
Annual Report

2012-13

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VISION

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

VALUES

Integrity – We exercise honesty, candour and sincerity.

Accountability – We are transparent, responsible and answerable.

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

Excellence – We continually strive for excellence.

OVERVIEW

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

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

During 2012-13, Austin Health completed 91,661 inpatient admissions; 176,426 outpatient attendances; and 71,391 emergency attendances.

Report of Operations

CHAIR AND CEO'S REPORT

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

OVERVIEW

This year has been an exciting one for Austin Health. We were thrilled to receive the prestigious Premier's Award for Metropolitan Health Service of the Year; a testament to the drive, commitment and innovation of staff who continue to deliver outstanding outcomes in healthcare, teaching and research.

In what continues to be a challenging environment, Austin Health saw modest improvements in emergency access and finished the year with a very strong financial performance: an operating surplus of \$6 million, despite a complex and changing funding environment and significant activity growth.*

PERFORMANCE TARGETS

The Austin Hospital Emergency Department is one of the busiest in Victoria and there was continued growth in attendances this year, reaching 71,391, representing a 4.7 per cent increase compared with last year. Emergency admissions also significantly increased by 6.8 per cent. This great demand for services challenged our clinical staff who worked tirelessly to provide timely access to care. We managed to modestly improve our National Emergency Access Target (NEAT) performance, with 58 per cent of patients admitted or discharged from the Emergency Department within four hours.

In elective surgery, we achieved our waiting list target despite a prolonged slow activity period during the Commonwealth funding uncertainty. The expansion of The Surgery Centre at the Heidelberg Repatriation Hospital was delayed during this period but is now working at substantially increased capacity. This should result in future improvements in other elective surgery parameters, particularly the Category 2 treatment times.

CAPITAL WORKS

The Olivia Newton-John Cancer & Wellness Centre has completed its first year of operation with great success. Work has been undertaken to ensure that the patient-centred model of care delivered in the Centre continues to evolve aiming to support patients both physically and emotionally. Wellness programs have continued to expand. The program, fully supported by generous philanthropy, now has 10 staff delivering a wide range of complementary therapies, support and information services. These include: an oncology massage program, meditation, yoga, music and art therapy and patient support groups. The Wellness Centre has met expectation as a peaceful place for all patients and staff. New technologies have also been introduced to ensure that patients receive the highest quality treatment and holistic care. During the year, the wards and remaining research spaces have been fitted out to enable the full scope of the Cancer Centre to be functional by early 2014.

* The Department of Health has introduced changes to reporting requirements that have impacted the data published in the annual report.

There have been a number of other capital works programs in 2012-13. Excellent progress has been made on the significant expansion of the Martin Street car park, which will finally resolve Austin Hospital parking issues. The Mental Health Community Rehabilitation Centre has also been completed at the Heidelberg Repatriation Hospital and a site has been chosen for the new mental health Prevention and Recovery Service in West Heidelberg. We completed the expansion works for the Emergency Department triage area and the Intensive Care Unit, adding valuable additional treatment capacity.

The Surgery Centre expansion (completed in late 2012) is particularly exciting, as it represents a new model of care. The Surgery Centre is now treating a much more complex group of patients, including patients requiring joint replacements. Patients benefit from guaranteed access to a bed and the streamlined throughput that has made the Surgery Centre such a success. This will be of enormous benefit to the many patients waiting for hip and knee replacement surgery.

INNOVATION AND RESEARCH

Austin Health continues to be a leader in health workforce innovation. During the year, Austin Hospital established the state-wide training program for nurse endoscopists. There are now four advanced practice nurses in training and one who has completed training. It is particularly pleasing that our *Health Assistant in Nursing Program* is being replicated in other health services.

During the year, we completed the full roll-out of the Cerner clinical information system for medication administration. This was a very challenging undertaking for the organisation and places Austin Health as a clear national leader in health IT. Electronic medication administration means that at Austin Health, all aspects of medication are now completed on the computer system: inpatient prescriptions from doctors; reviews of medication orders and dispensation by pharmacists; as well as medication administration and documentation by nurses using mobile computers at the bedside. Seventy per cent of enrolled nurses at Austin Health are endorsed for patient medication administration and we are already seeing many quality of care benefits from the new system.

Austin Infectious Diseases Unit continues to be a world leader in the prevention of hospital acquired infections. A major initiative this year has been the roll-out of a new policy to prevent the serious problem of bacterial infection associated with intravenous infusion lines. We developed and implemented a challenging, evidence-based policy with standardised procedures, equipment and education programs for peripheral IV cannula insertion. Over 500 nurses and 200 doctors were trained and credentialed in the procedures and infections dramatically decreased from 13 per year to one in 10 months. This approach is likely to be adopted nationally.

We welcomed two new Professors, established at Austin Health: Professor Richard Kanaan is the first University of Melbourne Professor of Psychiatry at Austin Health and one of our most internationally recognised anaesthetists, David Story, has been appointed to the inaugural University of Melbourne Chair in Anaesthesia.

Austin Health researchers achieved widespread recognition in many areas including nerve transplant surgery to regain arm function in spinal cord injury and diagnostic scans for the early detection of Alzheimer's disease.

Austin Health staff are our most precious resource and we endeavour to provide them with support and development. This year, a comprehensive staff engagement survey was conducted. Completed by two thirds of all staff, it provided a rich data set with many national and industry benchmarks showing very pleasing results. Sixty nine per cent of staff described Austin Health as a "truly great place to work", compared to the average of 48 per cent in other public health facilities surveyed by the same organisation. We have delivered a number of innovative staff programs, including the mature workforce program in which 700 staff have participated and we also acknowledge an impressive 18 per cent reduction in workers compensation claims.

We have seen major advances in consumer engagement following the appointment of a new consumer engagement manager. Eight hundred staff have participated in consumer engagement training and all patient brochures now undergo a formal endorsement by consumers before their final approval. Consumers are involved in governance and planning bodies at all levels.

In the communications space, Austin Health has developed and implemented a new social media presence to better communicate with and engage staff, patients and the wider community. In time, we hope this presence will help foster a more sophisticated two-way communication with our key communities and a genuine dialogue with them. It also provides us with a platform to celebrate the commitment of our staff, the lives and stories of our patients and the achievements witnessed in our organisation every single day.

THE BOARD

As well as the appointment of Judith Troeth as Board Chair, during the year, we welcomed another new Board member, Mr Damian Mitsch. Mr Stephen Kerr and Ms Barbara Hingston have retired from the Board and we thank them both for their long and dedicated contributions to the governance of Austin Health.

We record our appreciation of all our Board members for their commitment and service to Austin Health.

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

Finally, in accordance with the *Financial Management Act 1994*, we are pleased to present the following Report of Operations for Austin Health for the year ending 30 June 2013.



The Hon. Judith Troeth AM
Chair



Dr Brendan Murphy
Chief Executive Officer

14 August, 2013

Board of Directors

(AS AT 30 JUNE 2013)

Austin Health’s Board consists of eight 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

- The Hon. Judith Troeth AM (Chair)
- Mr Damian Mitsch
- Ms Barbara Hingston
- Ms Suzanne Evans
- Professor John McNeil AM
- Professor David Scott AM
- Ms Mary Ann Morgan
- Dr Con Mylonas

AUDIT COMMITTEE MEMBERS

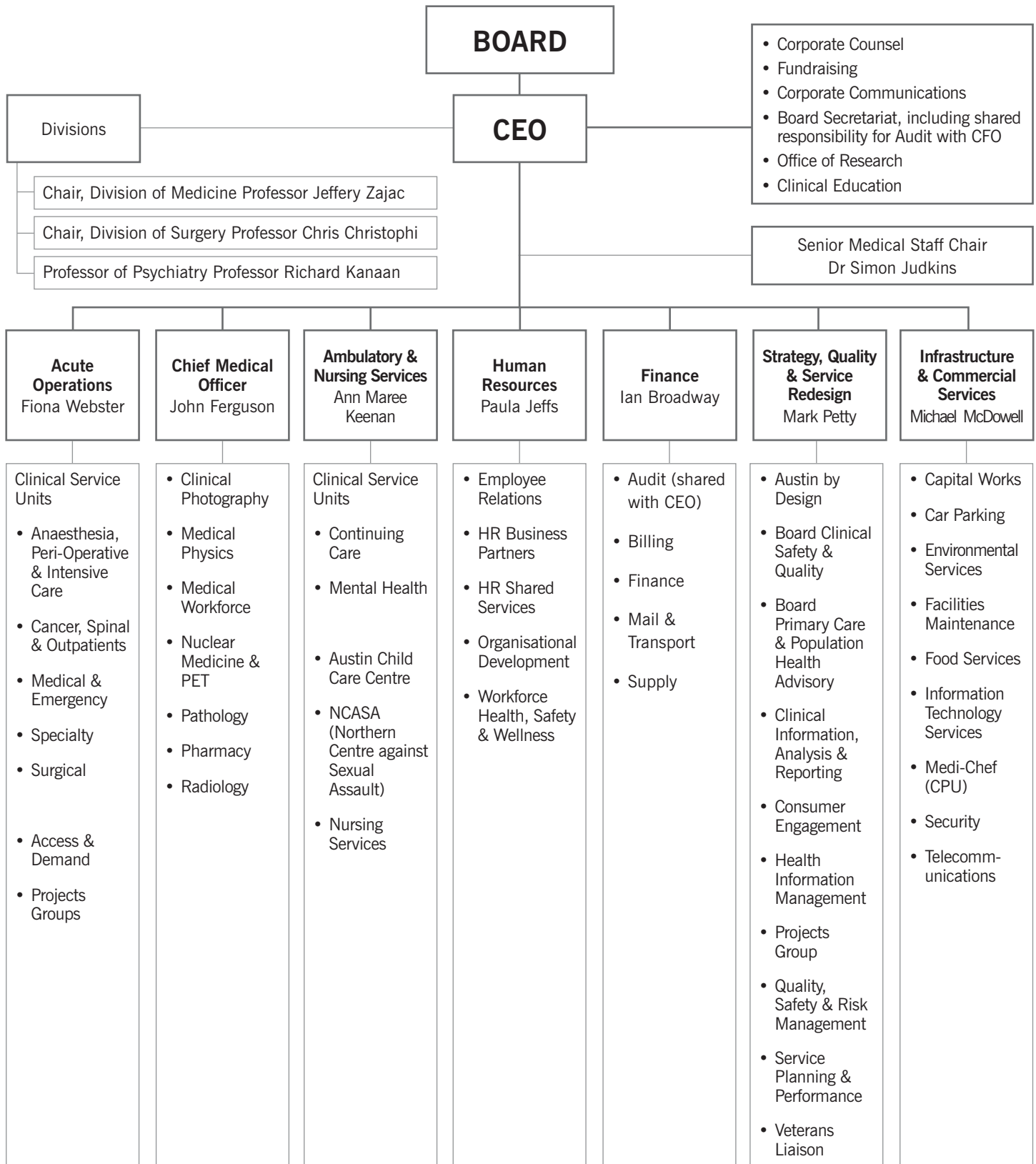
- Dr Con Mylonas (Chair)
- The Hon. Judith Troeth AM
- Ms Suzanne Evans
- Ms Barbara Hingston
- Ms Mary Ann Morgan

CHIEF EXECUTIVE OFFICER

- Dr Brendan Murphy

Organisational Structure

(AS AT 30 JUNE 2013)



Our Clinical Services

STATEWIDE SERVICES

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

REGIONAL SERVICES

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

CONTINUING CARE SERVICES

Aboriginal Health
Acquired Brain Injury Unit
Aged Care Consultative Service
Ambulatory Care Centre
Community Aged Care Packages
Darley House Residential Aged Care Service
Extended Aged Care at Home Dementia
Falls and Balance Clinic
Health and Community Rehabilitation Centre
Health Independence Program
Hospital in the Home
Hospital Primary Care Liaison Unit
Heidelberg Aged Care Assessment Service
Language Services
Medi-Hotel

Memory and Cognitive Research Unit
Non-Emergency Patient Transport
Northern Region Dementia Extended Aged Care at Home Program
Northern Region Extended Aged Care at Home Program
Pain Services
Pastoral Care
Planned Activity Group
Post Acute Care
Rehabilitation in the Home
Rehabilitation Services
Residential Care Outreach Service
Restorative Care Program
Tracheostomy Assessment and Management Service
Transition Care Program
Wound Clinic

ALLIED HEALTH

Community Integration and Leisure Services
Neuro Sociology and Clinical Sociology
Nutrition and Dietetics
Orthotics and Prosthetics
Occupational Therapy
Physiotherapy
Social Work
Speech Pathology

ANAESTHESIA, PERIOPERATIVE AND INTENSIVE CARE

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

CANCER SERVICES

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

DIAGNOSTIC SERVICES

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

SURGERY

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

MEDICAL AND EMERGENCY

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

MENTAL HEALTH

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

SPECIALTY SERVICES

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

Respiratory and Sleep Medicine

Respiratory Laboratory

Sleep Laboratory

Thoracic Surgery

Tracheostomy Review and Management Service

Vascular Laboratory

Vascular Surgery

SPECIALIST SURGICAL AND SPINAL

Audiology

Dental Services

Ear Nose Throat/Head and Neck Surgery

Oral and Maxillofacial Surgery

Orthopaedic Surgery

Plastic and Reconstructive Surgery

Spinal Surgery

OTHER

Northern Centre Against Sexual Assault

Specialist Clinics

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 FOR COMPLIANCE WITH THE AUSTRALIAN/NEW ZEALAND RISK MANAGEMENT STANDARD

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

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



Dr Brendan Murphy
Chief Executive Officer
Heidelberg
14 August, 2013

ATTESTATION ON INSURANCE

I, Brendan Murphy, certify that Austin Health has complied with Ministerial Direction 4.5.5.1 – Insurance, except that contractual indemnities given by Austin Health are recorded in Austin Health's contract database not within a separate register of indemnities.



