
Annual Report

2009-10

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VISION

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

VALUES

Integrity – We exercise honesty, candour and sincerity.

Accountability – We are transparent, responsible and answerable.

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

Excellence – We continually strive for excellence.

OVERVIEW

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

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

During 2009-10, Austin Health's 7,986 staff treated a record 95,665 inpatients and 160,000 outpatients.

Report of Operations

CHAIRMAN AND CEO REPORT

Mr Tim Daly AM, Chairman of the Board of Directors and Dr Brendan Murphy, Chief Executive Officer

2009-10 was an outstanding year of achievement and growth for Austin Health. We met many ambitious targets in our three core areas of clinical service delivery, teaching and research, while still delivering a strong budgetary outcome.

We treated a record number of inpatients in our wards (95,665) and outpatients in our clinics (160,000).

A key objective for the year was to improve access to services for emergency and elective patients and to deliver productivity and efficiency enhancements. There has been impressive progress in access performance.

Elective surgery was a particular highlight. We performed a record 23,000 surgical operations and achieved a number of 'stretch' activity targets. Despite a six per cent growth in additions to the waiting list, waiting list numbers fell significantly, with an impressive improvement in the number of long-waiting patients - a 50 per cent reduction - from 1,163 to 551. No category one patient waited more than 30 days and category two waiting times improved by over 20 per cent. We achieved the target of 90 per cent of category three patients treated within one year. This performance would not have been possible without the free-standing elective surgery centre at the Heidelberg Repatriation Hospital.

Our orthopaedic surgery program has new leadership and implemented significant reforms. These include an orthopaedic outpatient care program run by allied health staff, an education program and an ortho-geriatric service. We also revised referral guidelines for general practitioners and patient care pathways. These changes

have resulted in a 30 per cent reduction in inpatient length of stay and improved use of conservative care options.

Emergency Department attendances continued to increase significantly, reaching 66,000 for the year. The Austin Hospital's Emergency Department is now one of the busiest in Victoria. Despite this growth, we continued to maintain or improve emergency access KPIs through a range of initiatives, including restructuring the emergency staff teams; introducing multi-disciplinary triage and diagnostic testing at the time of triage; commissioning a new 64-slice CT machine in the department; and introducing an acute geriatric ward at Heidelberg Repatriation Hospital, with 75 per cent of admissions directly from the emergency department.

We refined systems and processes to reduce the time from arrival in emergency to ward bed allocation and introduced a fast track model of emergency heart attack care to reduce average "door to balloon time" to well below the 90 minute international "gold" standard.

The financial sustainability of health service delivery organisations, in the face of growing demand and tight budgets, is a key challenge for Boards and management.

Despite a difficult budget position at the beginning of the year, we achieved an operating surplus of \$4.1 million. This occurred despite the significant increase in clinical activity and the need to reinvest funds in significant refurbishment work and minor equipment purchases.

Our comprehensive management information system, the "performance dashboard", enables staff to monitor and act on up-to-the-minute performance data for a wide range of clinical and organisational performance indicators. Other health services are very interested in this industry-leading innovation.

Quality of care is vital to the effective delivery of health services. Austin Health places a high priority on quality of care and is continuing to make improvements across the organisation. A patient safety culture survey of staff conducted during the year has led to the introduction of a number of important changes. Central to the patient safety agenda is implementation of the electronic medication management system, which is being led by Austin Health.

Austin Health's four-year Australian Council on Healthcare Standards accreditation, received in April 2008, was confirmed following a periodic review in May 2010. No 'high priority' recommendations were made and four 'extensive achievements' have been provisionally awarded for mandatory criteria. The surveyors complimented the high standards maintained by Austin Health and noted the strength of our quality and safety systems.

The statewide liver transplant unit has continued to grow significantly and we were pleased to receive additional funding in the May budget to enable expansion of our dedicated team of clinicians to cope with the growing numbers of transplants. We are delighted with the new Commonwealth initiatives to improve organ donation, as the need for donor organs remains a significant issue for our patients.

To better treat people presenting with eating disorders, the Mental Health Service introduced an evidence-based and more intensive inpatient treatment program, which has led to a 10-fold increase in average weight gain during admission, a 50 per cent reduction in the re-admission rate, and increased patient and carer satisfaction compared to last year - despite a 10 per cent increase in the number of those treated. The adoption, by the Mental Health Secure Extended Care Unit, of an evidence-based 'creating safety' model of care has seen a dramatic reduction in the seclusion of agitated and violent patients from an

average of 32 per month in 2008 to an average of just two per month, with fewer client and staff injuries.

We have developed veteran physiotherapy programs to provide this vulnerable group with a supportive environment where they can exercise in a manner specific to their individual needs and remain independent and socially connected. Attendances have grown to approximately 1,500 per month. And our new Diabetes Lifestyle Program, supported by a clinical psychologist, exercise physiologist and dietician is promoting positive lifestyle changes for improved diabetes management.

Austin Health recognises that for some people access to services is more difficult as a result of limited English skills, or unfamiliarity or discomfort with western medical models of healthcare. To address these barriers, Austin Health recently established a significantly enhanced Cultural Diversity Unit (CDU). The CDU works with key community organisations to develop culturally appropriate intake and referral processes.

New Aboriginal Hospital Liaison Officer positions and a redesigned Ngarra Jarra Aboriginal program commenced in July 2009 to provide clinical support and advocacy for Aboriginal and Torres Strait Islander patients and their families, as well as cultural awareness training for all departments and units. In March 2010 Austin Health was awarded a Close the Gap Indigenous Business Recognition Award for its Aboriginal employment initiatives.

Austin Health places a high priority on the achievement of a dynamic and progressive culture to ensure that new technology and innovation in care delivery are actively promoted through research and education programs and appropriate linkages with the education sector.

We continued to demonstrate our leadership in workforce innovation through the

successful introduction of Health Assistants (Nursing). These roles are now acclaimed uniformly by nursing staff and patients as a significant benefit to the quality of patient care. A model for their training and implementation has been created for the State.

Our reputation as an international leader in clinical teaching and training was underscored by three cardiac students being among the five finalists in the National Health and Medical Research Centre's Student Research Competition.

The Austin by Design program continued to build organisation-wide capability in service redesign, for better and safer care. Over 100 staff have received training in redesign and undertaken a local redesign project. The Care by Design program, which focused on eliminating staff time lost on activities that divert from patient care, has led to marked improvements in staff and patient satisfaction. Cardiac Surgery by Design achieved a reduction in hospital initiated postponements, time waiting for surgery once admitted, and a 30 per cent reduction in the median length of stay in the Intensive Care Unit.

Major capital redevelopments continue to be a feature at Austin Health.

We were delighted that construction began on the Olivia Newton-John Cancer and Wellness Centre and that the Victorian Government provided an additional \$68.9 million for this centre in the May budget. We are indebted to Olivia Newton-John, the many ambassadors and the Appeal Committee, chaired by Mr Andrew Hagger, for their ongoing support. The new centre will enable us to consolidate our extensive cancer clinical and research programs in the one facility.

Other capital developments in progress include the Austin node building of the Melbourne Brain Centre at the Austin Hospital, as well as the Health and Rehabilitation Centre and the

Centre for Trauma-related Mental Health at the Heidelberg Repatriation Hospital.

Any organisation is only as good as the people who work in it.

During the year, Michael McDowell took on the expanded role of Executive Director, Human Resources and Infrastructure, following the departure of Executive Director, Human Resources, Luke Mulkearns (in April).

We want to thank sincerely our staff and volunteers for their dedication and wonderful work throughout the year, and our Board of Directors for their guidance and support.

We also extend our thanks to the Hon Daniel Andrews MLA, Minister for Health and the Department of Health for their ongoing support.

Finally, in accordance with the Financial Management Act 1994, we are pleased to present the following report of operations for Austin Health for the year ending 30 June 2010.



Mr Tim Daly AM
Chairman



Dr Brendan Murphy
Chief Executive Officer

25 August, 2010

Board of Directors

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

BOARD MEMBERS

Mr Tim Daly AM (Chair)

Ms Joanna Betteridge

Ms Miranda Douglas-Crane

Ms Barbara Hingston

Ms Suzanne Evans

Mr Stephen Kerr

Prof John McNeil

Ms Josie Rizza

Prof David Scott

AUDIT COMMITTEE MEMBERS

Ms Joanna Betteridge (Chair)

Mr Tim Daly AM

Ms Suzanne Evans

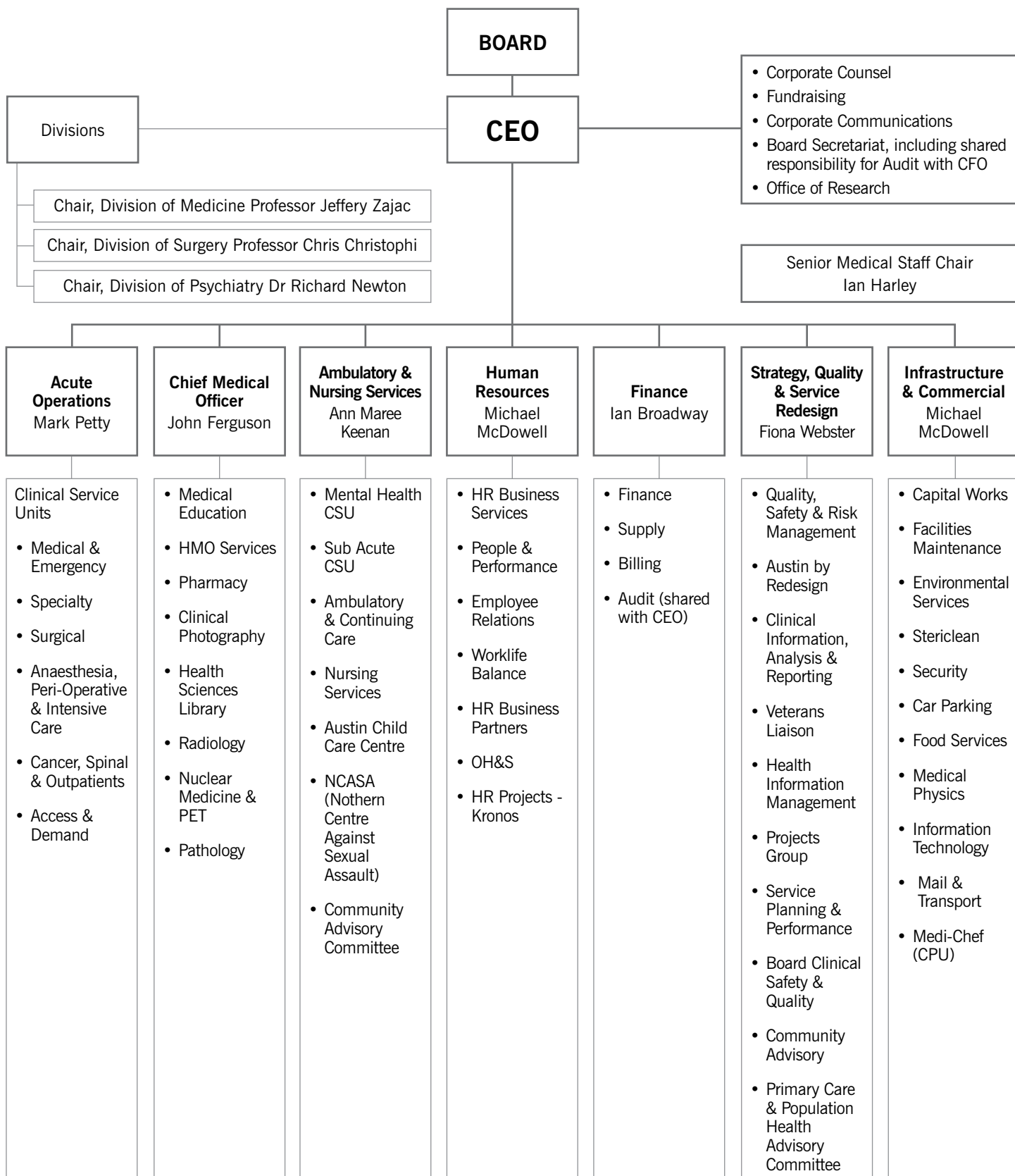
Ms Miranda Douglas-Crane

Ms Josie Rizza

CHIEF EXECUTIVE OFFICER

Dr Brendan Murphy

Organisational Structure



Human Resources

PEOPLE AND PERFORMANCE

The development of a performance-based culture depends on effective performance review and development discussions (PRD); regular coaching and feedback; and clear organisational goals and direction.

