Austin Health

Annual Report
2016–17

Contents

VISION

Changing healthcare for the better through world class research, education and exceptional patient care.

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 2016–17, Austin Health completed 106,203 inpatient admissions, 192,879 outpatient attendances and 83,892 emergency attendances.

Report of Operations

Austin Health reaffirmed its resilience and strength in 2016-2017 with many outstanding achievements despite some challenges. Whilst experiencing increased patient demand across many of our services and record –level activity targets, we were able to deliver a modest surplus of $743,000 and our staff continued to deliver exceptional patient care.

ACCREDITATION

Austin Health's outstanding accreditation result in 2016 was testament to the quality of clinical and operational leadership across the organisation. This was the second time the organisation was surveyed against the 10 National Safety and Quality Health Service standards, the National Standards for Mental Health Services and for the first time, the Trauma Recovery Program was also included. The experienced survey team had very high expectations of Austin Health as our 2013 accreditation results were excellent. The team assessed our 2016 performance as "met with merit" for a high number of criteria (54 out of 256). This result ranks Austin Health as among the top health services for accreditation outcomes. It was evident to the survey team that Austin Health prioritises the patient experience and that staff take great pride in their work. We congratulate all staff who contributed to this outstanding outcome.

ACCESS PERFORMANCE AND ACTIVITY

Emergency Department (ED)

Demand for the Austin Health ED continued to increase this year with an additional 1,855 presentations over the twelve month period.

This year was particularly unique in that the capacity of Austin Health's ED was temporarily reduced whilst the department underwent major capital works. These constraints impacted access performance.

In 2016–17, ambulance offload performance reduced from 89.4 per cent to 81.5 per cent. The four-hour length of stay performance reduced from 66.6 per cent to 63.1; and the percentage of patients seen within the clinically recommended time reduced from 85.7 to 76.1 per cent.

We commend staff for their efforts to continue to provide high quality care within this challenging environment. ED delivered improved performance in time to analgesia, time to antibiotics for sepsis and door- to-balloon times in collaboration with Austin Health's Cardiology Department. There were also a number of quality initiatives introduced such as projects to improve the management of chest pain in adults and pain relief for children.

Austin Health looks forward to the commissioning of the new ED Short Stay Unit in July 2017. The new space will allow us to introduce new models of care and will grant us additional capacity so that we can improve patients' experiences when they present to the ED.

Surgery

It was a record year for Austin Health in elective surgery. We conducted the highest number of operations (28,070) and treated the most number of patients within clinically recommended times. We also reduced our number of surgery cancellations. The Surgery Centre continues to exceed expectations with 10,885 elective surgical procedures being completed - 885 more than last year. At Austin Hospital, the complexity of surgical work continued to increase and non-elective emergency work increased by 16 per cent. Thank you to all medical, nursing and allied health staff from the Operating Suite, Surgical Services and on the wards whose team work and patient focused dedication enabled Austin Health to achieve these outcomes.

INNOVATION AND TECHNOLOGY

We are very excited to have launched an innovative and extensive research data warehouse. An Australian first, the warehouse brings together vast amounts of data from different internal databases so that clinicians can more easily access information for the purposes of research.

Austin Health became the first health service in Australia to introduce an oncology information system into adult cancer healthcare. The new system will improve co-ordination of patient care, visibility of chemotherapy, protocol prescribing and administration. The system gives us the capability to collect clinical information and valuable data to advance cancer research and treatments.

WORKFORCE

Austin Health launched an innovative learning management system that has transformed the way staff access and can engage in education. The system has greatly improved our ability to monitor, evaluate and report on learning across the organisation. Austin Health has also won national recognition for the way in which the system was successfully deployed across the organisation.

Austin Health also implemented a Workforce Mental Health Strategy to support and promote the psychological wellbeing of employees. The strategy was developed in collaboration with our employee assistance provider and Beyondblue. Key initiatives have been to implement a Doctor Health Program, Peer Support Program and cultural change programs for our medical workforce; an onsite counselling service for all staff and a range of training programs for managers on mental illness, depression and anxiety.

CAPITAL WORKS

The $15.23m Austin Hospital Emergency Department Short Stay Unit expansion is complete. The facility will open in mid-July providing increased treatment capacity and improving access to care and patient flow. The facility also provides a new model of care for mental health patients, providing a purpose-designed assessment and planning unit.

The Victorian Government allocated $40.8m this year for critical infrastructure works on the Austin Hospital campus. The projects to upgrade hydraulic and electrical infrastructure have commenced. The hydraulic works within the Austin & Mercy Tower buildings have

required careful planning to ensure service continuity. We thank staff, patients and the wider community for their patience as these works continue over the next 2 years.

Through $2.3m funding from the Victorian Government Hospital Beds Rescue Fund, Austin Health increased treatment capacity in our Ambulatory Care Centre, Surgery Centre, allied health treatment spaces and specialist outpatient clinic capacity.

Construction documentation has been completed for refurbishment works to consolidate the ambulatory components of the Respiratory Department into Level 5 of the Harold Stokes Building. The project, estimated at $4m and due to commence later this year, will provide modern diagnostic and outpatient facilities adjacent to the existing outpatient Respiratory Sleep Laboratory service.

We thank the Victorian Government for recent additional funds through the Violence Prevention Fund to deliver a behavioural assessment room for the Emergency Department.

RESEARCH

Our staff continued to contribute as leaders across many research disciplines.

- Director of Paediatrics, Professor Ingrid Scheffer was part of an international team which discovered a compound in cannabis called 'cannabidiol' as an effective treatment for uncontrolled seizures in *Dravet syndrome*, a severe form of epilepsy beginning in infancy.

- Professor Scheffer also published a new international classification system for epilepsy. The new system formally recognises different seizure types and provides general practitioners with better information on epilepsy causes and its association with other disorders, such as autism. With most people diagnosed by their general practitioner, this work will ensure doctors have access to the latest information and can appropriately diagnose and treat patients.

- Professor Jonathan Cebon, Medical Director of Austin Health's Cancer & Neurosciences Clinical Services Unit and Medical Director of the Olivia Newton-John Cancer Research Institute (ONJCRI) and Dr Andreas Behren from the ONJCRI contributed to a landmark paper published in Nature, one of the world's top scientific journals. The research identified novel gene mutations in different subtypes of melanoma which will help to improve melanoma prevention and targeted treatment.

- Ground-breaking research led by Associate Professor Mark Howard and the Institute for Breathing and Sleep means police could soon be able to test drivers for drowsiness, by using "smart glasses" to track eye movements to accurately measure driver fatigue levels.

- As part of the Melbourne Genomics Health Alliance, Professor Lindsay Grayson co-led a project to assess whether genomic sequencing can track the transmission of antibiotic-resistant bacteria in real-time across hospitals; and Professor Sam Berkovic is leading a project to improve the diagnosis and care of patients with complex neurological disease.

- Notably, Associate Professor Phillip Peyton received the Australian National Health and Medical Research Council's largest project grant, for a $4.8 million study into whether ketamine can prevent chronic pain after major surgery. The international study will follow almost 5000 patients for 12 months following surgery.

AWARDS

We are very proud of the very many staff who received research awards this year. Notably, the following staff are congratulated for their outstanding contributions and achievements:

- Professor Rinaldo Bellomo, Professor Christopher Rowe and Associate Professor Victor Villemagne were each named on Thomson Reuters Highly Cited Researchers list placing them in the top one per cent of researchers in the world in their fields. Professor Bellomo received this award for the third year in a row;

- Associate Professor Gwynne Thomas was awarded an Order of Australia Medal for service to medicine in the field of nephrology and to the community;

- Professor Andrew Scott was appointed a member in the General Division of the Order of Australia for significant service to nuclear medicine and cancer research as an academic, and to professional organisations;

- Dr Ada Cheung was the only person outside the United States to receive the United States Endocrine Society Early Investigator Award bestowed on 5 investigators for outstanding accomplishments in endocrine research.

THE BOARD

We welcomed Dr Christine Bessell to the Austin Health Board this year and record our appreciation of all Board members for their service to Austin Health. We farewelled Dr Brendan Murphy who accepted the position of Australia's Chief Medical Officer following twelve years as Austin Health's Chief Executive Officer.

We thank the Honourable Jill Hennessy, Minister for Health and the Department of Health and Human Services 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 2017.

The Hon. Judith Troeth AM
Chair

Dr Sue Shilbury
Chief Executive Officer

Board of Directors

(AS AT 30 JUNE 2017)

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 appointed for a term of up to three years and may be re-appointed to serve for up to nine years.

BOARD MEMBERS

The Hon. Judith Troeth AM (Chair)

Mr Chris Altis

Ms Julie Bignell

Mr Nick Burne

Ms Mary Draper

Dr Christine Bessell

Professor John McNeil AM

Ms Mary Ann Morgan

Dr Con Mylonas

AUDIT COMMITTEE MEMBERS

Dr Con Mylonas (Chair)

The Hon. Judith Troeth AM

Mr Chris Altis

Mr Nick Burne

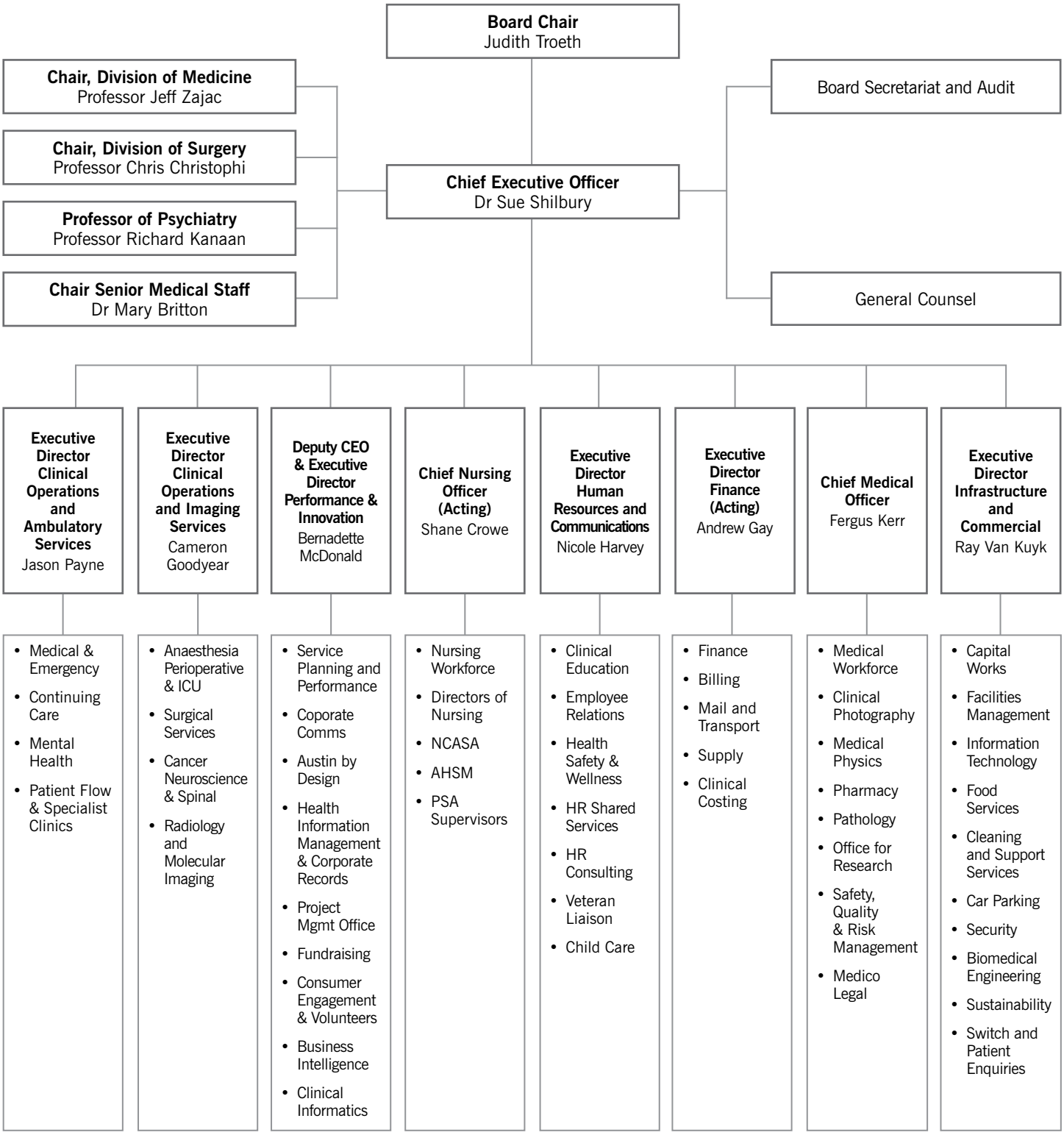
Ms Mary Ann Morgan

CHIEF EXECUTIVE OFFICER

Ms Sue Shilbury

Organisational Structure

(AS AT 30 JUNE 2017)



Our Services

Aboriginal Health
Acquired Brain Injury Unit
Acute Assessment Unit
Acute Stroke Care Unit
After Hours GP Clinic
Aged Care Consultative Service
Ambulatory Care Centre
Anaesthesia
Anatomical Pathology
Audiology
Blood Bank
Bone Densitometry
Breast surgery
Cardiac Catheterisation Laboratories
Cardiac Rehabilitation
Cardiac surgery
Cardiology
Cardiodiagnostics Laboratory
Care Coordination
Chemical Pathology
Clinical Haematology
Clinical Neuropsychology
Clinical Pathology
Clinical Pharmacology, Therapeutics and Hypertension
Colorectal
Community Integration and Leisure Services
Comprehensive Epilepsy Program
Day Oncology Unit/Chemotherapy
Dermatology
Diabetes Education
Ear Nose Throat/Head and Neck Surgery
Emergency Medicine
Endocrinology
Endoscopy
Falls and Balance Clinic
Gastroenterology
General Medicine
Genetics in the North East (GENE)
GP Liaison Unit
Gynaecology
Haematology
Health and Community Rehabilitation Centre
Health Independence Program
Hepato Pancreato Biliary and Transplant
Hospital in the Home
Heidelberg Aged Care Assessment Service
Hypertension
Infection Control
Infectious Diseases
Intensive Care Unit
Laboratory Medicine
Language Services
Lymphoedema Service
Maxillo Facial
Medi-Hotel
Medical Oncology
Memory and Cognitive Research Unit
Microbiology
Molecular Biology
Molecular Imaging and Therapy
Nephrology
Neurodiagnostics Laboratory
Neuroimmunology
Neurology
Neurosurgery
Non-Emergency Patient Transport
Northern Centre Against Sexual Assault
Nutrition and Dietetics
Office of Research
Orthopaedic Surgery
Orthotics and Prosthetics
Occupational Therapy
Ophthalmology
Oral and Maxillofacial Surgery
Orthoptics
Paediatrics
Pain Services
Palliative Care
Pastoral Care
Pharmacy Services
Physiotherapy
Plastic and Reconstructive Surgery
Podiatry
Post Acute Care

Radiation Oncology

Radiology including CT, MRI, Ultrasound and Interventional Radiology

Rehabilitation in the Home

Rehabilitation Services

Renal Dialysis

Renal Medicine

Residential Care Outreach Service

Respiratory and Sleep Medicine

Restorative Care Program

Rheumatology

Short Stay Unit

Social Work

Specialist Clinics

Speech Pathology

Spinal Surgery

Surgery and Endoscopy Centre (Austin Hospital)

The Surgery Centre (Heidelberg Repatriation Hospital)

Thoracic Surgery

Toxicology

Tracheostomy Assessment and Management Service

Transition Care ProgramTreatment ServiceUpper Gastrointestinal and Endocrine

Urology

Vascular Laboratory

Vascular Surgery

Wellness and Supportive Care Program

Wound Clinic

MENTAL HEALTH

Adolescent Inpatient Unit

Adult Acute Psychiatry Unit

Body Image Eating Disorder Treatment and Recovery Service

Brain Disorders Program (including Acquired Brain Injury Unit and the Community Brain Disorders Assessment and Treatment Service)

Child and Adolescent Mental Health Service

Clinical and Health Psychology

Community Mental Health Services

Community Recovery Program

Consultation Liaison Psychiatry

Drug Dependence Clinic

North East Area Mental Health Service

Parent-Infant Program

Prevention and Recovery Centre

Psychiatric Assessment and Planning Unit

Psychological Trauma Recovery Service (including Post-Trauma Victoria and Veteran's Psychiatry Unit)

Secure Extended Care Unit

State-Wide Child Inpatient Unit

Transitional Support Unit

STATEWIDE SERVICES

Brain Disorders Unit

Psychological Trauma and Recovery Service

State-wide Child Mental Health Unit

Ventilation Weaning Unit

Victorian Liver Transplant Unit

Victorian Respiratory Support Service

Victorian Spinal Cord Service

Victorian Toxicology Service and Poisons Centre

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 FOR COMPLIANCE WITH THE MINISTERIAL STANDING DIRECTION 3.7.1 – RISK MANAGEMENT FRAMEWORK AND PROCESSES

I, Sue Shilbury certify that Austin Health has complied with Ministerial Direction 3.7.1 – Risk Management Framework and Processes. The Austin Health Audit Committee has verified this.