Dr Brendan Murphy
Chief Executive Officer
Heidelberg
14 August, 2013

ATTESTATION ON DATA INTEGRITY

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



Dr Brendan Murphy
Chief Executive Officer
Heidelberg
14 August, 2013

EX-GRATIA PAYMENTS

Austin Health made ex-gratia payments totalling \$179,414, for the year ending 30 June, 2013 to staff who transferred to another entity in lieu of foregone salary packaging benefits.

FREEDOM OF INFORMATION APPLICATIONS 2012-13

Requests received	1057
Fully granted	933
Partially	40
Denied	1
Other:	
Withdrawn	15
Not proceeded	12
Not processed	0
No documents	43
In progress	13

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.

BUILDING ACT 1993 AND BUILDING REGULATION 2006

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

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

NATIONAL COMPETITION POLICY

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

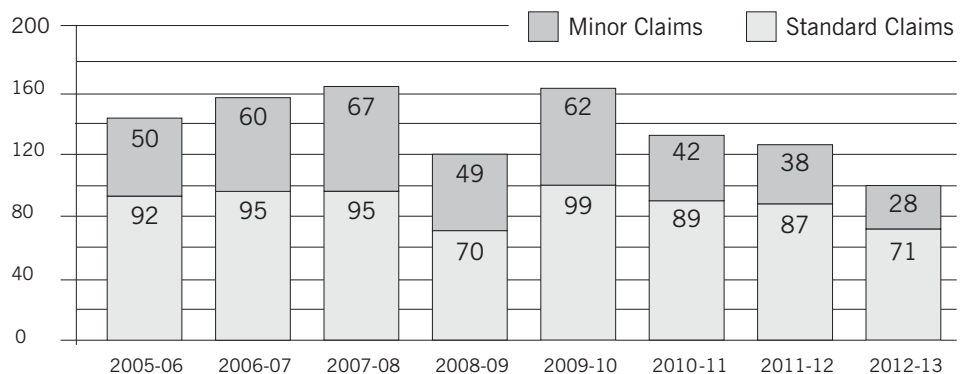
VICTORIAN INDUSTRY PARTICIPATION POLICY ACT 2003

During 2012-13, Austin Health had two projects that commenced or were completed during the reporting period, to which the *Victorian Industry Participation Policy* applied.

Contract	Value	Status	Local content	Employment	Skill / technology transfer outcomes
The Surgery Centre / refurbishment	\$6,500,000	Completed	95%	195 full time jobs	Monitored training plan for each employee and employee reward and recognition plan (Building Value)
Austin Hospital Martin Street car park	\$13,000,000	Commenced	80%	25	On the job training with apprentices gaining experiences. Training plan is monitored and updated regularly. Application of new technology and innovative delivery methodologies resulting in awards being won.
Total	\$19,500,000				

WORKER'S COMPENSATION & INJURY MANAGEMENT

Standard worker's compensation claims have decreased in 2012-13 from 87 to 71 with overall 'all claims' data also demonstrating a reduction from 125 to 99.



Mandatory Reporting

(CONTINUED)

CONSULTANCIES ENGAGED DURING 2012-13

In excess of \$10,000 per consultancy

Consultant	Project	Amount	Total Consultancy	Future Commitments
ClarkeHopkinsClarke	Lions House Feasibility Study	\$11,500		
Y2 Architecture	Lions House Feasibility Study	\$43,905	\$55,405	\$0
Sinclair Knight Merz Pty Limited	Stage 3 Pathology Feasibility Study		\$48,137	\$0
Aspex Consulting Pty Ltd	Radiology Clerical & Admin Support Review		\$31,841	\$0
Vincent Chrisp & Partners Pty Ltd	Redevelopment of Radiology Department		\$31,000	\$0
Paxton Partners Pty Ltd	Austin Health's clinical costing systems & reporting review		\$26,890	\$0
Wenning Technical Services Pty Ltd	Austin Tower Sanitary Plumbing		\$25,740	\$0
Laidlaw Group Pty Ltd	Independent Review of Preadmission Services		\$24,000	\$0
Diagnosis Pty Ltd	PET & Radiopharmaceuticals review	\$17,650		
Colpot Consulting Pty Ltd	PET & Radiopharmaceuticals review	\$5,227	\$22,877	\$0
Mary Whelan Food Services Pty Ltd	Review of Medi-Chef Operations		\$15,000	\$0
Aspex Consulting Pty Ltd	Royal Talbot Project		\$14,714	\$0
Kadar & Bradley Pty Ltd	Dialysis Home Training Unit Feasibility study		\$13,000	\$0
Votar Partners Pty Ltd	Health Independence Program administration review		\$10,000	\$0
Totals			\$318,604	\$0

Number of Consultancies – 12

Less than \$10,000 per consultancy

There were 9 consultancies engaged at a total cost of \$36,642.

AVAILABILITY OF OTHER INFORMATION

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

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

- (j) General statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the Report of Operations.
- (k) A list of major committees sponsored by the Health Service, the purposes of each committee and the extent to which the purposes have been achieved.

MERIT AND EQUITY

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

WORK FORCE DATA

Labour Category	June Current month FTE		June YTD FTE	
	2012	2013	2012	2013
Nursing Services	2107.05	2121.45	2098.81	2095.42
Admin & Clerical	792.13	777.33	797.08	778.53
Medical Support Services	654.91	637.86	653.43	628.92
Hotel & Allied Services	511.31	505.12	519.32	510.38
Medical Officers	147.61	143.70	141.64	143.91
Hospital Medical Officers	414.32	430.88	405.52	414.64
Senior Medical Officers	108.15	109.79	101.27	103.02
Ancillary Support Services	479.58	476.37	470.86	470.50

Statement of Priorities

PART A: STRATEGIC PRIORITIES FOR 2012-13

Priority	Action	Deliverable	Progress
Developing a system that is responsive to people's needs	In partnership with other local providers apply existing service capability frameworks to maximise the use of available resources across the catchment.	Develop and maintain clinical pathways that improve access to all available mental health beds for appropriate out-of-area patients when in the best interest of the consumer and carer(s)	The Mental Health Clinical Service Unit has actively participated in the bed coordination project led by the Office of the Chief Psychiatrist. Our performance against key performance indicators demonstrates that the adult service is a net provider of beds to the system despite our relatively low per capita bed ratio. The Adolescent Inpatient Unit and Statewide Child Unit have both addressed this priority issue and their bed occupancy and length of stay are now well within benchmark expectations.
	Align service mix and distribution to address the health needs of the local population.	Completion of National Health reform projects (ICU Pod C, ED triage and The Surgery Centre).	Projects completed.
Improving every Victorian's health status and experiences	Deliver care as close to home as possible, when it is safe and effective to do so.	Completion of service plan for the Victorian Spinal Cord Service.	Plan completed and includes recommendations proposing care as close to home as possible where appropriate
Expanding service, workforce and system capacity	Identify opportunities to address workforce gaps by optimising workforce capability and capacity, and exploring alternative workforce models.	Commencement of HWA Victorian nurse endoscopist training program, with enrolment of four nurses.	Nurses enrolled and undergoing training.

Priority	Action	Deliverable	Progress
Increasing the system's financial sustainability and productivity	Identify opportunities for efficiency and better value service delivery.	Implementation of the outpatient e-queuing system for improved efficiency and patient experience in the outpatient setting.	E-queuing implemented. Waiting times in clinics is progressively being reduced.
	Examine and reduce variation in administrative overheads.	Reduction of administrative costs.	Current forecast indicates that after adjusting for non-controllable administration costs (including those related to outsourced services, the provision of services to other health services, medical indemnity insurance and continuing medical education) the impact of 2012/13 savings initiatives will reduce administration costs by more than \$600k.
Implementing continuous improvements and innovation	Develop and implement improvement strategies that better support patient flow and the quality and safety of hospital services.	Reduction in medication errors through the introduction of medication prescribing module of Cerner.	Electronic medications management has been rolled out. Benefits measurement is underway.
Increasing accountability & transparency	Implement systems that support streamlined approaches to clinical governance at all levels of the organisation.	Implementation of clinical documentation to support the development of an electronic medical record.	Allied health e-referrals have been implemented as a first step in clinical documentation.
Improving utilisation of e-health and communications technology.	Trial, implement and evaluate strategies that use e-health as an enabler of better patient care.	Implementation of Release 2C Cerner Millennium clinical system that provides electronic inpatient prescribing and administration. Electronic medication charts in all in-scope wards.	Release 2C Cerner Millennium clinical system has been implemented. Electronic medications management has been rolled out to all in-scope wards.

Statement of Priorities

(CONTINUED)

PART B: PERFORMANCE PRIORITIES

FINANCIAL PERFORMANCE

Key performance indicator	Target	2012-13 actuals
Operating result		
Annual Operating Result (\$m)	3.0	\$6.1
WIES⁽¹⁾ activity performance		
Percentage of WIES (public & private) performance to target	100	96.7
Cash management		
Creditors	< 60 days	45 days
Debtors	< 60 days	53 days

ACCESS PERFORMANCE

Key performance indicator	Target	2012-13 actuals
Emergency care		
Percentage of operating time on hospital bypass	3	2.5
Percentage of ambulance transfers within 40 minutes	90	60.3
NEAT - Percentage of emergency presentations to depart ED within 4 hours (July – December 2012)	70	55.0
NEAT - Percentage of emergency presentations to depart ED within 4 hours (January – June 2013)	75	58.0
Number of patients with length of stay in the emergency department greater than 24 hours	0	0
Percentage of Triage Category 1 emergency patients seen immediately	100	100

Key performance indicator	Target	2012-13 actuals
Elective surgery		
Percentage of Triage Category 1 to 5 emergency patients seen within time	80	74.8
Percentage of Category 1 elective patients treated within 30 days	100	100
NEST Percentage of Category 2 elective surgery patients treated within 90 days (July – December 2012)	75	60.0
NEST Percentage of Category 2 elective surgery patients treated within 90 days (January – June 2013)	80	53.0
NEST Percentage of Category 3 elective surgery patients treated within 365 days (July – December 2012)	93	88.0
NEST Percentage of Category 3 elective surgery patients treated within 365 days (January – June 2013)	94.5	82.5
Number of patients on the elective surgery waiting list ⁽¹⁾	4,300	3,781
Number of Hospital Initiated Postponements (HiPs) per 100 scheduled admissions	8	7.9

(1) The target shown is the number of patients on the elective surgery waiting list as at 30 June 2013

SERVICE PERFORMANCE

Key performance indicator	Target	2012-13 actuals
Elective surgery		
Number of patients admitted from the elective surgery list – quarter 1	2,777	2,765
Number of patients admitted from the elective surgery list – quarter 2	2,559	2,526
Number of patients admitted from the elective surgery list – quarter 3	2,544	2,461
Number of patients admitted from the elective surgery list – quarter 4	2,725	2,616

Critical care

ICU minimum operating capacity	0	6
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Quality and safety

Health service accreditation	Full compliance	Achieved
Residential aged care accreditation	Full compliance	Achieved
Cleaning standards	Full compliance	Not achieved
Hospital acquired infection surveillance	No outliers	Achieved
Hand Hygiene Program compliance (%)	70	Achieved
SAB rate (OBDs)	<2/10,000	0.9/10,000
Victorian Patient Satisfaction Monitor (VPSM)	73	Not achieved
Consumer participation Indicator	75	Achieved
People Matter Survey	Full compliance	Not achieved

Key performance indicator	Target	2012-13 actuals
Mental Health - NE Acute Adult MHS only		
28 day readmission rate (%)	14	10.7
Post-discharge follow up rate (%)	75	87.7
Seclusion rate (OBDs)	<20/10,000	4.4

Statement of Priorities

(CONTINUED)

PART C: ACTIVITY AND FUNDING

Activity and Funding Type	Target	2012-13 actuals
Acute Inpatient		
WIES Public	53,717	51,455
WIES Private	13,186	13,218
WIES (Public, Private)	66,+ %	64,673
WIES Renal	3,274	2,985
WIES DVA	1,709	1,524
WIES TAC	814	747
WIES TOTAL	72,700	69,929
Acute Non-Admitted		
Radiotherapy – WAUs Public	53,467	46,082
Radiotherapy – WAUs DVA	1,723	954
Sub-Acute Inpatient		
CRAFT Public	617	490
CRAFT Private	133	125
Rehab Spinal	3,449	4,417
Rehab L1 Public	3,290	3,292
Rehab L1 Private	776	180
Rehab L1 DVA	123	0
Rehab L2 Public	393	1,141
Rehab L2 Private	196	174
Rehab L2 DVA	984	470
GEM Public	17,826	19,680
GEM Private	4,628	6,442
GEM DVA	2,822	2,505
Palliative Care Public	4,950	4,837
Palliative Care Private	550	745
Palliative Care DVA	309	363
Restorative Care	3,650	3,061

Activity and Funding Type	Target	2012-13 actuals
Ambulatory		
Transition Care - Beddays	7,300	7,515
Transition Care - Homeday	10,950	9,841
SACS Non-DVA	28,801	28,605
SACS DVA	680	217
Post Acute Care Non-DVA	1,782	1,698
Post Acute Care DVA	40	53
Aged Care		
Aged Care Assessment Service	1,899	1,592
Residential Aged Care	21,696	20,881
HACC ⁽¹⁾	8,724	7,998
Mental Health		
MH - Inpatient - Approved Bed Days	40,150	40,070
MH - Ambulatory - Service Hours	47,400	47,350
MH - Ambulatory - Residential	7,300	7,300
MH - Ambulatory - Drug Services	140	144

(1) Target excludes DVA Planned Activity Group. Actual activity includes this as we do not have the capacity to separately identify DVA and non-DVA for this service.

