| Other Financial Assets              |   |                             |                                    |                                       |                                     |
| - Term Deposits                     | 4.40  | -                           | -                                  | -                                     | -                                   |
| - Unlisted Shares                   | -   | 154                         | -                                  | -                                     | 154                                 |
|                                     |   | 88,246                      | -                                  | 57,569                                | 30,677                              |
| <b>2012 - Financial Liabilities</b> |   |                             |                                    |                                       |                                     |
| Payables                            | 3.50  | 30,808                      | -                                  | -                                     | 30,808                              |
| Interest Bearing Liabilities        | 6.70  | 23,023                      | 23,023                             | -                                     | -                                   |
| Other Liabilities                   | 3.50  | 2,376                       | -                                  | -                                     | 2,376                               |
| Borrowings - DHS                    | -   | 147                         | -                                  | -                                     | 147                                 |
|                                     |   | 56,354                      | 23,023                             | -                                     | 33,331                              |
| <b>2011 Financial Assets</b>        |   |                             |                                    |                                       |                                     |
| Cash and Cash Equivalents           | 4.88  | 27,674                      | -                                  | 27,605                                | 69                                  |
| Receivables: -                      |   |                             |                                    |                                       |                                     |
| - Trade Debtors                     | 4.75  | 14,577                      | -                                  | -                                     | 14,577                              |
| - Other Receivables                 | 4.75  | 15,674                      | -                                  | -                                     | 15,674                              |
| Other Financial Assets              |   |                             |                                    |                                       |                                     |
| - Term Deposits                     | 6.00  | 25,077                      | 25,077                             | -                                     | -                                   |
| - Unlisted Shares                   | -   | 154                         | -                                  | -                                     | 154                                 |
|                                     |   | 83,156                      | 25,077                             | 27,605                                | 30,474                              |
| <b>2011 - Financial Liabilities</b> |   |                             |                                    |                                       |                                     |
| Payables                            | 4.75  | 29,341                      | -                                  | -                                     | 29,341                              |
| Interest Bearing Liabilities        | 6.70  | 23,511                      | 23,511                             | -                                     | -                                   |
| Other Liabilities                   | 4.75  | 795                         | -                                  | -                                     | 795                                 |
| Borrowings - DHS                    | -   | 234                         | -                                  | -                                     | 234                                 |
|                                     |   | 53,881                      | 23,511                             | -                                     | 30,370                              |

Excludes types of statutory financial assets & liabilities

**Note 21: Financial Instruments (continued)**

**(d) Market Risk (continued)**

**Sensitivity Disclosure Analysis**

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

- A parallel shift of +1% and -1% in market interest rates (AUD) from year end rates.
- A parallel shift of +1% and -1% in inflation rates (AUD) from year end rates.

The following table discloses the impact on net opening result and equity for each category of financial instrument held by Austin Health at year end as presented to key management personnel, if changes in the relevant risk occur.

|                                    | Carrying Amount \$000 | Interest Rate Risk |              |              |              | Other Price Risk |              |              |              |          |          |
|------------------------------------|-----------------------|--------------------|--------------|--------------|--------------|------------------|--------------|--------------|--------------|----------|----------|
|                                    |                       | -1%                |              | +1%          |              | -1%              |              | +1%          |              |          |          |
|                                    |                       | Profit \$000       | Equity \$000 | Profit \$000 | Equity \$000 | Profit \$000     | Equity \$000 | Profit \$000 | Equity \$000 |          |          |
| <b>2012</b>                        |                       |                    |              |              |              |                  |              |              |              |          |          |
| <b>Financial Assets</b>            |                       |                    |              |              |              |                  |              |              |              |          |          |
| Cash and Cash Equivalents          | 57,638                | (576)              | (576)        | 576          | 576          | -                | -            | -            | -            | -        | -        |
| Receivables: - (i)                 |                       |                    |              |              |              |                  |              |              |              |          |          |
| - Trade Debtors                    | 12,885                | -                  | -            | -            | -            | -                | -            | -            | -            | -        | -        |
| - Other Receivables                | 17,569                | -                  | -            | -            | -            | -                | -            | -            | -            | -        | -        |
| Other Financial Assets             |                       |                    |              |              |              |                  |              |              |              |          |          |
| - Term Deposits                    | -                     | -                  | -            | -            | -            | -                | -            | -            | -            | -        | -        |
| - Unlisted Shares                  | 154                   | -                  | -            | -            | -            | -                | -            | -            | -            | -        | -        |
| <b>Total Financial Assets</b>      | <b>88,246</b>         | <b>(576)</b>       | <b>(576)</b> | <b>576</b>   | <b>576</b>   | <b>-</b>         | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b> | <b>-</b> |
| <b>Financial Liabilities</b>       |                       |                    |              |              |              |                  |              |              |              |          |          |
| Payables                           | 30,808                | -                  | -            | -            | -            | -                | -            | -            | -            | -        | -        |
| Interest Bearing Liabilities       | 23,023                | -                  | -            | -            | -            | -                | -            | -            | -            | -        | -        |
| Other Liabilities                  | 2,376                 | -                  | -            | -            | -            | -                | -            | -            | -            | -        | -        |
| Borrowings - DHS                   | 147                   | -                  | -            | -            | -            | -                | -            | -            | -            | -        | -        |
| <b>Total Financial Liabilities</b> | <b>56,354</b>         | <b>-</b>           | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>         | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b> | <b>-</b> |

