



Financial Statements 2008-09

TURNING SCIENCE INTO HEALTH

Austin Health

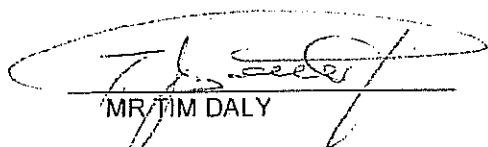
Chairperson's, Chief Executive Officer's and Executive Director, Finance's Declaration

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

We further state that, in our opinion, the information set out in the Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes forming part of the financial report, presents fairly the financial transactions during the year ended 30 June 2009 and financial position of Austin Health as at 30 June 2009.

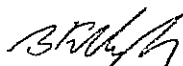
We are not aware of any circumstance, which would render any particulars included in the financial report to be misleading or inaccurate.

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



MR TIM DALY

Chairperson



DR BRENDAN MURPHY

Chief Executive Officer



MR IAN BROADWAY

Executive Director, Finance

Heidelberg, Victoria

19 / 8 / 2009

Heidelberg, Victoria

19 / 8 / 2009

Heidelberg, Victoria

19 / 8 / 2009

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board, Austin Health

The Financial Report

The accompanying financial report for the year ended 30 June 2009 of Austin Health which comprises the operating statement, balance sheet, statement of changes in equity and cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the chairperson's, chief executive officer's and executive director, finance's declaration, has been audited.

The Members of the Board's Responsibility for the Financial Report

The Members of the Board of Austin Health are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Financial Management Act 1994*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

1-AR

Independent Auditor's Report (continued)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report published in both the annual report and on the website of Austin Health for the year ended 30 June 2009. The Members of the Board of Austin Health are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Austin Health website.

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Austin Health as at 30 June 2009 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
19 August 2009



D D R Pearson
Auditor-General

2-AR

Austin Health

OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	Total 2009 \$000	Total 2008 \$000
Revenue from Operating Activities	2	606,108	547,844
Revenue from Non-Operating Activities	2	2,529	2,475
Employee Benefits	3	(443,363)	(399,006)
Non Salary Labour costs	3	(8,248)	(9,169)
Supplies and Consumables	3	(95,472)	(88,220)
Other Expenses from Continuing Operations	3(a)	(57,033)	(53,852)
Net Result Before Capital & Specific Items		4,521	72
Capital Purpose Income	2	50,055	29,768
Depreciation and Amortisation	4	(32,933)	(33,679)
Expenditure Using Capital Purpose Income	3(a)	(5,266)	(6,107)
Net Result for the Year		16,377	(9,946)

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

Austin Health

BALANCE SHEET AS AT 30 JUNE 2009

	Note	Total 2009 \$000	Total 2008 \$000
ASSETS			
Current Assets			
Cash and Cash Equivalents	6	33,619	32,396
Receivables	7	27,840	35,183
Other Financial Assets	8	29,595	14,955
Inventories	9	6,713	5,702
Other Current Assets	10	2,007	1,670
Total Current Assets		99,774	89,906
Non-Current Assets			
Receivables	7	16,035	8,165
Other Financial Assets	8	154	154
Property, Plant and Equipment	11	1,072,978	667,313
Intangible Assets	12	1,573	700
Total Non-Current Assets		1,090,740	676,332
TOTAL ASSETS		1,190,514	766,238
LIABILITIES			
Current Liabilities			
Payables	13	32,577	31,559
Interest Bearing Liabilities	14	427	400
Employee Benefits and Related On-Costs Provisions	15	124,171	108,002
Other Liabilities	16	1,793	1,834
Total Current Liabilities		158,968	141,795
Non-Current Liabilities			
Interest Bearing Liabilities	14	23,967	24,394
Employee Benefits and Related On-Costs Provisions	15	13,943	10,849
Other Liabilities	16	374	673
Total Non-Current Liabilities		38,284	35,916
TOTAL LIABILITIES		197,252	177,711
NET ASSETS		993,262	588,527
EQUITY			
Asset Revaluation Reserve	17(a)	532,717	144,359
Restricted Specific Purpose Reserve	17(a)	5,442	2,275
Contributed Capital	17(b)	529,927	529,927
Accumulated Deficits	17(c)	(74,824)	(88,034)
TOTAL EQUITY		993,262	588,527

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

Austin Health

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

	Note	Total 2009 \$000	Total 2008 \$000
Total Equity at Beginning of Financial Year		588,527	563,326
Effects of Changes in Accounting Policy			
Accumulated Deficits		-	-
Restated Total Equity at Beginning of Financial Year		588,527	563,326
Gain on Asset Revaluation	17	388,358	23,540
Net Income Recognised Directly in Equity		388,358	23,540
Net Result for the Year		16,377	(9,946)
Total Recognised Income and Expense for the Year		404,735	13,594
Transactions with the State in its Capacity as Owner	17	-	11,607
Total Equity at the End of the Financial Year		993,262	588,527

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

Austin Health

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	Total 2009 \$000	Total 2008 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		474,687	443,726
Patient and Resident Fees Received		23,734	20,465
Private Practice Fees Received		10,863	8,280
Donations and Bequests Received		6,731	1,926
GST Received from/(paid to) ATO		(263)	9,944
Recoupment from private practice for use of Hospital Facilities		24,711	24,161
Interest Received		2,438	2,376
Other Receipts		56,572	51,092
Employee Benefits Paid		(424,170)	(386,722)
Finance Costs		(1,855)	(1,655)
Other Payments		(155,301)	(162,160)
Cash Generated from Operations		18,147	11,433
Capital Grants from Government		31,625	20,663
Capital Donations and Bequests Received		3,536	2,965
Other Capital Receipts		2,890	3,619
Other Capital Payments		(5,266)	(6,107)
NET CASH INFLOW FROM OPERATING ACTIVITIES	18	50,932	32,573
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(40,131)	(38,037)
Proceeds from Disposal of Property, Plant and Equipment		1,022	43
Purchase of Investments		(14,640)	(1,889)
(Payment)/receipts (to)/from Major Projects Victoria		5,094	(9,612)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(48,655)	(49,495)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		-	20,901
Repayment of Borrowings		(1,068)	(366)
Contributed Capital from Government		-	8,060
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		(1,068)	28,595
NET INCREASE IN CASH HELD		1,209	11,673
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	6	32,367	20,694
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	33,576	32,367

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

Austin Health

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

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Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

Note 1: Statement of Significant Accounting Policies

(a) Statement of Compliance

The financial report is a general purpose financial report which has been prepared on an accrual basis in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AASs) and Australian Accounting Interpretation. AASs includes Australian equivalents to International Financial Reporting Standards.

(b) Basis of Preparation

The financial report is prepared in accordance with the historical cost convention, except for the revaluation of certain non-financial assets and financial instruments, as noted. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of AASs management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. 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 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.

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

The accounting policies set out below have been applied in preparing the financial report for the year ended 30 June 2009, and the comparative information presented in these financial statements for the year ended 30 June 2008.

(c) Reporting Entity

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

(d) Rounding Off

All amounts shown in the Financial Statements are expressed to the nearest \$1,000 unless otherwise indicated.

(e) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and in banks and investments in money market instruments.

(f) Receivables

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debt is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. A provision for doubtful debts is raised where doubt as to collection exists. Bad debts are written off when identified.

(g) Inventories

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

Austin Health

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

Note 1: Statement of Significant Accounting Policies (continued)

(g) Inventories (continued)

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

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

Cost is determined principally by the weighted average method.

(h) Other Financial Assets

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

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

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

Loans and Receivables

Trade receivables, loans and other receivables are recorded at amortised cost, using the effective interest method, less impairment.

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

Available-for-sale financial assets

Other financial assets held by the entity are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in profit or loss for the period. Fair value is determined in the manner described in Note 20.

(i) Intangible Assets

Intangible assets represent identifiable non-monetary assets without physical substance such as patents, trademarks, goodwill, computer software and development costs (where applicable).

Intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortization 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.

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

Austin Health

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

Note 1: Statement of Significant Accounting Policies (continued)

(i) Intangible Assets (continued)

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually or whenever there is an indication that the asset may be impaired. The useful life of intangible assets that are not being amortised are reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. In addition, the Health Service tests all intangible assets with indefinite useful lives for impairment by comparing its recoverable amount with its carrying amount:

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

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

Intangible assets with finite useful lives are amortised over 3 years (2008: 3 years).

(j) 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 constructive restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the assets are not taken into account until it is virtually certain that any restriction will no longer apply.

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

Plant, Equipment and Vehicles are recognised initially at cost and subsequently measured at fair value less accumulated depreciation.

(k) Revaluations of Non-current Physical Assets

Non-current physical assets measured at fair value are revalued in accordance with FRD 103D. This revaluation process normally occurs 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. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in net result, the increment is recognised as revenue in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

Revaluation increases and revaluation decreases relating to individual assets within a class are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation reserves are not transferred to accumulated funds on derecognition of the relevant asset.

In accordance with FRD 103D the Health Service non-current physical assets were subjected to a detailed valuation in the current financial year.

(l) Depreciation

Assets with a cost in excess of \$1,000 (2008: \$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 using the straight-line method. Estimates of the remaining useful lives and depreciation method for all assets are reviewed at least annually. This depreciation charge is not funded by the Department of Human Services.