Financials

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

The net result for the 2012-13 financial year (before capital and specific items) was \$6,128,000, which compared favourably with the budgeted \$3,000,000 target. It was a pleasing result because it was achieved while once again treating record patient numbers. The result was largely attributable to on-going efficiencies achieved through initiatives introduced in recent years to improve budget accountability.

Specifically, the better than budgeted financial outcome in 2012-13 was the result of:

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

FINANCIAL SUMMARY

	2013 \$000	2012 \$000	2011 \$000	2010 \$000	2009 \$000
Total Revenue	714,108	707,777	687,721	640,123	608,637
Total Expenses	707,980	702,591	686,462	635,998	604,116
Operating Surplus/(Deficit) before capital and specific items	6,128	5,186	1,259	4,125	4,521
Capital and Specific Items	(6,687)	4,872	(14,696)	(26,459)	11,856
Operating Surplus/(Deficit)	(559)	10,058	(13,437)	(22,334)	16,377
Accumulated Deficit	(101,617)	(100,956)	(110,891)	(97,269)	(74,824)
Total Assets	1,224,908	1,205,859	1,175,318	1,183,305	1,190,514
Total Liabilities	244,338	224,730	204,247	198,797	197,252
Net Assets	980,570	981,129	971,071	984,508	993,262
Total Equity	980,570	981,129	971,071	984,508	993,262

Disclosure Index

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

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

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Financial Statements

Austin Health

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

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes presents fairly the financial transactions during the year ended 30 June 2013 and the financial position of Austin Health as at 30 June 2013.

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

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



The Hon JUDITH TROETH AM

Chairperson



DR BRENDAN MURPHY

Chief Executive Officer



MR IAN BROADWAY

Executive Director, Finance

Heidelberg, Victoria

19 / 8 / 2013

Heidelberg, Victoria

19 / 8 / 2013

Heidelberg, Victoria

19 / 8 / 2013

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Austin Health

The Financial Report

The accompanying financial report for the year ended 30 June 2013 of Austin Health which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Chairperson's, Chief Executive Officer's and Executive Director, Finance's declaration has been audited.

The Board Members' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)

Independence

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

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Austin Health as at 30 June 2013 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of Austin Health for the year ended 30 June 2013 included both in Austin Health's annual report and on the website. The Board Members of Austin Health are responsible for the integrity of Austin Health's website. I have not been engaged to report on the integrity of Austin Health's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
30 August 2013


for John Doyle
Auditor-General

Comprehensive operating statement
For the year ended 30 June 2013

	Note	Total 2013 \$000	Total 2012 \$000
Revenue from Operating Activities	2	712,052	705,312
Revenue from Non-Operating Activities	2	2,056	2,465
Employee Expenses	3	(515,831)	(516,243)
Non Salary Labour Costs	3	(6,499)	(6,696)
Supplies and Consumables	3	(102,647)	(105,175)
Other Expenses	3	(83,003)	(74,477)
Net Result Before Capital & Specific Items		6,128	5,186
Capital Purpose Income	2	68,747	80,771
Impairment of Non-Financial Assets	3	-	-
Depreciation and Amortisation	4	(73,864)	(70,957)
Expenditure Using Capital Purpose Income	3	(1,570)	(4,942)
Comprehensive Result for the Year		(559)	10,058

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

Balance sheet
As at 30 June 2013

	Note	Total 2013 \$000	Total 2012 \$000
Current Assets			
Cash and Cash Equivalents	6	56,819	57,638
Receivables	7	33,414	32,878
Investments and Other Financial Assets	8	43	-
Inventories	9	6,582	5,864
Other Assets	11	1,962	2,017
Total Current Assets		98,820	98,397
Non-Current Assets			
Receivables	7	27,549	24,658
Investments and Other Financial Assets	8	-	154
Other Assets	11	152	221
Property, Plant and Equipment	12	1,090,134	1,079,286
Intangible Assets	13	8,253	3,143
Total Non-Current Assets		1,126,088	1,107,462
TOTAL ASSETS		1,224,908	1,205,859
Current Liabilities			
Payables	14	47,098	39,310
Interest bearing liabilities	15	557	521
Provisions	16	143,631	141,770
Other Liabilities	17	3,008	2,395
Total Current Liabilities		194,294	183,996
Non-Current Liabilities			
Interest bearing liabilities	15	31,495	22,502
Provisions	16	18,468	18,104
Other Liabilities	17	81	128
Total Non-Current Liabilities		50,044	40,734
TOTAL LIABILITIES		244,338	224,730
NET ASSETS		980,570	981,129
EQUITY			
Property, Plant & Equipment Revaluation Surplus	19(a)	546,297	546,297
Restricted Specific Purpose Surplus	19(a)	5,963	5,861
Contributed Capital	19(b)	529,927	529,927
Accumulated Surpluses/(Deficits)	19(c)	(101,617)	(100,956)
TOTAL EQUITY		980,570	981,129
Commitments	23	42,643	85,769
Contingent Liabilities	24	4,700	6,250

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

**Statement of changes in equity
For the year ended 30 June 2013**

	Property, Plant & Equipment Revaluation Surplus	Restricted Specific Purpose Surplus	Accumulated Surpluses/(Deficits)	Contributions by Owners	Total
Note	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2011	546,297	5,738	(110,891)	529,927	971,071
Net result for the year as restated	-	123	10,058	-	10,181
Other comprehensive income for the year	-	-	-	-	-
Transfer to accumulated surplus	-	-	(123)	-	(123)
18 a, c	-	-	-	-	-
Balance at 30 June 2012	546,297	5,861	(100,956)	529,927	981,129
Net result for the year	-	-	(559)	-	(559)
Other comprehensive income for the year	-	-	-	-	-
Transfer to accumulated surplus	-	102	(102)	-	-
Transfer to/ returned from contributed capital	-	-	-	-	-
18 a, c	-	-	-	-	-
Balance at 30 June 2013	546,297	5,963	(101,617)	529,927	980,570

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

Cash flow statement
For the year ended June 2013

	Note	Total 2013 \$000	Total 2012 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		566,981	556,629
Patient and Resident Fees Received		36,129	24,408
Private Practice Fees Received		5,646	11,832
Donations and Bequests Received		5,834	2,628
GST Received from/(paid to) ATO		(1,156)	41
Recoupment from Private Practice for use of Hospital Facilities		34,209	30,624
Interest Received		2,156	2,501
Other Receipts		69,417	70,776
Total receipts		719,216	699,439
Employee Expenses Paid		(512,657)	(497,558)
Non Salary Labour Costs		(6,499)	(6,696)
Finance Costs		(1,593)	(1,999)
Other Payments		(186,828)	(174,338)
Total payments		(707,577)	(680,591)
Cash generated from operations		11,637	18,848
Capital Grants from Government		61,216	70,194
Capital Donations and Bequests Received		12	4,357
Other Capital Receipts		1,229	4,294
Other Capital Payments		(1,569)	(4,941)
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES	20	72,526	92,752
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments		(43)	-
Proceeds from Sale of Investments		-	25,077
Payments for Non-Financial Assets		(82,242)	(87,384)
Proceeds from sale of Non-Financial Assets		11	94
NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		(82,274)	(62,213)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		9,550	-
Repayment of Borrowings		(618)	(575)
NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		8,932	(575)
NET INCREASE/(DECREASE) IN CASH AND EQUIVALENTS HELD		(816)	29,964
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6	57,598	27,634
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	56,782	57,598

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

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Note 1: Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for Austin Health for the period ending 30 June 2013. The purpose of this report is to provide users with information about the Health service's stewardship of resources entrusted to it.

(a) Statement of Compliance

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

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

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

The annual financial statements were authorised for issue by the Board of Austin Health on 19 August 2013.

(b) Basis of accounting preparation and measurement

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2013, and the comparative information presented in these financial statements for the year ended 30 June 2012.

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

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

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

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

- Non-current physical assets, which subsequent to acquisition, are measured at a revalued amount being their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent losses. Revaluations are made 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 with changes reflected in the comprehensive operating statement (fair value through profit and loss);
- Available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised (i.e. other comprehensive income – items that may be reclassified subsequent to net result); and
- The fair value of assets other than land is generally based on their depreciated replacement value.

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

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

Note 1: Summary of Significant Accounting Policies (continued)

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to note 1(i));
- superannuation expense (refer to note 1(f)); and
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to note 1(j)).

(c) Reporting Entity

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

Its principal address is:

Austin Hospital
Studley Road
Heidelberg
Victoria 3084.

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

Objectives and funding

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

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

(d) Scope and presentation of financial statements

Fund Accounting

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

Services Supported By Health Services Agreement and Services Supported By Hospital and Community Initiatives

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

Residential Aged Care Service

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

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

Note 1: Summary of Significant Accounting Policies (continued)

Comprehensive operating statement

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

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(e)). Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided.
- specific income/expense, comprises the following items, where material:
 - Voluntary departure packages
 - Write-down of inventories
 - Non-current asset revaluation increments/decrements
 - Diminution/impairment of investments
 - Restructuring of operations (disaggregation/aggregation of Health Services)
 - Litigation settlements
 - Non-current assets lost or found
 - Forgiveness of loans
 - Reversals of provisions
 - Voluntary changes in accounting policies (which are not required by an accounting standard or other authoritative pronouncement of the Australian Accounting Standards Board)
- impairment of financial and non-financial assets, includes all impairment losses (and reversal of previous impairment losses), which have been recognised in accordance with Note 1 (i)
- depreciation and amortisation, as described in Note 1 (f)
- assets provided or received free of charge (refer to Note 1 (e) and (i))
- expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold or doesn't meet asset recognition criteria and therefore does not result in the recognition of an asset in the balance sheet, where funding for that expenditure is from capital purpose income.

Balance sheet

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

Statement of changes in equity

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

Note 1: Summary of Significant Accounting Policies (continued)

Cash flow statement

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

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

Rounding

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

(e) Income from transactions

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

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

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

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

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

Indirect Contributions from the Department of Health

- Insurance is recognised as revenue following advice from the Department of Health.
- Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 05/2013 (update for 2012-13).

Patient and Resident Fees

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

Private Practice Fees

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

Revenue from commercial activities

Revenue from commercial activities such as laboratory medicine is recognised at the time invoices are raised or accrued when a service is performed.

Note 1: Summary of Significant Accounting Policies (continued)

Donations and Other Bequests

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

Dividend Revenue

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

Interest Revenue

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

Sale of investments

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

Fair value of assets and services received free of charge or for nominal consideration

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

Other income

Other income includes non-property rental, dividends, forgiveness of liabilities and bad debt reversals.

(f) Expense Recognition

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

Cost of Goods Sold

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

Employee expenses

Employee expenses include:

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

Defined contribution superannuation plans

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

Note 1: Summary of Significant Accounting Policies (continued)

Defined benefit superannuation plans

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

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

Depreciation

All infrastructure assets, buildings, plants and equipment and other non-financial assets that have finite useful lives are depreciated (i.e. excludes land assets held for sale, and investment properties). Depreciation begins when the asset is available for use, which is when it is in the location and condition necessary for it to be capable of operating in a manner intended by management.

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

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

	2013	2012
Building Components:		
- Shell/Structure	Up to 60 years	Up to 60 years
- Siteworks/Site Services	Up to 30 years	Up to 30 years
- Services	Up to 28 years	Up to 28 years
- Fitout	Up to 20 years	Up to 20 years
Plant & Equipment	Up to 15 years	Up to 15 years
Medical Equipment	Up to 15 years	Up to 15 years
Computers and Communication	Up to 5 years	Up to 5 years
Furniture and Fitting	Up to 5 years	Up to 5 years
Motor Vehicles	Up to 3 years	Up to 3 years
Other Equipment	Up to 5 years	Up to 5 years
Intangible Assets	Up to 5 years	Up to 3 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate. As part of the Buildings valuation, building values were componentised and each component assessed for its useful life which is represented above.