Sue Shilbury
Chief Executive Officer
Heidelberg
3rd August, 2017

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.

ATTESTATION ON COMPLIANCE WITH HEALTH PURCHASING VICTORIA (HPV) HEALTH PURCHASING POLICIES

I, Sue Shilbury certify that Austin Health has put in place appropriate internal controls and processes to ensure that it has complied with the requirements as set out in the HPV Health Purchasing Policies including mandatory HPV collective agreements as required by the Health Services Act 1988 (Vic) and has critically reviewed these controls and processes during the year; except for the following material non-compliance issues that have been reported to HPV.

Austin Health reports the following material non-compliance issues;

- There was one issue identified relating to HPV Collective Agreements

Sue Shilbury
Chief Executive Officer
Heidelberg
30th June, 2017

FREEDOM OF INFORMATION APPLICATIONS 2016–17

Nos of requests received	1222
Full granted	988
Partially	57
Denied	4
Other:	
Withdrawn	19
Not proceeded	6
Not processed	0
No documents	55
In progress	93

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 FOI Commissioner annually.

EX-GRATIA PAYMENTS

Austin Health made no ex-gratia payments for the year ending 30 June 2017.

NATIONAL COMPETITION POLICY

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

ENVIRONMENTAL PERFORMANCE

This year, Austin Health focused its attention on key waste management practices as well as other sustainability initiatives to reduce material environmental impacts. Waste infrastructure and recycling rates were reviewed as well as improving the availability of waste education including signage and in-services. Austin Health also continued to implement energy efficiency initiatives including upgrading lighting to LEDs.

Austin Health published its 2016 Sustainability Report highlighting the areas of greenhouse gas emissions, energy and water consumption and waste generation and disposal; and fulfilled its environmental reporting requirements for the National Greenhouse and Energy Reporting Scheme and the National Pollutant Inventory.

PROTECTED DISCLOSURES ACT 2012

Austin Health is committed to the aims and objectives of the *Protected Disclosures Act 2012* and has procedures in place to facilitate the making of disclosures, to investigate disclosures and to protect persons making disclosures. Procedures can be obtained from the Protected Disclosures Officer on 03 9496 2600 or by writing to Austin Health, PO Box 5555, Heidelberg, Victoria 3084

VICTORIAN INDUSTRY PARTICIPATION POLICY ACT 2003

During 2016–17, Austin Health had one project commence and one project completed to which the Victorian Industry Participation Policy applied.

Project name Austin Hospital Critical Infrastructure – High Voltage Electrical Supply & Generation Project
Value $22,602,000.00
Status Early Construction
Local content 47.5%
Employment 102
Skill/technology transfer Training and skills development of apprentices

Project name Short Stay Observation Unit and Psychiatric Assessment and Planning Unit Project
Value $8,807,151.00
Status Complete
Local content 87%
Employment 113
Skill/technology transfer Training and skills development of apprentices

DETAILS OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

The total ICT expenditure incurred during 2016–17 is $43M (excluding GST) with the details shown below.

$ million			
Total ICT Expenditure Excluding GST	NON-Bau ICT Expenditure Total Excluding GST	Operational Expenditure Total Excluding GST	Capital Expenditure Total
31	12	6	6

CARERS RECOGNITION ACT 2012

Austin Health:

(a) takes all practicable measures to ensure that its employees and agents have an awareness and understanding of the care relationship principles; and

(b) takes all practicable measures to ensure that persons who are in care relationships and who are receiving services in relation to the care relationship from the care support organisation have an awareness and understanding of the care relationship principles; and

(c) takes all practicable measures to ensure that the care support organisation and its employees and agents reflect the care relationship principles in developing, providing or evaluating support and assistance for persons in care relationships.

Mandatory Reporting

(CONTINUED)

OCCUPATIONAL VIOLENCE

Since 2015–16, Victorian public health services have been required to monitor and publicly report incidents of occupational violence. This follows the Victorian Government's commitment to address occupational violence in healthcare and the Victorian Auditor-General's 2015 report, Occupational Violence Against Healthcare Workers which found that better awareness of the prevalence and reporting of occupational violence incidents is required.

Occupational violence statistics are required to be reported to the community in the health service annual report.

We are pleased to see a reduction in the number of occupational violence and aggression incidents and claims during 2016–17.

We will continue to focus on occupational violence and aggression prevention and management as a priority.

Occupational violence statistics	2015–16	2016–17
1. Workcover accepted claims with an occupational violence cause per 100 FTE	0.352	0.18
2. Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	1.935	0.95
3. Number of occupational violence incidents reported	567	574
4. Number of occupational violence incidents reported per 100 FTE	10.516	10.34
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition	77%	72%

BUILDING ACT 1993 AND BUILDING REGULATION 2006

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

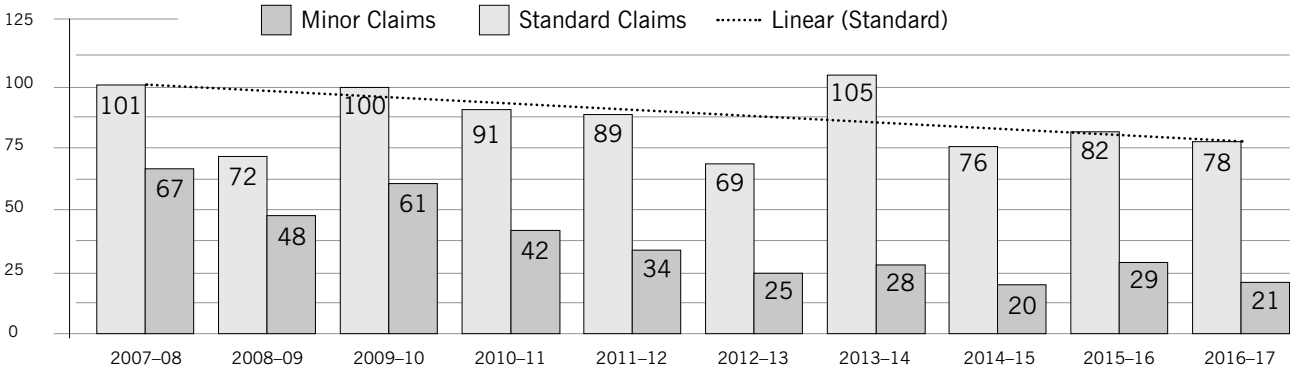
In order to ensure Austin Health's buildings are maintained in a safe and functional condition, ongoing maintenance programs are in place. Routine inspections were also undertaken throughout the year. From those inspections, Austin Health identified areas that required rectification and recommendations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

CAR PARKING FEES

Austin Health complies with the DHHS hospital circular on car parking fees effective 1 February 2016 and details of car parking fees and concession benefits can be viewed at www.austin.org.au/patients-and-visitors/transport-and-parking/

WORKER'S COMPENSATION & INJURY MANAGEMENT

Workers' compensation claims decreased this year. Total claims fell from 111 to 99 in 2016–17 and the ten-year trend indicates a gradual decrease in standard claims. The Health, Safety and Wellness Team is dedicated to working with the workforce to ensure the health and wellbeing of all employees and the team maintains a strong focus on the prevention of workplace incidents along with early return-to-work intervention strategies when injuries are sustained.



WORK FORCE DATA

Labour Category	June Month FTE				June YTD FTE			
	2014	2015	2016	2017	2014	2015	2016	2017
Nursing Services	2156.19	2177.97	2133.46	2253.39	2128.05	2155.6	2135.00	2194.62
Admin & Clerical	791.90	789.31	786.33	828.93	773.77	792.98	776.31	822.29
Medical Support Services	627.76	644.77	652.07	686.98	632.55	640.7	651.08	665.09
Hotel & Allied Services	529.12	537.06	469.38	559.22	520.07	543.37	463.31	554.04
Medical Officers	148.83	144.88	138.01	156.51	146.14	146.03	136.92	146.21
Hospital Medical Officers	455.72	448.36	615.42	486.56	434.16	446.09	599.23	465.36
Senior Medical Officers	112.09	115.34	109.48	140.70	107.65	112.35	106.62	131.57
Ancillary Support Services	481.99	459.31	484.18	469.60	480.53	464.91	477.15	457.68

Mandatory Reporting

(CONTINUED)

CONSULTANCIES ENGAGED DURING 2016–17

In 2016–17, there were 15 consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2016–17 in relation to these consultancies is $764,415 (excl. GST).

In excess of $10,000 per consultancy

Consultant	Purpose of consultancy	Start Date	End Date	Total Approved Project Fee	Expenditure 2016–17 (Excl GST)	Future Expenditure (Excl GST)
Ernst & Young	ICT Strategy	Apr-17	Jun-17	$175,060.00	$175,060	$0
Nous Group	Fundraising Review	May-17	Jun-17	$88,550.00	$88,550	$0
National Ageing Research Institute Ltd	Development of an Advance Care Planning Implementation Guide	May-17	May-17	$60,000.00	$60,000	$0
Curve Group	Performance Framework Redesign	May-17	Jun-17	$57,150.00	$57,150	$0
BRS Learning Pty Ltd	Instructional design services for Leadership capability development	Mar-17	Apr-17	$57,000.00	$57,000	$0
Inventium Pty Ltd	Invention Project	Nov-16	Jun-17	$52,247.00	$52,247	$0
Nous Group	Development of Strategic Plan for Advance Care Planning Australia	Oct-16	Jan-17	$49,950.00	$49,950	$0
Steam Consulting Pty Ltd	Reusable Medical Devices Gap Analysis	Mar-17	May-17	$45,000.00	$45,000	$0
MBMpl Pty Ltd	Facilities Management - Desktop Asset Review	May-17	Jun-17	$40,000.00	$40,000	$0
Cetec Pty Ltd	Development of Legionella Risk Management Plans	Jun-17	Jun-17	$39,065.00	$39,065	$0
Midnightsky	Palliative care Service Strategic Plan 2017-2022	Jun-17	Jun-17	$27,400.00	$27,400	$0
Johnstaff Projects (Vic) Pty Ltd	Renal Service Review	Jun-17	Jun-17	$25,528.00	$25,528	$0
Kate Pascale & Associates Pty Ltd	NEMICS My CCR Evaluation	Dec-16	Dec-16	$20,000.00	$20,000	$0
White Technics Pty Ltd	ONJ UPS Supply Failure Review	Jun-17	Jun-17	$16,665.00	$16,665	$0
Cetec Pty Ltd	Review of Existing Cooling Tower Risk Management Plan	Jun-17	Jun-17	$10,800.00	$10,800	$0
Totals					**$764,415**	**$0**

Number of consultancies – 15

Less than $10,000 per consultancy

There were 12 consultancies engaged in 2016/17 of less than $10,000 per consultancy at a total cost of $65,873 (excl. GST) and future costs of $2,500 (excl. GST)

AVAILABILITY OF OTHER INFORMATION

Consistent with FRD 22G (Section 6.19) the Report of Operations should confirm that 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) Declarations of pecuniary interests have been duly completed by all relevant officers

(b) Details of shares held by senior officers as nominee or held beneficially;

(c) Details of publications produced by the entity about itself, and how these can be obtained

(d) Details of changes in prices, fees, charges, rates and levies charged by the Health Service;

(e) Details of any major external reviews carried out on the Health Service;

(f) Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the Report of Operations or in a document that contains the financial statements and Report of Operations;

(g) Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;

(h) Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services;

(i) Details of assessments and measures undertaken to improve the occupational health and safety of employees;

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

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

(l) Details of all consultancies and contractors including consultants/ contractors engaged, services provided, and expenditure committed for each engagement.

Statement of Priorities

PART A: STRATEGIC PRIORITIES

In 2016–17 Austin Health will contribute to the achievement of the government's commitments by:

Domain	Action	Deliverables	Outcome
Quality & safety	Implement systems and processes to recognise and support person-centred end of life care in all settings, with a focus on providing support for people who choose to die at home.	Organisational rollout of the goals of care form with associated educational support.	In progress The roll out of the goals of care form is due for completion in early 2018.
		An increase in the number of patients with completed goals of care forms.	In progress The roll out of the goals of care form is due for completion in early 2018.
	Advance care planning is included as a parameter in an assessment of outcomes including: mortality and morbidity review reports, patient experience and routine data collection.	Advanced Care Planning (ACP) measures are developed and included in Clinical Data Benchmarking Committee data sets, mortality and morbidity review reports, patient experience data and dashboard reports.	In progress Recommendations from a review being undertaken will inform the development of additional KPIs.
	Progress implementation of a whole-of-hospital model for responding to family violence.	Further rollout of Compulsory Online Family Violence Risk Assessment Framework (CRAF) training to targeted areas in Mental Health, ED and paediatrics.	Achieved
		Two education sessions are held for staff.	Achieved
		A grand round is held during white ribbon week focussing on recognition and response to family violence.	Achieved
	Use patient feedback, including the Victorian healthcare Experience Survey to drive improved health outcomes and experiences through a strong focus on person and family centred care in the planning, delivery and evaluation of services, and the development of new models for putting patients first.	Further rollout of consumer feedback dashboard reporting across all departments where appropriate.	Achieved
		A patient experience standard for Austin Health is developed by the Consumer Advisory Committee.	Achieved
	Develop a whole of hospital approach to reduce the use of restrictive practices for patients, including seclusion and restraint.	Initiatives are developed by the Aggression Management Committee to further minimise and reduce the use of restrictive practices across the organisation.	Achieved

Domain	Action	Deliverables	Outcome
Access & timeliness	Ensure the development and implementation of a plan in specialist clinics to: (1) Optimise referral management processes and improve patient flow to ensure they are seen in turn and within time; and (2) Ensure Victorian Integrated Non-admitted Health (VINAH) data accurately reflects the status of waiting patients.	Participation in the e-referral pilot project with General Practitioners (GPs).	Achieved
		Strategies are developed and implemented to ensure urgent patients are seen within time and routine patients are treated in turn.	In progress Implementation of the strategy requires changes to TrakCare, which will be completed within the next 4-6 months.
		Implementation and strong focus on discharge strategies that focus on creating capacity for new appointments and discharge back to primary care.	Achieved
		Compliance with current VINAH specifications.	Achieved
	Ensure the implementation of a range of strategies (including processes and service models) to improve patient flow, transfer times and efficiency in the emergency department, with particular focus on patients who did not wait for treatment and/or patients that re-presented within 48 hours.	The T3 multidisciplinary model of care is embedded into ED practice to enhance patient care and flow.	Achieved
		Fast track clinical pathways to the Short Stay Unit (SSU) are developed, implemented and evaluated.	In progress Fast track pathways have been developed and implemented. Due to a delay in the official commissioning of the new SSU, evaluation will now be undertaken in December 2017.
	Identify opportunities and implement pathways to aid prevention and increase care outside hospital walls by optimising appropriate use of existing programs (i.e. Health Independence Program or telemedicine).	A review, modification and consolidation of the Health Independence Program (HIP) integrated service model, including partnerships with community health at Darebin and Banyule.	Achieved
		Pilot the HealthLinks project.	Achieved

Statement of Priorities

(CONTINUED)