Austin Health

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

Note 1: Statement of Significant Accounting Policies (continued)

(l) Depreciation (continued)

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

	2009	2008
Buildings	Up to 40 years	Up to 40 years
Building Components:		
- Fitout	Up to 20 years	Up to 20 years
Shell/Structure	Up to 60 years	Up to 60 years
- Services	Up to 28 years	Up to 28 years
- Siteworks/Site Services	Up to 30 years	Up to 30 years
Plant & Equipment	Up to 15 years	Up to 15 years
Furniture & Fittings	Up to 5 years	Up to 5 years
Communication	Up to 5 years	Up to 5 years
Transport	Up to 3 years	Up to 3 years
Linen	Up to 3 years	Up to 3 years
Other	Up to 5 years	Up to 5 years

(m) Net Gain/(Loss) on Non-Financial Assets

Net gain/(loss) on non-financial assets includes realised and unrealised gains and losses from revaluations, impairments and disposals of all physical assets and intangible assets.

Disposal of Non-Financial Assets

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

Impairment of Non-Financial Assets

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (i.e. as to whether their carrying value exceeds their recoverable amount, and so require write-downs) and whenever there is an indication that the asset may be impaired. All other assets are assessed annually for indications of impairment, except for:

- inventories; and
- financial assets.

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

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

(n) Payables

These amounts consist predominantly of liabilities for goods and services.

Payables are initially recognised at fair value, then subsequently carried at amortised cost and represent 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 these goods and services.

Austin Health

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

Note 1: Statement of Significant Accounting Policies (continued)

(n) Payables (continued)

The normal credit terms are Net 30 days after the end of month of date of invoice.

(o) Resources Provided and Received Free of Charge or for Nominal Consideration

Resources provided or received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another entity or agency as a consequence of a restructuring of administrative arrangements. In the later case, such a transfer will be recognised at carrying value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

(p) Interest Bearing Liabilities

Interest bearing liabilities in the Balance Sheet are recognised at fair value upon initial recognition. Subsequent to initial recognition, interest bearing liabilities are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability using the effective interest rate method. Fair value is determined in the manner described in Note 20.

(q) Functional and Presentation Currency

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

(r) Goods and Services Tax

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

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

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

Commitments and contingent liabilities are presented on a gross basis.

(s) Employee Benefits

Wages and Salaries, Annual Leave and Accrued Days Off

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

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

Long Service Leave

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

Austin Health

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

Note 1: Statement of Significant Accounting Policies (continued)

(s) Employee Benefits (continued)

The components of this current LSL liability are measured at:

- present value – component that the Health Service does not expect to settle within 12 months; and
- nominal value – component that the Health Service expects to settle within 12 months.

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

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

Superannuation

Defined contribution plans - Contributions to defined contribution superannuation plans are expensed when incurred.

Defined benefit plans- The amount charged to the Operating Statement in respect of defined benefit Superannuation plans represents the contributions made by the Health Service to the superannuation plan in respect to the current services of current Health Service staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

Employees of the Health Service are entitled to receive superannuation benefits and the Health Service 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.

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

Fund	Contributions Paid or Payable for the Year	
	2009 \$000	2008 \$000
Defined Benefit Plans		
Hospital Superannuation Board – Health Super	22,893	21,622
Commonwealth Superannuation Scheme	3,556	3,546
ESS (previously GSO)	652	636
Defined Contribution Plans		
Hospital Superannuation Board – Health Super	1,644	1,806
HESTA	6,947	5,273
Other	385	246
Total	36,077	33,129

The Health Service does not recognise any unfunded defined benefit liability in respect of the superannuation plans because the Health Service has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance administers and discloses the State's defined benefit liabilities in its financial report.

Austin Health

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

Note 1: Statement of Significant Accounting Policies (continued)

(s) Employee Benefits (continued)

Termination Benefits

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

On-Costs

Employee benefits on-costs (workers compensation and superannuation) are recognised separately from provision for employee benefits.

(t) Finance Costs

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

Finance costs include:

- amortisation of discounts or premiums relating to borrowings;
- bank charges; and
- interest on long term borrowings.

(u) Residential Aged Care Services

The Darley House Residential Aged Care Service operations are an integral part of the Health Service and shares its resources. An apportionment of land and buildings has been made based on floor space. The results of this operations have been segregated based on actual revenue earned and expenditure incurred.

(v) Intersegment Transactions

Transactions between segments within the Health Service have been eliminated to reflect the extent of the Health Service's operations as a group.

(w) Leases

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

(x) Income Recognition

Income is recognised in accordance with AASB 118 *Revenue* and is recognised as to the extent it is earned. 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

Grants are recognised as income when the Health Service gains control of the underlying assets in accordance with AASB 1004 *Contributions*. For reciprocal grants, the Health Service is deemed to have assumed control when the performance has occurred under the grant. For non-reciprocal grants, the Health Service is deemed to have assumed control when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

Indirect Contributions

Insurance is recognised as revenue following advice from the Department of 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 34/2008.

Patient Fees

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

Austin Health

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

Note 1: Statement of Significant Accounting Policies (continued)

(x) Income Recognition (continued)

Private Practice Fees

Private Practice fees are recognised as revenue 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 transferred to a reserve, for example, restricted special purpose reserve.

Interest Revenue

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

(y) Fund Accounting

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

(z) Services Supported By Health Services Agreement and Services Supported By Hospital And Community Initiatives

The activities classified as *Services Supported by Health Services Agreement* (HSA) are substantially funded by the Department of Human Services and includes Residential Aged Care Services (RACS) and are also funded from other sources such as the Commonwealth, patients and residents, while *Services Supported by Hospital and Community Initiatives* (Non HSA) are funded by the Health Service's own activities or local initiatives and/or the Commonwealth.

(aa) Change in Accounting Policies

In accordance with Victorian Government Financial Reporting Direction FRD 103D "Non-Current Physical Assets", the Health Service measures plant and equipment, and medical equipment assets at fair value from 1 July 2008. Previously these assets were measured at cost. This change in accounting policy is required to ensure that Victoria's Whole of Government financial report, to which Austin Health is consolidated into, complies with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. As this change is the initial application of a policy to revalue assets in accordance with AASB 116 *Property, Plant and Equipment* the change is treated as a revaluation in the current year.

(ab) Comparative Information

There have been no changes to previous year's figures.

(ac) Property, Plant & Equipment Revaluation Reserve

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

(ad) Specific Restricted Purpose Reserve

A Specific Restricted Purpose Reserve is established where the Health Service has possession or title to funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

(ae) Contributed Capital

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

Austin Health

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

Note 1: Statement of Significant Accounting Policies (continued)

(af) Net Result Before Capital & Specific Items

The subtotal entitled "Net Result Before Capital & Specific Items" is included in the Operating Statement to enhance the understanding of the financial performance of the Health Service. This subtotal reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, and items of unusual nature and amount such as specific revenue and expenses. The exclusion of these items are made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services. The Net Result Before Capital & Specific Items is used by the management of the Health Service, the Department of Human Services and the Victorian Government to measure the ongoing result of Health Service in operating hospital services.

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

- Capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works, plant and equipment or intangible assets. It also includes donations of plant and equipment (refer note 1(o)). Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided.
- Specific income/expense, comprises the following items, where material:
 - Voluntary departure packages;
 - Write-down of inventories;
 - Non-current asset revaluation increments/decrements;
 - Diminution in investments;
 - Restructuring of operations (disaggregation/aggregation of health services);
 - Litigation settlements;
 - Non-current assets lost or found;
 - Forgiveness of loans;
 - Reversals of provisions; and
 - Voluntary changes in accounting policies (which are not required by an accounting standard or other authoritative pronouncement of the Australian Accounting Standards Board).
- Impairment of non current assets, includes all impairment losses (and reversal of previous impairment losses), related to non current assets only which have been recognised in accordance with note 1(m).
- Depreciation and amortisation, as described in note 1 (j) and (l).
- Assets provided free of charge, as described in note 1(o).
- Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold (note 1(i) and (j)), or doesn't meet asset recognition criteria and therefore does not result in the recognition of an asset in the balance sheet, where funding for that expenditure is from capital purpose income.

(ag) Category Groups

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

Admitted Patient Services (Admitted Patients) comprises all recurrent health revenue/expenditure on admitted patient services, where services are delivered in public hospitals.

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

Outpatient Services (Outpatients) comprises all recurrent health revenue/expenditure on public hospital type outpatient services, where services are delivered in public hospital outpatient clinics.

Austin Health

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

Note 1: Statement of Significant Accounting Policies (continued)

(ag) Category Groups (continued)

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

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

Off Campus, Ambulatory Services (Ambulatory) comprises all recurrent health revenue/expenditure on public hospital type services including palliative care facilities and rehabilitation facilities, as well as services provided under the following agreements; Services that are provided or received by hospital but are delivered/received outside a hospital campus, services which have moved from a hospital to a community setting since June 1998.

Residential Aged Care comprises those Commonwealth-licensed residential aged care services in receipt of supplementary funding from DHS.

Other Services excluded from Australian Health Care Agreement (AHCA) (Other) comprises revenue/expenditure for services not separately classified above, including: public health services including laboratory testing, drugs services including drug withdrawal, disability services including aids and equipment and flexible support packages to people with a disability, community care programs including sexual assault support and various support services. Health and Community Initiatives also falls in this category group.

(ah) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2009 reporting period. As at 30 June 2009, the following standards and interpretation had been issued but were not mandatory for financial year ended 30 June 2009. Austin Health has not and does not intend to adopt these standards early.