The People and Performance Unit (PPU) has trained managers in the PRD process, particularly on how to conduct effective discussions (approximately 300 staff); developed an easy-to-use intranet site, with useful tools, guidelines and templates; and conducted several emerging leaders programs, such as Frontline Supervisors and the Learning for Leaders series.

BULLYING AND HARASSMENT PREVENTION INITIATIVES

As part of Austin Health's strategy to prevent bullying and harassment in the workplace, the Austin Health Bullying and Harassment Prevention policy and its associated procedures were reviewed, with emphasis on the introduction of a zero tolerance approach to bullying and harassment. In addition, a group of 18 trained contact officers was established to provide advice to any employee who may think they are being subjected to bullying or harassment. It is expected that the introduction of this group of purpose-trained contact officers will assist in the reduction

of bullying and harassing behaviour, while also reducing the number of inappropriate complaints made by employees who mistakenly perceive other behaviours to be bullying and harassment.

POLICE CHECKS

Police checks for all new Austin Health employees, using Fit2work software, commenced on 1 January, 2010.

OCCUPATIONAL HEALTH AND SAFETY

Austin Health has made significant improvements to its occupational health and safety (OH&S) system this year.

A review of the organisation's OH&S risks indicated that musculoskeletal injuries (particularly clinical manual handling strains/sprains) were the highest injury type. A revised manual handling strategy was established, to relaunch the 'No Lift' program. This included the introduction of a new program, 'Movesmart'. The objective of the strategy is to reduce the number and severity of manual handling incidents by 10 per cent in 2010-11 and to make Austin Health a healthy and safe place to work. This program will align with the non-clinical Backsafe training introduced in 2008-09.

An OH&S training course for managers was introduced as well as in-house five-day and refresher courses for Health and Safety Representatives.

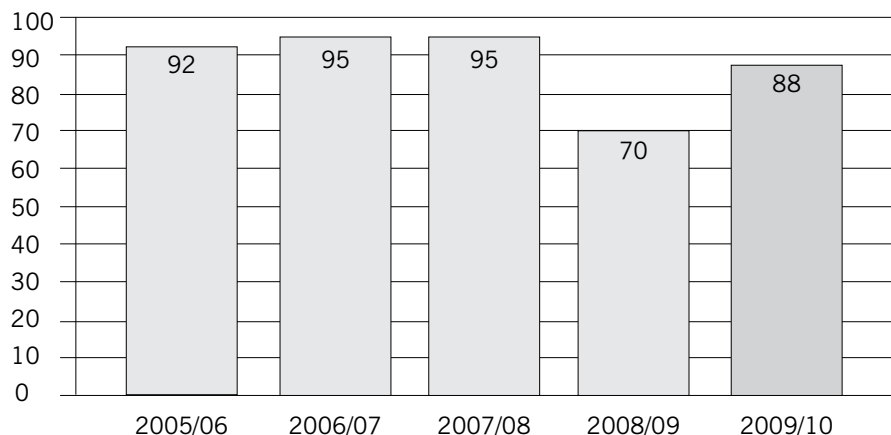
Workplace safety inspections have been introduced to support the early identification of hazards in the workplace, increase staff awareness and ensure ongoing OH&S compliance.

The OH&S department introduced formal investigations of all incidents resulting in WorkCover compensation claims. This process has driven greater accountability at departmental level and supports the identification of the cause and preventability of an incident.

Total WorkCover claims increased to 136 in 2009-10, compared to 102 claims in 2008-09. Sixty per cent of total claims resulted from manual handling incidents with another 18 per cent of injuries arising from slips/falls in the workplace.

In 2009-10, 93 per cent of claimants returned to work to perform either full or partial duties, demonstrating Austin Health's commitment to ensuring injured workers are provided with an opportunity to undertake a safe and sustainable return to work.

STANDARD WORKCOVER CLAIMS BY YEAR



Infrastructure and Commercial

ENVIRONMENTAL SERVICES

The Austin Health Environment Committee includes a wide range of internal stakeholders and meets regularly. There has been considerable focus on staff education regarding resource efficiency and waste minimisation.

The three-year Austin Health Environmental Management Strategy commits us to a 10 per cent reduction in resource consumption and volume of waste generated, and a 10 per cent increase in greening initiatives. The Environmental Services intranet site has been redeveloped to provide a more comprehensive resource for all staff and a number of water conservation initiatives have been implemented across all Austin Health sites.

CAPITAL WORKS

Capital works during the year included:

- completion of the Bio-resources building;
- significant progress on the Austin node building of the Melbourne Brain Centre, with completion expected in December 2010;
- completion of enabling works for the Olivia Newton-John Cancer Centre; awarding of the tender for Stage 1 construction and approval of funding for Stage 2 construction;
- significant progress on the Health and Rehabilitation Centre and the Centre for Trauma Related Mental Health buildings, with completion of both expected by the end of 2010;
- funding approval for a 22-bed community care unit at the Heidelberg Repatriation Hospital; and
- completion of fire safety upgrades across all three sites.

Strategy, Quality and Service Redesign

Strategy, Quality and Service Redesign brings together key business functions, including: strategy and service planning; clinical information management; analysis and performance reporting; the integration of quality, safety and risk management; veteran liaison; and service improvement and redesign. The directorate supports continuous improvement by providing clear strategic direction, access to performance information, and service improvement.

SERVICE PLANNING AND PERFORMANCE

The Austin Health Strategic Services Plan was endorsed by the Department of Health in September 2009. This document provides a high level view of Austin Health's role and of the function of our clinical services to maximise the value we offer to our community.

The development of a draft Mental Health Service Plan has also been a key focus to ensure that our Mental Health Services provide an appropriate model of care in response to current and projected future service demands. The draft plan has been released for consultation and is expected to be finalised early in 2010-11.

QUALITY, SAFETY AND RISK MANAGEMENT

The Quality, Safety and Risk Management Unit consists of Quality Systems, Medico-Legal, Risk Management, Patient Representative Office and Respecting Patient Choices. In 2010 the unit led Austin Health through an accreditation review with the Australian Council on Healthcare Services, which saw Austin Health maintain full accreditation status.

The 2009 Quality of Care report adopted a fresh approach and was produced in

an attractive magazine-style format. The Department of Health reporting framework was used to guide the content of the publication and the report was distributed to 170,000 households in the Austin Health catchments, as well as being placed in public spaces across the health service. Feedback from the public has indicated that the new approach has been very popular.

AUSTIN BY DESIGN

Austin by Design continued to be funded as part of the Department of Health Redesigning Hospital Care program. By employing lean thinking methodologies to redesign service delivery, outcomes are improved while time-wasting activities are reduced. Austin by Design trained 100 staff across the organisation. Additionally 30 directors from across the organisation were trained.

Five wards completed the Care by Design program which supports nursing staff to increase their direct care time with patients by eliminating the time taken to do tasks that are considered waste. Another two wards are part way through the program.

Cardiac Surgery by Design was undertaken over a nine-month period, with the aims of reducing patient cancellations and improving patient flow across the continuum. Some of the high level outcomes included:

- cancellation rate (no ICU bed) reduced from 11 per cent (Jul-Nov 2009) to 0 per cent (Dec-Apr 2010);
- interhospital patients transferred > 18 hrs before surgery was improved to 62 per cent from a baseline of 29 per cent;
- interhospital patients cancelled was improved to 14 per cent from a baseline of 47 per cent.

SCANNED MEDICAL RECORDS

A Scanned Medical Record (SMR) was implemented on 1 December 2009. Once scanned, documentation from patient attendances is available on-line to multi-users, 24 hours a day, on all Austin Health sites.

The SMR is delivering enormous benefits, including improved access to information, a reduction in retrieval of paper medical records and savings associated with medical record consumables and staffing.

As at 21 June 2010, 2.1 million documents had been scanned and 71,000 e.forms had been created in the SMR, while 21,000 new patients have a SMR record only.

Financials

The net result for the 2009-10 financial year before capital and specific items was \$4,125,000, which compared favourably with the budgeted breakeven target, and was especially pleasing given that it was achieved while again treating record patient numbers. The result was largely attributable to on-going efficiencies achieved through initiatives introduced in recent years to improve budget accountability.

Specifically, the better than expected financial outcome in 2009-10 was the result of:

- above target patient revenues - much of this additional revenue related to revenue initiatives undertaken in recent years and improved billing processes. Austin Health is currently implementing a new patient billing system, which is expected to lead to further efficiencies and revenue gains; and
- government initiatives, that provided funding to treat additional surgical patients and reduce waiting lists, at a level which provided scale efficiencies.

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

FINANCIAL SUMMARY

	2010	2009	2008	2007	2006
	\$000	\$000	\$000	\$000	\$000
Total Revenue	640,123	608,637	550,319	507,829	474,953
Total Expenses	635,998	604,116	550,247	504,011	474,002
Operating Surplus/(Deficit) before capital and specific items	4,125	4,521	72	3,818	951
Capital and Specific Items	(26,459)	11,856	(10,018)	(15,832)	(4,991)
Operating Surplus/(Deficit)	(22,334)	16,377	(9,946)	(12,014)	(4,040)
Accumulated Deficit	(97,269)	(74,824)	(88,034)	(78,501)	(65,732)
Total Assets	1,183,305	1,190,514	766,238	715,487	683,512
Total Liabilities	198,797	197,252	177,711	152,161	142,649
Net Assets	984,508	993,262	588,527	563,326	540,863
Total Equity	984,508	993,262	588,527	563,326	540,863

Financials

(CONTINUED)

REVENUE INDICATORS

	Average Collection Days		Inpatient Accommodation Fees Outstanding				Total 30/06/2010	Total 30/06/2009
	2010 Days	2009 Days	Under 30 Days	31-60 Days	61-90 Days	Over 90 Days		
	Days	Days	\$000	\$000	\$000	\$000	\$000	\$000
Private	68	69	1,046	1,117	852	784	3,799	1,934
TAC	107	123	125	86	62	393	666	496
VWA	115	62	172	152	224	429	977	703
Other Compensable	215	249	121	85	81	356	643	515
Psychiatric	54	49	39	16	7	26	88	66
Residential Aged Care	6	7	12				12	24
Total	60	55	1,515	1,456	1,226	1,988	6,185	3,738

Our Clinical Services

STATEWIDE SERVICES

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

REGIONAL SERVICES

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

SUB-ACUTE SERVICES

Aged Care
Aged Care Assessment Service
Aged Care Community Program
Aged Care Volunteer Program
Darley House
Medical and Cognitive Research Unit
Memory Service
North East Dementia Innovations Demonstration Pilot
Northern Region Extended Aged Care at Home Program
Orthotics and Prosthetics
Rehabilitation
Transition Care Program
Wound Clinic

HOME AND AMBULATORY SERVICES

Community Link Rapid Response Service
Community Rehabilitation Centre

ALLIED HEALTH

Community Rehabilitation Centre
Day Treatment Centre
Hospital in the Home
Medi-Hotel
Neurological Rehabilitation Services
North Eastern Post Acute Care
Nutrition and Dietetics
Occupational Therapy
Physiotherapy
Rehabilitation in the Home
Social Work
Speech Pathology

ANAESTHESIA, PERIOPERATIVE AND INTENSIVE CARE

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

CANCER SERVICES

Ballarat Austin Radiation Oncology Centre
Cancer Clinical Trials
Cancer Immunology
Cannulation and Apheresis Service
Clinical Haematology
Day Oncology/Chemotherapy
Familial Cancer Clinic/Clinical

Genetics Service
Lymphoedema Service
Medical Oncology
Palliative Care
Radiation Oncology

CARDIOTHORACIC SERVICES

Angiography
Cardiac Catheterisation Laboratory
Cardiac Rehabilitation
Cardiac Surgery
Cardiology
Coronary Care
Echocardiography
Hypertension
Respiratory and Sleep Medicine
Respiratory Function Laboratory
Sleep Disorders Unit
Thoracic Surgery
Tracheostomy Review and Management Service

DIAGNOSTIC SERVICES

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

Our Clinical Services

(CONTINUED)

SURGERY

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

MEDICAL AND EMERGENCY

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

MENTAL HEALTH

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

NEUROSCIENCES AND VASCULAR SURGERY

Clinical Neuropsychology
Comprehensive Epilepsy Program
Epilepsy Unit
Neurodiagnostics
Neuroimmunology
Neurology
Neurosurgery
Ophthalmology
Orthoptics
Stroke Care Unit
Vascular Laboratory
Vascular Surgery

SPECIALIST SURGICAL AND SPINAL

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

OTHER

Northern Centre Against Sexual Assault
Outpatients
Pharmacy

Mandatory Reporting

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

ATTESTATION ON COMPLIANCE WITH AUSTRALIAN/NEW ZEALAND RISK MANAGEMENT STANDARD

I, Brendan Murphy certify that Austin Health has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard (4360:2004) and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. The Board Audit Committee verifies this assurance and that the Austin Health Risk Register has been critically reviewed within the past 12 months.