Domain	Action	Deliverables	Outcome
	Increase the proportion of patients (locally and across the state) who receive treatment within the clinically recommended time for surgery and implement ongoing processes to ensure patients are treated in turn and within clinically recommended timeframes.	An elective surgery strategy is developed to increase the number of patients treated at the Surgery Centre (TSC) with a particular focus on orthopaedic patients.	Achieved
	Develop and implement a strategy to ensure the preparedness of the organisation for the National Disability and Insurance Scheme (NDIS) and Home and Community Care program (HACC) transition and reform, with particular consideration to service access, service expectations, workforce and financial management.	Strategies to address risks for Austin Health associated with the NDIS rollout that have been identified during the "implementation of NDIS" project are developed and implemented.	Achieved
		A comprehensive education and readiness plan for Austin Health staff.	Achieved
	Health services develop and implement strategies within their organisation to ensure identification of potential organ and tissue donors and partner with DonateLife Victoria to ensure that all potential donations are achieved.	Systems and pathways are strengthened and implemented to support increased eye and tissue donation from eligible patients who die in wards.	Achieved
Supporting healthy populations	Health services support shared population health and wellbeing planning at a local level- aligning with Local Government Municipal Public Health and Wellbeing plan and working with other local agencies and Primary Health Networks.	Full participation in the Primary Care Collaborative program convened by the Eastern Primary Health Network.	Achieved
		Support provided for shared population health and wellbeing planning as a member of the North Eastern Primary Care Partnership (NEPCP).	Achieved
		A primary care strategy is developed.	In progress A workshop is planned in the coming months to draft the primary care strategy.
	Focus on primary prevention, including suicide prevention activities, and aim to impact on large numbers of people in the places where they spend their time adopting a place based, whole of population approach to tackle the multiple risk factors of poor health.	Support provided to the NEPCP primary prevention programs.	Achieved

Domain	Action	Deliverables	Outcome
		Relocation of the Mental Health Northern Community Outreach Team, and Triage, Assessment and Planning Service to a community location accessible to people in the service catchment.	Achieved
	Develop and implement strategies that encourage cultural diversity such as partnering with culturally diverse communities, reflecting the diversity of your community in the organisational governance, and having culturally sensitive, safe and inclusive practices	The cultural diversity strategy is implemented across Austin Health.	Achieved
		An indicator set is developed to measure culturally sensitive, safe and inclusive practices.	Not achieved While many methods exist to measure the consumer experience, there are delays in developing a specific indicator set.
	Improve the health outcomes of Aboriginal and Torres Strait Islander people by establishing culturally safe practices which recognise and respect their cultural identities and safely meet their needs, expectations and rights.	The Aboriginal Health Continuous Quality Improvement (CQI) Tool is implemented, and includes actions to address barriers to care, improved individual and community capacity to engage in healthcare and improved case management and care coordination.	Achieved
		An inclusiveness training program focusing on the Aboriginal patient is rolled out.	Achieved
		Hosting of a grand round as part of NAIDOC week, focussing on Aboriginal health to increase awareness of the need to close the gap.	Achieved
	Drive improvements to Victoria's Mental Health system through focus and engagement in activity delivering on the 10 Year Plan for Mental Health and active input into consultations on the Design, Service and Infrastructure plan for Victoria's Clinical mental health system.	Senior Austin Health representation on peak committees.	Achieved
		The development and implementation of state-wide Mental Health service plans are supported.	Achieved

Statement of Priorities

(CONTINUED)

Domain	Action	Deliverables	Outcome
	Using the Government's Rainbow eQuality Guide, identify and adopt 'actions for inclusive practices' and be more responsive to the health and wellbeing of lesbian, gay, bisexual, transgender and intersex (LGBTI) individuals and communities.	An inclusive practices strategy is developed to enable Austin Health to promote responsiveness to the health and wellbeing of LGBTI individuals.	In progress Work on developing the strategy is continuing.
	Further engagement with relevant academic institutions and other partners to increase participation in clinical trials.	Implementation of the Research Excellence (REx) initiative.	Achieved
Governance and leadership	Demonstrate implementation of the Victorian Clinical Governance Policy Framework: Governance for the provision of safe, quality healthcare at each level of the organisation, with clearly documented and understood roles and responsibilities. Ensure effective integrated systems, processes and leadership are in place to support the provision of safe, quality, accountable and person centred healthcare. It is an expectation that health services implement to best meet their employees' and community's needs, and that clinical governance arrangements undergo frequent and formal review, evaluation and amendment to drive continuous improvement.	A review of Austin Health's clinical governance structure, systems and processes to ensure they meet all the requirements of the Victorian Clinical Governance Policy Framework.	Achieved
		Internal frameworks, policies and procedures exist to support monitoring, compliance and continuous improvement.	Achieved
	Ensure that an anti-bullying and harassment policy exists and includes the identification of appropriate behaviour, internal and external support mechanisms for staff and a clear process for reporting, investigation, feedback, consequence and appeal, and the policy specifies a regular review schedule.	An internal review of Austin Health's bullying and harassment policy to ensure compliance.	Achieved
		Recommendations arising from the review are implemented.	Achieved

Domain	Action	Deliverables	Outcome
	Board and senior management ensure that an organisational wide occupational health and safety (OHS) risk management approach is in place which includes: (1) a focus on prevention and the strategies used to manage risks, including the regular review of these controls; (2) strategies to improve reporting of occupational health and safety incidents, risks and controls, with a particular focus on prevention of occupational violence and bullying and harassment, throughout all levels of the organisation, including to the Board; and (3) mechanisms for consulting with, debriefing and communicating with all staff regarding outcomes on investigations and controls following occupational violence and bullying and harassment incidents.	Attend to recommendations arising from the 2016 AS4801 Certification Audit and complete a surveillance audit in 2017.	Achieved
		A review and refresh of occupational violence and bullying and harassment strategies and controls in line with taskforce recommendations.	Achieved
		Formal debrief/peer support programs are available following occupational violence and bullying and harassment incidents, and identified strategies for improvement are documented and reviewed.	Achieved
	Implement & monitor workforce plans that: improve industrial relations; promote a learning culture; align with the Best Practice Clinical Learning Environment Framework; promote effective succession planning; increase employment opportunities for Aboriginal and Torres Strait Islander (ATSI) people; ensure the workforce is appropriately qualified and skilled; and support the delivery of high quality and safe person centred care.	The 2016 Workforce Plan is launched and implemented.	Achieved
		Annual people planning is undertaken in each directorate, identifying key workforce priorities and associated interventions.	Achieved
	Create a workforce culture that: (1) includes staff in decision making; (2) promotes and supports open communication, raising concerns and respectful behaviour across all levels of the organisation; and (3) includes consumers and the community.	Findings from the 2016 People Matters Survey and 2015 Best Practice Australia Survey are integrated and communicated to senior leaders for action.	Achieved
		The action plan from the Austin Health assessment of the junior workforce on gender based bullying and harassment is implemented.	Achieved

Statement of Priorities

(CONTINUED)

Domain	Action	Deliverables	Outcome
		The Senior Leadership Group is utilised in the development of key organisational planning and governance processes and cultural initiatives.	Achieved
		Department heads forums are conducted quarterly.	Achieved
	Ensure that the Victorian Child Safe Standards are embedded in everyday thinking and practice to better protect children from abuse, which includes the implementation of: Strategies to embed an organisational culture of child safety; a child safe policy or statement of commitment to child safety; a code of conduct that establishes clear expectations for appropriate behaviour with children; screening, supervision, training and other human resource practices that reduce the risk of child abuse; processes for responding to and reporting suspected abuse of children; strategies to identify and reduce or remove the risk of abuse and strategies to promote the participation and empowerment of children.	A Child Safe Committee is established to: – undertake an organisational gap analysis against the standards – develop an action plan to address the gaps – monitor progress against the plan.	Achieved
	Implement policies and procedures to ensure patient facing staff have access to vaccination programs and are appropriately vaccinated and/or immunised to protect staff and prevent the transmission of infection to susceptible patients or people in their care.	Immunisation policies and procedures are reviewed and reporting tools for managers are developed.	Achieved
		Continued implementation of the Austin Health immunisation program with a focus on high risk areas.	Achieved

Domain	Action	Deliverables	Outcome
Financial sustainability	Further enhance cash management strategies to improve cash sustainability and meet financial obligations as they are due.	Financial targets achieved and existing cash controls maintained.	Achieved
		Implementation of ongoing revenue/billing projects to further increase total revenue and improve the collection process.	Achieved
	Actively contribute to the development of the Victorian Government's policy to be net zero carbon by 2050 and improve environmental sustainability by identifying and implementing projects, including workforce education, to reduce material environmental impacts with particular consideration of procurement and waste management, and publicly reporting environmental performance data, including measurable targets related to reduction of clinical, sharps and landfill waste, water and energy use and improved recycling.	Implement year 4 actions of the Austin Health 2013-17 Environmental Management Strategy (EMS).	In progress Year 4 actions are currently being adjusted to reflect a change in focus as part of the revised strategy.
		A sustainability report published annually.	Achieved

Statement of Priorities

(CONTINUED)

PART B: PERFORMANCE PRIORITIES

Quality and safety

Key performance indicator	Target	2016–17 result
Accreditation		
Compliance with NSQHS Standards accreditation	Full compliance	Achieved
Compliance with the Commonwealth's Aged Care Accreditation Standards	Full compliance	Achieved[1]
Infection prevention and control		
Compliance with cleaning standards	Full compliance	Achieved
Very high risk (Category A)	90 points	Achieved
High risk (Category B)	85 points	Achieved
Moderate risk (Category C)	85 points	Achieved
Compliance with the Hand Hygiene Australia program	80%	81.8%
Percentage of healthcare workers immunised for influenza	75%	76%[2]

Patient experience		
Victorian Healthcare Experience Survey - data submission	Full compliance	Achieved
Victorian Healthcare Experience Survey – patient experience Quarter 1	95% positive experience	91%
Victorian Healthcare Experience Survey – patient experience Quarter 2	95% positive experience	97%
Victorian Healthcare Experience Survey – patient experience Quarter 3	95% positive experience	95%
Victorian Healthcare Experience Survey – discharge care Quarter 1	75% very positive response	77%
Victorian Healthcare Experience Survey – discharge care Quarter 2	75% very positive response	75%
Victorian Healthcare Experience Survey – discharge care Quarter 3	75% very positive response	74%

[1] Darley House closed on 30 November 2016
[2] Report period for staff influenza immunisation is 18 April 2016 to 19 August 2016

Healthcare associated infections		
Number of patients with surgical site infection	No outliers	No outliers
ICU central line-associated blood stream infection	No outliers	Not achieved
SAB rate per occupied bed days	<2/10,000	0.5/10,000[4]
Mental health		
Percentage of adult inpatients who are readmitted within 28 days of discharge	14%	10%
Rate of seclusion events relating to an acute admission - composite seclusion rate	≤ 15/1,000	6.3/1,000
Rate of seclusion events relating to a child and adolescent acute admission	≤ 15/1,000	14/1,000
Rate of seclusion events relating to an adult acute admission	≤ 15/1,000	5/1,000
Percentage of child and adolescent patients who have post-discharge follow-up within seven days	75%	92%[5]
Percentage of adult patients who have post-discharge follow-up within seven days	75%	95.9%[5]
Continuing care		
Functional independence gain from admission to discharge, relative to length of stay	≥ 0.39 (GEM)	0.520
	≥ 0.645 (rehab)	0.670

[3] Jan-Mar 2017
[4] Oct 2016-Mar 2017
[5] This data may have been affected by industrial activity during the financial year. The collection of non-clinical and administrative data was affected, with impacts on community mental health service activity and client outcome measures.

Governance and leadership

Key performance indicator	Target	2016–17 result
People Matter Survey - percentage of staff with a positive response to safety culture questions	80%	92%[6]

Access and timeliness

Key performance indicator	Target	2016–17 result
Emergency care		
Percentage of ambulance patients transferred within 40 minutes	90%	81%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended times	80%	76%
Percentage of emergency patients with a length of stay less than four hours	81%	63%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	0

[6] Q1 results- the Safety Culture questions returned a result of 80%, however, this result has been adjusted by DHHS and Victorian Public Sector Commission to account for a change to the survey rating scale which had a sector wide impact on results.

Statement of Priorities

(CONTINUED)

Elective surgery		
Percentage of urgency category 1 elective patients admitted within 30 days	100%	100%
Percentage of urgency category 1, 2 and 3 elective patients admitted within clinically recommended timeframes	94%	88%
20% longest waiting Category 2 and 3 removals from the elective surgery waiting list	100%	100%
Number of patients on the elective surgery waiting list	2,490	2,254
Number of hospital initiated postponements per 100 scheduled admissions	≤ 8 /100	7/100
Number of patients admitted from the elective surgery waiting list – annual total	12,375	12,721
Specialist clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	42%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	75%

Financial sustainability

Key performance indicator	Target	2016–17 result
Finance		
Operating result ($m)	0.00	0.74
Trade creditors	60 days	55
Patient fee debtors	60 days	57
Public & private WIES performance to target	100%	100.9%
Adjusted current asset ratio	0.7	0.5
Number of days with available cash	14 days	13.9
Asset management		
Basic asset management plan	Full compliance	Full compliance

PART C: ACTIVITY AND FUNDING

Funding type	2016–17 Activity Achievement
Acute Admitted	
WIES DVA	1,151
WIES Private	16,796
WIES Public	64,242
WIES TAC	556
Acute Non-Admitted	
Radiotherapy WAUs DVA	848
Radiotherapy WAUs Public	67,198
Home Renal Dialysis	68
Total Perinatal Nutrition	114
Home Enteral Nutrition	1,302
Aged Care	
Residential Aged Care	2,285[7]
Subacute and Non-Acute Admitted	
Transition Care - Bed days	7,432
Transition Care - Home days	10,182
Subacute WIES - GEM Private	380
Subacute WIES - GEM Public	1,241
Subacute WIES - Palliative Care Private	103
Subacute WIES - Palliative Care Public	245
Subacute WIES - Rehabilitation Private	404
Subacute WIES - Rehabilitation Public	1,498
Subacute WIES - DVA	147
Subacute Non-Admitted	
Health Independence Program - Public	70,405
Mental Health and Drug Services	
Drug Services	140
Mental Health Ambulatory	38,087[8]
Mental Health Residential	7,305
Mental Health Subacute	11,688
Mental Health Inpatient - Secure Unit	9,131
Mental Health Inpatient - Available bed days[9]	30,925
Other	
NFC - Transplants - Paediatric Liver	6.75
Health Workforce	306.7

[7] Darley House closed on November 30 2016

[8] This data may have been affected by industrial activity during the financial year. The collection of non-clinical and administrative data was affected, with impacts on community mental health service activity and client outcome measures.

[9] PAPU beds were included in the target from September 2016, but did not open until February 2017

Financials

Austin Health's major financial and strategic objective is to provide the necessary resources to meet anticipated activity levels, address essential capital needs and ensure cash sustainability.

The operating surplus for the 2016–17 financial year (before capital and specific items) was $743,000. The result when adjusted for one off factors including government grants and other revenue and expenses, approximated the targeted breakeven result.

FINANCIAL SUMMARY 2017

	2017 $000	2016 $000	2015 $000	2014 $000	2013 $000
Total Revenue	894,047	854,267	786,296	754,526	714,108
Total Expenses	893,304	848,954	782,411	744,003	707,980
Operating Surplus/(Deficit) before and specific items	**743**	**5,313**	**3,885**	**10,523**	**6,128**
Capital and Specific Items	(44,523)	(48,995)	(61,413)	(58,431)	(6,687)
Net Result for the Year	**(43,780)**	**(43,682)**	**(57,528)**	**(47,908)**	**(559)**
Accumulated Deficit	(293,845)	(251,076)	(207,305)	(149,691)	(101,617)
Total Assets	1,235,753	1,266,547	1,262,314	1,317,336	1,224,908
Total Liabilities	287,575	277,129	253,774	253,037	244,338
Net Assets	**948,178**	**989,418**	**1,008,540**	**1,064,299**	**980,570**
Total Equity	**948,178**	**989,418**	**1,008,540**	**1,064,299**	**980,570**

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.

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Financial Statements

Austin Health

Chairperson's, Chief Executive Officer's and Chief Financial Officer's Declaration

The attached financial statements for Austin Health have been prepared in accordance with Standing Directions 4.2 of the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards including 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 accompanying notes presents fairly the financial transactions during the year ended 30 June 2017 and the financial position of Austin Health at 30 June 2017.