The carrying amount excludes types of statutory financial assets and liabilities (ie GST input tax credit and GST payable)

**Note 21: Financial Instruments (continued)**

|                                    | Carrying Amount \$000 | Interest Rate Risk |              |              | Other Price Risk |              |              |
|------------------------------------|-----------------------|--------------------|--------------|--------------|------------------|--------------|--------------|
|                                    |                       | -1%                |              | +1%          | -1%              |              | +1%          |
|                                    |                       | Profit \$000       | Equity \$000 | Profit \$000 | Equity \$000     | Profit \$000 | Equity \$000 |
| <b>2011</b>                        |                       |                    |              |              |                  |              |              |
| <b>Financial Assets</b>            |                       |                    |              |              |                  |              |              |
| Cash and Cash Equivalents          | 27,674                | (277)              | (277)        | 277          | 277              | -            | -            |
| Receivables: -                     |                       |                    |              |              |                  |              |              |
| - Trade Debtors                    | 14,577                | -                  | -            | -            | -                | -            | -            |
| - Other Receivables                | 15,674                | -                  | -            | -            | -                | -            | -            |
| Other Financial Assets             |                       |                    |              |              |                  |              |              |
| - Term Deposits                    | 25,077                | -                  | -            | -            | -                | -            | -            |
| - Unlisted Shares                  | 154                   | -                  | -            | -            | -                | -            | -            |
| <b>Total Financial Assets</b>      | <b>83,156</b>         | <b>(277)</b>       | <b>(277)</b> | <b>277</b>   | <b>277</b>       | <b>-</b>     | <b>-</b>     |
| <b>Financial Liabilities</b>       |                       |                    |              |              |                  |              |              |
| Payables                           | 29,341                | -                  | -            | -            | -                | -            | -            |
| Interest Bearing Liabilities       | 23,511                | -                  | -            | -            | -                | -            | -            |
| Other Liabilities                  | 795                   | -                  | -            | -            | -                | -            | -            |
| Borrowings - DHS                   | 234                   | -                  | -            | -            | -                | -            | -            |
| <b>Total Financial Liabilities</b> | <b>53,881</b>         | <b>-</b>           | <b>-</b>     | <b>-</b>     | <b>-</b>         | <b>-</b>     | <b>-</b>     |

(i) The carrying amount excludes types of statutory financial assets and liabilities (ie GST input tax credit and GST payable)

## Note 21: Financial Instruments (continued)

### (e) Fair Value

The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

- Level 1 - the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 - the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The financial assets include holdings in unlisted shares. Fair value of these is determined by projecting future cash inflows from expected future dividends and subsequent disposal of the securities. These cash flows are then discounted back to their present value using a discount rate.

The Health Services considers that the carrying amount of financial instrument assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

The following table shows that the fair values of most of the contractual financial assets and liabilities are the same as the carrying amounts.