Amortisation

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

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.

Note 1: Summary of Significant Accounting Policies (continued)

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

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

Any excess of the carrying amount over the recoverable amount is recognised as an impairment loss. Intangible assets with finite useful lives are amortised over a 3 year period (2012: 3 years).

Finance Costs

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

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance charges in relation to finance leases recognised in accordance with AASB 117 *Leases*.

Grants and other transfers

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

Other operating expenses

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

Supplies and consumables

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

Bad and Doubtful Debts

Refer to note 1(i) *Impairment of financial assets*.

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

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

Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

Borrowing costs of qualifying assets

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

Note 1: Summary of Significant Accounting Policies (continued)

(g) Other comprehensive income

Other comprehensive income measures the change in volume or value of assets or liabilities that do not result from transactions.

Net gain/(loss) on financial assets

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

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

Refer to note 1 (i) *Revaluations of non-physical assets*.

Disposal of non-financial assets

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

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost (refer to Note 1(i)); and
- disposals of financial assets and derecognition of financial liabilities

Revaluations of financial instrument at fair value

Refer to Note 1(i) *Financial instruments*.

Other gains/(losses) from other comprehensive income

Other gains/(losses) include:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

(h) Financial instruments

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

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

The following refers to financial instruments unless otherwise stated.

Financial assets and liabilities at fair value through profit or loss

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

Note 1: Summary of Significant Accounting Policies (continued)

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

Loans and receivables

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

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

Held-to-maturity investments

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

The Health Service makes limited use of this classification because any sale or reclassification of more than an insignificant amount of held-to-maturity investments not close to their maturity, would result in the whole category being reclassified as available-for-sale. The Health Service would also be prevented from classifying investment securities as held-to-maturity for the current and the following two financial years.

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

Available-for-sale financial assets

Available-for-sale financial instrument assets are those designated as available-for-sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in net result for the period. Fair value is determined in the manner described in Note 22.

Financial liabilities at amortised cost

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

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

(i)

Assets

Cash and Cash Equivalents

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

Note 1: Summary of Significant Accounting Policies (continued)

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

Receivables

Receivables consist of:

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

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

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

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

Investments and other financial assets

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

Investments are classified in the following categories:

- financial assets at fair value through profit or loss;
- held to maturity;
- loans and receivables; and
- available-for-sale financial assets.

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

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

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

Inventories

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

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

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

Note 1: Summary of Significant Accounting Policies (continued)

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

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

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

Non-financial physical assets classified as held for sale

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

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

Property, plant and equipment

All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a merger/machinery of government are transferred at their carrying amount.

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

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

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

Revaluations of Non-current Physical Assets

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

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

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

Note 1: Summary of Significant Accounting Policies (continued)

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

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

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

Intangible Assets

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

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Health Service.

Expenditure on research activities is recognised as an expense in the period

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

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

Prepayments

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

Disposal of Non-Financial Assets

Any gain or loss on the sale of non-financial assets is recognised in the comprehensive operating statement. Refer to note 1 (g) – "other comprehensive income".

Impairment of Non-Financial Assets

Intangible assets with indefinite lives, (and intangible assets not yet available for use) are tested annually for impairment,(as described below) and whenever there is an iindication that the asset may be impaired

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

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

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

Note 1: Summary of Significant Accounting Policies (continued)

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

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

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Health Service retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Health Service has transferred its rights to receive cash flows from the asset and either:
 - (a) has transferred substantially all the risks and rewards of the asset; or
 - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Health Service has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Health Service's continuing involvement in the asset.

Impairment of financial assets

At the end of each reporting period Austin Health assesses whether there is objective evidence that a financial asset or group of financial asset is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Receivables are assessed for bad and doubtful debts on a regular basis. Bad debts considered as written off and allowances for doubtful receivables are expensed. Bad debt written off by mutual consent and the allowance for doubtful debts are classified as 'other comprehensive income' in the net result.

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

Where the fair value of an investment in an equity instrument at balance date has reduced by 20 percent or more than its cost price or where its fair value has been less than its cost price for a period of 12 or more months, the financial asset is treated as impaired.

In order to determine an appropriate fair value as at 30 June 2013 for its portfolio of financial assets, Austin Health obtained a valuation based on the best available advice through a reputable financial institution. This value was compared against valuation methodologies provided by the issuer as at 30 June 2013. These methodologies were critiqued and considered to be consistent with standard market valuation techniques.

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

Note 1: Summary of Significant Accounting Policies (continued)

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through profit or loss or held-for-trading;
- impairment and reversal of impairment for financial instruments at amortised cost; and
- disposals of financial assets and derecognition of financial liabilities

Revaluations of financial instruments at fair value

The revaluation gain/(loss) on financial instruments at fair value excludes dividends or interest earned on financial assets.

(j) Liabilities

Payables

Payables consist of:

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

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

Borrowings

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

Provisions

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

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

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

Employee benefits

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

Note 1: Summary of Significant Accounting Policies (continued)

Wages and salaries, annual leave and accrued days off

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

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

Long Service Leave

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

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

The components of this current LSL liability are measured at:

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

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

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

Termination Benefits

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

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

On-Costs

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

Superannuation liabilities

Austin Health does not recognise any unfunded defined benefit liability in respect of the superannuation plans because the Health Service has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due.

Note 1: Summary of Significant Accounting Policies (continued)

Onerous contracts

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

Make good provisions

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

Derecognition of financial liabilities

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

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

(k) Leases

A Lease is a right to use an asset for an agreed period of time in exchange for payment. Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership.

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

Finance Leases

Entity as lessor

Austin Health has one finance lease arrangement as a lessor. The amounts payable to Austin Health under this arrangement are not considered material, therefore are not recorded in the balance sheet as a lease receivable.

Entity as lessee

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

Note 1: Summary of Significant Accounting Policies (continued)

Operating Leases

Entity as lessee

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

Lease Incentives

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

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

Leasehold Improvements

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

(l) Equity

Contributed Capital

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

Property, Plant & Equipment Revaluation Surplus

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

Financial asset available-for-sale revaluation surplus

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

Specific restricted purpose reserve

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

(m) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to note 23) at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

Note 1: Summary of Significant Accounting Policies (continued)

(n) Contingent assets and contingent liabilities

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

(o) Goods and Services Tax (GST)

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

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

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

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

(p) Events after the reporting period

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Health Service and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period.

Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting period and before the date the financial statements are authorised for issue, where those events provide information about conditions which existed in the reporting period. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period and which may have a material impact on the results of subsequent reporting periods.

(q) Foreign currency

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period. Non-monetary assets carried at fair value that are denominated in foreign currencies are translated to the functional currency at the rates prevailing at the date when the fair value was determined.

Foreign currency translation differences are recognised in 'comprehensive income' and accumulated in a separate component of equity, in the period in which they arise.

(r) AASs issued that are not yet effective

Certain new Australian accounting standards and interpretations have been published that are not mandatory for the 30 June 2013 reporting period. DTF assesses the impact of all of these new standards and advises the Health Service of their applicability and early adoption where applicable.

Note 1: Summary of Significant Accounting Policies (continued)

As at 30 June 2013, the following standards and interpretations had been issued but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Austin Health has not and does not intend to adopt these standards early.

Standard/Interpretation	Summary	Applicable for Annual Reporting period beginning	Impact on Financial Statements
AASB10 <i>Consolidated Financial Statements</i>	<p>AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 <i>Consolidated and Separate Financial Statements</i> dealing with the accounting for consolidated financial statements and UIG-112 <i>Consolidation - Special Purpose Entities</i>.</p> <p>The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.</p> <p>Consequential amendments were also made to this and other standards via AASB 2011-7 and AASB 2012-10.</p>	1 Jan 2013	No impact on Financial Statements

Note 1: Summary of Significant Accounting Policies (continued)

Standard/Interpretation	Summary	Applicable for Annual Reporting period beginning	Impact on Financial Statements
AASB 11 <i>Joint Arrangements</i>	<p>AASB 11 replaces AASB 131 <i>Interests in Joint Ventures</i> and UIG-113 <i>Jointly-controlled Entities - Non-monetary Contributions by Ventures</i>.</p> <p>AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method.</p> <p>Consequential amendments were also made to this and other standards via AASB 2011-7, AASB 2010-10 and amendments to AASB 128.</p>	1 Jan 2013	No impact on Financial Statements
AASB12 <i>Disclosure of Interests in Other Entities</i>	<p>AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.</p>	1 Jan 2013	No impact on Financial Statements
AASB13 <i>Fair Value Measurement</i>	<p>AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.</p> <p>AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.</p> <p>Consequential amendments were also made to other standards via AASB 2011-8.</p>	1 Jan 2013	This amendment is unlikely to have any significant impact on Financial Statements

Note 1: Summary of Significant Accounting Policies (continued)

Standard/Interpretation	Summary	Applicable for Annual Reporting period beginning	Impact on Financial Statements
AASB119 <i>Employee Benefits</i>	<p>The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets.</p> <p>The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.</p> <p>Consequential amendments were also made to other standards via AASB 2011-10.</p>	1 Jan 2013	Detail of impact is still being assessed.
AASB 2012-2 Amendments to Australian Accounting Standards - <i>Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	<p>AASB 2012-2 principally amends AASB 7 <i>Financial Instruments: Disclosures</i> to require disclosure of the effect or potential effect of netting arrangements. This includes rights of set-off associated with the entity's recognised financial assets and liabilities on the entity's financial position, when the offsetting criteria of AASB 132 are not all met.</p>	1 Jan 2013	Detail of impact is still being assessed.
Annual Improvements Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle	<p>AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The standard addresses a range of improvements, including the following: ► Repeat application of AASB 1 is permitted (AASB 1) ► Clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements).</p>	1 Jan 2013	Detail of impact is still being assessed.
AASB 2012-9 Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039	<p>AASB 2012-9 amends AASB 1048 Interpretation of Standards to evidence the withdrawal of Australian Interpretation 1039 Substantive Enactment of Major Tax Bills in Australia.</p>	1 Jan 2013	Detail of impact is still being assessed.

Note 1: Summary of Significant Accounting Policies (continued)

Standard/Interpretation	Summary	Applicable for Annual Reporting period beginning	Impact on Financial Statements
AASB 2011-4 Amendments to Australian Accounting Standards to <i>Remove Individual Key Management Personnel Disclosure Requirements</i> [AASB 124]	This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.	1 July 2013	This amendment is unlikely to have any significant impact on Financial Statements
AASB1053 <i>Application of Tiers of Australian Accounting Standards</i>	<p>This standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements: (a) Tier 1: Australian Accounting Standards (b) Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements</p> <p>Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.</p> <p>The following entities apply Tier 1 requirements in preparing general purpose financial statements: (a) For profit entities in the private sector that have public accountability (as defined in this standard) (b) The Australian Government and State, Territory and Local governments</p> <p>The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements:</p> <p>(a) For-profit private sector entities that do not have public accountability</p> <p>(b) All not-for-profit private sector entities</p> <p>(c) Public sector entities other than the Australian Government and State, Territory and Local governments.</p> <p>Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11, 2012-1, 2012-7 and 2012-11.</p>	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented to the Victorian Public Sector.
AASB 2012-3 Amendments to Australian Accounting Standards - <i>Offsetting Financial Assets and Financial Liabilities</i>	AASB 2012-3 adds application guidance to AASB 132 <i>Financial Instruments: Presentation</i> to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 Jan 2014	Detail of impact is still being assessed.

Note 1: Summary of Significant Accounting Policies (continued)

Standard/Interpretation	Summary	Applicable for Annual Reporting period beginning	Impact on Financial Statements
Interpretation 21 <i>Levies*</i>	This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.	1 Jan 2014	Detail of impact is still being assessed.
AASB 1055** <i>Budgetary Reporting</i>	<p>This standard specifies budgetary disclosure requirements for the whole of government, General Government Sector (GGS) and not-for-profit entities within the GGS of each government.</p> <p>AASB 2013-1 removes the requirements relating to the disclosure of budgetary information from AASB 1049 (without substantive amendment). All budgetary reporting requirements applicable to public sector entities are now located in AASB 1055.</p>	1 July 2014	Detail of impact is still being assessed.

Note 1: Summary of Significant Accounting Policies (continued)

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

Note 1: Summary of Significant Accounting Policies (continued)

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

(r) Category Groups

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

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

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

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

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

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

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

Off Campus, Ambulatory Services (Ambulatory) comprises all recurrent health revenue/expenditure on public hospital type services including palliative care facilities and rehabilitation facilities, as well as services provided under the following agreements: Services that are provided or received by hospitals (or area Health Services) but are delivered/received outside a hospital campus, services which have moved from a hospital to a community setting since June 1998, services which fall within the agreed scope of inclusions under the new system, which have been delivered within hospital's i.e. in rural/remote areas.