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	MS SUE SHILBURY	MR ANDREW GAY
Chairperson	**Chief Executive Officer**	**Chief Financial Officer**
Heidelberg, Victoria	Heidelberg, Victoria	Heidelberg, Victoria
16/08/2017	16/08/2017	16/08/2017

Independent Auditor's Report

VAGO
Victorian Auditor-General's Office

To the Directors of Austin Health

Opinion

I have audited the financial report of Austin Health (the health service) which comprises the:

- balance sheet as at 30 June 2017
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including a summary of significant accounting policies
- Chairperson's, chief executive officer's and chief financial officer's finance Declaration.

In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975.* My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Boards' responsibilities for the financial report

The Board of the health service are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994,* my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the health service's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the health service's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the health service to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
22 August 2017

Ron Mak
as delegate for the Auditor-General of Victoria

Comprehensive operating statement
For the financial year ended 30 June 2017

	Note	Total 2017 $000	Total 2016 $000
Revenue from Operating Activities	2.1	824,094	788,913
Revenue from Non-Operating Activities	2.1	69,953	65,354
Employee Expenses	3.1	(618,648)	(586,340)
Non Salary Labour Costs	3.1	(9,189)	(7,640)
Supplies and Consumables	3.1	(161,608)	(156,116)
Other Expenses	3.1	(101,772)	(95,321)
Finance Costs - Self Funded Activity	3.3	(2,087)	(2,150)
Net Result Before Capital & Specific Items		**743**	**6,700**
Capital Purpose Income	2.1	24,974	24,590
Depreciation and Amortisation	4.2	(68,152)	(72,156)
Expenditure Using Capital Purpose Income	3.1	(1,345)	(1,429)
Net Result After Capital and Specific Items		**(43,780)**	**(42,295)**
Other Economic Flows Included in Net Result			
Revaluation of Long Service Leave		2,540	(1,387)
Net Result for the Year		**(41,240)**	**(43,682)**
Other Comprehensive Income			
Net fair value revaluation on Non-Financial Assets	8.1	-	24,560
Comprehensive Result for the Year		**(41,240)**	**(19,122)**

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

Balance sheet
As at 30 June 2017

	Note	Total 2017 $000	Total 2016 $000
Current Assets			
Cash and Cash Equivalents	6.3	72,846	64,699
Receivables	5.1	28,219	38,576
Inventories	5.2	8,365	8,380
Prepayments and Other Assets	5.4	5,070	2,858
Total Current Assets		**114,500**	**114,513**
Non-Current Assets			
Receivables	5.1	38,256	35,116
Prepayments and Other Assets	5.4	303	308
Property, Plant and Equipment	4.1	1,078,657	1,114,255
Intangible Assets	4.3	4,037	2,355
Total Non-Current Assets		**1,121,253**	**1,152,034**
TOTAL ASSETS		**1,235,753**	**1,266,547**
Current Liabilities			
Payables	5.5	56,494	50,189
Borrowings	6.1	1,668	1,602
Employee Benefits	3.4	169,872	162,215
Other Liabilities	5.3	656	2,780
Total Current Liabilities		**228,690**	**216,787**
Non-Current Liabilities			
Borrowings	6.1	35,843	37,090
Employee Benefits	3.4	23,042	23,252
Total Non-Current Liabilities		**58,885**	**60,342**
TOTAL LIABILITIES		**287,575**	**277,129**
NET ASSETS		**948,178**	**989,418**
EQUITY			
Property, Plant & Equipment Revaluation Surplus	8.1(a)	702,494	702,494
Restricted Specific Purpose Surplus	8.1(a)	7,833	6,304
Contributed Capital	8.1(b)	531,696	531,696
Accumulated Surpluses/(Deficits)	8.1(c)	(293,845)	(251,076)
TOTAL EQUITY		**948,178**	**989,418**
Commitments for Expenditure	6.4	56,910	31,359
Contingent Assets and Contingent Liabilities	7.3	-	2,300
		56,910	33,659

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

Statement of changes in equity
For the financial year ended 30 June 2017

	Note	Property Revaluation Surplus	Restricted Specific Purpose Surplus	Accumulated Surpluses / (Deficits)	Contributions by Owners	Total
		$000	$000	$000	$000	$000
Balance at 1 July 2015		677,934	6,215	(207,305)	531,696	1,008,540
Net result for the year		-	-	(43,682)	-	(43,682)
Other comprehensive income for the year	8.1 (a)	24,560	-	-	-	24,560
Transfer to restricted specific purpose surplus	8.1 (a) (c)	-	89	(89)	-	-
Balance at 30 June 2016		**702,494**	**6,304**	**(251,076)**	**531,696**	**989,418**
Net result for the year		-	-	(41,240)	-	(41,240)
Other comprehensive income for the year	8.1 (a)	-	-	-	-	-
Transfer to restricted specific purpose surplus	8.1 (a) (c)	-	1,529	(1,529)	-	-
Balance at 30 June 2017		**702,494**	**7,833**	**(293,845)**	**531,696**	**948,178**

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

Cash flow statement
For the financial year ended June 2017

	Note	Total 2017 $000	Total 2016 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		723,441	683,645
Capital Grants from Government		18,165	24,174
Patient and Resident Fees Received		40,321	35,531
Private Practice Fees Received		15,198	14,220
Donations and Bequests Received		5,979	3,809
GST Received from/(paid to) ATO		127	(497)
Recoupment from Private Practice for use of Hospital Facilities		41,544	40,347
Interest Received		1,495	1,551
Other Receipts		76,477	66,551
Total receipts		**922,747**	**869,331**
Employee Expenses Paid		(606,398)	(580,129)
Non Salary Labour Costs		(9,189)	(7,640)
Payments for Supplies & Consumables		(161,608)	(156,116)
Finance Costs		(2,100)	(2,162)
Other Payments		(104,455)	(83,846)
Total payments		**(883,750)**	**(829,893)**
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES	8.2	**38,997**	**39,438**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Non-Financial Assets		(27,619)	(36,211)
Proceeds from sale of Non-Financial Assets		37	16
NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		**(27,582)**	**(36,195)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		(1,165)	(957)
NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		**(1,165)**	**(957)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		10,250	2,287
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6.3	62,320	60,034
CASH AND CASH EQUIVALENTS AT END OF YEAR	6.3	**72,570**	**62,320**

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

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Note 1 Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for Austin Health for the period ended 30 June 2017. The purpose of this report is to provide users with information about the Health service's stewardship of resources entrusted to it.

(a) Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994* and applicable AASs, which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 *Presentation of Financial Statements*.

The financial statements also comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance (DTF), 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.

(b) Reporting Entity

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

Its principal 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.

Objectives and funding

Austin Health's overall objective is to continue to be the major provider of tertiary health services, and health professional education and research in the northeast of Melbourne, as well as improve the quality of life to Victorians.

Austin Health is predominantly funded by accrual based grant funding for the provision of outputs.

(c) 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 2017, and the comparative information presented in these financial statements for the year ended 30 June 2016.

The going concern basis was used to prepare the financial statements. Austin Health has obtained a letter of support from the State Government and in particular, the Department of Health and Human Services (DHHS), confirming that the department will continue to provide Austin Health adequate cash flow to meet its current and future obligations up to September 2018. A letter was also obtained for the previous financial year.

These financial statements are presented in Australian dollars, the functional and presentation 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.

Note 1 Summary of Significant Accounting Policies (continued)

The financial statements are prepared in accordance with the historical cost convention, except for:

- Land and building assets, which subsequent to acquisition, are measured at a revalued amount being their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made and are re-assessed when new indices are published by the Valuer General to ensure that the carrying amounts do not materially differ from their fair values; and
- The fair value of assets, other than land, is generally based on their depreciated replacement value.

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

The 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 and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, plant and equipment;
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates.

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

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

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

The Valuer-General Victoria (VGV) is Austin Health's independent valuation agency.

Austin Health, in conjunction with VGV, monitors the changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

Note 2 Funding delivery of our services

The hospital's overall objective is to deliver programs and services that support and enhance the wellbeing of all Victorians.

To enable the hospital to fulfil its objectives it receives income based on parliamentary appropriations and other service supplies.

Structure

Note 2.1 Analysis of Revenue by Source

Note 2.1 Analysis of Revenue by Source

	Admitted Patients 2017 $000	Non - Admitted 2017 $000	EDs 2017 $000	Mental Health 2017 $000	RAC incl. Mental Health 2017 $000	Aged Care 2017 $000	Other 2017 $000	Total 2017 $000
Government Grants	508,148	115,781	27,622	56,957	5,863	1,023	3,740	719,134
Indirect contributions by Department of Health and Human Services *	3,227	217	138	259	22	16	20	3,899
Patient and Resident Fees	30,750	1,344	16	3,234	405	-	-	35,749
Recoupment from Private Practice for Use of Hospital Facilities	18,280	18,144	2,759	567	-	-	1,794	41,544
Other Revenue from Operating Activities	17,670	2,017	777	2,847	39	77	341	23,768
Total Revenue from Operating Activities	**578,075**	**137,503**	**31,312**	**63,864**	**6,329**	**1,116**	**5,895**	**824,094**
Interest	-	-	-	-	-	-	133	133
Other Revenue from Non-Operating Activities	-	-	-	-	-	-	69,820	69,820
Total Revenue from Non-Operating Activities	**-**	**-**	**-**	**-**	**-**	**-**	**69,953**	**69,953**
Capital Purpose Income (excluding interest)	-	-	-	-	-	-	24,821	24,821
Capital Interest	-	-	-	-	-	-	153	153
Total Capital Purpose Income	**-**	**-**	**-**	**-**	**-**	**-**	**24,974**	**24,974**
Total Revenue	**578,075**	**137,503**	**31,312**	**63,864**	**6,329**	**1,116**	**100,822**	**919,021**

(i) Department of Health and Human Services (DHHS) make 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 2.1 Analysis of Revenue by Source (continued)

	Admitted Patients 2016 $000	Non - Admitted 2016 $000	EDs 2016 $000	Mental Health 2016 $000	RAC incl. Mental Health 2016 $000	Aged Care 2016 $000	Other 2016 $000	Total 2016 $000
Government Grants	472,584	110,574	28,614	55,710	8,968	1,426	3,526	681,402
Indirect contributions by Department of Health and Human Services (i)	3,739	242	156	286	35	18	22	4,498
Patient and Resident Fees	32,518	1,501	13	2,628	1,600	22	-	38,282
Recoupment from Private Practice for Use of Hospital Facilities	18,244	17,275	2,617	450	-	-	1,761	40,347
Other Revenue from Operating Activities	18,305	1,994	844	2,798	44	82	317	24,384
Total Revenue from Operating Activities	**545,390**	**131,586**	**32,244**	**61,872**	**10,647**	**1,548**	**5,626**	**788,913**
Interest	-	-	-	-	-	-	116	116
Other Revenue from Non-Operating Activities	-	-	-	-	-	-	65,238	65,238
Total Revenue from Non-Operating Activities	**-**	**-**	**-**	**-**	**-**	**-**	**65,354**	**65,354**
Capital Purpose Income (excluding interest)	-	-	-	-	-	-	24,385	24,385
Capital Interest	-	-	-	-	-	-	205	205
Total Capital Purpose Income	**-**	**-**	**-**	**-**	**-**	**-**	**24,590**	**24,590**
Total Revenue	**545,390**	**131,586**	**32,244**	**61,872**	**10,647**	**1,548**	**95,570**	**878,857**

(i) Department of Health and Human Services (DHHS) make 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 2.1 Analysis of Revenue by Source (continued)

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 at fair value. 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 and Human Services

- Insurance is recognised as revenue following advice from the Department of Health and Human Services.
- 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 04/2017 (update for 2016-17).

Patient and Resident Fees

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

Private Practice Fees

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

Recoupment from Private Practice for use of Hospital Facilities

Recoupment from private practice for use of hospital facilities fees are recognised as revenue at the time invoices are raised.

Revenue from commercial activities

Revenue from commercial activities such as commercial laboratory medicine is recognised at the time invoices are raised.

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 surplus, such as the specific restricted purpose surplus.

Interest Revenue

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

Other income

Other income includes non-property rental and bad debt reversals.

Note 2.1 Analysis of Revenue by Source (continued)

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 acute and sub-acute admitted patient services, where services are delivered in public hospitals.

- Mental Health Services (Mental Health) comprises all specialised mental health services providing a range of inpatient, community based residential, rehabilitation and ambulatory services which treat and support people with a mental illness and their families and carers. These services aim to identify mental illness early, and seek to reduce its impact through providing timely acute care services and appropriate longer-term accommodation and support for those living with a mental illness.

- Non Admitted Services comprises acute and sub-acute non admitted services, where services are delivered in public hospital clinics and provide models of integrated community care, which significantly reduces the demand for hospital beds and supports the transition from hospital to home in a safe and timely manner.

- Emergency Department Services (EDs) comprises all emergency department services.

- Aged Care comprises a range of in home, specialist geriatric, residential care and community based programs and support services, such as Home and Community Care (HACC) that are targeted to older people, people with a disability, and their carers.

- 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 the department under the mental health program. It excludes all other residential services funded under the mental health program, such as mental health funded community care units and secure extended care units.

- Other Services comprise services not separately classified above.

Note 3 The Cost of Delivering our Services

This section provides an account of the expenses incurred by the hospital in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

Structure

3.1 Analysis of expenses by source
3.2 Analysis of expense and revenue by internally managed and restricted specific purpose funds
3.3 Finance costs
3.4 Employee Benefits in the balance sheet
3.5 Superannuation

Note 3.1 Analysis of Expenses by Source

	Admitted Patients 2017 $000	Non-Admitted 2017 $000	EDS 2017 $000	Mental Health 2017 $000	RAC incl. Mental Health 2017 $000	Aged Care 2017 $000	Other 2017 $000	Total 2017 $000
Employee Expenses	419,054	65,180	38,189	56,398	5,255	1,585	6,179	591,840
Non Salary Labour Costs	4,348	1,167	346	2,243	87	50	26	8,267
Supplies & Consumables	92,916	62,951	2,518	1,283	120	20	1,237	161,045
Other Expenses	64,252	12,664	2,646	5,817	566	481	711	87,137
Total Expenditure from Operating Activities	**580,570**	**141,962**	**43,699**	**65,741**	**6,028**	**2,136**	**8,153**	**848,289**
Employee Expenses	-	-	-	-	-	-	26,808	26,808
Non Salary Labour Costs	-	-	-	-	-	-	922	922
Supplies & Consumables	-	-	-	-	-	-	563	563
Finance Costs (refer note 3.3)	-	-	-	-	-	-	2,087	2,087
Other Expenses	-	-	-	-	-	-	14,635	14,635
Total Expenditure from Non-Operating Activities	**-**	**-**	**-**	**-**	**-**	**-**	**45,015**	**45,015**
Expenditure for Capital Purposes	-	-	-	-	-	-	1,345	1,345
Depreciation & Amortisation (refer note 4.2)	-	-	-	-	-	-	68,152	68,152
Total Other Expenses	**-**	**-**	**-**	**-**	**-**	**-**	**114,512**	**114,512**
Total Expenses	**580,570**	**141,962**	**43,699**	**65,741**	**6,028**	**2,136**	**122,665**	**962,801**

Note 3.1 Analysis of Expenses by Source (continued)

	Admitted Patients 2016 $000	Non-Admitted 2016 $000	EDS 2016 $000	Mental Health 2016 $000	RAC incl. Mental Health 2016 $000	Aged Care 2016 $000	Other 2016 $000	Total 2016 $000
Employee Expenses	392,932	62,880	37,051	53,814	7,562	1,560	5,915	561,714
Non Salary Labour Costs	3,043	752	338	2,129	89	17	23	6,391
Supplies & Consumables	89,776	60,235	2,375	1,202	277	278	1,087	155,230
Other Expenses	60,518	12,158	2,429	5,350	588	453	502	81,999
Total Expenditure from Operating Activities	**546,269**	**136,025**	**42,193**	**62,495**	**8,516**	**2,308**	**7,527**	**805,334**
Employee Expenses	-	-	-	-	-	-	26,014	26,014
Non Salary Labour Costs	-	-	-	-	-	-	1,249	1,249
Supplies & Consumables	-	-	-	-	-	-	886	886
Finance Costs (refer note 3.3)	-	-	-	-	-	-	2,150	2,150
Other Expenses	-	-	-	-	-	-	13,321	13,321
Total Expenditure from Non-Operating Activities	**-**	**-**	**-**	**-**	**-**	**-**	**43,620**	**43,620**
Expenditure for Capital Purposes	-	-	-	-	-	-	1,429	1,429
Depreciation & Amortisation (refer note 4.2)	-	-	-	-	-	-	72,156	72,156
Total Other Expenses	**-**	**-**	**-**	**-**	**-**	**-**	**117,205**	**117,205**
Total Expenses	**546,269**	**136,025**	**42,193**	**62,495**	**8,516**	**2,308**	**124,733**	**922,539**

Note 3.1 Analysis of Expenses by Source (continued)

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;
- fringe benefits tax;
- leave entitlements;
- termination payments;
- workcover premiums; and
- superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

Grants and other transfers

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants, subsidies and personal benefit payments made in cash to individuals.