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



Dr Brendan Murphy

Chief Executive Officer

Heidelberg

11 August, 2010

ATTESTATION ON GIFTS, BENEFITS AND HOSPITALITY

I, Brendan Murphy, Chief Executive Officer of Austin Health certify that:

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



Dr Brendan Murphy

Chief Executive Officer

Heidelberg

5 August, 2010

ATTESTATION ON DATA INTEGRITY

I, Brendan Murphy certify that Austin Health has put in place appropriate internal controls and processes to ensure that the Department of Human Services is provided with data that reflects actual performance. Austin Health has critically reviewed these controls and processes during the year.



Dr Brendan Murphy

Chief Executive Officer

Heidelberg

11 August, 2010

Mandatory Reporting

(CONTINUED)

EX-GRATIA PAYMENTS

Austin Health made no ex-gratia payments for the year ending 30 June 2010.

FREEDOM OF INFORMATION APPLICATIONS 2009-10

Requests received	900
Fully Granted	829
Partially	14
Denied	1
Other:	
- Withdrawn	34
- No documents	1
In progress	21

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

WHISTLEBLOWERS PROTECTION ACT 2001

Austin Health has procedures in place to facilitate the making of disclosures, to investigate disclosures and to protect persons making disclosures. During 2009-10 there were no disclosures made of improper conduct or detrimental action by Austin Health or its employees.

Procedures are available on the Austin Health website (www.austin.org.au) or can be obtained from the Protected Disclosure Officer, on 03 9496 5370 or by writing to Austin Health, PO Box 5555, Heidelberg, Victoria, 3084.

VICTORIAN INDUSTRY PARTICIPATION POLICY ACT 2003

During 2009-10, Austin Health commenced one contract totalling \$44,358,110 (excl. GST) to which the Victorian Industry Participation Policy (VIPP) applied.

The commitments by the contractor under VIPP include:

- 90% Australian-New Zealand value-added activity;
- 180 full time equivalent jobs;
- engagement and training of 5 new and 12 existing apprentices; and
- on-the-job monitored training plans for all employees.

BUILDING ACT 1993

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

Registered building practitioners have been engaged for all new building projects.

In order to ensure Austin Health's buildings are maintained in a safe and serviceable condition, routine inspections and ongoing maintenance programs were undertaken. Where required, Austin Health implemented recommendations arising from those inspections through a program of rectification and maintenance works.

NATIONAL COMPETITION POLICY

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

CONSULTANCIES ENGAGED DURING 2009-10

1. In excess of \$100,000 per consultancy

There were no consultancies in 2009/10 greater than \$100,000.

2. Less than \$100,000 per consultancy

There were 12 consultancies engaged at a total cost of \$259,418.

AVAILABILITY OF OTHER INFORMATION

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

- (a) A statement of pecuniary interest has been completed.
- (b) Details of shares held by senior officers as nominee or held beneficially.
- (c) Details of publications produced by the department about the activities of the entity and where they can be obtained.
- (d) Details of changes in prices, fees, charges, rates and levies charged by the entity.
- (e) Details of any major external reviews carried out on the entity.
- (f) Details of major research and development activities undertaken by the entity that are not otherwise covered either in the Report of Operations or in a document that contains the financial report and Report of Operations.
- (g) Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit.

- (h) Details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services.
- (i) Details of assessments and measures undertaken to improve the occupational health and safety of employees.
- (j) General statement on industrial relations within the entity and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the Report of Operations.
- (k) A list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved.

MERIT AND EQUITY

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

WORK FORCE DATA

Labour Category	2009-10	
	June Current month FTE	June YTD FTE
Nursing Services	2,087.79	2,021.71
Administration and Clerical	809.78	778.57
Medical Support	655.90	643.09
Hotel and Allied Services	598.06	619.99
Medical Officers	142.58	139.51
Hospital Medical Officers	381.72	356.20
Sessional Medical Officers	101.45	94.76
Ancillary Support Services	424.42	419.44
Total	5,201.70	5,073.28

Statement of Priorities

PART A: STRATEGIC PRIORITIES FOR 2009-10

Strategic Priorities		Deliverables	Outcomes
1	Provide better, safer care in clinically appropriate time frames.	Improved patient flow following opening of the new 24 bed 'acute/sub-acute' ward.	Ward 10 opened in August 2009, with subsequent demonstrable improvement in patient flow and more effective and efficient care for lower acuity acute patients.
2	Provide appropriate service and facility configuration.	Continue to work with Department of Health to finalise Strategic Services Plan 2009-10.	Plan completed.
		Master planning for Austin Hospital and Heidelberg Repatriation Hospital.	Discussions with Department of Health regarding commencement of master planning are ongoing. Site Infrastructure Audit for Austin Campus completed.
3	Redesign systems to improve quality, value and efficiency.	Redesigned Cardiac Surgery service systems to improve patient flow, patient experience and service efficiency through the implementation of <i>Cardiac Surgery by Design</i> project.	Project completed in April, with demonstrable improvements in patient flow, patient experience and service efficiency. There is a continued focus on sustaining improvements.
4	Provide an integrated cancer centre on the Austin Hospital site.	Olivia Newton-John Cancer and Wellness Centre progression of stage 1 of construction, and continued planning for stage 2.	Stage 1 is on track and funding for Stage 2A was received in May 2010.
5	Provide contemporary clinical and business information systems that support excellence in decision making, patient care and accountability.	Timely simultaneous electronic access to medical record information from commencement of 2010, following full implementation of the scanned medical records project.	Scanned medical record system has been fully implemented and electronic access is within recommended timeframes.
		Improve staff time and attendance management and award interpretation through implementation of the HealthSMART Kronos rostering system in all nursing clinical areas.	Kronos system has been implemented, with over two thirds of nursing clinical staff currently paid through Kronos. This has resulted in improved tracking of staff time and attendance, and improved award interpretation.
6	Lead the implementation of new and flexible work roles that extend practice, build capacity and release skilled staff from lower value tasks.	Feasibility, benefits and costs of the <i>Health Assistant (Nursing)</i> role identified through the completion and evaluation of the <i>Health Assistant (Nursing)</i> pilot.	Pilot and evaluation have been completed. Health Assistant Nurses have completed Certificate III.

**PART B:
PERFORMANCE PRIORITIES**

FINANCIAL PERFORMANCE

Operating result	2009-10 actuals
Annual operating result (\$M)	4.1

Critical care	2009-10 actuals
ICU minimum operating capacity	17

Cash management/ liquidity	2009-10 actuals
Creditors (days)	45
Debtors (days)	60
Net movement in cash balance (\$M)	- 9.3

Quality and safety	2009-10 actuals
Health service accreditation	Full compliance
Residential aged care accreditation	Full compliance
Cleaning standards (%)	92
Submission of data to VICNISS (%)	100
VICNISS Infection Surveillance Indicators	No outlier
Hand Hygiene Program compliance (%)	69.7
Victorian Patient Satisfaction Monitor	73.1

SERVICE PERFORMANCE

WIES activity performance	2009-10 actuals
WIES (public and private) performance to target (%)	102

Elective surgery	2009-10 actuals
Elective surgery admissions – quarter 1	2,874
Elective surgery admissions – quarter 2	2,467
Elective surgery admissions – quarter 3	2,368
Elective surgery admissions – quarter 4	2,681

Mental Health	2009-10 actuals
28 day readmission rate (%)	10.4

Statement of Priorities

(PART B CONTINUED)

ACCESS PERFORMANCE

Emergency care	2009-10 actuals	Elective surgery	2009-10 actuals
Percentage of operating time on hospital bypass	2	Percentage of Category 1 elective patients admitted within 30 days	100
Percentage of emergency patients admitted to an inpatient bed within 8 hours	69	Percentage of Category 2 elective surgery patients waiting less than 90 days	67
Percentage of non-admitted emergency patients with length of stay of less than 4 hours	72	Percentage of Category 3 elective surgery patients waiting less than 365 days	93
Number of patients with length of stay in the emergency department greater than 24 hours	0	Number of patients on the elective surgery waiting list (as at 30 June)	2,640
Percentage of Triage Category 1 emergency patients seen immediately	100	Number of hospital initiated postponements (HiPs) per 100 scheduled admissions	8
Percentage of Triage Category 2 emergency patients seen within 10 minutes	88		
Percentage of Triage Category 3 emergency patients seen within 30 minutes	77		

PART C: ACTIVITY AND FUNDING

Activity	2009-10 activity achievement
Weighted Inlier Equivalent Separations (WIES)	
WIES Public	50,770
WIES Private	13,023
WIES (Public, Private)	63,793
WIES Renal	1,744
WIES DVA	1,916
WIES TAC	856
WIES TOTAL	68,309
Sub-Acute Inpatient	
CRAFT	808
Rehab Spinal	4,783
Rehab L1 (non DVA)	5,126
Rehab L2 (non DVA)	501
GEM (non DVA)	19,946
Palliative Care – Inpatient	5,309
Transition Care (non DVA) – bed day	6,382
Restorative Care	1,298
Rehab 1 – DVA	101
Rehab 2 – DVA	1,035
GEM – DVA	2,985
Palliative Care – DVA	400
Ambulatory	
VACS – Allied Health	51,584
VACS – Variable	99,402
Transition Care (non-DVA) – Homeday	7,864
SACS – Non DVA	17,178
Post Acute Care	1,531
VACS Allied Health – DVA	24,431
VACS Variable – DVA	1,864
SACS – DVA	377
Post Acute Care – DVA	843
Aged Care	
Aged Care Assessment Service	1,549
Residential Aged Care	21,795

Disclosure Index

The annual report of Austin Health is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

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Financial Statements

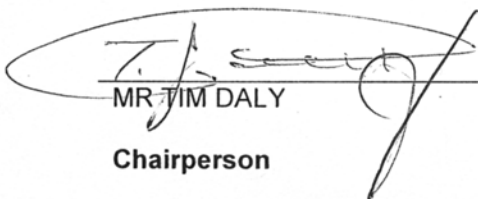
Chairperson's, Chief Executive Officer's and Executive Director, Finance's Declaration

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

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2010 and financial position of Austin Health as at 30 June 2010.

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

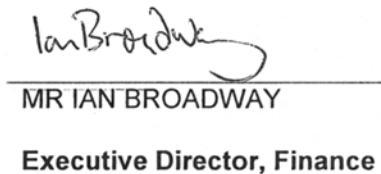
We authorise the attached financial report for issue on this day.



MR TIM DALY
Chairperson



DR BRENDAN MURPHY
Chief Executive Officer



MR IAN BROADWAY
Executive Director, Finance

Heidelberg, Victoria

12 / 8 / 2010

Heidelberg, Victoria

12 / 8 / 2010

Heidelberg, Victoria

12 / 8 / 2010

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Austin Health

The Financial Report

The accompanying financial report for the year ended 30 June 2010 of Austin Health which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, 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 Board Members Responsibility for the Financial Report

The Board Members of Austin Health are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, 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 Board Members, as well as evaluating the overall presentation of the financial report.