Standard / Interpretation	Summary	Applicable for reporting periods beginning on or ending on	Impact on Health Service's Annual Statements
AASB 8 Operating Segments.	Supersedes AASB 114 Segment Reporting.	Beginning 1 January 2009	Not applicable.
AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 and AASB 1038].	An accompanying amending standard also introduced consequential amendments into other Standards.	Beginning 1 January 2009	Impact expected to be insignificant.
AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 and AASB 1038 and Interpretations 1 & 12].	Option to expense borrowing costs related to a qualifying asset had been removed. Entities are now required to capitalize borrowing costs relevant to qualifying assets.	Beginning 1 January 2009	All Australian government jurisdictions are currently still actively pursuing an exemption for government from capitalizing borrowing costs.

Austin Health

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

Note 1: Statement of Significant Accounting Policies (continued)

(ah) New Accounting Standards and Interpretations (continued)

Standard / Interpretation	Summary	Applicable for reporting periods beginning on or ending on	Impact on Health Service's Annual Statements
AASB 2008-3 Amendments to AAS arising from AASB 3 & AASB 127 [AASB 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138, & 139 and Interpretation 9 & 107]	This Standard gives effect to consequential changes arising from revised AASB 3 and amended AASB 127. The prefaces to those Standards summarise the main requirements of those standards.	Beginning 1 January 2009	Impact expected to be insignificant.
AASB 2008-5 Amendments to AASs arising from Annual Improvements Project [AASBs 5, 7, 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 140, 141, 1023 & 1308]	A suite of amendments to existing standards following issuance of IASB Standard Improvements to IFRSs in May 2008. Some amendments result in accounting changes for presentation, recognition and measurement purposes.	Beginning 1 January 2009	Impact is being evaluated.
AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements project [AASB 1 & AASB 5]	The amendments require all the assets and liabilities of a for-sale subsidiary's to be classified as held for sale and clarify the disclosures required when the subsidiary is part of a disposal group that meets the definition of a discontinued operation.	Beginning 1 January 2009	Impact expected to be insignificant.
AASB 2008-7 Amendments to AAS Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, 118, 121, 127 & 136]	Changes mainly relate to treatment of dividends from subsidiaries or controlled entities.	Beginning 1 January 2009	Impact expected to be insignificant.
AASB 2008-8 Amendments to Australian Accounting Standards – Eligible Hedged Items [AASB 139]	The amendments to AASB 139 clarify how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item, should be applied in particular situations.	Beginning 1 January 2009	Impact expected to be insignificant.
AASB 2008-9 Amendments to AASB 1049 for Consistency with AASB 101	Amendments to AASB 1049 for consistency with AASB 101 (September 2007) version.	Beginning 1 January 2009	Impact expected to be insignificant.

Austin Health

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

(ah) New Accounting Standards and Interpretations (continued)

Standard /Interpretation	Summary	Applicable for reporting periods beginning on or ending on	Impact on Health Service's Annual Statements
AASB 2009-1 Amendments to Australian Accounting Standards – Borrowing Costs of Not-for Profit Public Sector Entities [AASB 1, AASB 111 & AASB 1213]	Amendments to Australian Accounting Standards to allow borrowing costs of Not-for Profit Public Sector Entities to be expensed.	Beginning 1 January 2009	Impact expected to be insignificant.
AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]	Amendments to AASB 7 to enhance disclosures about fair value measurements and liquidity risk. Editorial amendments to AASB 4, AASB 1023 and AASB 1038 resulting from the amendments to AASB 7.	Beginning 1 January 2009	Impact expected to be insignificant.

(ai) Going Concern

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

- A surplus from ordinary activities of \$16.4M for the year ended 30 June 2009 (\$10M deficit for the year ended 30 June 2008);
- Depreciation/Amortisation Expense of \$33M for the year ended 30 June 2009 (\$33.7M for the year ended 30 June 2008) which is not matched with recurrent funding;
- A working capital deficiency of \$59.1M as at 30 June 2009 (\$52M deficiency as at 30 June 2008);
- Net cash inflows of \$1.2M for the year ended 30 June 2009 (\$11.7M inflows for the year ended 30 June 2008); and
- Budgeted for a deficit from ordinary activities for 30 June 2010.

With respect to Austin Health's current financial position, the Board and Management of Austin Health have initiated various strategies which will be monitored throughout the 2009/10 financial year. On the basis of the advice and assurances received in writing from the Department of Human Services, the Directors of Austin Health are of the opinion that Austin Health will be able to pay its debts as and when they fall due.

Austin Health

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

Note 2: Revenue

	HSA 2009 \$000	HSA 2008 \$000	Non HSA 2009 \$000	Non HSA 2008 \$000	Total 2009 \$000	Total 2008 \$000
Revenue from Operating Activities						
Government Grants						
- Department of Human Services	445,551	407,644	-	-	445,551	407,644
- Commonwealth Government						
- Residential Aged Care Subsidy	2,777	2,715	-	-	2,777	2,715
- Other	20,816	18,622	-	-	20,816	18,622
Total Government Grants	469,144	428,981	-	-	469,144	428,981
Indirect Contributions by Department of Human Services						
- Insurance	5,556	5,590	-	-	5,556	5,590
- Long Service Leave	11,175	5,478	-	-	11,175	5,478
Total Indirect Contributions by Department of Human Services	16,731	11,068	-	-	16,731	11,068
Patient and Resident Fees						
- Patient and Resident Fees (Refer note 2b)	21,027	21,644	-	-	21,027	21,644
- Residential Aged Care (Refer note 2b)	833	783	-	-	833	783
Total Patient and Resident Fees	21,860	22,427	-	-	21,860	22,427

Austin Health

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

Note 2: Revenue (continued)

	HSA 2009 \$000	HSA 2008 \$000	Non HSA 2009 \$000	Non HSA 2008 \$000	Total 2009 \$000	Total 2008 \$000
Business Unit and Specific Purpose Funds						
- Private Practice and Other Patient Activities	-	-	5,400	3,944	5,400	3,944
- Laboratory Medicine	185	284	15,158	13,912	15,343	14,196
- Diagnostic Imaging	317	424	3,121	2,671	3,438	3,095
- Mental Health Services	-	-	1,364	1,397	1,364	1,397
- Pharmacy Services	323	309	376	214	699	523
- Affiliated Entities	-	-	4,164	4,850	4,164	4,850
- Retail Services	-	-	709	661	709	661
- Laundry	-	-	3,697	3,978	3,697	3,978
- Food Production Kitchen	-	-	1,263	565	1,263	565
- Car Park	-	-	6,093	5,852	6,093	5,852
- Research	-	-	9,294	3,790	9,294	3,790
- Cardiology	-	-	1,075	482	1,075	482
- Child Care	-	-	979	927	979	927
- Nuclear Medicine	-	-	2,197	2,410	2,197	2,410
- Fundraising	-	-	1,544	1,498	1,544	1,498
- Hospital Department Funds	-	-	1,355	1,224	1,355	1,224
- Salary Packaging	-	-	1,998	637	1,998	637
- Other	-	-	919	539	919	539
Total Business Unit and Specific Purpose Funds	825	1,017	60,706	49,551	61,531	50,568
Donations and Bequests	7	148	-	-	7	148
Recoupment from Private Practice for use of Hospital Facilities	24,711	24,161	-	-	24,711	24,161
Other Revenue from Operating Activities	12,124	10,491	-	-	12,124	10,491
Sub-Total Revenue from Operating Activities	545,402	498,293	60,706	49,551	606,108	547,844

Austin Health

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

Note 2: Revenue (continued)

	HSA 2009 \$000	HSA 2008 \$000	Non HSA 2009 \$000	Non HSA 2008 \$000	Total 2009 \$000	Total 2008 \$000
Revenue from Non-Operating Activities						
Interest	2,330	2,176	-	-	2,330	2,176
Other Revenue from Non-Operating Activities	199	299	-	-	199	299
Sub-Total Revenue from Non-Operating Activities	2,529	2,475	-	-	2,529	2,475
Revenue from Capital Purpose Income						
State Government Grants						
- Targeted Capital Works & Equipment	3,260	4,964	-	-	3,260	4,964
- Other	-	-	22,010	14,902	22,010	14,902
- DHS Indirect Contribution	-	-	11,574	2,488	11,574	2,488
Commonwealth Government Capital Grants	313	196	6,066	601	6,379	797
Residential Accommodation Payments (refer note 2b)	175	152		-	175	152
Assets Received Free of Charge (refer note 2d)	-	-	24	-	24	-
Net Gain/(Loss) on Disposal of Non-Current Assets (refer note 2c)	-	-	406	33	406	33
Capital Interest	-	-	1,158	1,095	1,158	1,095
Donations and Bequests	-	-	3,536	2,965	3,536	2,965
Other Capital Purpose Income	-	-	1,533	2,372	1,533	2,372
Sub-Total Revenue from Capital Purpose Income	3,748	5,312	46,307	24,456	50,055	29,768
Total Revenue (Refer Note 2a)	551,679	506,080	107,013	74,007	658,692	580,087