Other operating expenses

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

Supplies and consumables

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

Fair value of assets, services and resources provided free of charge or for nominal consideration.

Contributions of 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 agency as a consequence of a restructuring of administrative arrangements. In the latter case, such a transfer will be recognised at its carrying amount.

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.

Borrowing costs of qualifying assets

In accordance with the paragraphs of AASB 123 Borrowing Costs applicable to not-for-profit public sector entities, the Health Services continues to recognise borrowing costs immediately as an expense, to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset.

Other economic flows are changes in the volume or value of assets or liabilities that do not result from transactions.

Net gain/ (loss) on non-financial assets

Net gain/ (loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

Revaluation gains/ (losses) of non-financial physical assets

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

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is the difference between the proceeds and the carrying amount of the asset at the time.

Note 3.1 Analysis of Expenses by Source (continued)

Revaluations of financial instrument at fair value

Net gain/ (loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments at fair value; and
- disposals of financial assets and derecognition of financial liabilities

Amortisation of non-produced intangible assets

Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a systematic basis over the 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.

Other gains/ (losses) from other economic flows

Other gains/ (losses) include:

- the revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors; and

Note 3.2 Analysis of Expenses and Revenue by Internally Managed and Restricted Specific Purpose Funds

	Expenses		Revenue	
	2017 $000	2016 $000	2017 $000	2016 $000
Business Units and Commercial Activities:				
- Affiliated Entities	1,954	2,606	1,983	2,699
- Car Park	3,008	3,038	10,808	10,181
- Cardiology	928	813	876	938
- Child Care	1,532	1,448	1,708	1,707
- Diagnostic Imaging	977	923	3,488	3,170
- Food Production Kitchen	3,810	3,208	3,945	3,279
- Fundraising	4,855	4,281	6,751	5,092
- Hospital Department Funds	1,368	1,488	3,073	2,006
- Laboratory Medicine	4,427	4,954	6,873	6,667
- Mental Health Services	0	17	8	44
- Nuclear Medicine	386	365	1,120	967
- Other	919	617	1,137	1,211
- Pharmacy Services	529	856	415	594
- Private Practice and Other Patient Activities	5,179	4,575	7,492	6,821
- Research	14,050	13,227	16,223	15,358
- Retail Services	6	22	1,139	1,053
- Salary Packaging	1,087	1,182	2,914	3,567
Total	**45,015**	**43,620**	**69,953**	**65,354**

Note 3.3 Finance Costs

	Total 2017 $000	Total 2016 $000
Interest on Long Term Borrowings	2,087	2,150
Total Finance Costs	2,087	2,150

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 (Interest expense is recognised in the period in which it is incurred);

Note 3.4 Employee Benefits

	Total 2017 $000	Total 2016 $000
Current Provisions		
Employee Benefits		
Annual Leave		
- Unconditional and expected to be settled within 12 months	41,114	38,134
- Unconditional and expected to be settled after 12 months	6,854	6,331
Long Service Leave		
- Unconditional and expected to be settled within 12 months	49,231	47,470
- Unconditional and expected to be settled after 12 months	39,299	37,586
Accrued Days Off	1,563	1,438
Accrued Wages and Salaries	15,797	15,510
Employee Termination Benefits	-	600
Provision related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months	10,660	10,058
- Unconditional and expected to be settled after 12 months	5,354	5,088
Total Current Provisions	**169,872**	**162,215**
Non-Current Provisions		
Employee Benefits	20,648	20,836
Provision related to Employee Benefit On-Costs	2,394	2,416
Total Non-Current Provisions	**23,042**	**23,252**
Total Provisions	**192,914**	**185,467**

Note 3.4 Employee Benefits (continued)

(a) Employee Benefits and Related On-Costs

	Total 2017 $000	Total 2016 $000
Current Employee Benefits and related on-costs		
Unconditional LSL Entitlement	98,799	94,920
Annual Leave Entitlements	53,532	49,579
Accrued Wages and Salaries	15,797	16,110
Accrued Days Off	1,744	1,606
Non-Current Employee Benefits and related on-costs		
Conditional Long Service Leave Entitlements (present value)	23,042	23,252
Total Employee Benefits and Related On-Costs	**192,914**	**185,467**

(b) Movements in provisions

	Total 2017 $000	Total 2016 $000
Movement in Long Service Leave:		
Balance at start of year	118,172	111,324
Provision made during the year	14,029	16,448
Settlement made during the year	(10,360)	(9,600)
Balance at end of year	**121,841**	**118,172**

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

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

Employee benefits

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

Wages and salaries, annual leave, sick leave and accrued days off

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

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

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

Note 3.4 Employee Benefits (continued)

Long service leave (LSL)

Liability for LSL is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where the health service 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. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- Undiscounted value – if the health service expects to wholly settle within 12 months; and
- Present value – where the entity does not expect to settle a component of this current liability within 12 months.

Conditional LSL 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. This non-current LSL liability is measured at present value.

Any gain or loss followed revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in estimations e.g. bond rate movements, inflation rate movements and changes in probability factors which are then recognised as other economic flow.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee decides to accept an offer of benefits in exchange for the termination of employment.

The health service recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

On-costs related to employee expense

Provision for on-costs, such as payroll tax, workers compensation and superannuation are recognised together with provisions for employee benefits.

Note 3.5 Superannuation

	Total Paid Contributions for the Year		Total Contributions Outstanding at Year End	
	2017	**2016**	**2017**	**2016**
	$000	$000	$000	$000
Defined Benefit Plans				
First State Super	1,437	2,070	174	175
Commonwealth Superannuation Scheme	1,584	2,745	34	34
ESS (previously GSO)	166	338	2	3
Defined Contribution Plans				
First State Super	27,623	26,773	3,324	2,567
HESTA	16,862	15,311	2,195	1,523
Other	1,665	1,471	197	149
Total	**49,337**	**48,708**	**5,926**	**4,451**

Note 3.5 Superannuation (continued)

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

Austin Health does not recognise any defined benefit liability in respect of the plan(s) because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance discloses the State's defined benefits liabilities in its disclosure for administered items.

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

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 4 Key assets to support service delivery

Austin Health controls infrastructure and other investments that are utilised in fulfilling our objectives and conducting our activities. They represent the key resources that have been entrusted to the hospital to be utilised for delivery of those outputs.

Structure

4.1 Property, plant and equipment
4.2 Depreciation and amortisation
4.3 Intangible assets

Note 4.1 Property, Plant & Equipment

(a) Gross carrying amount and accumulated depreciation

	Total 2017 $000	Total 2016 $000
Land		
Freehold Land at fair value	152,609	152,609
Crown Land at fair value	29,338	29,338
Total Land	**181,947**	**181,947**
Buildings		
Buildings under Construction at cost	**28,258**	**24,529**
Buildings at Cost	202,030	188,117
Less Accumulated Depreciation	(22,557)	(16,538)
	179,473	**171,579**
Buildings at fair value	784,400	784,400
Less Accumulated Depreciation	(145,204)	(99,165)
	639,196	**685,235**
Total Buildings	**846,927**	**881,343**
Plant and Equipment		
Plant and Equipment at Fair Value	35,577	31,563
Less Accumulated Depreciation	(22,695)	(20,472)
Total Plant and Equipment	**12,882**	**11,091**
Motor Vehicles at Fair Value	1,116	1,220
Less Accumulated Depreciation	(1,116)	(1,220)
	-	**-**
Computers and Communication at Fair Value	19,998	17,002
Less Accumulated Depreciation	(18,404)	(16,577)
	1,594	**425**
Other Equipment at Fair Value	15,374	13,672
Less Accumulated Depreciation	(13,860)	(12,554)
	1,514	**1,118**
Furniture and Fittings at Fair Value	2,233	2,209
Less Accumulated Depreciation	(2,068)	(1,901)
	165	**308**
Total Plant and Equipment	**16,155**	**12,942**
Medical Equipment		
Medical Equipment at Fair Value	108,534	105,573
Less Accumulated Depreciation	(94,523)	(89,743)
Total Medical Equipment	**14,011**	**15,830**
Assets Under Construction		
Equipment under Construction	19,617	22,193
Total Assets under construction	**19,617**	**22,193**
Total Property, Plant & Equipment	**1,078,657**	**1,114,255**

Note 4.1 Property, Plant & Equipment (continued)

(b) Reconciliation of the carrying amounts of each class of asset.

	Land	Buildings	Plant & Equipment	Motor Vehicles	Medical Equipment	Computers & Communication	Other Equipment	Furniture & Fittings	Equipment Under Construction	Total
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Balance at 1 July 2015	**157,387**	**918,293**	**10,133**	**3**	**17,320**	**1,243**	**1,931**	**303**	**18,442**	**1,125,055**
Net Additions & Transfers between classes	-	18,535	3,260	-	6,960	302	305	258	3,751	33,371
Disposals	-	-	-	-	(3)	(1)	(1)	-	-	(5)
Revaluation Increment/(Decrements)	24,560	-	-	-	-	-	-	-	-	24,560
Depreciation and Amortisation (Note 4.2)	-	(55,485)	(2,302)	(3)	(8,447)	(1,119)	(1,117)	(253)	-	(68,726)
Balance at 30 June 2016	**181,947**	**881,343**	**11,091**	**-**	**15,830**	**425**	**1,118**	**308**	**22,193**	**1,114,255**
Net Additions & Transfers between classes	-	17,641	4,032	-	6,320	3,084	1,714	23	(2,576)	30,239
Disposals (WDV)	-	-	-	-	(6)	-	-	-	-	(6)
Revaluation Increment/(Decrements)	-	-	-	-	-	-	-	-	-	-
Depreciation and Amortisation (Note 4.2)	-	(52,057)	(2,241)	-	(8,133)	(1,915)	(1,318)	(166)	-	(65,830)
Balance at 30 June 2017	**181,947**	**846,927**	**12,882**	**-**	**14,011**	**1,594**	**1,514**	**165**	**19,617**	**1,078,657**

Note 4.1 Property, Plant & Equipment (continued)

(c) Fair value measurement hierarchy for assets as at 30 June 2017

	Carrying amount as at 30 June 2017	Fair value measurement at end of reporting period using: Level 1	Level 2	Level 3
Land at fair value				
Specialised land	181,947	-	-	181,947
Total Land at fair value	**181,947**	**-**	**-**	**181,947**
Buildings at fair value				
Specialised buildings	639,196	-	-	639,196
Total buildings at fair value	**639,196**	**-**	**-**	**639,196**
Plant and equipment at Fair Value (i)				
Plant and equipment at fair value - Plant and equipment	16,155	-	-	16,155
Total plant and equipment at fair value	**16,155**	**-**	**-**	**16,155**
Medical equipment at fair value				
- Medical Equipment at fair value	14,011	-	-	14,011
Total medical equipment at fair value	**14,011**	**-**	**-**	**14,011**
	851,309	**-**	**-**	**851,309**

(i) Plant and equipment total is inclusive of Plant & Equipment, Motor Vehicles, Computers & Communications, Furniture & Fittings and Other Equipment.

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

There were no transfers in or out of level 3 during the year ended 30 June 2017.

Note 4.1 Property, Plant & Equipment (continued)

Fair value measurement hierarchy for assets as at 30 June 2016

	Carrying amount as at 30 June 2016	Fair value measurement at end of reporting period using: Level 1	Level 2	Level 3
Land at fair value				
Specialised land	181,947	-	-	181,947
Total Land at fair value	**181,947**	**-**	**-**	**181,947**
Buildings at fair value				
Specialised buildings	685,235	-	-	685,235
Total buildings at fair value	**685,235**	**-**	**-**	**685,235**
Plant and equipment at Fair Value (i)				
Plant and equipment at fair value				
- Plant and equipment	12,942	-	-	12,942
Total plant and equipment at fair value	**12,942**	**-**	**-**	**12,942**
Medical equipment at fair value				
- Medical Equipment at fair value	15,830	-	-	15,830
Total medical equipment at fair value	**15,830**	**-**	**-**	**15,830**
	895,954	**-**	**-**	**895,954**

(ii) Plant and equipment total is inclusive of Plant & Equipment, Motor Vehicles, Computers & Communications, Furniture & Fittings and Other Equipment.

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

There were no transfers in or out of level 3 during the year ended 30 June 2016.

Note 4.1 Property, Plant & Equipment (continued)

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole (refer Note 1(c) for hierarchy levels).

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

Austin Health in conjunction with VGV monitors the changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

The estimates and underlying assumptions are reviewed on an ongoing basis. 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 and assumptions made by management in the application of AASBs 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 7.1);
- 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 3.4).

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the following assumptions:

- that the transaction to sell the asset or transfer the liability takes place either in the principal market (or the most advantageous market, in the absence of the principal market), either of which must be accessible to the Health Service at the measurement date;
- that the Health Service uses the same valuation assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Consideration of highest and best use (HBU) for non-financial physical assets

Judgements about highest and best use must take into account the characteristics of the assets concerned, including restrictions on the use and disposal of assets arising from the asset's physical nature and any applicable legislative/contractual arrangements.

In considering the HBU for non-financial physical assets, valuers are probably best placed to determine highest and best use (HBU) in consultation with Health Services. Health Services and their valuers therefore need to have a shared understanding of the circumstances of the assets. A Health Service has to form its own view about a valuer's determination, as it is ultimately responsible for what is presented in its audited financial statements.

In accordance with paragraph AASB 13.29, Health Services can assume the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

Therefore, an assessment of the HBU will be required when the indicators are triggered within a reporting period, which suggest the market participants would have perceived an alternative use of an asset that can generate maximum value. Once identified, Health Services are required to engage with VGV or other independent valuers for formal HBU assessment.

Note 4.1 Property, Plant & Equipment (continued)

These indicators, as a minimum, include:

External factors:

- Changed acts, regulations, local law or such instrument which affects or may affect the use or development of the asset;
- Changes in planning scheme, including zones, reservations, overlays that would affect or remove the restrictions imposed on the asset's use from its past use;
- Evidence that suggest the current use of an asset is no longer core to requirements to deliver a Health Service's service obligation;
- Evidence that suggests that the asset might be sold or demolished at reaching the late stage of an asset's life cycle.

In addition, Health Services need to assess the HBU as part of the 5-year review of fair value of non-financial physical assets. This is consistent with the current requirements on FRD 103F Non-financial physical assets and FRD 107B Investment properties.

Land and buildings carried at valuation – 2014

An independent valuation of the Health Service's property was performed by the *Valuer-General Victoria* to determine the fair value of land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by using a market based direct comparison approach for land. In the absence of a liquid market, a direct replacement cost approach was utilised to assess the fair value of buildings. The valuation was based on independent assessments. The effective date of the valuation was 30 June 2014 and it does not affect the current year's depreciation. The next full revaluation is scheduled for 30 June 2019.

Management carried out an assessment of land based on VGV indices for 2015/16 and this resulted in a material movement of 16% ($24,560,000). This percentage is greater than 10% and in accordance with FRD103F we sought and received agreement from the DHHS Chief Reporting Officer to record the changes. No change in building values was required. A similar assessment was conducted for 2016/17 land values and the change in valuation did not require an adjustment to our holding values.