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

VAGO

Victorian Auditor-General's Office

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 2010. The Board Members of Austin Health are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. 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 web site.

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 2010 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
12 August 2010



D D R Pearson
Auditor-General

COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	Note	Total 2010 \$000	Total 2009 \$000
Revenue from Operating Activities	2	638,431	606,108
Revenue from Non-Operating Activities	2	1,692	2,529
Employee Benefits	3	(459,609)	(443,363)
Non Salary Labour costs	3	(8,617)	(8,248)
Supplies and Consumables	3	(102,108)	(95,472)
Other Expenses from Continuing Operations	3(a)	(65,664)	(57,033)
Net Result Before Capital & Specific Items		4,125	4,521
Capital Purpose Income	2	57,260	50,055
Impairment of Non-Financial Assets	3	(46)	-
Depreciation and Amortisation	4	(73,111)	(32,933)
Expenditure Using Capital Purpose Income	3(a)	(10,562)	(5,266)
Net Result for the Year		(22,334)	16,377
Other Comprehensive Income			
Net fair value revaluation on Non Financial Assets		13,580	388,358
Comprehensive Result for the Year		(8,754)	404,735

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

BALANCE SHEET AS AT 30 JUNE 2010

	Note	Total 2010 \$000	Total 2009 \$000
ASSETS			
Current Assets			
Cash and Cash Equivalents	6	24,316	33,619
Receivables	7	27,943	27,840
Other Financial Assets	8	38,968	29,595
Inventories	9	6,702	6,713
Non-Financial Assets Classified as Held for Sale	10	396	-
Other Current Assets	11	1,952	2,007
Total Current Assets		100,277	99,774
Non-Current Assets			
Receivables	7	15,962	16,035
Other Financial Assets	8	154	154
Property, Plant and Equipment	12	1,064,993	1,072,978
Intangible Assets	13	1,919	1,573
Total Non-Current Assets		1,083,028	1,090,740
TOTAL ASSETS		1,183,305	1,190,514
LIABILITIES			
Current Liabilities			
Payables	14	41,974	32,577
Interest Bearing Liabilities	15	456	427
Employee Benefits and Related On-Costs Provisions	16	115,742	124,171
Other Liabilities	17	1,289	1,793
Total Current Liabilities		159,461	158,968
Non-Current Liabilities			
Interest Bearing Liabilities	15	23,511	23,967
Employee Benefits and Related On-Costs Provisions	16	15,601	13,943
Other Liabilities	17	224	374
Total Non-Current Liabilities		39,336	38,284
TOTAL LIABILITIES		198,797	197,252
NET ASSETS		984,508	993,262
EQUITY			
Property, Plant & Equipment Revaluation Surplus	18(a)	546,297	532,717
Restricted Specific Purpose Reserve	18(a)	5,553	5,442
Contributed Capital	18(b)	529,927	529,927
Accumulated Deficits	18(c)	(97,269)	(74,824)
TOTAL EQUITY		984,508	993,262

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

2010	Note	Changes due to			Equity at 30 June 2010
		Equity at 1 July 2009	Comprehens- ive Result	Transactions with owner in its capacity as owner	
		\$000	\$000	\$000	\$000
Accumulated Deficit	18(c)	(74,824)	(22,334)	-	(97,158)
Transfer (To)/From Restricted Specific Purpose Reserve		-	(111)	-	(111)
		<u>(74,824)</u>	<u>(22,445)</u>	<u>-</u>	<u>(97,269)</u>
Contribution by Owners	18(b)	<u>529,927</u>	<u>-</u>	<u>-</u>	<u>529,927</u>
Reserves					
Property, Plant and Equipment Revaluation Surplus	18(a)	532,717	13,580	-	546,297
Restricted Specific Purpose Reserve	18(a)	5,442	111	-	5,553
		<u>538,159</u>	<u>13,691</u>	<u>-</u>	<u>551,850</u>
Total Equity at the End of the Financial Year		<u>993,262</u>	<u>(8,754)</u>	<u>-</u>	<u>984,508</u>

2009	Note	Changes due to			Equity at 30 June 2009
		Equity at 1 July 2008	Comprehens- ive Result	Transactions with owner in its capacity as owner	
		\$000	\$000	\$000	\$000
Accumulated Deficit	18(c)	(88,034)	16,377	-	(71,657)
Transfer (To)/From Restricted Specific Purpose Reserve		-	(3,167)	-	(3,167)
		<u>(88,034)</u>	<u>13,210</u>	<u>-</u>	<u>(74,824)</u>
Contribution by Owners	18(b)	<u>529,927</u>	<u>-</u>	<u>-</u>	<u>529,927</u>
Reserves					
Property, Plant and Equipment Revaluation Surplus	18(a)	144,359	388,358	-	532,717
Restricted Specific Purpose Reserve	18(a)	2,275	3,167	-	5,442
		<u>146,634</u>	<u>391,525</u>	<u>-</u>	<u>538,159</u>
Total Equity at the End of the Financial Year		<u>588,527</u>	<u>404,735</u>	<u>-</u>	<u>993,262</u>

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	Note	Total 2010 \$000	Total 2009 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		505,560	474,687
Patient and Resident Fees Received		22,552	23,734
Private Practice Fees Received		12,099	10,863
Donations and Bequests Received		2,206	6,731
GST Received from/(paid to) ATO		(43)	(263)
Recoupment from private practice for use of Hospital Facilities		27,892	24,711
Interest Received		1,355	2,438
Other Receipts		61,177	56,572
Employee Benefits Paid		(461,503)	(424,170)
Finance Costs		(1,838)	(1,855)
Other Payments		(165,832)	(155,301)
Cash Generated from Operations		3,625	18,147
Capital Grants from Government		34,574	31,625
Capital Donations and Bequests Received		3,789	3,536
Other Capital Receipts		4,192	2,890
Other Capital Payments		(10,486)	(5,266)
NET CASH INFLOW FROM OPERATING ACTIVITIES	19	35,694	50,932
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Non-Financial Assets		(34,670)	(40,131)
Proceeds from Disposal of Property, Plant and Equipment		7	1,022
Purchase of Investments		(9,372)	(14,640)
(Payment)/receipts (to)/from Major Projects Victoria		-	5,094
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(44,035)	(48,655)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		(985)	(1,068)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(985)	(1,068)
NET INCREASE/(DECREASE) IN CASH HELD		(9,326)	1,209
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	6	33,576	32,367
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	24,250	33,576

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

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2010

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Note 1: Statement of Significant Accounting Policies

(a) Statement of Compliance

The financial statements are a general purpose financial report which has been prepared in accordance with the *Financial Management Act* 1994 and applicable Australian Accounting Standards (AASs) and Australian Accounting Interpretations and other mandatory requirements. AASs include Australian equivalents to International Financial Reporting Standards.

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

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

(b) Basis of Preparation

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2010, and the comparative information presented in these financial statements for the year ended 30 June 2009.

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 going concern basis was used to prepare the financial statements.

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

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

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

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

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.

Note 1: Statement of Significant Accounting Policies (continued)

(c) Reporting Entity

The financial statements include all the activities of Austin Health.

Its principle address is:

Austin Hospital
Studley Road
Heidelberg
Victoria 3084.

(d) Rounding Of Amounts

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

Figures in the financial statements may not equal due to rounding.

(e) Functional and Presentational Currency

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

(f) Comparative Information

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

(g) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of 3 months or less, which are readily convertible to known amounts of cash are subject to insignificant risk of changes in value.

(h) 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 when there is objective evidence that an impairment loss has occurred. Bad debts are written off when identified.

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

(i) 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.

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.

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

Cost is determined principally by the weighted average method.

Cost of Goods Sold

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

Note 1: Statement of Significant Accounting Policies (continued)

(j) Investments and 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.

All financial assets except those measured at fair value are subject to annual review for impairment.

Loans and Receivables

Trade receivables, loans and other receivables are recorded at amortised cost, using the effective interest method, less impairment. Term deposits with maturity greater than three months are also measured 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 21(e).

(k) 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 amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Health Service.

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.

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 each intangible asset 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.

Note 1: Statement of Significant Accounting Policies (continued)

(k) Intangible Assets (continued)

Intangible assets with finite useful lives are amortised over 3 years (2009: 3 years).

(l) 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 and impairment.

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

(m) Revaluations of Non-current Physical Assets

Non-current physical assets measured at fair value are revalued in accordance with FRD 103D *Non-current physical assets*. 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. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

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

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

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

Revaluation surplus 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 assessed to determine whether revaluation of the non-current physical assets was required.

(n) Depreciation

Assets with a cost in excess of \$1,000 (2009: \$1,000) are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives. Depreciation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and depreciation method for all assets are reviewed at least annually. This depreciation charge is not funded by the Department of Health

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

Note 1: Statement of Significant Accounting Policies (continued)

(n) Depreciation (continued)

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

	2010	2009
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
Intangible Assets	Up to 3 years	Up to 3 years

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

(o) 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

Apart from Intangible assets with indefinite useful lives, 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 as an expense except to the extent that the write-down can be debited to an asset revaluation surplus 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 replacement cost and fair value less costs to sell. Recoverable amounts for assets held primarily to generate net cash inflows are 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.

(p) 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.

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

Note 1: Statement of Significant Accounting Policies (continued)

(q) Provisions

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

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

(r) 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 21(e).

(s) Goods and Services Tax

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

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

(t) 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 the provision for employee benefits in respect of employee's services up to the reporting date, and are classified as current liabilities and measured at their nominal values.

Those liabilities that 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

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

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

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.

Note 1: Statement of Significant Accounting Policies (continued)

(t) Employee Benefits (continued)

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 Comprehensive 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 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	
	2010	2009
	\$000	\$000
Defined Benefit Plans		
Hospital Superannuation Board – Health Super	23,802	22,893
Commonwealth Superannuation Scheme	2,421	3,556
ESS (previously GSO)	617	652
Defined Contribution Plans		
Hospital Superannuation Board – Health Super	1,539	1,644
HESTA	8,376	6,947
Other	581	385
Total	37,336	36,077

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 statements.

Termination Benefits

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

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

Note 1: Statement of Significant Accounting Policies (continued)

(t) Employee Benefits (continued)

On-Costs

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

(u) 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.

(v) Residential Aged Care Services

The Darley House Residential Aged Care Service and Mary Guthrie House Residential 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 these operations have been segregated based on actual revenue earned and expenditure incurred by each operation.

(w) 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.

(x) Leases

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

(y) 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 and other transfer of income (other than contributions by owners)

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 Health.

Long Service Leave (LSL) - revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 14/2009.

Patient Fees

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

Private Practice Fees

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

Donations and 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, such as the restricted special purpose reserve.

Note 1: Statement of Significant Accounting Policies (continued)

(y) Income Recognition (continued)

Interest Revenue

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

(z) 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.

(aa) Services Supported By Health Services Agreement and Services Supported By Hospital and Community Initiatives

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

(ab) 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 Health Service or agency as a consequence of a restructuring of administrative arrangements. In the latter 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.

(ac) Property, Plant & Equipment Revaluation Surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current physical 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 Australian Accounting Interpretation 1038 *Contributions by Owners Made to Wholly Owned Public Sector Entities* and FRD 119 *Contributions by Owners*, appropriations for additions to the net asset base have been designated as contributed capital. Other transfers that are in the nature of contributions or distributions, that have been designated as contributed capital are also treated as contributed capital.

(af) Commitments

Commitments are not recognised on the Balance Sheet. Commitments are disclosed at their nominal value and are inclusive of the GST payable.

(ag) Contingent assets and contingent liabilities

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

(ah) Net Result Before Capital & Specific Items

The subtotal entitled "Net Result Before Capital & Specific Items" is included in the Comprehensive Operating Statement to enhance the understanding of the financial performance of 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 an 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.

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2010

Note 1: Statement of Significant Accounting Policies (continued)

(ah) Net Result Before Capital & Specific Items (continued)

The Net Result Before Capital & Specific Items is used by the management of the Health Service, the Department of Health and the Victorian Government to measure the ongoing result of the 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(ab)). 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-financial assets, includes all impairment losses (and reversal of previous impairment losses), which have been recognised in accordance with note 1(o).
- Depreciation and amortisation, as described in note 1(k) and 1(n).
- Assets provided free of charge, as described in note 1(ab).
- Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold (note 1(k) and (l)), 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.