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

Austin Health

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

Note 2a: Analysis of Revenue by Source

	Admitted Patients	Outpatients	EDS	Ambulatory	Mental Health	RAC	Aged Care	Other	Total
	2009 \$000	2009 \$000	2009 \$000	2009 \$000	2009 \$000	2009 \$000	2009 \$000	2009 \$000	2009 \$000
Revenue from Services Supported by Health Services Agreement									
Government Grants	284,850	59,369	17,645	54,580	42,769	3,773	3,281	2,876	469,143
Indirect Contributions by Department of Human Services	15,141	385	213	502	387	42	13	48	16,731
Patient and Resident Fees (refer note 2b)	15,588	520	-	4,020	837	833	62	-	21,860
Recoupment from Private Practice for Use of Hospital Facilities	11,048	10,487	1,478	433	63	-	-	1,202	24,711
Business Units & Specific Purpose Funds	536	171	41	10	10	-	-	57	825
Donations and Bequests (non capital)	3	-	-	4	-	-	-	-	7
Other Revenue	8,594	936	369	1,167	1,098	23	33	104	12,324
Interest	2,330	-	-	-	-	-	-	-	2,330
Capital Purpose Income (refer note 2)	3,260	-	-	-	-	488	-	-	3,748
Sub-Total Revenue from Services Supported by Health Services Agreement	341,350	71,868	19,746	60,716	45,164	5,159	3,389	4,287	551,679
Revenue from Services Supported by Hospital and Community Initiatives									
Business Units & Specific Purpose Funds	-	-	-	-	-	-	-	60,706	60,706
Capital Purpose Income (refer note 2)	-	-	-	-	-	-	-	46,307	46,307
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	-	107,013	107,013
Total Revenue	341,350	71,868	19,746	60,716	45,164	5,159	3,389	111,300	658,692

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

Austin Health

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

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

	Admitted Patients	Outpatients	EDS	Ambulatory	Mental Health	RAC	Aged Care	Other	Total
	2008 \$000	2008 \$000	2008 \$000	2008 \$000	2008 \$000	2008 \$000	2008 \$000	2008 \$000	2008 \$000
Revenue from Services Supported by Health Services Agreement									
Government Grants	266,701	47,954	16,089	49,482	39,702	3,647	3,196	2,210	428,981
Indirect Contributions by Department of Human Services	10,118	239	113	308	244	26	10	9	11,068
Patient and Resident Fees (refer note 2b)	14,852	460	3	5,357	927	782	46	-	22,427
Recoupment from Private Practice for Use of Hospital Facilities	12,585	10,269	718	520	68	-	1	-	24,161
Business Units & Specific Purpose Funds	731	223	32	18	13	-	-	-	1,017
Donations and Bequests (non capital)	82	1	3	54	7	-	1	-	148
Other Revenue	7,266	916	350	1,267	878	28	50	35	10,790
Interest	2,176	-	-	-	-	-	-	-	2,176
Capital Purpose Income (refer note 2)	4,964	-	-	-	-	348	-	-	5,312
Sub-Total Revenue from Services Supported by Health Services Agreement	319,475	60,062	17,308	57,006	41,839	4,831	3,304	2,254	506,080
Revenue from Services Supported by Hospital and Community Initiatives									
Business Units & Specific Purpose Funds	-	-	-	-	-	-	-	49,551	49,551
Capital Purpose Income (refer note 2)	-	-	-	-	-	-	-	24,456	24,456
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	-	74,007	74,007
Total Revenue	319,475	60,062	17,308	57,006	41,839	4,831	3,304	76,261	580,087

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

Austin Health

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

Note 2b: Patient and Resident Fees

	Patient Fees Raised	
	2009	2008
	\$000	\$000
Patient and Resident Fees Raised (*)		
Recurrent:		
Acute		
- Inpatients	18,922	19,189
- Outpatients	891	1,172
Residential Aged Care		
- Generic	833	783
Mental Health	837	927
Prosthetics & Orthotics	377	356
Total Recurrent	21,860	22,427
Capital Purpose:		
Residential Accommodation Payments (**)	175	152
Total Capital	175	152

The Service charges fees in accordance with the Department of Human Services Victoria directives.

* Patient and Resident Fees exclude recoupment from private practice.

** This includes accommodation charges.

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

	Total	Total
	2009	2008
	\$000	\$000
Proceeds from Disposal of Non-Current Assets		
Plant & Equipment	-	-
Motor Vehicles	-	43
Major Medical	22	-
Computers and Communication	-	-
Buildings	1,000	-
Total Proceeds from Disposal of Non-Current Assets	1,022	43
Less: Written down value of Non-Current Assets Sold		
Plant & Equipment	14	-
Motor Vehicles	-	-
Major Medical	134	9
Computers and Communication	2	1
Buildings	466	-
Total Written down value of Non-Current Assets Sold	616	10
Net Gains on Disposal of Non-Current Assets	406	33

Austin Health

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

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

	Total 2009 \$000	Total 2008 \$000
During the reporting period, the fair value of assets received free of charge, was as follows:		
Motor Vehicles	24	-
Total	<u>24</u>	<u>-</u>

Note 2e: Specific Income

There was no specific income recognised during the years ended 30 June 2009 and 30 June 2008.

Austin Health

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

Note 3: Expenses

	HSA	HSA	Non HSA	Non HSA	Total	Total
	2009	2008	2009	2008	2009	2008
	\$000	\$000	\$000	\$000	\$000	\$000
Employee Benefits						
Salaries and Wages	355,560	324,289	27,588	25,031	383,148	349,320
Workcover Premium	4,482	4,428	271	252	4,753	4,680
Superannuation	34,072	31,212	1,968	1,878	36,040	33,090
Long Service Leave	17,680	11,380	353	336	18,033	11,716
Departure Packages	811	191	578	9	1,389	200
Total Employee Benefits	412,605	371,500	30,758	27,506	443,363	399,006
Non Salary Labour Costs						
Agency Costs - Nursing	4,778	6,132	6	13	4,784	6,145
Agency Costs - Other	2,417	2,427	1,047	597	3,464	3,024
Total Non Salary Labour Costs	7,195	8,559	1,053	610	8,248	9,169
Supplies & Consumables						
Drug Supplies	26,200	25,859	25	12	26,225	25,871
S100 Drugs	8,154	7,449	-	-	8,154	7,449
Medical & Surgical Supplies and Prosthesis	50,099	44,402	872	459	50,971	44,861
Pathology Supplies	3,981	5,012	3,365	1,918	7,346	6,930
Food Supplies	4,368	4,093	(1,592)	(984)	2,776	3,109
Total Supplies & Consumables	92,802	86,815	2,670	1,405	95,472	88,220

Austin Health

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

Note 3: Expenses (continued)

	HSA	HSA	Non HSA	Non HSA	Total	Total
	2009	2008	2009	2008	2009	2008
	\$000	\$000	\$000	\$000	\$000	\$000
Other Expenses from Continuing Operations						
Domestic Services & Supplies	4,999	4,563	(1,112)	(1,898)	3,887	2,665
Fuel, Light, Power and Water	5,981	5,724	527	575	6,508	6,299
Insurance costs funded by DHS	5,556	5,590	-	-	5,556	5,590
Motor Vehicle Expenses	667	653	41	52	708	705
Repairs and Maintenance	4,873	4,955	706	522	5,579	5,477
Maintenance Contracts	7,175	7,210	447	402	7,622	7,612
Patient Transport	1,282	1,249	-	1	1,282	1,250
Other Administrative Expenses	12,732	12,233	4,932	4,762	17,664	16,995
Bad & Doubtful Debts	144	(132)	28	0	172	(132)
Lease Expenses	2,259	2,633	2,190	2,002	4,449	4,635
Other	1,113	850	266	345	1,379	1,195
Audit Fees						
- VAGO - Audit of Financial Statements	191	175	-	-	191	175
- Other	192	121	-	-	192	121
Total Other Expenses from Continuing Operations	47,164	45,824	8,025	6,763	55,189	52,587

Austin Health

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

Note 3: Expenses (continued)

	HSA	HSA	Non HSA	Non HSA	Total	Total
	2009	2008	2009	2008	2009	2008
	\$000	\$000	\$000	\$000	\$000	\$000
Expenditure Using Capital Purpose Income						
Employee Benefits						
Salaries and Wages	-	-	1,025	843	1,025	843
Workcover	-	-	5	6	5	6
Superannuation	-	-	37	39	37	39
Long Service Leave	-	-	7	7	7	7
Total Employee Benefits	-	-	1,074	895	1,074	895
Supplies & Consumables						
Medical & Surgical Supplies and Prosthesis	-	-	-	184	-	184
Total Supplies & Consumables	-	-	-	184	-	184
Other Expenses						
Domestic Services & Supplies	-	-	2	15	2	15
Repairs and Maintenance	-	-	518	543	518	543
Other Administrative Expenses	-	-	2,415	4,139	2,415	4,139
Lease Expenses	-	-	405	24	405	24
Other	-	-	848	290	848	290
Total Other Expenses	-	-	4,188	5,011	4,188	5,011
Total Expenditure Using Capital Purpose Income	-	-	5,262	6,090	5,262	6,090
Depreciation and Amortisation (refer note 4)	-	-	32,933	33,679	32,933	33,679
Finance Costs (refer note 5)	197	110	1,651	1,172	1,848	1,282
Total	197	110	34,584	34,851	34,781	34,961
Total Expenses	559,963	512,808	82,352	77,225	642,315	590,033