Note 1: Summary of Significant Accounting Policies (continued)

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

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

(s) Going Concern

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

- A net deficit result of \$0.6 million for the year ended 30 June 2013 (\$10.1 million surplus for the year ended 30 June 2012);
- Depreciation/Amortisation Expense of \$73.9 million for the year ended 30 June 2013 (\$71.0 million for the year ended 30 June 2012) which is not matched with recurrent funding;
- A working capital deficiency of \$95.5 million as at 30 June 2013 (\$85.6 million deficiency as at 30 June 2012);
- Net cash outflows of \$0.8 million for the year ended 30 June 2013 (\$30.0 million inflows for the year ended 30 June 2012); and
- Management will commit to achieve agreed budget targets and all other requirements of its 2013/14 statement of priorities.

With respect to Austin Health's current financial position, the Board and Management of Austin Health have initiated various strategies which will be monitored throughout the 2013/14 financial year. On the basis of the advice and assurances received in writing from the Department of Health, the Directors of Austin Health are of the opinion that Austin Health will be able to pay its debts as and when they fall due.

Note 2: Revenue

	HSA 2013 \$000	HSA 2012 \$000	H&CI 2013 \$000	H&CI 2012 \$000	Total 2013 \$000	Total 2012 \$000
Revenue from Operating Activities						
Government Grants						
- Department of Health	251,415	520,505	-	-	251,415	520,505
- Victorian Health Funding Pool (*)	262,980	-	-	-	262,980	-
- Department of Human Services	1,791	1,908	-	-	1,791	1,908
- State Government - Other	-	-	137	450	137	450
- Commonwealth Government						
- Residential Aged Care Subsidy	3,797	4,109	-	-	3,797	4,109
- Commonwealth Grant - Health Network Funding Adj.	6,727	-	-	-	6,727	-
- Other	34,695	31,975	-	-	34,695	31,975
Total Government Grants	561,405	558,497	137	450	561,542	558,947
Indirect Contributions by Department of Health						
- Insurance	801	770	-	-	801	770
- Long Service Leave	2,891	6,621	-	-	2,891	6,621
Total Indirect Contributions by Department of Health	3,692	7,391	-	-	3,692	7,391
Patient and Resident Fees						
- Patient and Resident Fees (Refer note 2b)	31,322	26,344	-	-	31,322	26,344
- Residential Aged Care (Refer note 2b)	1,256	1,223	-	-	1,256	1,223
Total Patient and Resident Fees	32,578	27,567	-	-	32,578	27,567

(*) The Victorian Health Funding Pool line is for reporting activity based funding payments received via the National Health Funding Administrator.

Note 2: Revenue (continued)

	HSA 2013 \$000	HSA 2012 \$000	H&I 2013 \$000	H&I 2012 \$000	Total 2013 \$000	Total 2012 \$000
Business Units						
- Laboratory Medicine	-	-	2,109	1,931	2,109	1,931
- Diagnostic Imaging	-	-	3,201	3,219	3,201	3,219
Commercial Activities & Specific Purpose Funds						
- Private Practice and Other Patient Activities Fees	-	-	5,700	5,527	5,700	5,527
- Commercial Laboratory Medicine	-	-	4,923	14,314	4,923	14,314
- Mental Health Services	-	-	1,510	1,859	1,510	1,859
- Pharmacy Services	-	-	631	325	631	325
- Affiliated Entities	-	-	3,593	3,642	3,593	3,642
- Retail Services	-	-	753	757	753	757
- Food Production Kitchen	-	-	3,050	2,754	3,050	2,754
- Car Park	-	-	7,910	7,747	7,910	7,747
- Research	-	-	10,851	10,655	10,851	10,655
- Cardiology	-	-	751	717	751	717
- Child Care	-	-	1,539	1,490	1,539	1,490
- Nuclear Medicine	-	-	977	942	977	942
- Fundraising	-	-	4,517	1,255	4,517	1,255
- Hospital Department Funds	-	-	2,221	1,893	2,221	1,893
- Salary Packaging	-	-	2,590	2,499	2,590	2,499
- Other	-	-	1,120	857	1,120	857
Total Commercial Activities and Specific Purpose Funds	-	-	57,946	62,383	57,946	62,383
Recoupment from Private Practice for use of Hospital Facilities	34,336	31,445	-	-	34,336	31,445
Other Revenue from Operating Activities	21,958	17,579	-	-	21,958	17,579
Total Revenue from Operating Activities	653,968	642,479	58,084	62,833	712,052	705,312

Note 2: Revenue (continued)

	HSA 2013 \$000	HSA 2012 \$000	H&CI 2013 \$000	H&CI 2012 \$000	Total 2013 \$000	Total 2012 \$000
Revenue from Non-Operating Activities						
Interest & Dividends	2,134	2,253	-	-	2,134	2,253
Other Revenue from Non-Operating Activities	(78)	212	-	-	(78)	212
Total Revenue from Non-Operating Activities	2,056	2,465	-	-	2,056	2,465
Revenue from Capital Purpose Income						
State Government Capital Grants						
- Securing Our Health System - Equipment and Infrastructure	-	-	3,730	3,078	3,730	3,078
- Other	-	-	56,236	65,603	56,236	65,603
- DoH Indirect Contribution	-	-	6,268	2,819	6,268	2,819
Commonwealth Government Capital Grants	-	-	1,249	1,513	1,249	1,513
Residential Accommodation Payments (refer note 2b)	-	-	312	302	312	302
Assets Received Free of Charge (refer note 2d)	-	-	33	-	33	-
Net Gain/(Loss) on Disposal of Non-Financial Assets (refer note 2c)	-	-	(11)	91	(11)	91
Capital Interest	-	-	231	1,122	231	1,122
Donations and Bequests	-	-	12	4,357	12	4,357
Other Capital Purpose Income	-	-	687	1,886	687	1,886
Total Revenue from Capital Purpose Income	-	-	68,747	80,771	68,747	80,771
Total Revenue (Refer Note 2a)	656,024	644,944	126,831	143,604	782,855	788,548

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

	Admitted Patients	Outpatients	EDS	Ambulatory	Mental Health	RAC incl. Mental Health	Aged Care	Other	Total
	2013 \$000	2013 \$000	2013 \$000	2013 \$000	2013 \$000	2013 \$000	2013 \$000	2013 \$000	2013 \$000
Revenue from Services Supported by Health Services Agreement									
Government Grants	344,570	61,459	31,104	63,401	45,547	8,456	3,883	2,985	561,405
Indirect Contributions by Department of Health *	2,818	183	119	268	240	29	18	17	3,692
Patient and Resident Fees (refer note 2b)	23,232	872	-	4,929	2,209	1,256	80	-	32,578
Recoupment from Private Practice for Use of Hospital Facilities	14,693	15,511	2,029	525	126	1	2	1,449	34,336
Business Units - Pathology & Radiology	14,510	2,029	953	1,596	2,406	32	67	286	21,879
Other Revenue	2,134								2,134
Interest & Dividends									-
Capital Purpose Income (refer note 2)									-
Sub-Total Revenue from Services Supported by Health Services Agreement	401,957	80,054	34,205	70,719	50,528	9,774	4,050	4,737	656,024
Revenue from Services Supported by Hospital and Community Initiatives									
Donations & Bequests (non capital)	-	-	-	-	-	-	-	5,834	5,834
Commercial Activities & Specific Purpose Funds	-	-	-	-	-	-	-	52,250	52,250
Capital Purpose Income (refer note 2)	-	-	-	-	-	-	-	68,747	68,747
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	-	126,831	126,831
Total Revenue	401,957	80,054	34,205	70,719	50,528	9,774	4,050	131,568	782,855

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

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

Note 2b: Patient and Resident Fees Raised

	2013	2012
	\$000	\$000
Patient and Resident Fees Raised (*)		
Recurrent:		
Acute (Inc rehabilitation, GEM and other acute types)		
- Inpatients (*)	26,440	23,095
- Outpatients	1,709	1,191
Residential Aged Care		
- Generic	997	954
- Mental Health	259	269
Mental Health	2,209	1,282
Prosthetics & Orthotics	964	776
Total Patient and Resident Fees	32,578	27,567
Capital Purpose Income:		
Residential Accommodation Payments (**)	312	302
Total Capital Purpose Income	312	302

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

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

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

	2013	2012
	\$000	\$000
Proceeds from Disposal of Non-Current Assets		
Plant & Equipment	5	11
Motor Vehicles	6	83
Buildings	-	-
Total Proceeds from Disposal of Non-Current Assets	11	94
Less: Written Down Value of Non-Current Assets Sold		
Plant & Equipment	-	-
Medical Equipment	21	1
Other Equipment	1	-
Computers and Communication		1
Motor Vehicles		1
Total Written Down Value of Non-Current Assets Sold	22	3
Net gains/(losses) on Disposal of Non-Current Assets	(11)	91

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

	Total 2013 \$000	Total 2012 \$000
During the reporting period, the fair value of assets received free of charge, was as follows:		
Motor Vehicle from RSL Women's League	33	-
Total	33	-

There were no assets received free of charge or for nominal consideration recognised for the year ended 30 June 2012.

Note 2e: Specific Income

There was no specific income recognised during the years ended 30 June 2013 and 30 June 2012.

Note 3: Expenses

	HSA 2013 \$000	HSA 2012 \$000	H&CI 2013 \$000	H&CI 2012 \$000	Total 2013 \$000	Total 2012 \$000
Employee Expenses						
Salaries & Wages	434,044	426,130	20,387	26,033	454,431	452,163
WorkCover Premium	4,294	4,101	181	187	4,475	4,288
Departure Packages	1,453	2,147	-	38	1,453	2,185
Long Service Leave	13,647	17,304	289	343	13,936	17,647
Superannuation	40,003	38,263	1,533	1,697	41,536	39,960
Total Employee Expenses	493,441	487,945	22,390	28,298	515,831	516,243
Non Salary Labour Costs						
Agency Costs - Nursing	2,879	2,581	0	4	2,879	2,585
Agency Costs - Other	2,543	2,808	1,077	1,303	3,620	4,111
Total Non Salary Labour Costs	5,422	5,389	1,077	1,307	6,499	6,696
Supplies & Consumables						
Drug Supplies	18,685	20,116	43	24	18,728	20,140
S100 and PBS Drugs	21,250	19,079	-	-	21,250	19,079
Medical, Surgical Supplies and Prosthesis	53,068	53,639	488	517	53,556	54,156
Pathology Supplies	4,938	7,327	1,400	1,740	6,338	9,067
Food Supplies	4,108	4,113	(1,333)	(1,380)	2,775	2,733
Total Supplies & Consumables	102,049	104,274	598	901	102,647	105,175

Note 3: Expenses (continued)

	HSA	HSA	H&CI	H&CI	Total	Total
	2013	2012	2013	2012	2013	2012
	\$000	\$000	\$000	\$000	\$000	\$000
Other Expenses						
Domestic Services & Supplies	5,672	5,776	2,230	2,348	7,902	8,124
Fuel, Light, Power and Water	9,513	7,486	273	268	9,786	7,754
Insurance costs funded by DoH	801	770	-	-	801	770
Motor Vehicle Expenses	612	678	30	29	642	707
Repairs and Maintenance	7,634	6,787	727	230	8,361	7,017
Maintenance Contracts	16,310	14,995	356	403	16,666	15,398
Patient Transport	1,558	1,554	29	24	1,587	1,578
Bad & Doubtful Debts	612	1,254	(18)	105	594	1,359
Lease Expenses	2,233	2,111	1,458	1,227	3,691	3,338
Finance Costs (refer note 5)	133	131	1,534	1,556	1,667	1,687
Other Administrative Expenses	21,947	19,101	6,595	5,127	28,542	24,228
Other	1,990	1,737	246	203	2,236	1,940
Audit Fees						
- VAGO - Audit of Financial Statements	240	229	-	-	240	229
- Other	287	348	-	-	287	348
Total Other Expenses	69,543	62,957	13,460	11,520	83,003	74,477

Note 3: Expenses (continued)

	HSA 2013 \$000	HSA 2012 \$000	H&CI 2013 \$000	H&CI 2012 \$000	Total 2013 \$000	Total 2012 \$000
Expenditure using Capital Purpose Income						
Employee Benefits						
- Salaries and Wages	-	-	389	1,028	389	1,028
- Workcover Premium	-	-	21	23	21	23
- Superannuation	-	-	175	235	175	235
- Long Service Leave	-	-	15	32	15	32
Total Employee Benefits	-	-	600	1,318	600	1,318
Non Salary Labour Costs						
- Agency Costs - Other	-	-	259	337	259	337
Total Non Salary Labour Costs	-	-	259	337	259	337
Other Expenses						
- Domestic Services & Supplies	-	-	6	5	6	5
- Motor Vehicle Expenses	-	-	-	-	-	-
- Administrative Expenses	-	-	140	1,790	140	1,790
- Other	-	-	565	1,479	565	1,479
Finance Costs (refer note 5)	-	-	-	13	-	13
Total Other Expenses	-	-	711	3,287	711	3,287
Total Expenditure using Capital Purpose Income	-	-	1,570	4,942	1,570	4,942
Impairment of Non-Financial Assets	-	-	-	-	-	-
Depreciation and Amortisation (refer note 4)	-	-	73,864	70,957	73,864	70,957
Total	-	-	73,864	70,957	73,864	70,957
Total Expenses	670,455	660,565	112,959	117,925	783,414	778,490