(ai) 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.

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.

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2010

Note 1: Statement of Significant Accounting Policies (continued)

(ai) Category Groups (continued)

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 including Mental Health (RAC incl. Mental Health) comprises those Commonwealth-licensed residential aged care services in receipt of supplementary funding from DH under the mental health program. It excludes all other residential services funded under the mental health program, such as mental health funded community care units (CCU's) and secure extended care units (SECs).

Other Services excluded from Australian Health Care Agreement (AHCA) (Other) comprises revenue/expenditure for services not separately classified above, including: public health services including laboratory testing, 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.

(aj) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2010 reporting period. As at 30 June 2010, the following standards and interpretation had been issued but were not mandatory for financial year ended 30 June 2010. 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 2009-5 Further amendments to Australian Accounting Standards arising from the annual improvements project [AASB 5, 8, 101, 107, 117, 118, 136 and 139]	Some amendments will result in accounting changes for presentation, recognition or measurement purposes, while other amendments will relate to terminology and editorial changes.	Beginning 1 Jan 2010	Terminology and editorial changes. Impact minor.
AASB 2009-9 Amendments to Australian Accounting Standards – additional exemptions for first-time adopters [AASB 1]	Applies to Health Services adopting Australian Accounting Standards for the first time, to ensure Health Services will not face undue cost or effort in the transition process in particular situations.	Beginning 1 Jan 2010	No impact. Relates only to first time adopters of Australian Accounting Standards.
AASB 124 Related party disclosures (Dec 2009)	Government related Health Services have been granted partial exemption with certain disclosure requirements.	Beginning 1 Jan 2011	Preliminary assessment suggests that impact is insignificant. However, the Health Service is still assessing the detailed impact and whether to early adopt.

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2010

Note 1: Statement of Significant Accounting Policies (continued)

(aj) 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 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031 and Interpretations 2, 4, 16, 1039 and 1052]	This standard amends AASB 8 to require an entity to exercise judgement in assessing whether a government and Health Services known to be under the control of that government are considered a single customer for purposes of certain operating segment disclosures. This standard also makes numerous editorial amendments to other AASs.	Beginning 1 Jan 2011	AASB 8 does not apply to Health Services therefore no impact expected. Otherwise, only editorial changes arising from amendments to other standards, no major impact. Impacts of editorial amendments are not expected to be significant.
AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a minimum funding requirement [AASB Interpretation 14]	Amendment to Interpretation 14 arising from the issuance of <i>Prepayments of a minimum funding requirement</i>	Beginning 1 Jan 2011	Expected to have no significant impact
AASB 9 Financial instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 <i>Financial instruments: recognition and measurement</i> (AASB 139 <i>financial Instruments: recognition and measurement</i>).	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]	This gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 Jan 2013	Detail of impact is still being assessed.

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2010

Note 1: Statement of Significant Accounting Policies (continued)

(aj) 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 2010-1 Amendments to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosures for First-time Adopters [AASB 1 & AASB 7]	This amendment provides limited exemptions from the requirements of adhering to AASB 1 and AASB 7 that arise from AASB 2009-2.	Beginning 1 July 2010	These exemptions are unlikely to have an impact on the Health Service because it is not a first time adoption.

(ak) Going Concern

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

- A deficit net result for the year of \$22.3M for the year ended 30 June 2010 (\$16.4M surplus for the year ended 30 June 2009);
- Depreciation/Amortisation Expense of \$73M for the year ended 30 June 2010 (\$33M for the year ended 30 June 2009) which is not matched with recurrent funding;
- A working capital deficiency of \$59.2M as at 30 June 2010 (\$59.2M deficiency as at 30 June 2009);
- Net cash outflows of \$9.3M for the year ended 30 June 2010 (\$1.2M inflows for the year ended 30 June 2009); and
- Budgeted for a breakeven Net Result before Capital & Specific Items for the year ending 30 June 2011.

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 2010/11 financial year. On the basis of the advice and assurances received in writing from the Department of Health, the Directors of Austin Health are of the opinion that Austin Health will be able to pay its debts as and when they fall due.

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2010

Note 2: Revenue

	HSA 2010 \$000	HSA 2009 \$000	Non HSA 2010 \$000	Non HSA 2009 \$000	Total 2010 \$000	Total 2009 \$000
Revenue from Operating Activities						
Government Grants						
- Department of Health	476,040	-	-	-	476,040	-
- Department of Human Services	2,146	445,551	-	-	2,146	445,551
- State Government - Other	-	-	-	-	-	-
- Commonwealth Government						
- Residential Aged Care Subsidy	3,790	3,588	-	-	3,790	3,588
- Other	22,362	20,005	-	-	22,362	20,005
Total Government Grants	504,338	469,144	-	-	504,338	469,144
Indirect Contributions by Department of Health						
- Insurance	6,149	5,556	-	-	6,149	5,556
- Long Service Leave	(73)	11,175	-	-	(73)	11,175
Total Indirect Contributions by Department of Health	6,076	16,731	-	-	6,076	16,731
Patient and Resident Fees						
- Patient and Resident Fees (Refer note 2b)	23,876	20,748	-	-	23,876	20,748
- Residential Aged Care (Refer note 2b)	1,121	1,112	-	-	1,121	1,112
Total Patient and Resident Fees	24,997	21,860	-	-	24,997	21,860

Note 2: Revenue (continued)

	HSA 2010 \$000	HSA 2009 \$000	Non HSA 2010 \$000	Non HSA 2009 \$000	Total 2010 \$000	Total 2009 \$000
Business Unit and Specific Purpose Funds						
- Private Practice and Other Patient Activities	-	-	5,937	5,400	5,937	5,400
- Laboratory Medicine	208	185	16,900	15,158	17,108	15,343
- Diagnostic Imaging	400	317	3,378	3,121	3,778	3,438
- Mental Health Services	-	-	1,412	1,364	1,412	1,364
- Pharmacy Services	403	323	363	376	766	699
- Affiliated Entities	-	-	4,187	4,164	4,187	4,164
- Retail Services	-	-	697	709	697	709
- Laundry	-	-	1,674	3,697	1,674	3,697
- Food Production Kitchen	-	-	2,154	1,263	2,154	1,263
- Car Park	-	-	6,599	6,093	6,599	6,093
- Research	-	-	8,150	9,294	8,150	9,294
- Cardiology	-	-	613	1,075	613	1,075
- Child Care	-	-	1,154	979	1,154	979
- Nuclear Medicine	-	-	851	2,197	851	2,197
- Fundraising	-	-	1,116	1,544	1,116	1,544
- Hospital Department Funds	-	-	1,869	1,355	1,869	1,355
- Salary Packaging	-	-	2,288	1,998	2,288	1,998
- Other	-	-	901	919	901	919
Total Business Unit and Specific Purpose Funds	1,011	825	60,243	60,706	61,254	61,531
Donations and Bequests	7	7	-	-	7	7
Recoupment from Private Practice for use of Hospital Facilities	27,892	24,711	-	-	27,892	24,711
Other Revenue from Operating Activities	13,867	12,124	-	-	13,867	12,124
Sub-Total Revenue from Operating Activities	578,188	545,402	60,243	60,706	638,431	606,108

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2010

Note 2: Revenue (continued)

	HSA 2010 \$000	HSA 2009 \$000	Non HSA 2010 \$000	Non HSA 2009 \$000	Total 2010 \$000	Total 2009 \$000
Revenue from Non-Operating Activities						
Interest	1,485	2,330	-	-	1,485	2,330
Other Revenue from Non-Operating Activities	207	199	-	-	207	199
Sub-Total Revenue from Non-Operating Activities	1,692	2,529	-	-	1,692	2,529
Revenue from Capital Purpose Income						
State Government Grants	1,993	3,260	-	-	1,993	3,260
- Targeted Capital Works & Equipment	-	-	21,212	22,010	21,212	22,010
- Other	-	-	14,843	11,574	14,843	11,574
- DoH Indirect Contribution	330	313	11,039	6,066	11,369	6,379
Commonwealth Government Capital Grants	187	175	-	-	187	175
Residential Accommodation Payments (refer note 2b)	-	-	-	24	-	24
Assets Received Free of Charge (refer note 2d)	-	-	(138)	406	(138)	406
Net Gain/(Loss) on Disposal of Non-Financial Assets (refer note 2c)	-	-	-	-	-	-
Capital Interest	-	-	1,887	1,158	1,887	1,158
Donations and Bequests	-	-	3,789	3,536	3,789	3,536
Other Capital Purpose Income	-	-	2,118	1,533	2,118	1,533
Sub-Total Revenue from Capital Purpose Income	2,510	3,748	54,750	46,307	57,260	50,055
Total Revenue (Refer Note 2a)	582,390	551,679	114,993	107,013	697,383	658,692

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

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

Note 2a: Analysis of Revenue by Source

	Admitted Patients	Outpatients	EDS	Ambulatory	Mental Health	RAC incl. Mental Health	Aged Care	Other	Total
	2010	2010	2010	2010	2010	2010	2010	2010	2010
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue from Services Supported by Health Services Agreement									
Government Grants	305,167	61,680	18,920	60,786	43,171	7,623	3,435	3,556	504,338
Indirect Contributions by Department of Health	6,097	(5)	(3)	(7)	(5)	-	-	(1)	6,076
Patient and Resident Fees (refer note 2b)	17,676	528	-	4,806	822	1,121	44	-	24,997
Recoupment from Private Practice for Use of Hospital Facilities	11,667	12,841	1,600	465	69	-	-	1,250	27,892
Business Units & Specific Purpose Funds	656	44	247	13	16	-	-	35	1,011
Donations and Bequests (non capital)	3	1	-	3	-	-	-	-	7
Other Revenue	7,581	1,742	1,013	1,495	1,868	41	148	186	14,074
Interest	1,485	-	-	-	-	-	-	-	1,485
Capital Purpose Income (refer note 2)	1,993	-	-	-	-	517	-	-	2,510
Sub-Total Revenue from Services Supported by Health Services Agreement	352,325	76,831	21,777	67,561	45,941	9,302	3,627	5,026	582,390
Revenue from Services Supported by Hospital and Community Initiatives									
Business Units & Specific Purpose Funds	-	-	-	-	-	-	-	60,243	60,243
Capital Purpose Income (refer note 2)	-	-	-	-	-	-	-	54,750	54,750
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	-	114,993	114,993
Total Revenue	352,325	76,831	21,777	67,561	45,941	9,302	3,627	120,019	697,383

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

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

	Admitted Patients	Outpatients	EDS	Ambulatory	Mental Health	RAC incl. Mental Health	Aged Care	Other	Total
	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	39,274	7,268	3,281	2,876	469,143
Indirect Contributions by Department of Health	15,141	385	213	502	387	42	13	48	16,731
Patient and Resident Fees (refer note 2b)	15,588	520	-	4,020	558	1,112	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	1,093	28	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	41,385	8,938	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	41,385	8,938	3,389	111,300	658,692

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

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2010

Note 2b: Patient and Resident Fees

	Patient Fees Raised	
	2010	2009
	\$000	\$000
Patient and Resident Fees Raised (*)		
Recurrent:		
Acute		
- Inpatients	21,070	18,922
- Outpatients	1,218	891
Residential Aged Care		
- Generic	863	833
- Mental Health	258	279
Mental Health	822	558
Prosthetics & Orthotics	766	377
Total Recurrent	24,997	21,860
Capital Purpose:		
Residential Accommodation Payments (**)	187	175
Total Capital	187	175

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

* Patient and Resident Fees exclude recoupment from private practice, or sale of pharmacy goods but includes PBS co-payments.