(d) Reconciliation of Level 3 fair value 30 June 2017

30 June 2017	Land	Buildings	Plant and equipment	Medical equipment
Opening Balance	181,947	685,235	12,942	15,830
Purchases (sales)	**-**	**-**	8,853	6,314
Gains or losses recognised in net result				
- Depreciation	**-**	(46,039)	(5,641)	(8,133)
Subtotal	**181,947**	**639,196**	**16,155**	**14,011**
Items recognised in other comprehensive income				
- Revaluation	-	-	-	-
Subtotal	**-**	**-**	**-**	**-**
Closing Balance	**181,947**	**639,196**	**16,155**	**14,011**
Total at fair value	**181,947**	**639,196**	**16,155**	**14,011**

Note 4.1 Property, Plant & Equipment (continued)

(d) Reconciliation of Level 3 fair value 30 June 2016

30 June 2016	Land	Buildings	Plant and equipment	Medical equipment
Opening Balance	157,387	734,745	13,613	17,320
Purchases (sales)	**-**	**-**	4,125	6,957
Gains or losses recognised in net result				
- Depreciation	**-**	(49,510)	(4,796)	(8,447)
Subtotal	**157,387**	**685,235**	**12,942**	**15,830**
Items recognised in other comprehensive income				
- Revaluation	24,560	**-**	**-**	**-**
Subtotal	**24,560**	**-**	**-**	**-**
Closing Balance	**181,947**	**685,235**	**12,942**	**15,830**
Total at fair value	**181,947**	**685,235**	**12,942**	**15,830**

Identifying unobservable inputs (level 3) fair value measurements

Level 3 fair value inputs are unobservable valuation inputs for an asset or liability. These inputs require significant judgement and assumptions in deriving fair value for both financial and non-financial assets.

Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

Assumptions about risk include the inherent risk in a particular valuation technique used to measure fair value (such as a pricing risk model) and the risk inherent in the inputs to the valuation technique. A measurement that does not include an adjustment for risk would not represent a fair value measurement if market participants would include one when pricing the asset or liability i.e., it might be necessary to include a risk adjustment when there is significant measurement uncertainty. For example, when there has been a significant decrease in the volume or level of activity when compared with normal market activity for the asset or liability or similar assets or liabilities, and the Health Service has determined that the transaction price or quoted price does not represent fair value.

A Health Service shall develop unobservable inputs using the best information available in the circumstances, which might include the Health Service's own data. In developing unobservable inputs, a Health Service may begin with its own data, but it shall adjust this data if reasonably available information indicates that other market participants would use different data or there is something particular to the Health Service that is not available to other market participants. A Health Service need not undertake exhaustive efforts to obtain information about other market participant assumptions. However, a Health Service shall take into account all information about market participant assumptions that is reasonably available. Unobservable inputs developed in the manner described above are considered market participant assumptions and meet the object of a fair value measurement.

Specialised land and specialised buildings

The market approach is also used for specialised land and specialised buildings although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the assets being valued. Specialised assets contain significant, unobservable adjustments; therefore these assets are classified as Level 3 under the market based direct comparison approach.

Note 4.1 Property, Plant & Equipment (continued)

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

For the health services, the depreciated replacement cost method is used for the majority of specialised buildings, adjusting for the associated depreciation. As depreciation adjustments are considered as significant and unobservable inputs in nature, specialised buildings are classified as Level 3 for fair value measurements.

An independent valuation of the Health Service's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2014.

Plant, medical equipment and other equipment

Plant and equipment is held at carrying amount (depreciated replacement cost). When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, the depreciated replacement cost is used to estimate the fair value. Unless there is market evidence that current replacement costs are significantly different from the original acquisition cost, it is considered unlikely that depreciated replacement cost will be materially different from the existing carrying amount.

There were no changes in valuation techniques throughout the period to 30 June 2017.

For all assets measured at fair value, the current use is considered the highest and best use.

(e) Description of significant unobservable inputs to level 3 valuations:

Asset Category	Valuation Technique	Significant unobservable inputs	Sensitivity of fair value measurement to changes in significant unobservable inputs
Land	Market Based Direct Comparison	Community Service Obligation (CSO) adjustment	Any significant changes in CSO would result in a significant change to fair value
Buildings	Cost or Depreciated Replacement Cost (DRC)	Cost approach using best available evidence from recognised building cost indicators and or Quantity Surveyors and examples of current costs	A significant increase or decrease in the Cost per Square Metre would result in a significant change to fair value and or a significant increase or decrease to the useful life of the asset would result in a significant change to fair value
Plant & Other Equipment (includes Plant & Equipment, Motor Vehicles, Computers, Other Equipment & Furniture & Fittings)	Depreciated Replacement Cost (DRC)	Cost per unit and the useful life of the asset	A significant increase or decrease in the Cost per Unit and or a significant increase or decrease of the useful life of the asset would result in a significant change to fair value
Medical Equipment	Depreciated Replacement Cost (DRC)	Cost per unit and the useful life of the asset	A significant increase or decrease in the Cost per Unit and or a significant increase or decrease of the useful life of the asset would result in a significant change to fair value

Note 4.1 Property, Plant & Equipment (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 accumulated impairment loss. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a merger/machinery of government are transferred at their carrying amount.

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 4.1 Property, plant and equipment.

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 physical 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. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.

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

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

Leasehold improvements

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

Revaluations of non-current physical assets

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103F 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 amount and fair value.

Revaluation increments are recognised in 'other comprehensive income' and are credited directly in equity 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 in 'other comprehensive income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment.

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 is not normally transferred to accumulated funds on derecognition of the relevant asset.

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

Note 4.2 Depreciation and Amortisation

	Total 2017 $000	Total 2016 $000
Depreciation		
Buildings	52,057	55,485
Plant & Equipment	2,241	2,302
Motor Vehicles	-	3
Medical Equipment	8,133	8,447
Computers and Communication	1,915	1,119
Other Equipment	1,318	1,117
Furniture and Fittings	166	253
Total Depreciation	65,830	68,726
Amortisation		
Intangible Assets	2,323	3,430
	2,323	3,430
Total Depreciation & Amortisation	68,152	72,156

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated excluding land assets. 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.

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, residual value 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 and Human Services. 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.

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

	2017	2016
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

Note 4.3 Intangible Assets

	Total 2017 $000	Total 2016 $000
Software	34,247	30,243
Less Accumulated Amortisation	(30,210)	(27,888)
Total Intangible Assets	**4,037**	**2,355**

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

	Software $000	Total $000
Balance at 1 July 2015	2,745	2,745
Additions	3,040	3,040
Disposals	-	-
Amortisation Expense (note 4.2)	(3,430)	(3,430)
Balance at 1 July 2016	**2,355**	**2,355**
Additions	4,005	4,005
Disposals	-	-
Amortisation Expense (note 4.2)	(2,323)	(2,323)
Balance at 30 June 2017	**4,037**	**4,037**

Intangible Assets

Intangible assets represent identifiable non-monetary assets without physical substance including computer software and development costs.

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.

Expenditure on research activities is recognised as an expense in the period on which it is incurred.

When recognition criteria in AASB 138 Intangible Assets are met, internally generated intangible assets are recognised and measured at cost less accumulated depreciation/amortisation and impairment.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- an intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Note 4.3 Intangible Assets (continued)

Amortisation

Amortisation is allocated to intangible non-produced assets with finite useful lives on a 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 consumption of intangible non-produced assets with finite useful lives is classified as amortisation.

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.

Intangible assets with finite useful lives are amortised over a 3 – 5 year period (2016: 3 - 5 years).

Note 5 Other Assets and Liabilities

This section sets out those assets and liabilities that arose from the hospital's operations.

Structure

5.1 Receivables
5.2 Inventories
5.3 Other liabilities
5.4 Prepayments and other assets
5.5 Payables

Note 5.1 Receivables

	Total 2017 $000	Total 2016 $000
CURRENT		
Contractual		
Inter Hospital Debtors	1,588	1,406
Trade Debtors	4,925	6,604
Other Debtors - Commonwealth DVA	2,454	3,156
Patient Fees	13,081	16,972
Accrued Investment Income	95	111
Accrued Revenue - Other	5,282	9,546
Less Allowance for Doubtful Debts		
Trade Debtors	(212)	(893)
Patient Fees	(1,835)	(1,153)
	25,378	35,749
Statutory		
GST Receivable	2,841	2,827
	2,841	2,827
TOTAL CURRENT RECEIVABLES	28,219	38,576
NON-CURRENT		
Statutory		
DHHS - Long Service Leave	38,256	35,116
TOTAL NON-CURRENT RECEIVABLES	38,256	35,116
TOTAL RECEIVABLES	66,475	73,692

(a) Movement in the Allowance for doubtful debts

	Total 2017 $000	Total 2016 $000
Balance at beginning of year	2,046	1,341
Amounts written off during the year	(332)	(781)
Increase/(decrease) in allowance recognised in net result	333	1,486
Balance at end of year	2,047	2,046

(b) Ageing analysis of receivables
Please refer to note 7.1 for the ageing analysis of receivables

(c) Nature and extent of risk arising from receivables
Please refer to note 7.1 for the nature and extent of credit risk arising from receivables

Receivables consist of:

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

Note 5.1 Receivables (continued)

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.

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.

Note 5.2 Inventories

	Total 2017 $000	Total 2016 $000
Current - at cost		
Pharmaceuticals	4,420	4,584
Catering Supplies	185	148
Medical and Surgical Lines	3,748	3,626
Administrative Stores	12	22
TOTAL INVENTORIES	8,365	8,380

Inventories include goods held for distribution at no or nominal cost in the ordinary course of business operations.

Inventories held for distribution are measured at cost. All other inventories are measured at the lower of cost and net realisable value.

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

Cost for all other inventory is measured on the basis of weighted average cost.

Note 5.3 Other Liabilities

	Total 2017 $000	Total 2016 $000
Current		
Monies Held in Trust		
-Patient Monies Held in Trust	46	44
-Refundable Accommodation Deposits	230	2,335
Other	380	401
Total Other Liabilities	**656**	**2,780**

Note 5.4 Prepayments and other assets

	Total 2017 $000	Total 2016 $000
Prepayments - Current	5,070	2,858
Prepayments - Non-Current	303	308
Total Other Assets	5,373	3,166

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

Note 5.5 Payables

(a) Maturity

	Total 2017 $000	Total 2016 $000
CURRENT		
Contractual		
Trade Creditors	21,043	21,406
Accrued Interest	395	408
Accrued Expenses	21,038	19,733
Salary Packaging	640	918
Other	126	198
	43,242	42,663
Statutory		
GST Payable	655	515
Department of Health and Human Services	4,655	850
Pay As You Go Withholding	2,016	1,710
Superannuation Payable	5,926	4,451
	13,252	7,526
Total Payables	**56,494**	**50,189**

(b) analysis of payables
Please refer to note 7.1(d) for the ageing analysis of payables.

(c) Nature and extent of risk arising from payables
Please refer to note 7.1(d) for the nature and extent of risks arising from 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 for accounts payable are usually nett 30 days.
- statutory payables, which includes predominantly amounts owing to the Victorian Government, goods and services tax, PAYG and superannuation payables.

Contractual payables are classified as financial instruments and are initially recognised at fair value, and then subsequently carried at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

Note 6 How we Finance our Operations

This section provides information on the sources of finance utilised by the hospital during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of the hospital.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances).

Structure

6.1 Borrowings
6.2 Non-cash financing and investing activities
6.3 Cash and cash equivalents
6.4 Commitments for expenditure

Note 6.1 Borrowings

	Total 2017 $000	Total 2016 $000
Current		
Australian Dollar Borrowings		
- Department of Health and Human Services *	520	520
- Treasury Corporation Victoria **	1,148	1,082
Total Current	1,668	1,602
Non-Current		
Australian Dollar Borrowings		
- Department of Health and Human Services *	1,874	1,972
- Treasury Corporation Victoria **	33,969	35,118
Total Non-Current	35,843	37,090
Total Borrowings	**37,511**	**38,692**

**** Borrowings - Department of Health and Human Services***

i) In June 2014 Austin Health received a loan repayable to the DHHS relating to Pathology equipment.

a) Repayments on this loan will be made annually in June commencing June 2018 with the final instalment due on 30 June 2022.

b) This is an interest free loan, however a present value calculation is required while payments are outstanding for future financial years (30 June 2017: 1.82% and 30 June 2016: 1.57%).

ii) Additional loan with DHHS was established June 2015 relating to an Energy Efficient project.

a) Repayments on this loan will be made annually in November commencing November 2016 with the final instalment due on November 2020.

b) This is an interest free loan, however a present value calculation is required while payments are outstanding for future financial years (30 June 2017: 1.82% and 30 June 2016: 1.57%).

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

i) Austin Health has two loans with Treasury Corporation Victoria (TCV) secured by a Statutory Guarantee from the Government of Victoria in favour of TCV under section 30 of the *Health Services Act*.

ii) Initial loan was established in April 2008 to finance the construction of the Austin Tower Car Park.

Note 6.1 Borrowings (continued)

a) Repayments are quarterly with the final instalment due 25 years from date of the last draw down in April 2008.

b) Average interest rate applied during 2016/17 for the above loan was 6.70% (2015/16 6.70%).

iii) Additional loan was established in November 2013 to finance the expansion of the Austin Martin Street Car Park.

c) Repayments are quarterly with the final instalment due 25 years from date of the last draw down in November 2013.

d) Interest rate applied is fixed during 2016/17 for the above loan was 4.75% (2015/16 4.75%).

(a) Maturity analysis of interest bearing liabilities

Please refer to note 7.1(d) for the ageing analysis of interest bearing liabilities

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

Please refer to note 7.1(d) 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

Borrowings

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the 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 borrowings using the effective interest method.

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

Note 6.2 Non-Cash Financing and Investing Activities

	Total 2017 $000	Total 2016 $000
Assets (Provided)/Received Free of Charge	-	(16)
Acquisition of Assets through DHHS Indirect Contributions	6,655	211
Total Non-Cash Financing & Investing Activities	**6,655**	**195**

The Department of Health and Human Services (DHHS) provide assistance in the planning and managing of key capital projects. Payments are sometimes made by DHHS to external parties on Austin Health's behalf for these projects and are recognised as non-cash transactions by increasing Assets Under Construction and increasing DHHS Capital Grants.

Note 6.3 Cash and Cash Equivalents

	Total 2017 $000	Total 2016 $000
Cash on Hand	70	70
Cash at Bank	5,910	6,475
Deposits at Call	66,866	58,154
Total Cash and Cash Equivalents	72,846	64,699
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	72,570	62,320
Cash for Monies Held in Trust		
- Cash at Bank	46	44
- Deposits at Call	230	2,335
	276	2,379
Total	72,846	64,699

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

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as liabilities on the balance sheet.

Note 6.4 Commitments for Expenditure

	Total 2017 $000	Total 2016 $000
Capital expenditure commitments		
Land and Buildings	43,511	6,078
Plant and Equipment	8,982	19,547
Total capital expenditure commitments	**52,493**	**25,625**
Land and Buildings		
Not later than one year	31,284	5,837
Later than 1 year and not later than 5 years	12,227	241
Total	**43,511**	**6,078**
Plant and Equipment		
Not later than one year	8,982	19,547
Total	**8,982**	**19,547**

Note 6.4 Commitments for Expenditure (continued)

Lease Commitments		
Commitments in relation to leases contracted for at the reporting date:		
Operating Leases	4,417	5,734
Operating Leases		
Non-cancellable		
Not later than one year	1,730	2,087
Later than 1 year and not later than 5 years	2,687	3,647
Total	**4,417**	**5,734**
Total Commitments for Expenditure (inclusive of GST)	62,601	34,495
less GST recoverable from the Australian Tax Office	(5,691)	(3,136)
Total Commitments for Expenditure (exclusive of GST)	**56,910**	**31,359**

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note 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 sated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

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 7 Risks, Contingencies & Valuation Uncertainties

The hospital is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements.

This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the hospital is related mainly to fair value determination.

Structure

7.1 Financial instruments
7.2 Net gain/ (loss) on disposal of non-financial assets
7.3 Contingent assets and contingent liabilities

Note 7.1 Financial Instruments

Financial 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)
- Refundable Accommodation Deposits & Other Liabilities
- Loans with TCV & DHHS

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(c) to the financial statements.

The Austin Health's main financial risks include credit risk, liquidity risk and market risk. The Health Service manages these financial risks in accordance with its financial risk and investment policy.