Austin Health

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

Note 3a: Analysis of Expenses by Source

	Admitted Patients	Outpatients	EDS	Ambulatory	Mental Health	RAC	Aged Care	Other	Total
	2009 \$000	2009 \$000	2009 \$000	2009 \$000	2009 \$000	2009 \$000	2009 \$000	2009 \$000	2009 \$000
Services Supported by Health Services Agreement									
Employee Benefits	246,689	40,988	21,849	53,031	40,193	4,369	1,323	4,163	412,605
Non Salary Labour Costs	3,944	779	659	877	772	140	4	20	7,195
Supplies & Consumables	58,452	22,905	1,577	5,244	1,185	368	1,415	1,656	92,802
Other Expenses from Continuing Operations	27,315	6,616	1,312	7,061	3,838	279	290	453	47,164
Finance Costs (refer note 5)	157	13	4	11	9	1	1	1	197
Sub-Total Expenses from Services Supported by Health Services Agreement	336,557	71,301	25,401	66,224	45,997	5,157	3,033	6,293	559,963
Services Supported by Hospital & Community Initiatives									
Employee Benefits	-	-	-	-	-	-	-	30,758	30,758
Non Salary Labour Costs	-	-	-	-	-	-	-	1,053	1,053
Supplies & Consumables	-	-	-	-	-	-	-	2,670	2,670
Other Expenses from Continuing Operations	-	-	-	-	-	-	-	8,025	8,025
Depreciation & Amortisation (refer note 4)	-	-	-	-	-	-	-	32,933	32,933
Finance Costs (refer note 5)	-	-	-	-	-	-	-	1,647	1,647
Sub-Total Expenses from Services Supported by Hospital & Community Initiatives	-	-	-	-	-	-	-	77,086	77,086
Services Supported by Capital Sources									
Employee Benefits	-	-	-	-	-	-	-	1,074	1,074
Other Expenses	-	-	-	-	-	-	-	4,188	4,188
Finance Costs (refer note 5)	-	-	-	-	-	-	-	4	4
Sub-Total Expenses from Services Supported by Capital Resources	-	-	-	-	-	-	-	5,266	5,266
Total Expenses	336,557	71,301	25,401	66,224	45,997	5,157	3,033	88,645	642,315

Austin Health

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

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

	Admitted Patients	Outpatients	EDS	Ambulatory	Mental Health	RAC	Aged Care	Other	Total
	2008 \$000	2008 \$000	2008 \$000	2008 \$000	2008 \$000	2008 \$000	2008 \$000	2008 \$000	2008 \$000
Services Supported by Health Services Agreement									
Employee Benefits	221,981	37,667	17,896	48,771	38,160	4,090	1,641	1,294	371,500
Non Salary Labour Costs	5,210	705	711	900	814	198	14	7	8,559
Supplies & Consumables	60,729	16,450	1,153	4,760	1,432	346	1,219	726	86,815
Other Expenses from Continuing Operations	26,876	7,162	1,001	6,131	3,697	204	475	278	45,824
Finance Costs (refer note 5)	75	10	2	10	10	-	2	1	110
Sub-Total Expenses from Services Supported by Health Services Agreement	314,871	61,994	20,763	60,572	44,113	4,838	3,351	2,306	512,808
Services Supported by Hospital & Community Initiatives									
Employee Benefits	-	-	-	-	-	-	-	27,506	27,506
Non Salary Labour Costs	-	-	-	-	-	-	-	610	610
Supplies & Consumables	-	-	-	-	-	-	-	1,405	1,405
Other Expenses from Continuing Operations	-	-	-	-	-	-	-	6,763	6,763
Depreciation & Amortisation (refer note 4)	-	-	-	-	-	-	-	33,679	33,679
Finance Costs (refer note 5)	-	-	-	-	-	-	-	1,155	1,155
Sub-Total Expenses from Services Supported by Hospital & Community Initiatives	-	-	-	-	-	-	-	71,118	71,118
Services Supported by Capital Sources									
Supplies & Consumables	-	-	-	-	-	-	-	184	184
Employee Benefits	-	-	-	-	-	-	-	895	895
Other Expenses	-	-	-	-	-	-	-	5,011	5,011
Finance Costs (refer note 5)	-	-	-	-	-	-	-	17	17
Sub-Total Expenses from Services Supported by Capital Resources	-	-	-	-	-	-	-	6,107	6,107
Total Expenses	314,871	61,994	20,763	60,572	44,113	4,838	3,351	79,531	590,033

Austin Health

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

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

	Total 2009 \$000	Total 2008 \$000
- Private Practice and Other Patient Activities	3,853	2,961
- Laboratory Medicine	15,801	12,954
- Diagnostic Imaging	1,326	1,188
- Mental Health Services	1,241	1,228
- Pharmacy Services	260	169
- Affiliated Entities	3,924	2,290
- Retail Services	52	47
- Laundry	2,756	5,483
- Food Production Kitchen	1,029	564
- Car Park	2,284	1,871
- Research	5,112	3,552
- Cardiology	805	466
- Child Care	902	856
- Nuclear Medicine	1,386	1,219
- Fundraising	604	829
- Hospital Department Funds	1,106	1,033
- Salary Packaging	791	740
- Other	921	(11)
Total	44,153	37,439

Note 3c: Specific Expenses

There were no specific expenses incurred during the years ended 30 June 2009 and 30 June 2008.

Note 4: Depreciation and Amortisation

	Total 2009 \$000	Total 2008 \$000
Depreciation		
Buildings	20,645	20,819
Plant	902	976
Transport	54	79
Major Medical	8,241	8,484
Computers and Communication	690	984
Other Equipment	1,028	757
Furniture and Fittings	125	118
Linen	471	678
Total Depreciation	32,156	32,895
Amortisation		
Intangible Assets	777	784
	777	784
Total Depreciation & Amortisation	32,933	33,679

Austin Health

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

Note 5: Finance Costs

	Total 2009 \$000	Total 2008 \$000
Bank Charges	114	117
Interest on Long Term Borrowings	1,734	1,165
Total	1,848	1,282

Note 6: Cash and Cash Equivalents

	Total 2009 \$000	Total 2008 \$000
Cash on Hand	70	64
Cash at Bank	13,461	5,832
Deposits at Call	20,088	26,500
Total	33,619	32,396
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	33,576	32,367
Cash for Monies Held in Trust		
- Cash at Bank	43	29
	43	29
Total	33,619	32,396

For the purpose of the Cash Flow Statement, cash includes cash on hand and in banks, and short-term deposits which are readily convertible to cash on hand and are subject to an insignificant risk of change in value.

Austin Health

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

Note 7: Receivables

	Total 2009 \$000	Total 2008 \$000
CURRENT		
Contractual		
Inter Hospital Debtors	2,521	2,252
Trade Debtors	8,806	8,816
Other Debtors - Major Projects Victoria	4,518	9,612
Patient Fees	9,059	10,691
Accrued Investment Income	211	319
Accrued Revenue - Other	1,877	2,913
<i>Less: Allowance for Doubtful Debts</i>		
Trade Debtors	(209)	(439)
Patient Fees	(590)	(519)
	26,193	33,645
Statutory		
GST Receivable	1,647	1,538
	1,647	1,538
TOTAL CURRENT RECEIVABLES	27,840	35,183
NON CURRENT		
Statutory		
DHS - Long Service Leave	16,035	8,165
TOTAL NON-CURRENT RECEIVABLES	16,035	8,165
TOTAL RECEIVABLES	43,875	43,348

(a) Movement in the Allowance for Doubtful Debts

	Total 2009 \$000	Total 2008 \$000
Balance at beginning of Year	958	1,312
Amounts Written off during the Year	(247)	(222)
Increase/(decrease) in Allowance recognised in profit or loss	88	(132)
Balance at end of Year	799	958

(b) Ageing analysis of receivables

Please refer to note 20(b) for the ageing analysis of receivables

(c) Nature and extent of risk arising from receivables

Please refer to note 20(b) for the nature and extent of credit risk arising from receivables

Austin Health

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

Note 8: Other Financial Assets

	Total 2009 \$000	Total 2008 \$000
Current		
<i>Investments Available for Sale</i>		
Term Deposits - Operating	3,000	-
Term Deposits - Special Purpose Funds	4,323	35
Term Deposits - Capital	22,272	14,920
Total Current	<u>29,595</u>	<u>14,955</u>
Non-Current		
Shares - Special Purpose Fund	154	154
Total Non-Current	<u>154</u>	<u>154</u>
Total	<u><u>29,749</u></u>	<u><u>15,109</u></u>
Represented by:		
Health Service Investments	<u>29,749</u>	<u>15,109</u>

(a) Ageing analysis of other financial assets

Please refer to note 20(b) for the ageing analysis of other financial assets

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

Please refer to note 20(b) for the nature and extent of credit risk arising from other financial assets

Note 9: Inventory

	Total 2009 \$000	Total 2008 \$000
Current - at cost		
Pharmaceuticals	2,681	2,553
Catering Supplies	110	99
Housekeeping Supplies	54	44
Medical and Surgical Lines	3,839	2,973
Administrative Stores	29	33
Total	<u>6,713</u>	<u>5,702</u>

Note 10: Other Assets

	Total 2009 \$000	Total 2008 \$000
Current - Prepayments	<u>2,007</u>	<u>1,670</u>