** This includes accommodation charges.

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

	Total	Total
	2010	2009
	\$000	\$000
Proceeds from Disposal of Non-Financial Assets		
Plant & Equipment	-	-
Motor Vehicles	7	-
Major Medical	-	22
Other Equipment	-	-
Computers and Communication	-	-
Buildings	-	1,000
Total Proceeds from Disposal of Non-Financial Assets	7	1,022
Less: Written down value of Non-Financial Assets Sold		
Plant & Equipment	-	14
Motor Vehicles	-	-
Major Medical	94	134
Other Equipment	13	-
Computers and Communication	3	2
Buildings	35	466
Total Written down value of Non-Financial Assets Sold	145	616
Net Gains on Disposal of Non-Financial Assets	(138)	406

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2010

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

	Total 2010 \$000	Total 2009 \$000
During the reporting period, the fair value of assets received free of charge, was as follows:		
Motor Vehicles	-	24
Total	-	24

Note 2e: Specific Income

There was no specific income recognised during the years ended 30 June 2010 and 30 June 2009.

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2010

Note 3: Expenses

	HSA	HSA	Non HSA	Non HSA	Total	Total
	2010	2009	2010	2009	2010	2009
	\$000	\$000	\$000	\$000	\$000	\$000
Employee Benefits						
Salaries and Wages	378,970	355,560	27,257	27,588	406,227	383,148
Workcover Premium	5,185	4,482	293	271	5,478	4,753
Superannuation	35,227	34,072	1,952	1,968	37,179	36,040
Long Service Leave	9,324	17,680	365	353	9,689	18,033
Departure Packages	770	811	266	578	1,036	1,389
Total Employee Benefits	429,476	412,605	30,133	30,758	459,609	443,363
Non Salary Labour Costs						
Agency Costs - Nursing	4,726	4,778	30	6	4,756	4,784
Agency Costs - Other	2,897	2,417	964	1,047	3,861	3,464
Total Non Salary Labour Costs	7,623	7,195	994	1,053	8,617	8,248
Supplies & Consumables						
Drug Supplies	29,646	26,200	30	25	29,676	26,225
S100 Drugs	8,093	8,154	-	-	8,093	8,154
Medical & Surgical Supplies and Prosthesis	53,110	50,099	754	872	53,864	50,971
Pathology Supplies	4,614	3,981	3,289	3,365	7,903	7,346
Food Supplies	3,918	4,368	(1,346)	(1,592)	2,572	2,776
Total Supplies & Consumables	99,381	92,802	2,727	2,670	102,108	95,472

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2010

Note 3: Expenses (continued)

	HSA		Non HSA		Total	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000
Other Expenses from Continuing Operations						
Domestic Services & Supplies	5,262	4,999	(948)	(1,112)	4,314	3,887
Fuel, Light, Power and Water	6,347	5,981	545	527	6,892	6,508
Insurance costs funded by DoH	6,149	5,556	-	-	6,149	5,556
Motor Vehicle Expenses	696	667	47	41	743	708
Repairs and Maintenance	5,533	4,873	549	706	6,082	5,579
Maintenance Contracts	9,900	7,175	506	447	10,406	7,622
Patient Transport	1,598	1,282	13	-	1,611	1,282
Other Administrative Expenses	13,314	12,732	5,044	4,932	18,358	17,664
Bad & Doubtful Debts	437	144	61	28	498	172
Lease Expenses	2,248	2,259	2,277	2,190	4,525	4,449
Other	3,780	1,113	222	266	4,002	1,379
Audit Fees						
- VAGO - Audit of Financial Statements	207	191	-	-	207	191
- Other	133	192	-	-	133	192
Total Other Expenses from Continuing Operations	55,604	47,164	8,316	8,025	63,920	55,189

Note 3: Expenses (continued)

	HSA	HSA	Non HSA	Non HSA	Total	Total
	2010	2009	2010	2009	2010	2009
	\$000	\$000	\$000	\$000	\$000	\$000
Expenditure Using Capital Purpose Income						
Employee Benefits						
Salaries and Wages	-	-	2,377	1,025	2,377	1,025
Workcover	-	-	25	5	25	5
Superannuation	-	-	157	37	157	37
Long Service Leave	-	-	32	7	32	7
Total Employee Benefits	-	-	2,591	1,074	2,591	1,074
Non Salary Labour Costs						
Agency Costs - Other	-	-	81	-	81	-
Total Non Salary Labour Costs	-	-	81	-	81	-
Other Expenses						
Domestic Services & Supplies	-	-	23	2	23	2
Motor Vehicle Expenses	-	-	5	-	5	-
Repairs and Maintenance	-	-	1,789	518	1,789	518
Maintenance Contracts	-	-	4	-	4	-
Other Administrative Expenses	-	-	2,985	2,415	2,985	2,415
Lease Expenses	-	-	453	405	453	405
Other	-	-	2,618	848	2,618	848
Total Other Expenses	-	-	7,877	4,188	7,877	4,188
Total Expenditure Using Capital Purpose Income	-	-	10,549	5,262	10,549	5,262
Impairment of Non-Financial Assets						
Depreciation and Amortisation (refer note 4)	-	-	73,111	32,933	73,111	32,933
Finance Costs (refer note 5)	127	197	1,630	1,651	1,757	1,848
Total	127	197	74,787	34,584	74,914	34,781
Total Expenses	592,211	559,963	127,506	82,352	719,717	642,315

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2010

Note 3a: Analysis of Expenses by Source

	Admitted Patients	Outpatients	EDS	Ambulatory	Mental Health	RAC incl. Mental Health	Aged Care	Other	Total
	2010	2010	2010	2010	2010	2010	2010	2010	2010
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Services Supported by Health Services Agreement									
Employee Benefits	243,198	45,404	27,066	57,978	41,822	7,566	1,740	4,702	429,476
Non Salary Labour Costs	3,831	876	623	1,083	1,020	157	16	17	7,623
Supplies & Consumables	64,060	23,412	1,826	5,450	1,097	278	1,487	1,771	99,381
Other Expenses from Continuing Operations	31,878	7,487	1,713	8,725	4,553	417	369	462	55,604
Finance Costs (refer note 5)	76	8	7	19	14	1	2	-	127
Sub-Total Expenses from Services Supported by Health Services Agreement	343,043	77,187	31,235	73,255	48,506	8,419	3,614	6,952	592,211
Services Supported by Hospital & Community Initiatives									
Employee Benefits	-	-	-	-	-	-	-	30,133	30,133
Non Salary Labour Costs	-	-	-	-	-	-	-	994	994
Supplies & Consumables	-	-	-	-	-	-	-	2,727	2,727
Other Expenses from Continuing Operations	-	-	-	-	-	-	-	8,316	8,316
Finance Costs (refer note 5)	-	-	-	-	-	-	-	1,617	1,617
Sub-Total Expenses from Services Supported by Hospital & Community Initiatives	-	-	-	-	-	-	-	43,787	43,787

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

	Admitted Patients	Outpatients	EDS	Ambulatory	Mental Health	RAC incl. Mental Health	Aged Care	Other	Total
	2010	2010	2010	2010	2010	2010	2010	2010	2010
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Services Supported by Capital Sources									
Employee Benefits	-	-	-	-	-	-	-	2,591	2,591
Non Salary Labour Costs	-	-	-	-	-	-	-	81	81
Other Expenses	-	-	-	-	-	-	-	7,877	7,877
Finance Costs (refer note 5)	-	-	-	-	-	-	-	13	13
Sub-Total Expenses from Services Supported by Capital Resources	-	-	-	-	-	-	-	10,562	10,562
Impairment of Non-Financial Assets	-	-	-	-	-	-	-	46	46
Depreciation & Amortisation (refer note 4)	-	-	-	-	-	-	-	73,111	73,111
	-	-	-	-	-	-	-	73,157	73,157
Total Expenses	343,043	77,187	31,235	73,255	48,506	8,419	3,614	134,458	719,717
	2009	2009	2009	2009	2009	2009	2009	2009	2009
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Services Supported by Health Services Agreement									
Employee Benefits	246,689	40,988	21,849	53,031	36,965	7,597	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	1,123	430	1,415	1,656	92,802
Other Expenses from Continuing Operations	27,315	6,616	1,312	7,061	3,672	445	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	42,541	8,613	3,033	6,293	559,963

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

	Admitted Patients	Outpatients	EDS	Ambulatory	Mental Health	RAC incl. Mental Health	Aged Care	Other	Total
	2009	2009	2009	2009	2009	2009	2009	2009	2009
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
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
Finance Costs (refer note 5)	-	-	-	-	-	-	-	1,647	1,647
Sub-Total Expenses from Services Supported by Hospital & Community Initiatives	-	-	-	-	-	-	-	44,153	44,153
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
Depreciation & Amortisation (refer note 4)	-	-	-	-	-	-	-	32,933	32,933
Total Expenses	336,557	71,301	25,401	66,224	42,541	8,613	3,033	88,645	642,315

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2010

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

	Total 2010 \$000	Total 2009 \$000
- Private Practice and Other Patient Activities	3,649	3,853
- Laboratory Medicine	14,821	15,801
- Diagnostic Imaging	1,451	1,326
- Mental Health Services	1,400	1,241
- Pharmacy Services	174	260
- Affiliated Entities	4,025	3,924
- Retail Services	30	52
- Laundry	1,527	2,756
- Food Production Kitchen	1,968	1,029
- Car Park	2,404	2,284
- Research	7,073	5,112
- Cardiology	860	805
- Child Care	988	902
- Nuclear Medicine	245	1,386
- Fundraising	551	604
- Hospital Department Funds	900	1,106
- Salary Packaging	920	791
- Other	801	921
Total	43,787	44,153

Note 3c: Specific Expenses

There were no specific expenses incurred during the years ended 30 June 2010 and 30 June 2009.

Note 4: Depreciation and Amortisation

	Total 2010 \$000	Total 2009 \$000
Depreciation		
Buildings	58,169	20,645
Plant	1,084	902
Transport	108	54
Major Medical	9,659	8,241
Computers and Communication	1,198	690
Other Equipment	1,364	1,028
Furniture and Fittings	151	125
Linen	228	471
Total Depreciation	71,961	32,156
Amortisation		
Intangible Assets	1,150	777
	1,150	777
Total Depreciation & Amortisation	73,111	32,933

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2010

Note 5: Finance Costs

	Total 2010 \$000	Total 2009 \$000
Bank Charges	124	114
Interest on Long Term Borrowings	1,617	1,734
Other	16	-
Total	1,757	1,848

Note 6: Cash and Cash Equivalents

	Total 2010 \$000	Total 2009 \$000
Cash on Hand	70	70
Cash at Bank	9,065	13,461
Deposits at Call	10,681	20,088
Short Term Money Market	4,500	-
Total	24,316	33,619

Represented by:

Cash for Health Service Operations (as per Cash Flow Statement)

24,250	33,576
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Cash for Monies Held in Trust

- Cash at Bank

66	43
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66	43
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Total

24,316	33,619
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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.