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

(a) Categorisation of financial Instruments

2017	Contractual Financial Assets - Loans and Receivables	Contractual Financial Liabilities at Amortised Cost	Total
	$000	$000	$000
Contractual Financial Assets			
Cash and cash equivalents	72,846	-	72,846
Receivables			
- Trade Debtors	8,755	-	8,755
- Other Receivables	16,623	-	16,623
Total Financial Assets (i)	**98,224**	**-**	**98,224**
Financial Liabilities			
Payables	-	43,242	43,242
Borrowings	-	37,511	37,511
Other Liabilities	-	656	656
Total Financial Liabilities (ii)	**-**	**81,409**	**81,409**

(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).

Note 7.1 Financial Instruments (continued)

2016	Contractual Financial Assets - Loans and Receivables	Contractual Financial Liabilities at Amortised Cost	Total
	$000	$000	$000
Contractual Financial Assets			
Cash and cash equivalents	64,699	-	64,699
Receivables			
- Trade Debtors	10,273	-	10,273
- Other Receivables	25,476	-	25,476
Total Financial Assets (i)	**100,448**	**-**	**100,448**
Financial Liabilities			
Payables	-	42,663	42,663
Borrowings	-	38,692	38,692
Other Liabilities	-	2,780	2,780
Total Financial Liabilities (ii)	**-**	**84,135**	**84,135**

(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) Net Holding Gain/(Loss) on Financial Instruments by Category

	Total Interest Income / (Expense)	Fee Income / (Expense)	Impairment Loss	Total
	$000	$000	$000	$000
2017				
Financial Assets (i)				
Cash and Cash Equivalents	1,631	-	-	1,631
Total Financial Assets	**1,631**	**-**	**-**	**1,631**
Financial Liabilities (ii)				
At Amortised Cost	2,087	-	-	2,087
Total Financial Liabilities	**2,087**	**-**	**-**	**2,087**

Note 7.1 Financial Instruments (continued)

	Total Interest Income / (Expense)	Fee Income / (Expense)	Impairment Loss	Total
	$000	$000	$000	$000
2016				
Financial Assets (i)				
Cash and Cash Equivalents	1,896	-	-	1,896
Total Financial Assets	**1,896**	**-**	**-**	**1,896**
Financial Liabilities (ii)				
At Amortised Cost	2,150	-	-	2,150
Total Financial Liabilities	**2,150**	**-**	**-**	**2,150**

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

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

(c) Credit Risk

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

Credit risk associated with Austin Health's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, it Austin Health'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, Austin Health 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, Austin Health'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 Austin Health 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.

Note 7.1 Financial Instruments (continued)

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

	Government Agencies (AAA credit rating) $000	Other (min BBB credit rating) $000	Other (not rated) $000	Total $000
2017 - Financial Assets				
Cash and Cash Equivalents	63,693	9,153	-	72,846
Loans And Receivables				
- Trade Debtors	1,078	-	2,853	3,931
- Other Receivables (i)	313	-	13,320	13,633
Total Financial Assets	**65,084**	**9,153**	**16,173**	**90,410**
2016 - Financial Assets				
Cash and Cash Equivalents	55,237	9,462	-	64,699
Loans And Receivables				
- Trade Debtors	878	-	3,052	3,930
- Other Receivables (i)	481	-	19,121	19,602
Total Financial Assets	**56,596**	**9,462**	**22,173**	**88,231**

(i) The amounts disclosed here exclude statutory amounts (amounts owing to Govt and GST input tax credit recoverable). The amounts disclosed also exclude receivables where no credit rating is available.

Ageing analysis of Financial Assets as at 30 June

	Carrying Amount $000	Not past Due & Not Impaired $000	Past Due But not Impaired		
			1 - 3 Months $000	3 months - 1 Year $000	1 - 5 Years $000
2017 - Financial Assets					
Cash and Cash Equivalents	72,846	72,846	-	-	-
Loans And Receivables					
- Trade Debtors	8,755	3,931	1,256	3,568	-
- Other Receivables (i)	16,623	13,633	1,694	1,296	-
Total Financial Assets	**98,224**	**90,410**	**2,950**	**4,864**	**-**
2016 - Financial Assets					
Cash and Cash Equivalents	64,699	64,699	-	-	-
Loans And Receivables					
- Trade Debtors	10,273	3,930	2,318	4,025	-
- Other Receivables (i)	25,476	19,602	2,093	3,781	-
Total Financial Assets	**100,448**	**88,231**	**4,411**	**7,806**	**-**

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.

(d) 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.

Austin Health's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. Austin Health 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.

Maturity analysis of financial liabilities as at 30 June

	Carrying Amount $000	Contract-ual 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
2017 - Financial Liabilities							
At Amortised Cost							
Payables	43,242	-	43,182	60	-	-	-
Borrowings - Interest Bearing	35,117	35,117	177	284	988	5,342	28,326
Borrowings - DHHS	2,394	2,394	-	-	520	1,874	-
Other Liabilities (i)	656	-	392	264	-	-	-
Total Financial Liabilities	**81,409**	**37,511**	**43,751**	**608**	**1,508**	**7,216**	**28,326**
2016 - Financial Liabilities							
At Amortised Cost							
Payables	42,663	-	41,396	1,267	-	-	-
Borrowings - Interest Bearing	36,200	36,200	166	267	649	5,033	30,085
Borrowings - DHHS	2,492	2,492	-	-	520	1,972	-
Other Liabilities (i)	2,780	-	380	263	2,137	-	-
Total Financial Liabilities	**84,135**	**38,692**	**41,942**	**1,797**	**3,306**	**7,005**	**30,085**

(i) Excludes statutory financial liabilities (i.e. GST payable)

Note 7.1 Financial Instruments (continued)

(e) 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.

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.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Austin Health has minimal exposure to cash flow interest rate risks through its cash and deposits, term deposits and bank overdrafts that are at floating rates.

Austin Health manages this risk by mainly undertaking fixed rate or non-interest bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate. Management has concluded for cash at bank and bank overdraft, as financial assets that can be left at floating rate without necessarily exposing Austin Health to significant bad risk, management monitors interest rate movements regularly.

Note 7.1 Financial Instruments (continued)

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

	Weighted Average Effective Interest Rates (%)	Carrying Amount $000	Interest Rate Exposure		
			Fixed Interest Rate $000	Variable Interest Rate $000	Non Interest Bearing $000
2017- Financial Assets					
Cash and Cash Equivalents	1.46	72,846	-	72,776	70
Loans And Receivables (i)					
- Trade Debtors	-	8,755	-	-	8,755
- Other Receivables	-	16,623	-	-	16,623
		98,224	-	72,776	25,448
2017 - Financial Liabilities					
At Amortised Cost					
Payables	-	43,242	-	-	43,242
Borrowings - Interest Bearing	5.92	35,117	35,117	-	-
Borrowings - DHHS	-	2,394	-	-	2,394
Other Liabilities (i)	-	656	-	-	656
		81,409	35,117	-	46,292
2016 Financial Assets					
Cash and Cash Equivalents	1.71	64,699	-	64,629	70
Loans And Receivables (i)					
- Trade Debtors	-	10,273	-	-	10,273
- Other Receivables	-	25,476	-	-	25,476
		100,448	-	64,629	35,819
2016 - Financial Liabilities					
At Amortised Cost					
Payables	-	42,663	-	-	42,663
Borrowings - Interest Bearing	5.92	36,200	36,200	-	-
Borrowings - DHHS	-	2,492	-	-	2,492
Other Liabilities (i)	-	2,780	-	-	2,780
		84,135	36,200	-	47,935

(i) Excludes types of statutory financial assets & liabilities

Note 7.1 Financial Instruments (continued)

(e) 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 movement is 'reasonably possible' over the next twelve months:

- A parallel shift of +1% and -1% in market interest 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.

		Interest Rate Risk			
	Carrying	-1%		+1%	
	Amount	Profit	Equity	Profit	Equity
2017	$000	$000	$000	$000	$000
Financial Assets					
Cash and Cash Equivalents	72,846	(728)	(728)	728	728
Loans And Receivables (i)					
- Trade Debtors	8,755	-	-	-	-
- Other Receivables	16,623	-	-	-	-
Total Financial Assets	**98,224**	**(728)**	**(728)**	**728**	**728**
Financial Liabilities					
At Amortised Cost					
Payables	43,242	-	-	-	-
Borrowings - Interest Bearing	35,117	-	-	-	-
Borrowings - DHHS	2,394	-	-	-	-
Other Liabilities (i)	656	-	-	-	-
Total Financial Liabilities	**81,409**	**-**	**-**	**-**	**-**

		Interest Rate Risk			
	Carrying	-1%		+1%	
	Amount	Profit	Equity	Profit	Equity
2016	$000	$000	$000	$000	$000
Financial Assets					
Cash and Cash Equivalents	64,699	(647)	(647)	647	647
Loans And Receivables (i)					
- Trade Debtors	10,273	-	-	-	-
- Other Receivables	25,476	-	-	-	-
Total Financial Assets	**100,448**	**(647)**	**(647)**	**647**	**647**
Financial Liabilities					
At Amortised Cost					
Payables	42,663	-	-	-	-
Borrowings - Interest Bearing	36,200	-	-	-	-
Borrowings - DHHS	2,492	-	-	-	-
Other Liabilities (i)	2,780	-	-	-	-
Total Financial Liabilities	**84,135**	**-**	**-**	**-**	**-**

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

Note 7.1 Financial Instruments (continued)

(f) 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.

Austin Health 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 Amount 2017 $000	Fair Value 2017 $000	Carrying Amount 2016 $000	Fair Value 2016 $000
Financial Assets				
Cash and Cash Equivalents	72,846	72,846	64,699	64,699
Receivables: - (i)				
- Trade Debtors	8,755	8,755	10,273	10,273
- Other Receivables	16,623	16,623	25,476	25,476
Total Financial Assets	**98,224**	**98,224**	**100,448**	**100,448**
Financial Liabilities				
Payables	43,242	43,242	42,663	42,663
Interest Bearing Liabilities	35,117	35,117	36,200	36,200
Other Liabilities (i)	656	656	2,780	2,780
Borrowings - DHHS	2,394	2,394	2,492	2,492
Total Financial Liabilities	**81,409**	**81,409**	**84,135**	**84,135**

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

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the 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.

Note 7.1 Financial Instruments (continued)

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 Health Service concerned based on their fair values, and have their performance evaluated in accordance with documented risk management and investment strategies.

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 as other comprehensive income, as required by AASB 139 para 55. Any dividend or interest on a financial asset is recognised in the net result for the year.

Financial assets and liabilities at fair value through profit or loss include the majority of the Health Service's equity investments, debt securities and borrowings.

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 6.1), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

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. Subsequent to initial recognition, gains and losses arising from changes in fair value are recognised in 'other comprehensive income' 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 7.1.

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 or loss over the period of the interest-bearing liability, using the effective interest rate method.

Financial instrument liabilities measured at amortised cost include all of the 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.

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

	Total 2017 $000	Total 2016 $000
Proceeds from Disposal of Non-Current Assets		
Plant & Equipment	-	14
Medical Equipment	2	3
Motor Vehicles	35	-
Total Proceeds from Disposal of Non-Current Assets	**37**	**17**
Less: Written Down Value of Non-Current Assets		
Medical Equipment	6	3
Other Equipment	-	1
Computers and Communication	-	1
Total Written Down Value of Non-Current Assets	**6**	**5**
Net gains on Disposal of Non-Current Assets	**31**	**12**

Disposal of non-financial assets

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

Impairment of non-financial assets

All non-financial assets are assessed annually for indications of impairment, except for:

- inventories;
- assets arising from construction contracts.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying amount exceeds their possible recoverable amount. Where an asset's carrying amount 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 reversal 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. This 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 or destruction 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 of disposal. 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 of disposal.

Note 7.3 Contingent assets and contingent liabilities

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

	Total 2017 $000	Total 2016 $000
Contingent Liabilities		
Quantifiable		
Other - Recallable Capital Grant Pathology Redevelopment Stage 2	-	800
Other - Recallable Capital Grant Radiology Redevelopment	-	1,500
Total Quantifiable Contingent Liabilities	**-**	**2,300**

Austin Health obtained Recallable Capital Grants in 2010/11 and 2011/12 to assist with the financing of the Pathology Redevelopment Stage 2 project. These grants are scheduled to be repaid by annual instalments over 5 years. Final instalment was paid in June 2017.

An additional Recallable Capital Grant of $3.0 million was obtained in 2013/14 to assist in the financing of the Radiology Redevelopment project. The first of two equal instalments of $1.5 million each was made in June 2016. Final instalment was paid in June 2017.

At inception all grants were included in State Government Capital Grants in Note 2. As per advice from the Department of Health and Human Services:

"*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."*

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.

Note 8 Other Disclosures

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

Structure

8.1 Equity
8.2 Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities
8.3 Operating segments
8.4 Responsible persons disclosures
8.5 Executive officer disclosures
8.6 Related parties
8.7 Remuneration of auditors
8.8 AASBs issued that are not yet effective
8.9 Joint Operations
8.10 Economic dependency
8.11 Alternative presentation of comprehensive operating statement
8.12 Glossary of terms and style conventions

Note 8.1 Equity

	Total 2017 $000	Total 2016 $000
(a) Surpluses		
Property Revaluation Surplus		
Balance at the Beginning of the Reporting Period	702,494	677,934
Revaluation Increments/(Decrements):		
- Land	-	24,560
Balance at the end of the Reporting Period	**702,494**	**702,494**
Represented by:		
- Land	156,490	156,490
- Buildings	546,004	546,004
	702,494	**702,494**
Restricted Specific Purpose Reserve		
Balance at the Beginning of the Reporting Period	6,304	6,215
Transfers to/(from) Restricted Specific Purpose Reserve	1,529	89
Balance at the end of the Reporting Period	**7,833**	**6,304**
Total Surpluses	**710,327**	**708,798**
(b) Contributed Capital		
Balance at the Beginning of the Reporting Period	531,696	531,696
Balance at the end of the Reporting Period	**531,696**	**531,696**
(c) Accumulated Deficits		
Balance at the Beginning of the Reporting Period	(251,076)	(207,305)
Net Result for the Year	(41,240)	(43,682)
Transfers (to)/from Accumulated	(1,529)	(89)
Balance at the end of the Reporting Period	**(293,845)**	**(251,076)**
Total Equity at the end of Financial Year	**948,178**	**989,418**

The Property Asset Revaluation Surplus arises on the revaluation of property.

*Funds paid by the Commonwealth, through the State, for Health capital projects are appropriated to the department as Additions to Net Asset Base (ATNAB) under the *Financial Management Act 1994*. FRD119A *Transfers through Contributed Capital* requires the accounting treatment for transfers through ATNAB to be through equity as owner contributions.

Contributed capital

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

Note 8.1 Equity (continued)

Transfers of net assets arising from administrative restructurings are treated as contributions by owners. Transfers of net liabilities arising from administrative restructures are to go through the comprehensive operating statement.

Property revaluation surplus

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

Specific restricted purpose surplus

A specific restricted purpose surplus 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.