Austin Health

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

Note 11: Property, Plant & Equipment

	Total 2009 \$000	Total 2008 \$000
Land		
- Land at fair value	163,704	124,921
Total Land	163,704	124,921
Buildings		
- Buildings under Construction at cost	39,001	12,882
- Buildings at Cost	-	357,368
Less Accumulated Depreciation	-	(28,649)
	-	328,720
- Buildings at fair value	831,844	187,065
Less Accumulated Depreciation	-	(25,166)
	831,844	161,899
Total Buildings	870,845	503,501
Plant and Equipment at Cost		
- Plant and Equipment	20,890	20,877
Less Accumulated Depreciation	(15,733)	(14,872)
Total Plant and Equipment	5,157	6,005
Transport at Cost		
- Transport	1,302	1,041
Less Accumulated Depreciation	(1,084)	(1,030)
Total Transport	218	11
Major Medical at Cost		
- Major Medical under Construction	4,963	8,905
- Major Medical	76,630	65,307
Less Accumulated Depreciation	(53,327)	(46,005)
Total Major Medical	28,266	28,207
Computers and Communication at Cost		
- Computers and Communication	9,288	8,613
Less Accumulated Depreciation	(7,957)	(7,621)
Total Computers and Communication at Cost	1,331	992
Other Equipment at Cost		
- Other Equipment	5,956	4,756
Less Accumulated Depreciation	(3,168)	(2,153)
Total Other Equipment	2,788	2,603

Austin Health

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2009

Note 11: Property, Plant & Equipment (continued)

	Total 2009 \$000	Total 2008 \$000
Furniture and Fittings at Cost		
- Furniture and Fittings	948	908
Less Accumulated Depreciation	(697)	(572)
Total Furniture and Fittings	251	336
Linen at Cost		
- Linen	3,373	3,823
Less Accumulated Depreciation	(2,955)	(3,086)
Total Linen	418	737
Total	1,072,978	667,313

Land and buildings carried at valuation - 2009

An independent valuation of the Health Service's property was performed by the *Valuer-General Victoria* to determine the fair value of the land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments.

The effective date of the valuation is 30 June 2009.

Land and buildings carried at valuation - 2008

Management completed a Land Fair Value Assessment using the VGV indices as at 30 June 2008. This resulted in a Revaluation of Land - increase \$23,540,798.

Austin Health's property portfolio was re-valued as at 30 June 2005 by URBIS/JHD, property valuers. This revaluation covered all properties of Austin Health's three main campuses as well as associated properties but excluded properties, plant and equipment which have been transferred to Austin Health at cost and in the form of Contributed Capital at 30 June 2005 by the Minister for Health. These assets were transferred as part of the redevelopment of the Austin Hospital, which was completed in May 2005.

Plant and Equipment carried at fair value - 2009

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

Austin Health

Notes to and forming part of the Financial Statements for Year Ended 30 June 2009

Note 11: Property, Plant & Equipment (continued)

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

	Land	Buildings	Plant & Equipment	Transport	Major Medical	Computers & Comm'ns	Other Equipment	Furniture & Fittings	Linen	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2007	101,381	496,628	6,929	90	26,240	1,226	2,368	429	965	636,256
Additions	-	24,145	52	-	10,460	751	992	25	450	36,875
Assets Transferred as Capital Contributions	-	3,547	-	-	-	-	-	-	-	3,547
Disposals	-	-	-	-	(9)	(1)	-	-	-	(10)
Revaluation Increment*	23,540	-	-	-	-	-	-	-	-	23,540
Depreciation Expense (refer Note 4)	-	(20,819)	(976)	(79)	(8,484)	(984)	(757)	(118)	(678)	(32,895)
Balance at 1 July 2008	124,921	503,501	6,005	11	28,207	992	2,603	336	737	667,313
Additions	-	38,880	68	261	8,434	1,031	1,213	40	152	50,079
Assets Transferred as Capital Contributions	-	-	-	-	-	-	-	-	-	-
Disposals	-	(466)	(14)	-	(134)	(2)	-	-	-	(616)
Revaluation Increment**	38,783	349,575	-	-	-	-	-	-	-	388,358
Depreciation Expense (refer Note 4)	-	(20,645)	(902)	(54)	(8,241)	(690)	(1,028)	(125)	(471)	(32,156)
Balance at 30 June 2009	163,704	870,845	5,157	218	28,266	1,331	2,788	251	418	1,072,978

* Management has completed a Land Fair Value Assessment using the VGV indices as at 30 June 2008. This has resulted in a Revaluation of Land - increase \$23,540,798.

** Land and buildings carried at valuation

An independent valuation of the Health Service's property was performed by the *Valuer-General Victoria* to determine the fair value of the land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments.

The effective date of the valuation is 30 June 2009.

Austin Health

Notes to and forming part of the Financial Statements for Year Ended 30 June 2009

Note 12: Intangible Assets

	Total 2009 \$000	Total 2008 \$000
Software	7,736	6,086
Less Accumulated Amortisation	(6,163)	(5,386)
Total	1,573	700

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 2007	1,271	1,271
Additions	213	213
Disposals	-	-
Amortisation Expense (refer Note 4)	(784)	(784)
Balance at 1 July 2008	700	700
Additions	1,650	1,650
Disposals	-	-
Amortisation Expense (refer Note 4)	(777)	(777)
Balance at 30 June 2009	1,573	1,573

Note 13: Payables

	Total 2009 \$000	Total 2008 \$000
CURRENT		
Contractual		
Trade Creditors	7,324	6,027
Accrued Interest	409	415
Accrued Expenses	12,247	14,346
Salary Packaging	3,277	3,341
Other	252	299
	23,509	24,429
Statutory		
GST Payable	451	606
DHS	3,388	1,324
Pay As You Go Withholding	1,163	1,220
Superannuation Payable	4,066	3,981
	9,068	7,131
Total	32,577	31,559

Austin Health

Notes to and forming part of the Financial Statements for Year Ended 30 June 2009

Note 13: Payables (continued)

(a) Maturity analysis of payables

Please refer to note 20(c) for the ageing analysis of payables

(b) Nature and extent of risk arising from payables

Please refer to note 20(c) for the nature and extent of risks arising from payables

Note 14: Interest Bearing Liabilities

	Total 2009 \$000	Total 2008 \$000
Current - Secured		
Australian Dollar Borrowings - Treasury Corporation Victoria	427	400
Non-Current - Secured		
Australian Dollar Borrowings - Treasury Corporation Victoria	23,967	24,394

Terms and conditions of Interest Bearing Liabilities - Treasury Corporation Victoria

- i) Repayments are quarterly with the final instalment due 25 years from date of the last draw down in April 2008.
- ii) Average interest rate applied during 2008/09 was 6.79% (2007/08: 6.7%).
- iii) The loan is secured by a Statutory Guarantee from the Government of Victoria in favour of Treasury Corporation Victoria under Section 30 of the Health Services Act.
- iv) Total approved value of borrowings is \$25M.

(a) Maturity analysis of interest bearing liabilities

Please refer to note 20(c) for the ageing analysis of interest bearing liabilities

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

Please refer to note 20(c) for the nature and extent of risks arising from interest bearing liabilities

(c) Defaults and breaches

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

Note 15: Provisions

	Total 2009 \$000	Total 2008 \$000
Current		
Employee Benefits (Refer Note 15a)		
- Unconditional and expected to be settled within 12 months	54,840	49,447
- Unconditional and expected to be settled after 12 months	59,171	49,687
Provision related to employee benefit on-costs		
- Unconditional and expected to be settled within 12 months	3,947	3,644
- Unconditional and expected to be settled after 12 months	6,213	5,224
Total	124,171	108,002
Non-Current		
Employee Benefits (Refer Note 15a)	12,618	9,713
Provision related to employee benefit on-costs	1,325	1,136
Total	13,943	10,849

Austin Health

Notes to and forming part of the Financial Statements for Year Ended 30 June 2009

Note 15: Provisions (continued)

	Total 2009 \$000	Total 2008 \$000
Movement in Provisions - Employee Benefits:		
Carrying amount at start of year	118,851	106,047
Additional provisions recognised	79,169	60,281
Amounts incurred during the year	(59,906)	(47,477)
Carrying amount at end of year	138,114	118,851

Note 15a: Employee Benefits

	Total 2009 \$000	Total 2008 \$000
Current (refer note 1s)		
Unconditional Long Service Leave Entitlements **	62,401	53,846
Annual Leave Entitlements	42,681	38,548
Accrued Salaries and Wages	17,247	13,564
Accrued Days Off	1,842	2,044
Total *	124,171	108,002

* Current Employee Benefits that:

Expected to be utilised within 12 months (nominal value)	58,787	53,091
Expected to be utilised after 12 months (present value)	65,384	54,911
	124,171	108,002

Non-Current (refer note 1s)

Conditional Long Service Leave Entitlements (present value) **	13,943	10,849
Total	13,943	10,849

Movement in Long Service Leave:

Balance at start of year	64,695	58,581
Provision made during the year	18,040	11,723
Settlement made during the year	(6,392)	(5,609)
Balance at end of year	76,343	64,695

** As explained in note 1(s), the amount for long service leave is measured at its present value. The following assumptions were adopted in measuring present values:

- Weighted Average Discount Rates	5.48%	6.55%
- Wage Inflation Rate	4.45%	4.75%

Austin Health

Notes to and forming part of the Financial Statements for Year Ended 30 June 2009

Note 16: Other Liabilities

	Total 2009 \$000	Total 2008 \$000
Current		
Patient Monies Held in Trust (represented by Cash Assets - refer note 6)	43	29
Borrowings - Department of Human Services*	557	837
Other	1,193	968
Total	1,793	1,834
Non-Current		
Borrowings - Department of Human Services*	374	673

* Borrowings - Department of Human Services

- a) Austin Health has three loans repayable to the Department of Human Services.
- b) - Repayments on the first loan are monthly with the final instalment due on 31 December 2013.
- Repayments on the second loan are annually with the final instalment due on 30 June 2011.
- Repayments on the third loan are half yearly with the final instalment due on 31 December 2009.
- c) These are interest free loans, however a present value calculation has applied an interest rate of 4.13% as at 30 June 2009 (30 June 2008: 6.68%).