### Comparison between Carrying Amount and Fair Value

|                                    | Carrying<br>Amount<br>2012<br>\$000 | Fair<br>Value<br>2012<br>\$000 | Carrying<br>Amount<br>2011<br>\$000 | Fair<br>Value<br>2011<br>\$000 |
|------------------------------------|-------------------------------------|--------------------------------|-------------------------------------|--------------------------------|
| <b>Financial Assets</b>            |                                     |                                |                                     |                                |
| Cash and Cash Equivalents          | 57,638                              | 57,638                         | 27,674                              | 27,674                         |
| Receivables: - (i)                 |                                     |                                |                                     |                                |
| - Trade Debtors                    | 12,885                              | 12,885                         | 14,577                              | 14,577                         |
| - Other Receivables                | 17,569                              | 17,569                         | 15,674                              | 15,674                         |
| Other Financial Assets             |                                     |                                |                                     |                                |
| - Term Deposits                    | -                                   | -                              | 25,077                              | 25,077                         |
| - Unlisted Shares                  | 154                                 | 154                            | 154                                 | 154                            |
| <b>Total Financial Assets</b>      | <b>88,246</b>                       | <b>88,246</b>                  | <b>83,156</b>                       | <b>83,156</b>                  |
| <b>Financial Liabilities</b>       |                                     |                                |                                     |                                |
| Payables                           | 30,808                              | 30,808                         | 29,341                              | 29,341                         |
| Interest Bearing Liabilities       | 23,023                              | 23,023                         | 23,511                              | 23,511                         |
| Other Liabilities                  | 2,376                               | 2,376                          | 795                                 | 795                            |
| Borrowings - DHS                   | 147                                 | 147                            | 234                                 | 234                            |
| <b>Total Financial Liabilities</b> | <b>56,354</b>                       | <b>56,354</b>                  | <b>53,881</b>                       | <b>53,881</b>                  |

- (i) The carrying amount excludes types of statutory financial assets and liabilities (ie GST input tax credit and GST payable)

## Note 21: Financial Instruments (continued)

### (e) Fair Value (continued)

#### Financial assets measured at fair value

|  | Carrying Amount As At June \$000 | Fair Value Measurement at End of Reporting Period Using: |               |               |
|--|----------------------------------|--|---------------|---------------|
|  |                                  | Level 1 \$000  | Level 2 \$000 | Level 3 \$000 |
| <b>2012 Financial Assets at Fair Value Through Profit &amp; Loss</b> |                                  |  |               |               |
| Available for sale financial assets                                  |                                  |  |               |               |
| - Equities and Managed Funds   | 154                              | -  | 154           | -             |
| <b>Total Financial Assets</b>  | 154                              | -  | 154           | -             |
| <b>2011 Financial Assets at Fair Value Through Profit &amp; Loss</b> |                                  |  |               |               |
| Available for sale financial assets                                  |                                  |  |               |               |
| - Equities and Managed Funds   | 154                              | -  | 154           | -             |
| <b>Total Financial Assets</b>  | 154                              | -  | 154           | -             |

## Note 22: Commitments for Expenditure

|   | Total 2012 \$000 | Total 2011 \$000 |
|---|------------------|------------------|
| <b>Capital expenditure commitments</b>                                  |                  |                  |
| Land and Buildings  | 58,336           | 77,804           |
| Plant and Equipment   | 22,436           | 11,174           |
| <b>Total capital expenditure commitments</b>                            | <u>80,772</u>    | <u>88,978</u>    |
| <b>Land and Buildings</b>   |                  |                  |
| Not later than one year   | 49,671           | 56,899           |
| Later than 1 year and not later than 5 years                            | 8,665            | 20,905           |
| Later than 5 years  | -                | -                |
| <b>Total</b>  | <u>58,336</u>    | <u>77,804</u>    |
| <b>Plant and Equipment</b>  |                  |                  |
| Not later than one year   | 22,436           | 11,174           |
| Later than 1 year and not later than 5 years                            | -                | -                |
| Later than 5 years  | -                | -                |
| <b>Total</b>  | <u>22,436</u>    | <u>11,174</u>    |
| <b>Lease Commitments</b>  |                  |                  |
| Commitments in relation to leases contracted for at the reporting date: |                  |                  |
| Operating Leases  | 4,997            | 6,027            |