Note 3a: Analysis of Expenses by Source

	Admitted Patients	Outpatients	EDS	Ambulatory	Mental Health	RAC incl. Mental Health	Aged Care	Other	Total
	2,013	2,013	2,013	2,013	2,013	2,013	2,013	2,013	2,013
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Services Supported by Health Services Agreement									
Employee Expenses	284,550	52,472	32,280	62,834	45,664	8,506	2,059	5,075	493,440
Non Salary Labour Costs	2,598	732	393	1,042	450	162	12	33	5,422
Supplies & Consumables	69,370	20,258	2,136	6,452	1,168	307	1,475	883	102,049
Other Expenses from Continuing Operations	42,215	8,123	2,042	10,426	5,225	492	492	396	69,411
Finance Costs	72	10	8	23	17	1	2	-	133
Total Expenses from Services Supported by Health Services Agreement	398,805	81,595	36,859	80,777	52,524	9,468	4,040	6,387	670,455
Services Supported by Hospital & Community Initiatives									
Employee Expenses	-	-	-	-	-	-	-	22,391	22,391
Non Salary Labour Costs	-	-	-	-	-	-	-	1,077	1,077
Supplies & Consumables	-	-	-	-	-	-	-	598	598
Other Expenses from Continuing Operations	-	-	-	-	-	-	-	11,925	11,925
Finance Costs	-	-	-	-	-	-	-	1,534	1,534
Total Expenses from Services Supported by Hospital & Community Initiatives	-	-	-	-	-	-	-	37,525	37,525

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

	Admitted Patients	Outpatients	EDS	Ambulatory	Mental Health	RAC incl. Mental Health	Aged Care	Other	Total
	2,013	2,013	2,013	2,013	2,013	2,013	2,013	2,013	2,013
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Expenditure using Capital Purpose Income									
Employee Expenses	-	-	-	-	-	-	-	600	600
Non Salary Labour Costs	-	-	-	-	-	-	-	259	259
Other Expenses	-	-	-	-	-	-	-	711	711
Finance Costs	-	-	-	-	-	-	-	-	-
Total Expenditure using Capital Purpose Income								1,570	1,570
Purpose Income								-	-
Impairment of Non-Financial Assets	-	-	-	-	-	-	-	73,864	73,864
Depreciation & Amortisation (refer note 4)	-	-	-	-	-	-	-	73,864	73,864
Total Expenses	398,805	81,595	36,859	80,777	52,524	9,468	4,040	119,346	783,414

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

	Admitted Patients 2012 \$000	Outpatients 2012 \$000	EDS 2012 \$000	Ambulatory 2012 \$000	Mental Health 2012 \$000	RAC incl. Mental 2012 \$000	Aged Care 2012 \$000	Other 2012 \$000	Total 2012 \$000
Services Supported by Health Services Agreement									
Employee Expenses	279,084	52,522	32,225	63,276	44,834	8,482	1,859	5,663	487,945
Non Salary Labour Costs	2,714	783	304	894	507	156	10	21	5,389
Supplies & Consumables	71,576	20,399	2,316	5,825	1,161	290	1,434	1,273	104,274
Other Expenses from Continuing Operations	36,644	7,734	2,068	9,990	4,501	996	459	434	62,826
Finance Costs	70	10	8	23	17	1	2	-	131
Total Expenses from Services Supported by Health Services Agreement	390,088	81,448	36,921	80,008	51,020	9,925	3,764	7,391	660,565
Services Supported by Hospital & Community Initiatives									
Employee Expenses	-	-	-	-	-	-	-	28,298	28,298
Non Salary Labour Costs	-	-	-	-	-	-	-	1,307	1,307
Supplies & Consumables	-	-	-	-	-	-	-	901	901
Other Expenses from Continuing Operations	-	-	-	-	-	-	-	9,964	9,964
Finance Costs	-	-	-	-	-	-	-	1,556	1,556
Total Expenses from Services Supported by Hospital & Community Initiatives	-	-	-	-	-	-	-	42,026	42,026

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

	Admitted Patients 2012 \$000	Outpatients 2012 \$000	EDS 2012 \$000	Ambulatory 2012 \$000	Mental Health 2012 \$000	RAC incl. Mental 2012 \$000	Aged Care 2012 \$000	Other 2012 \$000	Total 2012 \$000
Expenditure using Capital Purpose Income									
Employee Expenses	-	-	-	-	-	-	-	1,318	1,318
Non Salary Labour Costs	-	-	-	-	-	-	-	337	337
Other Expenses	-	-	-	-	-	-	-	3,274	3,274
Finance Costs	-	-	-	-	-	-	-	13	13
Total Expenditure using Capital Purpose Income	-	-	-	-	-	-	-	4,942	4,942
Purpose Income	-	-	-	-	-	-	-	-	-
Impairment of Non-Financial Assets	-	-	-	-	-	-	-	70,957	70,957
Depreciation & Amortisation (refer note 4)	-	-	-	-	-	-	-	70,957	70,957
Total Expenses	390,088	81,448	36,921	80,008	51,020	9,925	3,764	125,316	778,490

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

	Total 2013 \$000	Total 2012 \$000
Business Units and Commercial Activities:		
- Private Practice and Other Patient Activities	3,488	3,205
- Laboratory Medicine	5,227	12,785
- Diagnostic Imaging	921	762
- Mental Health Services	1,485	1,426
- Pharmacy Services	482	262
- Affiliated Entities	3,349	3,324
- Retail Services	8	9
- Food Production Kitchen	2,756	2,432
- Car Park	2,725	2,477
- Research	8,870	9,693
- Cardiology	599	587
- Child Care	1,270	1,176
- Nuclear Medicine	327	264
- Fundraising	2,673	545
- Hospital Department Funds	1,611	1,240
- Salary Packaging	957	1,115
- Other	777	724
Total	37,525	42,026

Note 3c: Specific Expenses

There were no specific expenses incurred during the years ended 30 June 2013 and 30 June 2012.

Note 4: Depreciation and Amortisation

	Total 2013 \$000	Total 2012 \$000
Depreciation		
Buildings	55,086	55,557
Plant & Equipment	1,914	1,954
Motor Vehicles	102	137
Medical Equipment	7,292	8,683
Computers and Communication	3,714	1,602
Other Equipment	1,404	1,512
Furniture and Fittings	110	151
Total Depreciation	69,622	69,596
Amortisation		
Intangible Assets	4,242	1,361
	4,242	1,361
Total Depreciation & Amortisation	73,864	70,957

Note 5: Finance Costs

	Total 2013 \$000	Total 2012 \$000
Interest on Long Term Borrowings	1,521	1,555
Bank Charges	146	145
Total Finance Costs	1,667	1,700

Note 6: Cash and Cash Equivalents

	Total 2013 \$000	Total 2012 \$000
Cash on Hand	68	69
Cash at Bank	10,522	13,461
Deposits at Call	46,229	44,108
Total Cash and Cash Equivalents	56,819	57,638
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	56,782	57,598
Cash for Monies Held in Trust		
- Cash at Bank	37	40
	37	40
Total	56,819	57,638

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

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

Note 7: Receivables

	Total 2013 \$000	Total 2012 \$000
CURRENT		
Contractual		
Inter Hospital Debtors	4,274	3,334
Trade Debtors	10,660	9,941
Other Debtors - Major Projects Victoria	13	13
Patient Fees	12,328	16,180
Accrued Investment Income	23	45
Accrued Revenue - Other	3,723	2,418
Less Allowance for Doubtful Debts		
Trade Debtors	(420)	(390)
Patient Fees	(1,157)	(1,087)
	<u>29,444</u>	<u>30,454</u>
Statutory		
GST Receivable	3,970	2,424
	<u>3,970</u>	<u>2,424</u>
TOTAL CURRENT RECEIVABLES	<u>33,414</u>	<u>32,878</u>
NON CURRENT		
Statutory		
DHS - Long Service Leave	27,549	24,658
TOTAL NON-CURRENT RECEIVABLES	<u>27,549</u>	<u>24,658</u>
TOTAL RECEIVABLES	<u>60,963</u>	<u>57,536</u>

(a) Movement in the Allowance for Doubtful Debts

	Total 2013 \$000	Total 2012 \$000
Balance at beginning of year	1,477	955
Amounts written off during the year	(451)	(779)
Increase/(decrease) in allowance recognised in net result	551	1,301
Balance at end of year	<u>1,577</u>	<u>1,477</u>

(b) Ageing analysis of receivables

Please refer to note 22(b) for the ageing analysis of receivables

(c) Nature and extent of risk arising from receivables

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

Note 8: Investments and other Financial Assets

	Operating Fund		Specific Purpose Fund		Capital Fund		Total	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Current								
<i>Term Deposit</i>								
<i>Aust. Dollar Term Deposits > 3 months</i>	-	-	43	-	-	-	43	-
Total Current	-	-	43	-	-	-	43	-
Non Current								
<i>Other - Shares</i>	-	-	-	154	-	-	-	154
Total Non Current	-	-	-	154	-	-	-	154
TOTAL	-	-	43	154	-	-	43	154
Represented By:								
Health Service Investments	-	-	43	154	-	-	43	154

(a) Ageing analysis of other financial assets

Please refer to note 22(b) for the ageing analysis of other financial assets

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

Please refer to note 22(b) for the nature and extent of credit risk arising from other financial assets

Note 9: Inventory

	Total 2013 \$000	Total 2012 \$000
Current - at cost		
Pharmaceuticals	3,141	2,731
Catering Supplies	89	61
Medical and Surgical Lines	3,348	3,063
Administrative Stores	4	9
TOTAL INVENTORIES	6,582	5,864

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

There were no Non-Financial assets held for resale at 30 June 2012 and 2013.

Note 11: Other Assets

	Total 2013 \$000	Total 2012 \$000
Prepayments - Current	1,962	2,017
Prepayments - Non Current	152	221
Total Other Assets	2,114	2,238

Note 12: Property, Plant & Equipment

	Total 2013 \$000	Total 2012 \$000
Land		
Land at fair value	180,251	180,251
Total Land	180,251	180,251
Buildings		
Buildings under Construction at cost	51,410	125,563
Buildings at Cost	204,275	61,175
Less Accumulated Depreciation	(6,037)	(3,443)
	198,238	57,732
Buildings at fair value	831,678	831,678
Less Accumulated Depreciation	(221,760)	(169,267)
	609,918	662,412
Total Buildings	859,566	845,707
Plant and Equipment		
Plant and Equipment at Fair Value	30,188	29,428
Less Accumulated Depreciation	(20,199)	(18,287)
Total Plant and Equipment	9,989	11,141

Note 12: Property, Plant & Equipment (continued)

	Total 2013 \$000	Total 2012 \$000
Motor Vehicles		
Motor Vehicles at Fair Value	1,337	1,321
Less Accumulated Depreciation	(1,249)	(1,162)
Total Motor Vehicles	88	159
Medical Equipment		
Medical Equipment at Fair Value	90,839	91,463
Less Accumulated Depreciation	(74,342)	(73,867)
Total Major Medical	16,497	17,595
Computers and Communication		
Computers and Communication at Fair Value	15,864	10,218
Less Accumulated Depreciation	(11,997)	(8,392)
Total Computers and Communication	3,867	1,826
Other Equipment		
Other Equipment at Fair Value	10,383	9,608
Less Accumulated Depreciation	(7,920)	(6,520)
Total Other Equipment	2,463	3,088
Furniture and Fittings		
Furniture and Fittings at Fair Value	1,437	1,422
Less Accumulated Depreciation	(1,232)	(1,122)
Total Furniture and Fittings	205	300
Assets Under Construction		
Medical Equipment under Construction	17,208	19,220
Total Assets under construction	17,208	19,220
Total Property, Plant & Equipment	1,090,134	1,079,286

Land carried at valuation - 2010

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

Land and buildings carried at valuation - 2009

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

Plant and Equipment carried at fair value

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

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

Note 12: Property, Plant & Equipment (continued)

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

	Land	Buildings	Plant & Equipment	Motor Vehicles	Medical	Computers & Comm'n's	Other Equipment	Furniture & Fittings	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2011	180,251	827,628	9,589	172	37,549	1,960	3,399	298	1,060,846
Additions	-	73,635	3,506	125	7,951	1,469	1,200	153	88,039
Disposals	-	-	-	(1)	(1)	(1)	-	-	(3)
Revaluation Increment/(Decrements)	-	-	-	-	-	-	-	-	-
Depreciation Expense (refer Note 4)	-	(55,557)	(1,954)	(137)	(8,683)	(1,602)	(1,512)	(151)	(69,596)
Balance at 30 June 2012	180,251	845,706	11,141	159	36,816	1,826	3,087	300	1,079,286
Additions	-	68,946	762	26	4,201	5,755	775	16	80,481
Disposals	-	-	-	5	(20)	-	4	-	(11)
Revaluation Increment/(Decrements)	-	-	-	-	-	-	-	-	-
Depreciation and Amortisation (refer Note 4)	-	(55,086)	(1,914)	(102)	(7,292)	(3,714)	(1,404)	(110)	(69,622)
Balance at 30 June 2013	180,251	859,566	9,989	88	33,705	3,867	2,462	206	1,090,134