Note 17: Equity & Reserves

	Total 2009 \$000	Total 2008 \$000
(a) Reserves		
Asset Revaluation Reserve *		
Balance at the Beginning of the Reporting Period	144,359	120,819
Revaluation Increments/(Decrements):		
- Land	38,783	23,540
- Buildings	349,575	-
Balance at the end of the Reporting Period	532,717	144,359
Represented by:		
- Land	134,152	95,369
- Buildings	398,565	48,990
	532,717	144,359
Restricted Specific Purpose Reserve		
Balance at the Beginning of the Reporting Period	2,275	2,688
Transfers to/(from) Restricted Specific Purpose Reserve	3,167	(413)
Balance at the end of the Reporting Period	5,442	2,275
Total Reserves	538,159	146,634

* The Asset Revaluation Reserve arises on the revaluation of property, plant and equipment.

Austin Health

Notes to and forming part of the Financial Statements for Year Ended 30 June 2009

Note 17: Equity & Reserves (continued)

	Total 2009 \$000	Total 2008 \$000
(b) Contributed Capital		
Balance at the Beginning of the Reporting Period	529,927	518,320
Capital Contributions Received from Victorian Government	-	11,607
Balance at the end of the Reporting Period	<u>529,927</u>	<u>529,927</u>
(c) Accumulated Deficits		
Balance at the Beginning of the Reporting Period	(88,034)	(78,501)
Net Result for the Year	16,377	(9,946)
Transfers (to)/from Restricted Specific Purpose Reserve	(3,167)	413
Balance at the end of the Reporting Period	<u>(74,824)</u>	<u>(88,034)</u>
(d) Total Equity at the end of Financial Year	<u>993,262</u>	<u>588,527</u>

Note 18: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities

	Total 2009 \$000	Total 2008 \$000
Net Result for the Year	16,377	(9,946)
Assets Received Free of Charge	(24)	-
Depreciation and Amortisation	32,933	33,679
Provision for Doubtful Debts	(159)	(354)
Interest on Loan	92	13
Net Gain from Sale of Plant and Equipment	(406)	(33)
DHS Capital Grant - Indirect Contribution	(11,574)	(2,488)
GST on Capital Purchases	-	3,437
Change in Operating Assets & Liabilities:		
Increase/(Decrease) in Payables	1,017	(8,671)
Increase in Employee Benefits	19,263	12,805
Increase in Other Liabilities	224	871
(Increase)/Decrease in Receivables	(5,462)	4,294
Increase in Inventories	(1,012)	(691)
Increase in Prepayments	(337)	(343)
Net Cash Inflow from Operating Activities	<u>50,932</u>	<u>32,573</u>

Austin Health

Notes to and forming part of the Financial Statements for Year Ended 30 June 2009

Note 19: Non-Cash Financing and Investing Activities

	Total 2009 \$000	Total 2008 \$000
Assets Received Free of Charge	24	-
Acquisition of Assets through DHS Indirect Contributions	11,574	2,488
Acquisition of Assets through Contributed Capital	-	3,547
Total	11,598	6,035

Note 20: Financial Instruments

(a) Financial Risk management Objectives and Policies

The Austin Health's principal financial instruments comprise of:

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

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

Categorisation of financial Instruments

	Note	Category	Carrying Amount 2009 \$000	Carrying Amount 2008 \$000
Financial Assets				
Cash and cash equivalents	6	N/A	33,619	32,396
Receivables	7	Loans and Receivables	43,028	42,767
Other Financial Assets	8	Available for Sale Financial Assets (at fair value)	29,749	15,109
Total Financial Assets			106,396	90,272
Financial Liabilities				
Payables	13	Financial Liabilities measured at amortised cost	23,509	24,429
Interest Bearing Liabilities	14	Financial Liabilities measured at amortised cost	24,394	24,794
Other Liabilities	16	Financial Liabilities measured at amortised cost	2,167	2,507
Total Financial Liabilities			50,070	51,730

Austin Health

Notes to and forming part of the Financial Statements for Year Ended 30 June 2009

Note 20: Financial Instruments (continued)

(b) Credit Risk

Austin Health's exposure to credit risk and effective weighted average interest rate by ageing periods is set out in the following table. For interest rates applicable to each class of asset refer to individual notes to the financial statements.

Interest rate exposure and aging analysis of financial assets as at 30 June 2009

	Carrying Amount \$000	Not past Due & Not Impaired \$000	Past Due But not Impaired			Impaired Financial \$000
			1 - 3 Months \$000	3 months - 1 Year \$000	Over 5 Years \$000	
2009 - Financial Assets						
Cash and Cash Equivalents	33,619	33,619	-	-	-	-
Receivables: -						
- Trade Debtors	11,327	6,670	2,164	2,493	-	-
- Other Receivables	31,701	6,450	2,656	6,560	16,035	-
Other Financial Assets						
- Term Deposits	29,595	29,595	-	-	-	-
- Unlisted Shares	154	154	-	-	-	-
Total Financial Assets	106,396	76,488	4,820	9,053	16,035	-
2008 - Financial Assets						
Cash and Cash Equivalents	32,396	32,396	-	-	-	-
Receivables: -						
- Trade Debtors	11,068	4,402	4,225	2,441	-	-
- Other Receivables	31,699	7,297	3,756	12,481	8,165	-
Other Financial Assets						
- Term Deposits	14,955	14,955	-	-	-	-
- Unlisted Shares	154	154	-	-	-	-
Total Financial Assets	90,272	59,204	7,981	14,922	8,165	-

Austin Health

Notes to and forming part of the Financial Statements for Year Ended 30 June 2009

Note 20: Financial Instruments (continued)

(b) Credit Risk (continued)

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

(c) Liquidity Risk

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

Interest rate exposure and maturity analysis of financial liabilities as at 30 June 2009

	Carrying Amount \$000	Contractual Cash Flows \$000	Maturity Dates				
			Less than 1 month \$000	1 - 3 Months \$000	3 months - 1 Year \$000	1 - 5 Years \$000	Over 5 Years \$000
2009 - Financial Liabilities							
Payables	23,509	-	23,415	94	-	-	-
Interest Bearing Liabilities	24,394	24,394	104	106	217	2,022	21,945
Other Liabilities	1,236	-	767	469	-	-	-
Borrowings - DHS	931	931	-	225	332	374	-
Total Financial Liabilities	50,070	25,325	24,286	894	549	2,396	21,945
2008 - Financial Liabilities							
Payables	24,429	24,362	67	-	-	-	-
Interest Bearing Liabilities	24,794	24,794	98	99	203	1,892	22,502
Other Liabilities	997	-	601	396	-	-	-
Borrowings - DHS	1,510	1,510	194	-	643	638	35
Total Financial Liabilities	51,730	50,666	960	495	846	2,530	22,537

Ageing analysis of financial liabilities must exclude the types of statutory financial liabilities (i.e GST payable, PAYG payable and Superannuation owing).

Austin Health

Notes to and forming part of the Financial Statements for Year Ended 30 June 2009

Note 20: Financial Instruments (continued)

(d) Market Risk

Austin Health's exposures to market risk are primarily through interest rate risk with only insignificant exposure 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.

Other Price Risk

Austin Health does not have any material other price risks.

Austin Health

Notes to and forming part of the Financial Statements for Year Ended 30 June 2009

Note 20: Financial Instruments (continued)

(d) Market Risk (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
2009 - Financial Assets					
Cash and Cash Equivalents	3.30	33,619	-	33,549	70
Receivables: -					
- Trade Debtors	4.45	11,327	-	-	11,327
- Other Receivables	4.45	31,701	-	-	31,701
Other Financial Assets					
- Term Deposits	4.04	29,595	29,595	-	-
- Unlisted Shares	-	154	-	-	154
		106,396	29,595	33,549	43,252
2009 - Financial Liabilities					
Payables	4.45	23,509	-	-	23,509
Interest Bearing Liabilities	6.70	24,394	24,394	-	-
Other Liabilities	4.45	1,236	-	-	1,236
Borrowings - DHS	-	931	-	-	931
	16	50,070	24,394	-	25,676
2008 - Financial Assets					
Cash and Cash Equivalents	7.98	32,396	-	32,332	64
Receivables: -					
- Trade Debtors	4.75	11,068	-	-	11,068
- Other Receivables	4.75	31,699	-	-	31,699
Other Financial Assets					
- Term Deposits	7.79	14,955	14,955	-	-
- Unlisted Shares	-	154	-	-	154
		90,272	14,955	32,332	42,985
2008 - Financial Liabilities					
Payables	4.75	24,429	-	-	24,429
Interest Bearing Liabilities	6.70	24,794	24,794	-	-
Other Liabilities	4.75	997	-	-	997
Borrowings - DHS	-	1,510	-	-	1,510
	17	51,730	24,794	-	26,936