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2010

Note 7: Receivables

	Total 2010 \$000	Total 2009 \$000
CURRENT		
Contractual		
Inter Hospital Debtors	1,782	2,521
Trade Debtors	9,246	8,806
Other Debtors - Major Projects Victoria	1,475	4,518
Patient Fees	11,736	9,059
Accrued Investment Income	457	211
Accrued Revenue - Other	2,323	1,877
<i>Less: Allowance for Doubtful Debts</i>		
Trade Debtors	(270)	(209)
Patient Fees	(521)	(590)
	<u>26,228</u>	<u>26,193</u>
Statutory		
GST Receivable	1,715	1,647
	<u>1,715</u>	<u>1,647</u>
TOTAL CURRENT RECEIVABLES	<u>27,943</u>	<u>27,840</u>
NON CURRENT		
Statutory		
DHS - Long Service Leave	15,962	16,035
TOTAL NON-CURRENT RECEIVABLES	<u>15,962</u>	<u>16,035</u>
TOTAL RECEIVABLES	<u>43,905</u>	<u>43,875</u>

(a) Movement in the Allowance for Doubtful Debts

	Total 2010 \$000	Total 2009 \$000
Balance at beginning of Year	799	958
Amounts Written off during the Year	(438)	(247)
Increase/(decrease) in Allowance recognised in profit or loss	430	88
Balance at end of Year	<u>791</u>	<u>799</u>

(b) Ageing analysis of receivables

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

(c) Nature and extent of risk arising from receivables

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

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2010

Note 8: Other Financial Assets

	Total 2010 \$000	Total 2009 \$000
Current		
<i>Investments Available for Sale</i>		
Term Deposits - Operating	-	3,000
Term Deposits - Special Purpose Funds	4,470	4,323
Term Deposits - Capital	34,498	25,272
Total Current	38,968	29,595
Non-Current		
Shares - Special Purpose Fund	154	154
Total Non-Current	154	154
Total	39,122	29,749
Represented by:		
Health Service Investments	39,122	29,749

(a) Ageing analysis of other financial assets

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

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

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

Note 9: Inventory

	Total 2010 \$000	Total 2009 \$000
Current - at cost		
Pharmaceuticals	3,022	2,681
Catering Supplies	85	110
Housekeeping Supplies	32	54
Medical and Surgical Lines	3,534	3,839
Administrative Stores	29	29
Total	6,702	6,713

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

	Total 2010 \$000	Total 2009 \$000
Current		
Linen	300	-
Plant and Equipment	96	-
	396	-

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2010

Note 11: Other Assets

	Total 2010 \$000	Total 2009 \$000
Current		
Prepayments	1,952	2,007

Note 12: Property, Plant & Equipment

	Total 2010 \$000	Total 2009 \$000
Land		
- Land at fair value	180,251	163,704
Total Land	180,251	163,704
Buildings		
- Buildings under Construction at cost	53,101	39,001
- Buildings at Cost	14,300	-
Less Accumulated Depreciation	(249)	-
	14,051	-
- Buildings at fair value	831,678	831,844
Less Accumulated Depreciation	(57,790)	-
	773,888	831,844
Total Buildings	841,040	870,845
Plant and Equipment at Cost		
- Plant and Equipment	20,647	20,890
Less Accumulated Depreciation	(15,001)	(15,733)
Total Plant and Equipment	5,646	5,157
Transport at Cost		
- Transport	1,331	1,302
Less Accumulated Depreciation	(1,156)	(1,084)
Total Transport	175	218
Major Medical at Cost		
- Major Medical under Construction	10,342	4,963
- Major Medical	83,525	76,630
Less Accumulated Depreciation	(61,405)	(53,327)
Total Major Medical	32,462	28,266
Computers and Communication at Cost		
- Computers and Communication	8,510	9,288
Less Accumulated Depreciation	(6,487)	(7,957)
Total Computers and Communication at Cost	2,023	1,331

Notes to and forming part of the Financial Statements for the Year Ended 30 June 2010

Note 12: Property, Plant & Equipment (continued)

	Total 2010 \$000	Total 2009 \$000
Other Equipment at Cost		
- Other Equipment	7,667	5,956
Less Accumulated Depreciation	(4,508)	(3,168)
Total Other Equipment	3,159	2,788
Furniture and Fittings at Cost		
- Furniture and Fittings	1,085	948
Less Accumulated Depreciation	(848)	(697)
Total Furniture and Fittings	237	251
Linen at Cost		
- Linen	-	3,373
Less Accumulated Depreciation	-	(2,955)
Total Linen	-	418
Total	1,064,993	1,072,978

Land carried at valuation - 2010

Management completed a Land Fair Value Assessment using the VGV indices as at 30 June 2010. This resulted in a Revaluation of Land - increase \$16,547,045.

Land and buildings carried at valuation - 2009

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

The effective date of the valuation was 30 June 2009.

Plant and Equipment carried at fair value – 2010 and 2009

As noted in note 1(m) 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.

Note 12: Property, Plant & Equipment (continued)

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

	Land	Buildings	Plant & Equipment	Transport	Major Medical	Computers & Comm'n's	Other Equipment	Furniture & Fittings	Linen	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
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
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
Additions	-	28,399	1,668	65	13,949	1,893	1,748	137	156	48,015
Assets Transferred to Non-Financial Assets held for Resale	-	-	(95)	-	-	-	-	-	(346)	(441)
Disposals	-	(35)	-	-	(94)	(3)	(13)	-	-	(145)
Revaluation Increment*/(Decrements)	16,547	-	-	-	-	-	-	-	-	16,547
Depreciation Expense (refer Note 4)	-	(58,169)	(1,084)	(108)	(9,659)	(1,198)	(1,364)	(151)	(228)	(71,961)
Balance at 30 June 2010	180,251	841,040	5,646	175	32,462	2,023	3,159	237	-	1,064,993

* Management has completed a Land Fair Value Assessment using the VGV indices as at 30 June 2010. This has resulted in a Revaluation of Land - increase \$16,547,045.

**** 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 was 30 June 2009.

Note 13: Intangible Assets

	Total 2010 \$000	Total 2009 \$000
Software	9,231	7,736
Less Accumulated Amortisation	(7,312)	(6,163)
Total	1,919	1,573

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 2008	700	700
Additions	1,650	1,650
Disposals	-	-
Amortisation Expense (refer Note 4)	(777)	(777)
Balance at 1 July 2009	1,573	1,573
Additions	1,496	1,496
Disposals	-	-
Amortisation Expense (refer Note 4)	(1,150)	(1,145)
Balance at 30 June 2010	1,919	1,924

Note 14: Payables

	Total 2010 \$000	Total 2009 \$000
CURRENT		
Contractual		
Trade Creditors	5,817	7,324
Accrued Interest	401	409
Accrued Expenses	16,475	12,247
Salary Packaging	5,109	3,277
Other	171	252
	27,973	23,509
Statutory		
GST Payable	476	451
DoH/DHS	5,332	3,388
Pay As You Go Withholding	3,452	1,163
Superannuation Payable	4,741	4,066
	14,001	9,068
Total	41,974	32,577

Note 14: Payables (continued)

(a) Maturity analysis of payables

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

(b) Nature and extent of risk arising from payables

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

Note 15: Interest Bearing Liabilities

	Total 2010 \$000	Total 2009 \$000
Current - Secured		
Australian Dollar Borrowings - Treasury Corporation Victoria	456	427
Non-Current - Secured		
Australian Dollar Borrowings - Treasury Corporation Victoria	23,511	23,967

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 2009/10 was 6.79% (2008/09: 6.79%).
- 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 21(c) for the ageing analysis of interest bearing liabilities

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

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

(c) Defaults and breaches

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

Note 16: Employee Benefits and Related On-Costs Provisions

	Total 2010 \$000	Total 2009 \$000
Current Provisions		
Employee Benefits (Refer Note 16a)		
- Unconditional and expected to be settled within 12 months	49,521	54,840
- Unconditional and expected to be settled after 12 months	55,969	59,171
Provision related to employee benefit on-costs		
- Unconditional and expected to be settled within 12 months	4,375	3,947
- Unconditional and expected to be settled after 12 months	5,877	6,213
Total Current Provisions	115,742	124,171
Non-Current Provisions		
Employee Benefits (Refer Note 16a)	14,118	12,618
Provision related to employee benefit on-costs	1,483	1,325
Total Non-Current Provisions	15,601	13,943

Note 16: Employee Benefits and Related On-Costs Provisions (continued)

	Total 2010 \$000	Total 2009 \$000
Current Employee Benefits		
Unconditional Long Service Leave Entitlements	56,901	56,471
Annual Leave Entitlements	39,103	38,625
Accrued Salaries and Wages	7,860	17,247
Accrued Days Off	1,626	1,667
Non-Current Employee Benefits		
Conditional Long Service Leave Entitlements (present value)	14,118	12,618
Total Employee Benefits	119,608	126,629
On-Costs		
Current On-Costs	10,252	10,160
Non-Current On-Costs	1,483	1,325
Total On-Costs	11,735	11,485
Total Employee Benefits and Related On-Costs	131,343	138,114
Movement in Long Service Leave:		
Balance at start of year	76,343	64,695
Provision made during the year	9,721	18,040
Settlement made during the year	(7,588)	(6,392)
Balance at end of year	78,476	76,343

Note 17: Other Liabilities

	Total 2010 \$000	Total 2009 \$000
Current		
Patient Monies Held in Trust (represented by Cash Assets - refer note 6)	66	43
Borrowings - Department of Health*	165	557
Other	1,058	1,193
Total	1,289	1,793
Non-Current		
Borrowings - Department of Health*	224	374

*** Borrowings - Department of Health**

- a) Austin Health has two loans repayable to the Department of Health.
- 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.
- c) These are interest free loans, however a present value calculation has applied an interest rate of 4.44% as at 30 June 2010 (30 June 2009: 4.13%).

Note 18: Equity

	Total 2010 \$000	Total 2009 \$000
(a) Reserves		
Property, Plant & Equipment Revaluation Surplus		
Balance at the Beginning of the Reporting Period	532,717	144,359
Revaluation Increments/(Decrements):		
- Land	16,547	38,783
- Buildings	(2,967)	349,575
Balance at the end of the Reporting Period	<u>546,297</u>	<u>532,717</u>
Represented by:		
- Land	150,699	134,152
- Buildings	395,598	398,565
	<u>546,297</u>	<u>532,717</u>
Restricted Specific Purpose Reserve		
Balance at the Beginning of the Reporting Period	5,442	2,275
Transfers to/(from) Restricted Specific Purpose Reserve	111	3,167
Balance at the end of the Reporting Period	<u>5,553</u>	<u>5,442</u>
Total Reserves	<u>551,850</u>	<u>538,159</u>
(b) Contributed Capital		
Balance at the Beginning of the Reporting Period	529,927	529,927
Capital Contributions Received from Victorian Government	-	-
Balance at the end of the Reporting Period	<u>529,927</u>	<u>529,927</u>
(c) Accumulated Deficits		
Balance at the Beginning of the Reporting Period	(74,824)	(88,034)
Net Result for the Year	(22,334)	16,377
Transfers (to)/from Restricted Specific Purpose Reserve	(111)	(3,167)
Balance at the end of the Reporting Period	<u>(97,269)</u>	<u>(74,824)</u>
(d) Total Equity at the end of Financial Year	<u>984,508</u>	<u>993,262</u>

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

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

	Total 2010 \$000	Total 2009 \$000
Net Result for the Year	(22,334)	16,377
Assets Received Free of Charge	-	(24)
Depreciation and Amortisation	73,111	32,933
Provision for Doubtful Debts	(8)	(159)
Impairment of Non-Financial Assets	46	-
Interest on Loan	16	92
Net (Gain)/Loss from Sale of Plant and Equipment	138	(406)
DoH Capital Grant - Indirect Contribution	(14,843)	(11,574)
Change in Operating Assets & Liabilities:		
Increase in Payables	9,398	1,017
Increase/(Decrease) in Employee Benefits	(6,771)	19,263
Increase/(Decrease) in Other Liabilities	(134)	224
Increase in Receivables	(2,991)	(5,462)
(Increase)/Decrease in Inventories	11	(1,012)
(Increase)/Decrease in Prepayments	55	(337)
Net Cash Inflow from Operating Activities	35,694	50,932

Note 20: Non-Cash Financing and Investing Activities

	Total 2010 \$000	Total 2009 \$000
Assets Received Free of Charge	-	24
Acquisition of Assets through DoH Indirect Contributions	14,843	11,574
Total	14,843	11,598

Note 21: Financial Instruments**(a) Financial Risk Management Objectives and Policies**

The Austin Health's principal financial instruments comprise of:

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

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

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

Note 21: Financial Instruments (continued)

(a) **Financial Risk Management Objectives and Policies (continued)**

Categorisation of financial Instruments

	Note	Category	Carrying Amount 2010 \$000	Carrying Amount 2009 \$000
Financial Assets				
Cash and cash equivalents	6	N/A	24,316	33,619
Receivables	7	Loans and Receivables	42,981	43,028
Other Financial Assets	8	Available for Sale Financial Assets (at fair value)	39,122	29,749
Total Financial Assets (i)			106,419	106,396
Financial Liabilities				
Payables	14	Financial Liabilities measured at amortised cost	27,974	23,509
Interest Bearing Liabilities	15	Financial Liabilities measured at amortised cost	23,967	24,394
Other Liabilities	17	Financial Liabilities measured at amortised cost	1,513	2,167
Total Financial Liabilities (ii)			53,454	50,070

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

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

Note 21: 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.