Note 8.2 Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities

	Total 2017 $000	Total 2016 $000
Net Result for the Year	(41,240)	(43,682)
Non-cash movements		
Assets (Provided)/Received Free of Charge	-	16
Revaluation of Long Service Leave	2,540	-
Depreciation and Amortisation	68,152	72,156
Provision for Doubtful Debts	333	1,486
DHHS Capital Grant - Indirect Contribution	(6,655)	(211)
Movements included in investing and financing activities		
Net (Gain)/Loss from Sale of Plant and Equipment	(31)	(12)
Movements in assets & liabilities:		
Change in operating assets and liabilities		
Increase/(Decrease) in Payables	5,881	4,875
Increase/(Decrease) in Employee Benefits	7,447	16,340
Increase/(Decrease) in Other Liabilities	(2,124)	1,567
(Increase)/Decrease in Receivables	6,884	(11,291)
(Increase)/Decrease in Inventories	15	(1,277)
(Increase)/Decrease in Prepayments & Other Assets	(2,207)	(528)
Net Cash Inflow/(Outflow) from Operating Activities	**38,997**	**39,438**

Note 8.3 Operating Segments

	RACS	RACS	Acute Services	Acute Services	Other	Other	Total	Total
	2017 $000	2016 $000	2017 $000	2016 $000	2017 $000	2016 $000	2017 $000	2016 $000
Revenue								
External Segment Revenue	6,329	10,647	745,544	707,638	-	-	751,873	718,285
Unallocated Revenue	-	-	-	-	165,516	158,676	165,516	158,676
Total Revenue	6,329	10,647	745,544	707,638	165,516	158,676	917,389	876,961
Expenses								
External Segment Expense	6,028	8,516	766,012	724,268	-	-	772,040	732,784
Unallocated Expense	-	-	-	-	188,456	187,386	188,456	187,386
Total Expenses	6,028	8,516	766,012	724,268	188,456	187,386	960,496	920,170
Net Result from Ordinary Activities	301	2,131	(20,468)	(16,630)	(22,940)	(28,710)	(43,107)	(43,209)
Interest Expense	-	-	(219)	(219)	(2,087)	(2,150)	(2,306)	(2,369)
Interest Income	-	-	1,346	1,583	286	313	1,632	1,896
Net Result for the Year	301	2,131	(19,341)	(15,266)	(24,741)	(30,546)	(43,780)	(43,682)
Other Information								
Segment Assets	8,628	9,530	799,419	816,644	-	-	808,047	826,174
Unallocated Assets	-	-	-	-	427,706	440,373	427,706	440,373
Total Assets	8,628	9,530	799,419	816,644	427,706	440,373	1,235,753	1,266,547
Segment Liabilities	2,470	4,404	228,677	215,897	-	-	231,147	220,301
Unallocated Liabilities	-	-	-	-	56,428	56,827	56,428	56,827
Total Liabilities	2,470	4,404	228,677	215,897	56,428	56,827	287,575	277,128
Acquisition of Property, Plant, Equipment and Intangible Assets	5	5	30,819	32,770	3,420	3,636	34,243	36,411
Depreciation & Amortisation Expense	57	57	43,943	46,525	24,152	25,575	68,152	72,156

Note 8.3 Segment Reporting (continued)

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

Business Segments	Services
Residential Aged Care Services (RACS) including Mental Health	Residential Aged Care Nursing Home Services 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 8.4 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.

Responsible Persons	**Period**
The Hon Jill Hennessy, Minister for Health, Minister for Ambulance Services	01/07/2016 - 30/06/2017
The Hon Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health	01/07/2016 - 30/06/2017
The Austin Health Board	
The Hon Judith Troeth AM (Chair)	01/07/2016 - 30/06/2017
Dr Constantine Mylonas	01/07/2016 - 30/06/2017
Dr Christine Bessell	01/07/2016 - 30/06/2017
Prof John McNeil AM	01/07/2016 - 30/06/2017
Mrs Mary Ann Morgan	01/07/2016 - 30/06/2017
Ms Mary Draper	01/07/2016 - 30/06/2017
Mr Nick Burne	01/07/2016 - 30/06/2017
Mr Chris Altis	01/07/2016 - 30/06/2017
Ms Julie Anne Bignell	01/07/2016 - 30/06/2017
Accountable Officer	
Dr Brendan Murphy	01/07/2016 - 19/09/2016
Ms. Bernadette McDonald	20/09/2016 - 29/01/2017
Ms Sue Shilbury	30/01/2017 - 30/06/2017

Remuneration of Responsible Persons

	2017 $
Short Term Benefits	809,092
Post Employment Benefits	50,272
Other Long terms Benefits	136,643
Total Remuneration for Executive Officers	996,007
Total Number of Executive Officers	14
Total Annualised Employee Equivalent	7

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

Total remuneration also includes entitlements accrued during the period, which are payable in the future and deemed to be part of the total remuneration under AASB124.

Changes to the Austin Health Board after 30 June 2016

Dr Christine Bessell was appointed to the Board 01 July 2016. Mr Nick Burne, Mr Constantine Mylonas and Ms Mary Ann Morgan completed their terms on the Board on 30 June 2017.

Changes to the Austin Health Accountable Officers after 30 June 2016

Dr Brendan Murphy resigned from his position of CEO on 19 Sep 2016 to take up the position of Chief Medical Officer for the Australian Government. Ms. Bernadette McDonald was acting CEO from 20 September 2016 till 29 January 2017.Ms Sue Shilbury was appointed CEO and commenced on 30 Jan 2017.

Note 8.5 Executive Officer Disclosures

Remuneration of executives

The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange for services rendered, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long-service benefit or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

Share-based payments are cash or other assets paid or payable as agreed between the health service and the employee, provided specific vesting conditions, if any, are met.

Several factors affected total remuneration payable to executives over the year. A number of employment contracts were completed during the year and negotiated and a number of executives received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts. Some contracts provide for an annual bonus payment whereas other contracts only include the payment of bonuses on the successful completion of the full term of the contract. A number of these contract completion bonuses became payable during the year.

A number of executive officers retired, resigned or were retrenched in the past year. This has had a significant impact on total remuneration figures due to the inclusion of annual leave, long-service leave and retrenchment payments.

The number Executive Officers, other than Ministers and Accountable Officers, and their total remuneration during the reported period is shown below in accordance with AASB 124.

	2017 **$**
Short Term Benefits	2,365,970
Post Employment Benefits	152,927
Other Long terms Benefits	181,163
Total Remuneration for Executive Officers	2,700,060
Total Number of Executive Officers	14
Total Annualised Employee Equivalent	7

There were five Executives who held acting positions during then 2017 reporting period, and three executives that resigned their positions.

Note 8.6 Related Parties

The hospital is a wholly owned and controlled entity of the State of Victoria. Related parties of the hospital include:

- all key management personnel and their close family members;
- all cabinet ministers and their close family members; and
- all hospitals and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

Key management personnel (KMP) of the hospital include the Portfolio Ministers and Cabinet Ministers and KMP as determined by the hospital. The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968*, and is reported within the Department of Parliamentary Services' Financial Report.

Austin Health Key Management Personnel for 2016/17

Ministers
The Hon Jill Hennessy, Minister for Health, Minister for Ambulance Services
The Hon Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health

The Austin Health Board
The Hon Judith Troeth AM (Chair)
Dr Constantine Mylonas
Dr Christine Bessell
Prof John McNeil AM
Mrs Mary Ann Morgan
Ms Mary Draper
Mr Nick Burne
Mr Chris Altis
Ms Julie Anne Bignell

Executive
Ms Sue Shilbury - Chief Executive Officer
Mr Andrew Gay - Executive Director of Finance
Mr Cameron Goodyear - Executive Director for Clinical Ops & Imaging Services
Mr Fergus Kerr - Chief Medical Officer
Mr Jason Payne - Executive Director for Clinical Ops & Ambulatory Services
Ms Nicole Harvey - Executive Director for Human Resources (Acting)
Mr Ray Van Kuyk - Executive Director for Infrastructure & Commercial
Mr Shane Crowe - Chief Nursing Officer (Acting)

Outside of normal citizen type transactions with Austin Health, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

Transactions with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges.

Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the Public Administration Act 2004 and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements. Outside of normal citizen type transactions with the department, there were no related party transactions that involved key management personnel and their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

Any payments to key management personnel as remuneration have been declared in notes 8.4 and 8.5.

Note 8.6 Related Parties

Significant transactions with government entities

Austin Health recognised funding from the Department of Health and Human Services of $627million (2016 - $591million). This amount is incorporated in Note 2.1 in Operating Activities under Government Grants.

Note 8.7 Remuneration of Auditors

	Total 2017 $000	Total 2016 $000
Victorian Auditor-General's Office		
Audit of financial statement	214	200
Total	**214**	**200**

Note 8.8 AASBs issued that are not yet effective

Standard/Interpretation	Summary	Applicable for Annual Reporting period beginning	Impact on Financial Statements
AASB 9 *Financial Instruments*	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	Detail of impact is still being assessed.
AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 Jan 2018	Detail of impact is still being assessed.

Note 8.8 AASBs issued that are not yet effective (continued)

Standard/Interpretation	Summary	Applicable for Annual Reporting period beginning	Impact on Financial Statements
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows:		
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: • The change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and • Other fair value changes are presented in profit and loss. 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.	1 Jan 2018	Detail of impact is still being assessed.
AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 Jan 2018	Detail of impact is still being assessed.
AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 Jan 2018	Detail of impact is still being assessed.

Note 8.8 AASBs issued that are not yet effective (continued)

Standard/Interpretation	Summary	Applicable for Annual Reporting period beginning	Impact on Financial Statements
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 Jan 2018	Detail of impact is still being assessed.
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2018	Detail of impact is still being assessed.
AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15	This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 Jan 2018	Detail of impact is still being assessed.
AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit-Entities	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	I Jan 2019	Detail of impact is still being assessed.
AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*	Amends the measurement of trade receivables and the recognition of dividends. Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at initial recognition. Dividends are recognised in the profit and loss only when: • the entity's right to receive payment of the dividend is established; • it is probable that the economic benefits associated with the dividend will flow to the entity; and • the amount can be measured reliably.	1 Jan 2017, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	Detail of impact is still being assessed.
AASB 2016-8 Amendments to Australian Accounting Standards – *Australian Implementation Guidance for Not-for-Profit Entities*	The standard amends AASB 9 and AASB 15 to include requirements and implementation guidance to assist not-for-profit entities in applying the respective standards to particular transactions and events	1 Jan 2019	Detail of impact is still being assessed.

Note 8.8 AASBs issued that are not yet effective (continued)

Standard/Interpretation	Summary	Applicable for Annual Reporting period beginning	Impact on Financial Statements
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1 Jan 2019	Detail of impact is still being assessed.
AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*	This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: • A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; • For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and • For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).	1 Jan 2018	Detail of impact is still being assessed.
AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities	The standard amends AASB 136 Impairment of Assets to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	1 Jan 2017	No significant impact is expected.
AASB 1058 Income of Not-for-Profit Entities	This Standard will replace AASB 1004 Contributions and establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objectives.	1 Jan 2019	Detail of impact is still being assessed.

Note 8.9 Events Occurring After the Balance Sheet Date

There were no events occurring after balance sheet date.

Note 8.10 Joint operations

Austin Health (AH) is a Member of the Victorian Comprehensive Cancer Centre Joint Venture (the VCCC) and AH retains joint control over the arrangement, which it has classified as a Joint Operation. The vision for the VCCC is to save lives through the integration of cancer research, education and patient care.

Through innovation and collaboration, the VCCC will drive the next generation of improvements in prevention, detection and cancer treatment. This vision will further the objectives of AH. The VCCC is a not-for-profit organisation and has been recognised by the Australian Taxation Office as a Health Promotion Charity.

All Members hold an equal 1/10th share (1/10th share 2015/16) in the assets, liabilities, expenses and income of the VCCC. The members own the VCCC assets as tenants in common; and are severally responsible for the JV costs – in the same proportions as their interests.

Interests in the VCCC are not transferrable and forfeited on withdrawal from the joint venture. Distributions are not able to be paid to Members and excess property on winding up will be distributed to other charitable organisations with objects similar to those of the VCCC.

The principal place of business for the VCCC is Ground Floor, 766 Elizabeth St, Melbourne, Victoria.

Austin Health's interest in revenues and expenses from VCCC are detailed below:

	2017 $000	2016 $000
Total Revenue	688	317
Total Expenses	(320)	(293)
Total Current Assets	**368**	**24**

Austin Health's interest in assets employed in VCCC is detailed below. The amounts are included in the financial statements under their respective categories:

	2017 $000	2016 $000
Current Assets		
Cash and Cash Equivalents	566	256
Receivables	3	4
Other Current Assets	-	4
Total Current Assets	**569**	**264**
Non-Current Assets		
Property, Plant and Equipment	4	5
Total Non-Current Assets	4	5
TOTAL ASSETS	**573**	**269**
Current Liabilities		
Payables	(23)	(54)
Employee Benefits and Related On-Costs	(8)	(42)
Total Current Liabilities	**(31)**	**(96)**

Note 8.10 Joint operations (continued)

	2017 $000	2016 $000
Non-Current Liabilities		
Employee Benefits and Related On-Costs	(6)	(5)
Total Non-Current Liabilities	**(6)**	**(5)**
TOTAL LIABILITIES	**(37)**	**(101)**
NET ASSETS	**536**	**168**
EQUITY		
Accumulated Surpluses/(Deficits)	536	168
TOTAL EQUITY	**536**	**168**

Note 8.11 Economic dependency

The financial performance and underlying position of Austin Health has remained similar to that of last year, with the health service reporting a surplus net result before capital and specific items of $0.74 million (2016: $5.31 million), net current asset position of $(114.19) million (2016: ($102.27) million), resulting in a current asset ratio of 0.50 (2016: 0.53) and a continued inflow from operations of $38.99million (2016: $39.44 million).

As a result of the financial performance and position, Austin Health has obtained a letter of support from the State Government and in particular, the Department of Health and Human Services (DHHS), confirming that the department will continue to provide Austin Health adequate cash flow to meet its current and future obligations up to September 2018. A letter was also obtained for the previous financial year. On that basis, the financial statements have been prepared on a going concern basis

Note 8.12 Alternate Presentation of Comprehensive Operating Statement

	Total 2017 $000	Total 2016 $000
Interest	1,631	1,855
Sales of goods and services	136,438	135,052
Grants	743,183	709,098
Other current revenue	37,739	32,825
Total revenue	**918,991**	**878,830**
Employee expenses	616,492	584,233
Depreciation	68,153	72,156
Interest expense	2,087	2,150
Grants and other transfers	5,106	6,188
Other operating expenses	270,964	255,705
Total expenses	**962,802**	**920,431**
Net result from transactions - Net operating balance	**(43,811)**	**(41,602)**
Net loss/(gains) on sale of non-financial assets	31	12
Other loss/(gains) from other economic flows	2,540	(2,092)
Total other economic flows included in net result	**2,571**	**(2,080)**
Net result	**(41,240)**	**(43,682)**
Changes in non-financial assets revaluation surplus	-	24,560
Comprehensive result - total change in net worth other than transactions with owners	**(41,240)**	**(19,122)**

Note 8.13 Glossary of terms and style conventions

Actuarial gains or losses on superannuation defined benefit plans
Actuarial gains or losses reflect movements in the superannuation liability resulting from differences between the assumptions used to calculate the superannuation expense and actual experience.

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

Comprehensive result
The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other non-owner movements in equity.

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

Current grants
Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

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

Effective interest method
The effective interest method is used to calculate the amortised cost of a financial asset or liability 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 instrument, or, where appropriate, a shorter period

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

Ex gratia payments
Ex gratia payment is the gratuitous payment of money where no legal obligation exists.

Financial asset
A financial asset is any asset that is:
(a) cash;
(b) an equity instrument of another entity;
(c) a contractual or statutory right:
- to receive cash or another financial asset from another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or

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

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

Note 8.13 Glossary of terms and style conventions (continued)

Financial liability
A financial liability is any liability that is:
(a) A contractual obligation:
(i) to deliver cash or another financial asset to another entity; or
(ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or

(b) A contract that will or may be settled in the entity's own equity instruments and is:
(i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
(ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements
Depending on the context of the sentence where the term 'financial statements' is used, it may include only the main financial statements (i.e. comprehensive operating statement, balance sheet, cash flow statements, and statement of changes in equity); or it may also be used to replace the old term 'financial report' under the revised AASB 101 (September 2007), which means it may include the main financial statements and the notes.

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

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

Intangible produced assets
Refer to produced assets in this glossary.

Intangible non-produced assets
Refer to non-produced asset in this glossary.

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

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

Liabilities
Liabilities refers to interest-bearing liabilities mainly raised from public liabilities raised through the Treasury Corporation of Victoria, finance leases and other interest-bearing arrangements. Liabilities also include non-interest-bearing advances from government that are acquired for policy purposes.

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

Note 8.13 Glossary of terms and style conventions (continued)

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

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

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

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

Non-produced assets
Non-produced assets are assets needed for production that have not themselves been produced. They include land, subsoil assets, and certain intangible assets. Non-produced intangibles are intangible assets needed for production that have not themselves been produced. They include constructs of society such as patents.

Payables
Payables Include short and long term trade debts and accounts payable, grants, taxes and interest payable.

Produced assets
Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films, and research and development costs (which does not include the startup costs associated with capital projects).

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

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

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

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

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

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

The notation used in the tables is as follows:
.. zero, or rounded to zero
(xxx.x) negative numbers
201x year period
201x-1x year period

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