Note 13: Intangible Assets

	Total 2013 \$000	Total 2012 \$000
Software	22,467	13,115
Less Accumulated Amortisation	(14,214)	(9,972)
Total Intangible Assets	8,253	3,143

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 2011	1,315	1,315
Additions	3,189	3,189
Disposals	-	-
Amortisation Expense	(1,361)	(1,361)
	-	-
Balance at 1 July 2012	3,143	3,143
Additions	9,352	9,352
Disposals	-	-
Amortisation Expense (refer note 4)	(4,242)	(4,242)
Balance at 30 June 2013	8,253	8,253

Note 14: Payables

	Total 2013 \$000	Total 2012 \$000
CURRENT		
Contractual		
Trade Creditors	9,562	10,931
Accrued Interest	460	386
Accrued Expenses	14,129	14,283
Salary Packaging	5,112	5,076
Other	150	132
	29,413	30,808
Statutory		
GST Payable	968	578
Department of Health	10,212	1,532
Pay As You Go Withholding	2,110	2,145
Superannuation Payable	4,395	4,247
	17,685	8,502
Total Payables	47,098	39,310

Note 14: Payables (continued)

(a) Maturity analysis of payables

Please refer to note 22(c) for the ageing analysis of payables

(b) Nature and extent of risk arising from payables

Please refer to note 22(c) for the nature and extent of risks arising from payables

Note 15: Borrowings

	Total 2013 \$000	Total 2012 \$000
Current		
Australian Dollar Borrowings		
- Treasury Corporation Victoria	557	521
Total Current	557	521
Non-Current		
Australian Dollar Borrowings		
- Treasury Corporation Victoria	31,495	22,502
Total Non Current	31,495	22,502
Total Borrowings	32,052	23,023

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 2012/13 for the above loan was 6.70% (2011/12: 6.70%).
- 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) A new loan with Treasury Corporation Victoria commenced in November 2012 for the expansion of the existing Martin Street Car Park. Total approved borrowing limit for this additional loan is \$16.5 million. To 30 June 2013 a total of \$9.55 million has been drawn down with the balance expected by 31 October 2013 when the project is completed. Agreed interest rate will be 4.75% when repayments commence after the last loan draw down.
- v) Total approved value of borrowings is \$41.5 million (\$25 million for 30 June 2012)

(a) Maturity analysis of interest bearing liabilities

Please refer to note 22(b) for the ageing analysis of interest bearing liabilities

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

Please refer to note 22(c) for the nature and extent of risks arising from interest bearing liabilities

(c) Defaults and breaches

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

Note 16: Provisions

	Total 2013 \$000	Total 2012 \$000
Current Provisions		
Employee Benefits		
- Unconditional and expected to be settled within 12 months	71,075	86,291
- Unconditional and expected to be settled after 12 months	58,844	42,708
Employee Termination Benefits	527	1,214
Provision related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months	6,360	7,072
- Unconditional and expected to be settled after 12 months	6,825	4,485
Total Current Provisions	143,631	141,770
Non-Current Provisions		
Employee Benefits	16,548	16,384
Provision related to Employee Benefit On-Costs	1,920	1,720
Total Non-Current Provisions	18,468	18,104
Total Provisions	162,099	159,874

(a) Employee Benefits and Related On-Costs

	Total 2013 \$000	Total 2012 \$000
Current Employee Benefits and related on-costs		
Unconditional LSL Entitlement	70,063	66,860
Annual Leave Entitlements	42,242	41,855
Accrued Wages and Salaries*	16,775	20,141
Accrued Days Off	1,366	1,357
Non-Current Employee Benefits and related on-costs		
Conditional Long Service Leave Entitlements (present value)	16,548	16,384
Total Employee Benefits and Related On-Costs	146,994	146,597
On-Costs	15,105	13,277
Total Employee Benefits and Related On-Costs	162,099	159,874

* Accrued Wages and Salaries include an accrual in relation to the medical EBA for \$2.4M.

(b) Movements in provisions

	Total 2013 \$000	Total 2012 \$000
Movement in Long Service Leave:		
Balance at start of year	91,985	83,335
Provision made during the year	13,951	17,678
Settlement made during the year	(9,278)	(9,028)
Balance at end of year	96,658	91,985

Note 17: Other Liabilities

	Total 2013 \$000	Total 2012 \$000
Current		
Monies Held in Trust		
-Patient Monies Held in Trust	37	40
Borrowings - Department of Health*	49	100
Other	2,922	2,255
Total Current	3,008	2,395
Non-Current		
Borrowings - Department of Health*	-	47
Other	81	81
Total Non Current	81	128
Total Other Liabilities	3,089	2,523

* *Borrowings - Department of Health*

- a) Austin Health has one loan repayable to the Department of Health.
- b) Repayments on this loan are monthly with the final instalment due on 31 December 2013.
- c) This is an interest free loan, however a present value calculation was required in previous years while payments were outstanding for future financial years (30 June 2012: 2.87%). This loan will now be repaid in full by 31 December 2013 so no present value calculation has been made at 30 June 2013.

Note 18: Superannuation

	Total 2013 \$000	Total 2012 \$000
Defined Benefit Plans		
Hospital Superannuation Board - Health Super	2,285	2,489
Commonwealth Superannuation Scheme	2,497	2,001
ESS (previously (GSO)	415	499
Defined Contribution Plans		
Hospital Superannuation Board - Health Super	23,993	23,745
HESTA	11,390	10,282
Other	1,131	1,179
Total (refer to note 3)	41,711	40,195

Note 19: Equity

	Total 2013 \$000	Total 2012 \$000
(a) Surpluses		
<i>Property, Plant & Equipment Revaluation Surplus</i>		
Balance at the Beginning of the Reporting Period	546,297	546,297
Revaluation Increments/(Decrements):		
- Land	-	-
- Buildings	-	-
Balance at the end of the Reporting Period	<u>546,297</u>	<u>546,297</u>
Represented by:		
- Land	150,699	150,699
- Buildings	395,598	395,598
	<u>546,297</u>	<u>546,297</u>
<i>Restricted Specific Purpose Reserve</i>		
Balance at the Beginning of the Reporting Period	5,861	5,738
Transfers to/(from) Restricted Specific Purpose Reserve	102	123
Balance at the end of the Reporting Period	<u>5,963</u>	<u>5,861</u>
Total Surpluses	<u>552,260</u>	<u>552,158</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	(100,956)	(110,891)
Net Result for the Year	(559)	10,058
Transfers (to)/from Surplus	(102)	(123)
Balance at the end of the Reporting Period	<u>(101,617)</u>	<u>(100,956)</u>
Total Equity at the end of Financial Year	<u>980,570</u>	<u>981,129</u>

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

Note 20: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities

	Total 2013 \$000	Total 2012 \$000
Net Result for the Year	(559)	10,058
Non-cash movements		
Assets Received Free of Charge	(33)	-
Disposal of Long term Investment	154	-
Depreciation and Amortisation	73,864	70,957
Provision for Doubtful Debts	100	521
DoH Capital Grant - Indirect Contribution	(6,268)	(2,819)
Movements included in investing and financing activities		
Net (Gain)/Loss from Sale of Plant and Equipment	11	(91)
Movements in assets & liabilities:		
Change in operating assets and liabilities		
Increase/(Decrease) in Payables	6,487	697
Increase/(Decrease) in Employee Benefits	2,225	17,755
Increase/(Decrease) in Other Liabilities	613	1,581
(Increase)/Decrease in Receivables	(3,474)	(7,394)
(Increase)/Decrease in Inventories	(718)	842
(Increase)/Decrease in Prepayments	124	645
Net Cash Inflow/(Outflow) from Operating Activities	72,526	92,752

Note 21: Non-Cash Financing and Investing Activities

	Total 2013 \$000	Total 2012 \$000
Assets Received Free of Charge	33	-
Acquisition of Assets through DoH Indirect Contributions	6,268	2,819
Total Non-Cash Financing & Investing Activities	6,301	2,819

Note 22: 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 Health Service's main financial risks include credit risk, liquidity risk and market risk. The Health Service manages these financial risks in accordance with its financial risk and investment policy.

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

Categorisation of financial Instruments

	Note	Category	Carrying Amount 2013 \$000	Carrying Amount 2012 \$000
Financial Assets				
Cash and cash equivalents	6	N/A	56,819	57,638
Receivables	7	Loans and Receivables	29,444	30,454
Other Financial Assets	8	Available for Sale Financial Assets (at fair value)	43	154
Total Financial Assets (i)			86,306	88,246
Financial Liabilities				
Payables	14	Financial Liabilities measured at amortised cost	29,413	30,808
Interest Bearing Liabilities	15	Financial Liabilities measured at amortised cost	32,052	23,023
Other Liabilities	17	Financial Liabilities measured at amortised cost	3,089	2,523
Total Financial Liabilities (ii)			64,554	56,354

Note 22: Financial Instruments (continued)

- (i) The total amount of financial assets disclosed here excludes statutory receivables (i.e. GST input tax credit recoverable)
- (ii) The total amount of financial liabilities disclosed here excludes statutory payables (i.e. Taxes payables and Superannuation owing)

(b) Credit Risk

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

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

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

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

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

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

	Financial Institutions (AAA credit rating) \$000	Government Agencies (AAA credit rating) \$000	Government Agencies (BBB credit rating) \$000	Other (min BBB credit rating) \$000	Total \$000
2013 - Financial Assets					
Cash and Cash Equivalents	56,819	-	-	-	56,819
Receivables: -					
- Trade Debtors	-	2,579	-	-	2,579
- Other Receivables (i)	-	1,839	-	-	1,839
Other Financial Assets					
- Term Deposits	-	-	-	-	-
Total Financial Assets	56,819	4,418	-	-	61,237
2012 - Financial Assets					
Cash and Cash Equivalents	57,638	-	-	-	57,638
Receivables: -					
- Trade Debtors	-	3,334	-	-	3,334
- Other Receivables (i)	-	3,686	-	-	3,686
Other Financial Assets					
- Term Deposits	-	-	-	-	-
Total Financial Assets	57,638	7,020	-	-	64,658

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

Note 22: Financial Instruments (continued)

(b) Credit Risk (continued)

Ageing analysis of Financial Assets as at 30 June

			Past Due But not Impaired			
	Carrying Amount \$000	Not past Due & Not Impaired \$000	1 - 3 Months \$000	3 months - 1 Year \$000	1 - 5 Years \$000	Impaired Financial \$000
2013 - Financial Assets						
Cash and Cash Equivalents	56,819	56,819	-	-	-	-
Receivables: - (i)						
- Trade Debtors	14,514	9,566	2,600	2,348	-	-
- Other Receivables	14,930	11,278	2,211	1,441	-	-
Other Financial Assets						
- Term Deposits	43	43	-	-	-	-
- Shares in Other Entities		-	-	-	-	-
Total Financial Assets	86,306	77,706	4,811	3,789	-	-
2012 - Financial Assets						
Cash and Cash Equivalents	57,638	57,638	-	-	-	-
Receivables: - (i)						
- Trade Debtors	12,885	5,656	4,585	2,644	-	-
- Other Receivables	17,569	9,789	2,661	5,119	-	-
Other Financial Assets						
- Term Deposits	-	-	-	-	-	-
- Shares in Other Entities	154	154	-	-	-	-
Total Financial Assets	88,246	73,237	7,246	7,763	-	-

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

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

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

(c) Liquidity Risk

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

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

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

Note 22: Financial Instruments (continued)

Maturity analysis of financial liabilities as at 30 June

	Carrying Amount \$000	Contractual Cash Flows \$000	Maturity Dates				
			Less than 1 month \$000	1 - 3 Months \$000	3 months - 1 Year \$000	1 - 5 Years \$000	Over 5 Years \$000
2013 - Financial Liabilities							
Payables	29,413	-	29,413	-	-	-	-
Borrowings - Interest Bearing	32,052	32,052	136	138	283	3,701	27,794
Other Liabilities (i)	3,040	-	495	415	2,049	81	-
Borrowings - DHS	49	49	-	30	19	-	-
Total Financial Liabilities	64,554	32,101	30,044	583	2,351	3,782	27,794
2012 - Financial Liabilities							
Payables	30,808	-	30,808	-	-	-	-
Borrowings - Interest Bearing	23,023	23,023	127	129	265	2,468	20,034
Other Liabilities (i)	2,376	-	619	444	1,232	81	-
Borrowings - DHS	147	147	-	30	70	47	-
Total Financial Liabilities	56,354	23,170	31,554	603	1,567	2,596	20,034

Excludes statutory financial liabilities (ie GST payable)

Market Risk

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

Note 22: Financial Instruments (continued)

Currency Risk

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

Interest Rate Risk

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

Other Price Risk

Austin Health does not have any material other price risks.