## Note 22: Commitments for Expenditure (continued)

|   | Total<br>2012<br>\$000 | Total<br>2011<br>\$000 |
|---|------------------------|------------------------|
| <b>Operating Leases</b>                                     |                        |                        |
| <i>Non-cancellable</i>                                      |                        |                        |
| Not later than one year                                     | 1,992                  | 2,470                  |
| Later than 1 year and not later than 5 years                | 3,005                  | 3,557                  |
| Later than 5 years  | -                      | -                      |
| <b>Total</b>  | <b>4,997</b>           | <b>6,027</b>           |
| <b>Total Commitments for Expenditure (inclusive of GST)</b> | <b>85,769</b>          | <b>95,005</b>          |
| less GST recoverable from the Australian Tax Office         |                        |                        |
| <b>Total Commitments for Expenditure (exclusive of GST)</b> | <b>85,769</b>          | <b>95,005</b>          |

Austin Health has entered into Operating Lease arrangements with various financial organisations mainly to lease Assets in the Medical Equipment class. The average lease term is over five (5) years and the commitments represent payments due under non-cancellable operating leases.

## Note 23: Contingent Liabilities

Details of estimates of maximum amounts of contingent liabilities are as follows:

|  | Total<br>2012<br>\$000 | Total<br>2011<br>\$000 |
|--|------------------------|------------------------|
| <b>Contingent Liabilities</b>                                    |                        |                        |
| <b>Quantifiable</b>  |                        |                        |
| Other - Recallable Capital Grant Medical Scanning System         | 2,250                  | 2,750                  |
| Other - Recallable Capital Grant Pathology Redevelopment Stage 2 | 4,000                  | 1,000                  |
| <b>Total Quantifiable Contingent Liabilities</b>                 | <b>6,250</b>           | <b>3,750</b>           |

Austin Health obtained a Recallable Capital Grant during the 2008/09 financial year from the Department of Health to assist with the financing of the Medical Scanning project. Further Recallable Capital Grants were obtained in 2010/11 and 2011/12 to assist with the financing of the Pathology Redevelopment Stage 2 project. At inception all grants were included in State Government Capital Grants in Note 2. As per advice from the Department of Health:

*"My letter included a schedule for the repayment of the recallable capital by way of future cash flow adjustments. Please be advised, by way of clarification, that no decision has been taken by the Department in respect of the need for your hospital to bear those future cash flow adjustments at this time. Decisions about whether recallable grants are to be repaid are solely at the discretion of the Department in consideration of the outcomes arising from the expenditure of the grant funds and other policy considerations. As such, hospitals at this time have no obligation to repay the recallable grant unless the Department determines at some point in the future that a cash flow adjustment in respect of the recallable grant is warranted."*