	Ageing analysis of Financial Assets as at 30 June				
	Carrying Amount \$000	Not past Due & Not Impaired \$000	Past Due But not Impaired		
1 - 3 Months \$000			3 months - 1 Year \$000	Over 5 Years \$000	Impaired Financial \$000
2010 - Financial Assets					
Cash and Cash Equivalents	24,316	24,316	-	-	-
Receivables: -					
- Trade Debtors	11,028	5,844	3,316	1,868	-
- Other Receivables	31,953	7,347	4,344	4,300	15,962
Other Financial Assets					
- Term Deposits	38,968	38,968	-	-	-
- Unlisted Shares	154	154	-	-	-
Total Financial Assets	106,419	76,629	7,660	6,168	15,962
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	2,655	6,560	16,035
Other Financial Assets					
- Term Deposits	29,595	29,595	-	-	-
- Unlisted Shares	154	154	-	-	-
Total Financial Assets	106,396	76,488	4,819	9,053	16,035

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

Note 21: Financial Instruments (continued)**(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

Maturity analysis of financial liabilities as at 30 June

	Carrying Amount \$000	Contractual Cash Flows \$000	Maturity Dates					
			Less than 1 month \$000	1 - 3 Months \$000	3 months - 1 Year \$000	1 - 5 Years \$000	Over 5 Years \$000	
2010 - Financial Liabilities								
Payables	27,974	-	27,974	-	-	-	-	-
Interest Bearing Liabilities	23,967	23,967	111	113	232	2,161	21,350	
Other Liabilities	1,124	-	689	435	-	-	-	
Borrowings - DHS	389	389	-	30	135	224	-	
Total Financial Liabilities	53,454	24,356	28,774	578	367	2,385	21,350	
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	

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

Note 21: Financial Instruments (continued)

(d) Market Risk

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

Currency Risk

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

Interest Rate Risk

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

Other Price Risk

Austin Health does not have any material other price risks.

Note 21: 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
2010- Financial Assets					
Cash and Cash Equivalents	4.74	24,316	-	24,246	70
Receivables: -					
- Trade Debtors	4.50	11,028	-	-	11,028
- Other Receivables	4.50	31,953	-	-	31,953
Other Financial Assets					
- Term Deposits	5.83	38,968	38,968	-	-
- Unlisted Shares	-	154	-	-	154
		106,419	38,968	24,246	43,205
2010 - Financial Liabilities					
Payables	4.50	27,974	-	-	27,974
Interest Bearing Liabilities	6.70	23,967	23,967	-	-
Other Liabilities	4.50	1,124	-	-	1,124
Borrowings - DHS	-	389	-	-	389
	16	53,454	23,967	-	29,487
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
		50,070	24,394	-	25,676

Note 21: Financial Instruments (continued)

(d) Market Risk (continued)

Sensitivity Disclosure Analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Austin Health believes the following movements are '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
2010							
Financial Assets							
Cash and Cash Equivalents	24,316	(243)	(243)	243	243	-	-
Receivables: -							
- Trade Debtors	11,028	-	-	-	-	-	-
- Other Receivables	31,953	-	-	-	-	-	-
Other Financial Assets							
- Term Deposits	38,968	-	-	-	-	-	-
- Unlisted Shares	154	-	-	-	-	-	-
	106,419	(243)	(243)	243	243	-	-
Financial Liabilities							
Payables	27,974	-	-	-	-	-	-
Interest Bearing Liabilities	23,967	-	-	-	-	-	-
Other Liabilities	1,124	-	-	-	-	-	-
Borrowings - DHS	389	-	-	-	-	-	-
	53,454	-	-	-	-	-	-

Note 21: 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				
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	-	-	-	-	-	-	-	-	-	-	-	-
Total Financial Assets	106,396	(336)	(336)	336	336	-	-	-	-	-	-	-	-
Financial Liabilities													
Payables	23,509	-	-	-	-	-	-	-	-	-	-	-	-
Interest Bearing Liabilities	24,394	-	-	-	-	-	-	-	-	-	-	-	-
Other Liabilities	1,236	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings - DHS	931	-	-	-	-	-	-	-	-	-	-	-	-
Total Financial Liabilities	50,070	-	-	-	-	-	-	-	-	-	-	-	-

Note 21: Financial Instruments (continued)

(e) Fair Value

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

- the fair value of financial instrument assets and liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial instrument assets and liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

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

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

Comparison between Carrying Amount and Fair Value

	Carrying Amount 2010 \$000	Fair Value 2010 \$000	Carrying Amount 2009 \$000	Fair Value 2009 \$000
2010- Financial Assets				
Cash and Cash Equivalents	24,316	24,316	33,619	33,619
Receivables: -				
- Trade Debtors	11,028	11,028	11,327	11,327
- Other Receivables	31,953	31,953	31,701	31,701
Other Financial Assets				
- Term Deposits	38,968	38,968	29,595	29,595
- Unlisted Shares	154	154	154	154
Total Financial Assets	106,419	106,419	106,396	106,396
2010 - Financial Liabilities				
Payables	27,974	27,974	23,509	23,509
Interest Bearing Liabilities	23,967	23,967	24,394	24,394
Other Liabilities	1,124	1,124	1,236	1,236
Borrowings - DHS	389	389	931	931
Total Financial Liabilities	53,454	53,454	50,070	50,070

Note 22: Commitments for Expenditure

	Total 2010 \$000	Total 2009 \$000
Capital Commitments		
Land and Buildings	51,016	32,014
Plant and Equipment	12,348	10,115
Total Capital Commitments	63,364	42,129
Not later than one year	58,397	37,751
Later than one year and not later than five years	4,967	4,378
Later than five years	-	-
Total	63,364	42,129
Lease Commitments		
Commitments in relation to leases contracted for at the reporting date:		
Operating Leases	6,931	7,035
Operating Leases - Non-Cancellable:		
Not later than one year	2,643	2,920
Later than one year and not later than five years	4,288	4,008
Later than five years	-	107
Total	6,931	7,035

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 2010 financial year was \$4,979,000 (2009: \$4,854,000) – Note 3.

Note 23: Contingent Liabilities

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

	Total 2010 \$000	Total 2009 \$000
Contingent Liabilities		
Quantifiable		
Other - Recallable Capital Grant	2,900	2,900
Total Quantifiable Liabilities	2,900	2,900

Austin Health obtained a Recallable Capital Grant during the 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.”

Note 24: Events Occurring after Report Date

There were no events occurring after Report Date.

Note 25a: Responsible Persons Disclosures

(a)	Responsible Persons	Period
	The Hon. Daniel Andrews	01/07/2009 – 30/06/2010
	The Austin Health Board	
	Mr Tim Daly (Chairman)	01/07/2009 – 30/06/2010
	Ms Joanna Betteridge	01/07/2009 – 30/06/2010
	Ms Suzanne Evans	01/07/2009 – 30/06/2010
	Prof John McNeil	01/07/2009 – 30/06/2010
	Ms Barbara Hingston	01/07/2009 – 30/06/2010
	Ms Josie Rizza	01/07/2009 – 30/06/2010
	Professor David Scott	01/07/2009 – 30/06/2010
	Mr Stephen Kerr	01/07/2009 – 30/06/2010
	Ms Miranda Douglas-Crane	01/07/2009 – 30/06/2010
	Accountable Officer	
	Dr Brendan Murphy	01/07/2009 – 30/06/2010

(b) **Remuneration of Responsible Persons**
 The number of Responsible Persons are shown in their relevant income bands:

	2010	2009
	No.	No.
\$20,000 - \$29,999	1	-
\$30,000 - \$39,999	7	8
\$60,000 - \$69,999	1	1
\$350,000 - \$359,999	-	1
\$380,000 - \$389,999	1	-
	10	10

	2010	2009
	\$	\$
Total remuneration received or due and receivable by Responsible Persons from Austin Health amounted to:	693,637	695,712

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.

Note 25b: 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	
	2010	2009	2010	2009
	No	No	No	No
\$0 - \$99,999	1	-	1	1
\$100,000 - \$109,999	-	-	-	1
\$140,000 - \$149,999	-	1	-	1
\$150,000 - \$159,999	1	1	1	-
\$160,000 - \$169,999	-	2	-	2
\$180,000 - \$189,999	-	1	-	1
\$190,000 - \$199,999	-	-	-	-
\$200,000 - \$209,999	-	1	3	-
\$210,000 - \$219,999	2	-	-	-
\$220,000 - \$229,999	-	1	-	2
\$230,000 - \$239,999	-	1	2	2
\$240,000 - \$249,999	-	1	-	-
\$250,000 - \$259,999	2	1	-	-
\$280,000 - \$289,999	-	-	2	-
\$290,000 - \$299,999	2	-	-	-
\$300,000 - \$309,999	1	-	-	-
	9	10	9	10

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

	Total Remuneration		Base Remuneration	
	2010	2009	2010	2009
	\$	\$	\$	\$
	1,999,122	1,985,774	1,823,243	1,767,332

Note 26: Segment Reporting

	RACS		Acute Services		Acute Services		Other		Other		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue												
External Segment Revenue	9,302	8,938	517,009	490,255	-	-	-	-	-	-	526,311	499,193
Unallocated Revenue	-	-	-	-	167,700	156,011	167,700	156,011	167,700	156,011	167,700	156,011
Total Revenue	9,302	8,938	517,009	490,255	167,700	156,011	167,700	156,011	167,700	156,011	694,011	655,204
Expenses												
External Segment Expense	8,419	8,613	524,720	496,878	-	-	-	-	-	-	533,139	505,491
Unallocated Expense	-	-	-	-	184,961	135,090	184,961	135,090	184,961	135,090	184,961	135,090
Total Expenses	8,419	8,613	524,720	496,878	184,961	135,090	184,961	135,090	184,961	135,090	718,100	640,581
Net Result from Ordinary Activities	883	325	(7,711)	(6,623)	(17,261)	20,921	(16,991)	20,921	(24,089)	(24,089)	14,623	14,623
Interest Expense	-	-	-	-	(1,617)	(1,734)	(1,617)	(1,734)	(1,617)	(1,734)	(1,617)	(1,734)
Interest Income	-	-	1,485	2,330	1,887	1,158	1,887	1,158	1,887	1,158	3,372	3,488
Net Result for the Year	883	325	(6,226)	(4,293)	(16,991)	20,345	(16,991)	20,345	(22,334)	(22,334)	16,377	16,377
Other Information												
Segment Assets	9,312	9,924	814,837	795,526	-	-	-	-	-	-	824,149	805,450
Unallocated Assets	-	-	-	-	359,156	385,064	359,156	385,064	359,156	385,064	359,156	385,064
Total Assets	9,312	9,924	814,837	795,526	359,156	385,064	359,156	385,064	1,183,305	1,183,305	1,190,514	1,190,514
Segment Liabilities	2,258	2,422	132,484	134,782	-	-	-	-	-	-	134,742	137,204
Unallocated Liabilities	-	-	-	-	64,055	60,048	64,055	60,048	64,055	60,048	64,055	60,048
Total Liabilities	2,258	2,422	132,484	134,782	64,055	60,048	64,055	60,048	198,797	198,797	197,252	197,252
Acquisition of Property, Plant, Equipment and Intangible Assets	135	14	24,030	37,996	23,850	12,069	23,850	12,069	23,850	12,069	48,015	50,079
Depreciation & Amortisation Expense	758	506	56,060	22,784	16,293	9,644	16,293	9,644	16,293	9,644	73,111	32,934

Note 26: Segment Reporting (continued)

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

Business Segments	Services
Residential Aged Care Services (RACS) including Mental Health	Residential Aged Care Nursing Home Services Mary Guthrie House

Acute 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.

AUSTIN HOSPITAL

145 Studley Road
PO Box 5555
Heidelberg
Victoria Australia 3084

Phone: 03 9496 5000
Fax: 03 9496 4779
www.austin.org.au

HEIDELBERG REPATRIATION HOSPITAL

300 Waterdale Road
PO Box 5444
Heidelberg West
Victoria Australia 3081

Phone: 03 9496 5000
Fax: 03 9496 2541

ROYAL TALBOT REHABILITATION CENTRE

1 Yarra Boulevard
Kew
Victoria Australia 3101

Phone: 03 9490 7500
Fax: 03 9490 7501