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

	Weighted Average Effective Interest Rates (%)	Carrying Amount \$000	Interest Rate Exposure		
			Fixed Interest Rate \$000	Variable Interest Rate \$000	Non Interest Bearing \$000
2013- Financial Assets					
Cash and Cash Equivalents	2.99	56,819	-	56,751	68
Receivables: - (i)					
- Trade Debtors		14,514	-	-	14,514
- Other Receivables		14,930	-	-	14,930
Other Financial Assets					
- Term Deposits	4.10	43	43	-	-
- Shares in Other Entities	-	-	-	-	-
		86,306	43	56,751	29,512
2013 - Financial Liabilities					
Payables		29,413	-	-	29,413
Borrowings - Interest Bearing	6.12	32,052	32,052	-	-
Other Liabilities (i)		3,040	-	-	3,040
Borrowings - DHS		49	-	-	49
		64,554	32,052	-	32,502
2012 Financial Assets					
Cash and Cash Equivalents	3.72	57,638	-	57,569	69
Receivables: - (i)					
- Trade Debtors		12,885	-	-	12,885
- Other Receivables		17,569	-	-	17,569
Other Financial Assets					
- Term Deposits		-	-	-	-
- Shares in Other Entities	-	154	-	-	154
		88,246	0	57,569	30,677
2012 - Financial Liabilities					
Payables		30,808	-	-	30,808
Borrowings - Interest Bearing	6.70	23,023	23,023	-	-
Other Liabilities (i)		2,376	-	-	2,376
Borrowings - DHS		147	-	-	147
		56,354	23,023	-	33,331

Excludes types of statutory financial assets & liabilities

Note 22: Financial Instruments (continued)

(d) Market Risk (continued)

Sensitivity Disclosure Analysis

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

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

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

	Carrying Amount \$000	Interest Rate Risk			Other Price Risk		
		-1%		+1%	-1%		+1%
		Profit \$000	Equity \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000
2013							
Financial Assets							
Cash and Cash Equivalents	56,819	(568)	(568)	568	568	-	-
Receivables: - (i)							
- Trade Debtors	14,514	-	-	-	-	-	-
- Other Receivables	14,930	-	-	-	-	-	-
Other Financial Assets							
- Term Deposits	43	-	-	-	-	-	-
- Shares in Other Entities	-	-	-	-	-	-	-
Total Financial Assets	86,306	(568)	(568)	568	568	-	-
Financial Liabilities							
Payables	29,413	-	-	-	-	-	-
Interest Bearing Liabilities	32,052	-	-	-	-	-	-
Other Liabilities (i)	3,040	-	-	-	-	-	-
Borrowings - DHS	49	-	-	-	-	-	-
Total Financial Liabilities	64,554	-	-	-	-	-	-

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

Note 22: Financial Instruments (continued)

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

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

Note 22: Financial Instruments (continued)

(e) Fair Value

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

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

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

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

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

Comparison between Carrying Amount and Fair Value

	Carrying Amount 2013 \$000	Fair Value 2013 \$000	Carrying Amount 2012 \$000	Fair Value 2012 \$000
Financial Assets				
Cash and Cash Equivalents	56,819	56,819	57,638	57,638
Receivables: - (i)				
- Trade Debtors	14,514	14,514	12,885	12,885
- Other Receivables	14,930	14,930	17,569	17,569
Other Financial Assets				
- Term Deposits	43	43	-	-
- Unlisted Shares	-	-	154	154
Total Financial Assets	86,306	86,306	88,246	88,246
Financial Liabilities				
Payables	29,413	29,413	30,808	30,808
Interest Bearing Liabilities	32,052	32,052	23,023	23,023
Other Liabilities (i)	3,040	3,040	2,376	2,376
Borrowings - DHS	49	49	147	147
Total Financial Liabilities	64,554	64,554	56,354	56,354

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

Note 22: Financial Instruments (continued)

(e) Fair Value (continued)

Financial assets measured at fair value

	Carrying Amount As At June \$000	Fair Value Measurement at End of Reporting Period Using:		
		Level 1 \$000	Level 2 \$000	Level 3 \$000
2013 Financial Assets at Fair Value Through Profit & Loss				
Available for sale financial assets				
- Equities and Managed Funds	-	-	-	-
Total Financial Assets	-	-	-	-
2012 Financial Assets at Fair Value Through Profit & Loss				
Available for sale financial assets				
- Equities and Managed Funds	154	-	154	-
Total Financial Assets	154	-	154	-

Note 23: Commitments for Expenditure

	Total 2013 \$000	Total 2012 \$000
Capital expenditure commitments		
Land and Buildings	20,361	58,336
Plant and Equipment	16,376	22,436
Total capital expenditure commitments	36,737	80,772
Land and Buildings		
Not later than one year	20,361	49,671
Later than 1 year and not later than 5 years		8,665
Later than 5 years	-	-
Total	20,361	58,336
Plant and Equipment		
Not later than one year	15,996	22,436
Later than 1 year and not later than 5 years	380	-
Later than 5 years	-	-
Total	16,376	22,436
Lease Commitments		
Commitments in relation to leases contracted for at the reporting date:		
Operating Leases	5,906	4,997

Note 23: Commitments for Expenditure (continued)

	Total 2013 \$000	Total 2012 \$000
Operating Leases		
<i>Non-cancellable</i>		
Not later than one year	2,336	1,992
Later than 1 year and not later than 5 years	3,570	3,005
Later than 5 years	-	-
Total	5,906	4,997
Total Commitments for Expenditure (inclusive of GST)	42,643	85,769
less GST recoverable from the Australian Tax Office		
Total Commitments for Expenditure (exclusive of GST)	42,643	85,769

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

Note 24: Contingent Liabilities

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

	Total 2013 \$000	Total 2012 \$000
Contingent Liabilities		
<i>Quantifiable</i>		
Other - Recallable Capital Grant Medical Scanning System	1,500	2,250
Other - Recallable Capital Grant Pathology Redevelopment Stage 2	3,200	4,000
Total Quantifiable Contingent Liabilities	4,700	6,250

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

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

Note 25: Operating Segments

	RACS		Acute Services		Acute Services		Other		Other		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue												
External Segment Revenue	9,774	9,944	584,802	574,199	-	-	-	-	-	-	594,576	584,144
Unallocated Revenue	-	-	-	-	-	-	185,914	201,029	201,029	201,029	185,914	201,029
Total Revenue	9,774	9,944	584,802	574,199	185,914	185,914	201,029	201,029	201,029	201,029	780,490	785,173
Expenses												
External Segment Expense	9,468	9,925	598,036	588,465	-	-	-	-	-	-	607,504	598,390
Unallocated Expense	-	-	-	-	174,389	178,545	178,545	178,545	178,545	178,545	174,389	178,545
Total Expenses	9,468	9,925	598,036	588,465	174,389	178,545	178,545	178,545	178,545	178,545	781,893	776,935
Net Result from Ordinary Activities	306	19	(13,234)	(14,266)	11,525	22,484	(1,521)	(1,555)	(1,521)	(1,555)	(1,403)	8,238
Interest Expense	-	-	-	-	(1,521)	(1,555)	-	-	-	-	(1,521)	(1,555)
Interest Income	-	-	2,134	2,253	231	1,122	231	1,122	231	1,122	2,365	3,375
Net Result for the Year	306	19	(11,100)	(12,013)	10,235	22,051	10,235	22,051	(559)	(559)	10,058	10,058
Other Information												
Segment Assets	8,549	8,958	784,571	830,771	-	-	-	-	-	-	793,120	839,729
Unallocated Assets	-	-	-	-	297,014	366,130	366,130	366,130	366,130	366,130	297,014	366,130
Total Assets	8,549	8,958	784,571	830,771	297,014	366,130	366,130	366,130	366,130	366,130	1,090,134	1,205,859
Segment Liabilities	3,111	3,160	164,143	163,075	-	-	-	-	-	-	167,254	166,235
Unallocated Liabilities	-	-	-	-	77,084	58,495	58,495	58,495	58,495	58,495	77,084	58,495
Total Liabilities	3,111	3,160	164,143	163,075	77,084	58,495	58,495	58,495	58,495	58,495	244,338	224,730
Acquisition of Property, Plant, Equipment and Intangible Assets	108	201	2,090	64,238	78,283	23,600	78,283	23,600	78,283	23,600	80,481	88,039
Depreciation & Amortisation Expense	529	801	48,357	52,814	24,978	17,342	24,978	17,342	24,978	17,342	73,864	70,957

Note 25: Segment Reporting (continued)

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

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

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

All inter-segment transfers are based on cost.

Geographical Segment

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

Note 26a: Responsible Persons Disclosures

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

Responsible Persons

The Hon David Davis, MLC, Minister for Health and Ageing
The Hon Mary Wooldridge, MLA, Minister for Mental Health

Period

01/07/2012 – 30/06/2013
01/07/2012 – 30/06/2013

The Austin Health Board

The Hon Judith Troeth AM (Chairperson)
Dr Con Mylonas
Ms Suzanne Evans
Prof John McNeil
Ms Barbara Hingston
Ms Mary Ann Morgan
Professor David Scott
Mr Stephen Kerr
Mr Damian Mitsch

17/07/2012 – 30/06/2013
01/07/2012 – 30/06/2013
01/07/2012 – 30/06/2013
01/07/2012 – 30/06/2013
01/07/2012 – 30/06/2013
01/07/2012 – 30/06/2013
01/07/2012 – 30/06/2013
01/07/2012 – 30/11/2012
17/07/2012 – 30/06/2013

Accountable Officer

Dr Brendan Murphy

01/07/2012 – 30/06/2013

Remuneration of Responsible Persons

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

		2013 No.	2012 No.
\$10,000 -	\$19,999	1	-
\$20,000 -	\$29,999	-	1
\$30,000 -	\$39,999	7	7
\$50,000 -	\$59,999	1	-
\$60,000 -	\$69,999	-	1
\$400,000 -	\$409,999	1	-
\$410,000 -	\$419,999	-	1
Total numbers		10	10

	2013	2012
Total remuneration received or due and receivable by Responsible Persons from Austin Health amounted to:	\$ 705,061	\$ 730,729

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

Retirement Benefits of Responsible Person

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

Changes to the Austin Health Board after 30 June 2013.

As at 30 June 2013, Professor David Scott completed his term of appointment and Ms Barbara Hingston resigned from the Austin Health Board.

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 26b: Executive Officer Disclosures

Executive Officer Disclosures

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

	Total Remuneration		Base Remuneration	
	2013	2012	2013	2012
	No	No	No	No
\$0 - \$99,999	-	-	-	-
\$100,000 - \$109,999	-	-	-	1
\$110,000 - \$119,999	-	1	-	-
\$200,000 - \$209,999	-	-	-	1
\$210,000 - \$219,999	-	1	-	2
\$230,000 - \$239,999	-	-	-	2
\$240,000 - \$249,999	-	1	2	-
\$250,000 - \$259,999	-	1	3	1
\$260,000 - \$269,999	4	1	-	-
\$280,000 - \$289,999	-	1	1	1
\$290,000 - \$299,999	1	1	-	-
\$300,000 - \$309,999	1	-	-	-
\$310,000 - \$319,999	-	1	1	-
\$320,000 - \$329,999	1	-	-	-
\$360,000 - \$369,999	-	-	-	-
Total	7	8	7	8
Total remuneration	1,985,804	2,004,623	1,853,110	1,783,483

Note 27: Remuneration of Auditors

	Total 2013 \$000	Total 2012 \$000
Victorian Auditor-General's Office		
Audit of financial statement	240	229
Total	240	229

Note 28: Ex Gratia Payments

	Total 2013 \$000	Total 2012 \$000
Austin Health made Ex Gratia payments to staff that transferred to another entity in lieu of salary packaging benefits.	179	-
Total	179	-

Note 29: Events Occurring after the Balance Sheet Date

There were no events occurring after the balance sheet date.

Note 30: Economic dependency

Austin Health is wholly dependent on the continued financial support of the State Government and in particular, the Department of Health. The Department of Health has provided confirmation that it will continue to provide Austin Health adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to September 2014.

Note 31: Glossary of terms and style conventions

Actuarial gains or losses on superannuation defined benefit plans

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

Amortisation

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

Comprehensive result

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

Commitments

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

Current grants

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

Depreciation

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

Effective interest method

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

Employee benefits expenses

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

Ex gratia payments

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

Financial asset

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual or statutory right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument

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

Financial liability

A financial liability is any liability that is:

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

Financial statements

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

Grants and other transfers

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

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

Intangible produced assets

Refer to produced assets in this glossary.

Intangible non-produced assets

Refer to non-produced asset in this glossary.

Interest expense

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

Interest income

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

Liabilities

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

Net acquisition of non-financial assets (from transactions)

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

Net result

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

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

Net worth

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

Non-financial assets

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

Non-produced assets

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

Payables

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

Produced assets

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

Receivables

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

Sales of goods and services

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

Supplies and services

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

Taxation income

Taxation income represents income received from the State's taxpayers and includes:

- payroll tax; land tax; duties levied principally on conveyances and land transfers;
- gambling taxes levied mainly on private lotteries, electronic gaming machines, casino operations and racing;
- insurance duty relating to compulsory third party, life and non-life policies;
- insurance company contributions to fire brigades;
- motor vehicle taxes, including registration fees and duty on registrations and transfers;
- levies (including the environmental levy) on statutory corporations in other sectors of government; and
- other taxes, including landfill levies, license and concession fees.

Transactions

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

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

Style conventions

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

The notation used in the tables is as follows:

- .. zero, or rounded to zero
- (xxx.x) negative numbers
- 200x year period
- 200x-0x year period

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