**Note 24: Operating Segments**

|   | RACS         |              | Acute Services  |                 | Acute Services |                | Other            |                  | Total |       |
|---|--------------|--------------|-----------------|-----------------|----------------|----------------|------------------|------------------|-------|-------|
|   | 2012         | 2011         | 2012            | 2011            | 2012           | 2011           | 2012             | 2011             | 2012  | 2011  |
|   | \$000        | \$000        | \$000           | \$000           | \$000          | \$000          | \$000            | \$000            | \$000 | \$000 |
| <b>Revenue</b>  |              |              |                 |                 |                |                |                  |                  |       |       |
| External Segment Revenue  | 9,944        | 9,308        | 574,199         | 557,973         | -              | -              | 584,144          | 567,280          |       |       |
| Unallocated Revenue   | -            | -            | -               | -               | 201,029        | 180,102        | 201,029          | 180,102          |       |       |
| <b>Total Revenue</b>  | <b>9,944</b> | <b>9,308</b> | <b>574,199</b>  | <b>557,973</b>  | <b>201,029</b> | <b>180,102</b> | <b>785,173</b>   | <b>747,382</b>   |       |       |
| <b>Expenses</b>   |              |              |                 |                 |                |                |                  |                  |       |       |
| External Segment Expense  | 9,925        | 8,923        | 588,465         | 568,942         | -              | -              | 598,390          | 577,865          |       |       |
| Unallocated Expense   | -            | -            | -               | -               | 178,242        | 185,577        | 178,242          | 185,577          |       |       |
| <b>Total Expenses</b>   | <b>9,925</b> | <b>8,923</b> | <b>588,465</b>  | <b>568,942</b>  | <b>178,242</b> | <b>185,577</b> | <b>776,632</b>   | <b>763,442</b>   |       |       |
| <b>Net Result from Ordinary Activities</b>                      | <b>19</b>    | <b>385</b>   | <b>(14,266)</b> | <b>(10,969)</b> | <b>22,787</b>  | <b>(5,475)</b> | <b>8,541</b>     | <b>(16,060)</b>  |       |       |
| Interest Expense  | -            | -            | -               | -               | (1,858)        | (1,577)        | (1,858)          | (1,577)          |       |       |
| Interest Income   | -            | -            | 2,253           | 1,937           | 1,122          | 2,263          | 3,375            | 4,200            |       |       |
| <b>Net Result for the Year</b>                                  | <b>19</b>    | <b>385</b>   | <b>(12,013)</b> | <b>(9,032)</b>  | <b>22,051</b>  | <b>(4,789)</b> | <b>10,058</b>    | <b>(13,437)</b>  |       |       |
| <b>Other Information</b>  |              |              |                 |                 |                |                |                  |                  |       |       |
| Segment Assets  | 8,958        | 9,167        | 830,771         | 803,193         | -              | -              | 839,729          | 812,360          |       |       |
| Unallocated Assets  | -            | -            | -               | -               | 366,130        | 362,958        | 366,130          | 362,958          |       |       |
| <b>Total Assets</b>   | <b>8,958</b> | <b>9,167</b> | <b>830,771</b>  | <b>803,193</b>  | <b>366,130</b> | <b>362,958</b> | <b>1,205,859</b> | <b>1,175,318</b> |       |       |
| Segment Liabilities   | 3,160        | 2,215        | 163,075         | 137,452         | -              | -              | 166,235          | 139,667          |       |       |
| Unallocated Liabilities   | -            | -            | -               | -               | 58,495         | 64,580         | 58,495           | 64,580           |       |       |
| <b>Total Liabilities</b>  | <b>3,160</b> | <b>2,215</b> | <b>163,075</b>  | <b>137,452</b>  | <b>58,495</b>  | <b>64,580</b>  | <b>224,730</b>   | <b>204,247</b>   |       |       |
| Acquisition of Property, Plant, Equipment and Intangible Assets | 201          | 44           | 64,238          | 23,040          | 23,600         | 45,823         | 88,039           | 68,906           |       |       |
| Depreciation & Amortisation Expense                             | 801          | 774          | 52,814          | 57,006          | 17,342         | 16,565         | 70,957           | 74,345           |       |       |



**Note 24: Segment Reporting (continued)**

The major products/services from which the above segments derive revenue are:

| <b>Business Segments</b>                                      | <b>Services</b>   |
|---|---|
| Residential Aged Care Services (RACS) including Mental Health | Residential Aged Care Nursing Home Services<br>Mary Guthrie House |

All inpatient, outpatient and emergency services offered within the public health system excluding Mental Health Services.

All inter-segment transfers are based on cost.

**Geographical Segment**

Austin Health operates predominantly in North Eastern Metropolitan Melbourne, Victoria. More than 90% of revenue, net result from ordinary activities and segment assets relate to operations in North Eastern Metropolitan Melbourne, Victoria.

## Note 25a: Responsible Persons Disclosures

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

| <b>Responsible Persons</b>                               | <b>Period</b>           |
|--|-------------------------|
| The Hon David Davis, MLC, Minister for Health and Ageing | 01/07/2011 – 30/06/2012 |
| The Hon Mary Wooldridge, MLA, Minister for Mental Health | 01/07/2011 – 30/06/2012 |

### **The Austin Health Board**

|                           |                         |
|---------------------------|-------------------------|
| Mr Tim Daly AM (Chairman) | 01/07/2011 – 30/06/2012 |
| Dr Con Mylonas            | 01/07/2011 – 30/06/2012 |
| Ms Suzanne Evans          | 01/07/2011 – 30/06/2012 |
| Prof John McNeil          | 01/07/2011 – 30/06/2012 |
| Ms Barbara Hingston       | 01/07/2011 – 30/06/2012 |
| Ms Mary Ann Morgan        | 01/07/2011 – 30/06/2012 |
| Professor David Scott     | 01/07/2011 – 30/06/2012 |
| Mr Stephen Kerr           | 01/07/2011 – 30/06/2012 |
| Ms Miranda Douglas-Crane  | 01/07/2011 – 30/06/2012 |