Austin Health

Notes to and forming part of the Financial Statements for Year Ended 30 June 2009

Note 20: Financial Instruments (continued)

(d) Market Risk (continued)

Sensitivity Disclosure Analysis

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

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

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

	Carrying Amount \$000	Interest Rate Risk				Other Price Risk			
		-1%		+1%		-1%		+1%	
		Profit \$000	Equity \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000
2009									
Financial Assets									
Cash and Cash Equivalents	33,619	(336)	(336)	336	336	-	-	-	-
Receivables: -									
- Trade Debtors	11,327	-	-	-	-	-	-	-	-
- Other Receivables	31,701	-	-	-	-	-	-	-	-
Other Financial Assets									
- Term Deposits	29,595	-	-	-	-	-	-	-	-
- Unlisted Shares	154	-	-	-	-	-	-	-	-
	106,396	(336)	(336)	336	336	-	-	-	-
Financial Liabilities									
Payables	23,509	-	-	-	-	-	-	-	-
Interest Bearing Liabilities	24,394	-	-	-	-	-	-	-	-
Other Liabilities	1,236	-	-	-	-	-	-	-	-
Borrowings - DHS	931	-	-	-	-	-	-	-	-
	50,070	-	-	-	-	-	-	-	-

Austin Health

Notes to and forming part of the Financial Statements for Year Ended 30 June 2009

Note 20: Financial Instruments (continued)

(d) Market Risk (continued)

Sensitivity Disclosure Analysis (continued)

	Carrying Amount \$000	Interest Rate Risk				Other Price Risk			
		-1%		+1%		-1%		+1%	
		Profit \$000	Equity \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000
2008									
Financial Assets									
Cash and Cash Equivalents	32,396	(324)	(324)	324	324	-	-	-	-
Receivables: -									
- Trade Debtors	11,068	-	-	-	-	-	-	-	-
- Other Receivables	31,699	-	-	-	-	-	-	-	-
Other Financial Assets									
- Term Deposits	14,955	-	-	-	-	-	-	-	-
- Unlisted Shares	154	-	-	-	-	-	-	-	-
Total Financial Assets	90,272	(324)	(324)	324	324	-	-	-	-
Financial Liabilities									
Payables	24,429	-	-	-	-	-	-	-	-
Interest Bearing Liabilities	24,794	-	-	-	-	-	-	-	-
Other Liabilities	997	-	-	-	-	-	-	-	-
Borrowings - DHS	1,510	-	-	-	-	-	-	-	-
Total Financial Liabilities	51,730	-	-	-	-	-	-	-	-

Austin Health

Notes to and forming part of the Financial Statements for Year Ended 30 June 2009

Note 21: Commitments for Expenditure

	Total 2009 \$000	Total 2008 \$000
Capital Commitments		
Land and Buildings	32,014	18,996
Plant and Equipment	10,115	8,505
Total Capital Commitments	42,129	27,501
Not later than one year	37,751	22,257
Later than one year and not later than five years	4,378	5,244
Later than five years	-	-
Total	42,129	27,501
Lease Commitments		
Commitments in relation to leases contracted for at the reporting date:		
Operating Leases	5,409	6,340
Operating Leases - Non-Cancellable:		
Not later than one year	1,950	2,667
Later than one year and not later than five years	3,352	3,673
Later than five years	107	-
Total	5,409	6,340

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. The lease payments are recognised as an expense during the year and the total payment made in 2009 financial year was \$4,854,000 (2008: \$4,659,000) – Note 3.

Note 22: Contingent Liabilities

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

	Total 2009 \$000	Total 2008 \$000
Contingent Liabilities		
Quantifiable		
Other - Recallable Capital Grant	2,960	-
Total Quantifiable Liabilities	2,960	0

Austin Health obtained a Recallable Capital Grant during 2008/09 financial year from the Department of Human Services to assist with the financing of the Medical Scanning project. This grant is included in State Government Capital Grants in Note 2. As per advice from the Department of 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.”

Austin Health

Notes to and forming part of the Financial Statements for Year Ended 30 June 2009

Note 23: Events Occurring after Report Date

There were no events occurring after Report Date.

Note 24a: Responsible Persons Disclosures

(a)	Responsible Persons The Hon. Daniel Andrews	Period 01/07/2008 – 30/06/2009
	The Austin Health Board Mr Tim Daly (Chairman) Ms Joanna Betteridge Ms Suzanne Evans Ms Joe Manton Mr Robert Webster Ms Barbara Hingston Ms Josie Rizza Professor David Scott Mr Stephen Kerr	01/07/2008 – 30/06/2009 01/07/2008 – 30/06/2009 01/07/2008 – 30/06/2009 01/07/2008 – 30/06/2009 01/07/2008 – 30/06/2009 01/07/2008 – 30/06/2009 01/07/2008 – 30/06/2009 01/07/2008 – 30/06/2009 01/07/2008 – 30/06/2009
	Accountable Officer Dr Brendan Murphy	01/07/2008 – 30/06/2009

(b) Remuneration of Responsible Persons

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

	2009	2008
	No.	No.
\$20,000 - \$29,999	-	7
\$30,000 - \$39,999	8	1
\$60,000 - \$69,999	1	1
\$320,000 - \$329,999	-	1
\$350,000 - \$359,999	1	-
	10	10

Total remuneration received or due and receivable by Responsible Persons from Austin Health amounted to:

2009	2008
\$	\$
695,712	613,840

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

(c) Retirement Benefits of Responsible Person

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

(d) Other Transactions of Responsible Persons and their Related Parties.

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

Austin Health

Notes to and forming part of the Financial Statements for Year Ended 30 June 2009

Note 24b: Executive Officer Disclosures

Executive Officer Remuneration

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

			Total Remuneration		Base Remuneration	
			2009	2008	2009	2008
			No	No	No	No
\$0	-	\$99,999	-	-	1	-
\$100,000	-	\$109,999	-	-	1	-
\$110,000	-	\$119,999	-	1	-	1
\$140,000	-	\$149,999	1	-	1	-
\$150,000	-	\$159,999	1	-	-	1
\$160,000	-	\$169,999	2	-	2	-
\$170,000	-	\$179,999	-	-	-	1
\$180,000	-	\$189,999	1	1	1	1
\$190,000	-	\$199,999	-	2	-	1
\$200,000	-	\$209,999	1	1	-	-
\$220,000	-	\$229,999	1	-	2	-
\$230,000	-	\$239,999	1	-	2	2
\$240,000	-	\$249,999	1	2	-	-
\$250,000	-	\$259,999	1	1	-	1
			10	8	10	8

Total remuneration for the reporting period for Executive Officers included above amounted to:

	Total Remuneration		Base Remuneration	
	2009	2008	2009	2008
	\$	\$	\$	\$
	1,985,774	1,642,465	1,767,332	1,528,867

Austin Health

Notes to and forming part of the Financial Statements for Year Ended 30 June 2009

Note 25: Segment Reporting

	RACS	RACS	Acute	Acute	Other	Other	Total	Total
			Services	Services				
	2009	2008	2009	2008	2009	2008	2009	2008
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue								
External Segment Revenue	5,159	4,831	491,350	451,675	-	-	496,509	456,506
Inter-segment Revenue	-	-	-	-	-	-	-	-
Unallocated Revenue	-	-	-	-	158,695	120,310	158,695	120,310
Total Revenue	5,159	4,831	491,350	451,675	158,695	120,310	655,204	576,816
Expenses								
External Segment Expense	5,157	4,838	499,483	458,200	-	-	504,640	463,038
Inter-segment Expense	-	-	-	-	-	-	-	-
Unallocated Expense	-	-	-	-	135,941	125,830	135,941	125,830
Total Expenses	5,157	4,838	499,483	458,200	135,941	125,830	640,581	588,868
Net Result from Ordinary Activities	2	(7)	(8,133)	(6,525)	22,754	(5,520)	14,623	(12,052)
Interest Expense	-	-	-	-	(1,734)	(1,165)	(1,734)	(1,165)
Interest Income	-	-	2,330	2,176	1,158	1,095	3,488	3,271
Net Result for the Year	2	(7)	(5,803)	(4,349)	22,178	(5,590)	16,377	(9,946)
Other Information								
Segment Assets	3,666	2,466	794,195	512,910	-	-	797,861	515,376
Unallocated Assets	-	-	-	-	392,653	250,862	392,653	250,862
Total Assets	3,666	2,466	794,195	512,910	392,653	250,862	1,190,514	766,238
Segment Liabilities	1,468	1,256	124,652	104,471	-	-	126,120	105,727
Unallocated Liabilities	-	-	-	-	71,132	71,984	71,132	71,984
Total Liabilities	1,468	1,256	124,652	104,471	71,132	71,984	197,252	177,711
Acquisition of Property, Plant, Equipment and Intangible Assets	14	19	37,996	30,314	12,069	10,089	50,079	40,422
Depreciation & Amortisation Expense	506	517	22,784	23,300	9,644	9,862	32,933	33,679

Austin Health

Notes to and forming part of the Financial Statements for Year Ended 30 June 2009

Note 25: Segment Reporting (continued)

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

Business Segments

Residential Aged Care Services (RACS)

Acute Services

Services

Residential Aged Care Nursing Home Services

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.