### **Accountable Officer**

|                   |                         |
|-------------------|-------------------------|
| Dr Brendan Murphy | 01/07/2011 – 30/06/2012 |
|-------------------|-------------------------|

### **Remuneration of Responsible Persons**

The number of Responsible Persons are shown in their relevant income bands:

|                       | <b>2012</b> | <b>2011</b> |
|-----------------------|-------------|-------------|
|                       | <b>No.</b>  | <b>No.</b>  |
| \$20,000 - \$29,999   | 1           | 1           |
| \$30,000 - \$39,999   | 7           | 7           |
| \$60,000 - \$69,999   | 1           | 1           |
| \$410,000 - \$419,999 | 1           | 1           |
| Total numbers         | <b>10</b>   | <b>10</b>   |

|  | <b>2012</b> | <b>2011</b> |
|--|-------------|-------------|
|  | <b>\$</b>   | <b>\$</b>   |
| Total remuneration received or due and receivable by Responsible Persons from Austin Health amounted to: | 730,729     | 698,495     |

Amounts relating to Responsible Ministers are reported in the Financial Statement of the Department of Premier and Cabinet

### **Retirement Benefits of Responsible Person**

There were no retirement benefits paid to Directors during the year.

### **Changes to the Austin Health Board after 30 June 2012.**

As at 30 June 2012, Mr Tim Daly and Ms Miranda Douglas – Crane completed their terms of appointment to the Austin Health Board. The Hon Judith Troeth AM and Mr Damian Mitsch were appointed from 1 July 2012.

### **Other Transactions of Responsible Persons and their Related Parties.**

There were no transactions with responsible persons or their related entities other than those within normal employee relationships on terms and conditions no more favourable than those available in similar arms length dealings.

## Note 25b: Executive Officer Disclosures

### Executive Officer Disclosures

The number of Executive Officers, other than Ministers and Accountable Officers, and their total remuneration during the reported 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, LSL payments, redundancy payments and retirement benefits.

|                           | Total Remuneration |                  | Base Remuneration |                  |
|---------------------------|--------------------|------------------|-------------------|------------------|
|                           | 2012<br>No         | 2011<br>No       | 2012<br>No        | 2011<br>No       |
| \$0 - \$99,999            | -                  | -                | -                 | 1                |
| \$100,000 - \$109,999     | -                  | 1                | 1                 | -                |
| \$110,000 - \$119,999     | 1                  | -                | -                 | -                |
| \$140,000 - \$149,999     | -                  | -                | -                 | -                |
| \$150,000 - \$159,999     | -                  | -                | -                 | -                |
| \$160,000 - \$169,999     | -                  | -                | -                 | -                |
| \$180,000 - \$189,999     | -                  | -                | -                 | -                |
| \$190,000 - \$199,999     | -                  | -                | -                 | 1                |
| \$200,000 - \$209,999     | -                  | -                | 1                 | 1                |
| \$210,000 - \$219,999     | 1                  | 1                | 2                 | -                |
| \$220,000 - \$229,999     | -                  | -                | -                 | 1                |
| \$230,000 - \$239,999     | -                  | 1                | 2                 | 1                |
| \$240,000 - \$249,999     | 1                  | -                | -                 | -                |
| \$250,000 - \$259,999     | 1                  | -                | 1                 | 1                |
| \$260,000 - \$269,999     | 1                  | 1                | -                 | -                |
| \$280,000 - \$289,999     | 1                  | 1                | 1                 | -                |
| \$290,000 - \$299,999     | 1                  | 1                | -                 | 1                |
| \$310,000 - \$319,999     | 1                  | -                | -                 | -                |
| \$330,000 - \$339,999     | -                  | 1                | -                 | -                |
| \$380,000 - \$389,999     | -                  | -                | -                 | -                |
| <b>Total</b>              | <b>8</b>           | <b>7</b>         | <b>8</b>          | <b>7</b>         |
| <b>Total remuneration</b> | <b>2,004,623</b>   | <b>1,730,788</b> | <b>1,783,483</b>  | <b>1,444,880</b> |

## Note 26: Events Occurring after the Balance Sheet Date

There were no events occurring after the balance sheet date.

## Note 27: Economic dependency

Austin Health is wholly dependent on the continued financial support of the State Government and in particular, the Department of Health. The Department of Health has provided confirmation that it will continue to provide Austin Health adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to September 2013.

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