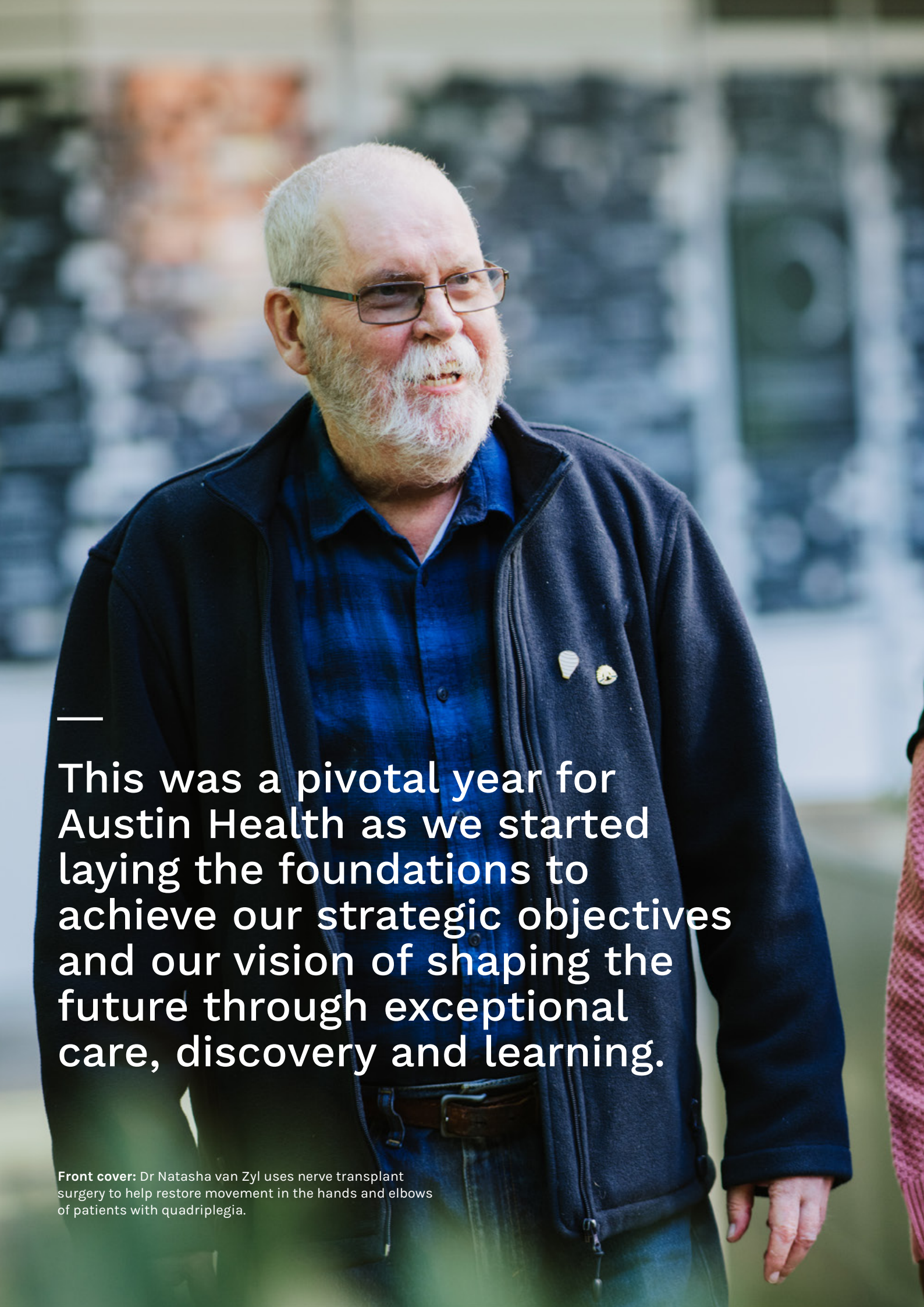


A full-page background image of a surgeon in an operating room, wearing a surgical cap and mask, looking intently at a patient. The image is overlaid with a semi-transparent red filter.

# Annual Report

**2018-19**



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This was a pivotal year for Austin Health as we started laying the foundations to achieve our strategic objectives and our vision of shaping the future through exceptional care, discovery and learning.

**Front cover:** Dr Natasha van Zyl uses nerve transplant surgery to help restore movement in the hands and elbows of patients with quadriplegia.



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## About this report

This report outlines the operational and financial performance for the period 1 July 2018 to 30 June 2019.

There were four relevant ministers for the reporting period:  
The Hon. Jill Hennessey, Minister for Health/Minister for Ambulance Services (1 July to 29 November 2018); The Hon. Martin Foley, Minister for Housing, Disability and Ageing (1 July to 29 November 2018)/Minister for Mental Health (1 July 2018 to 30 June 2019); the Hon. Jenny Mikakos, Minister for Health/Minister for Ambulance Services (29 November 2018 to 30 June 2019); and the Hon. Luke Donnellan, Minister for Disability, Ageing and Carers (1 July 2018 to 30 June 2019).

Austin Health is a metropolitan health service established under the section 181 of the *Health Services Act 1988 (Vic)*.

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## At a glance



**114,379**  
Inpatients



**990+**  
Inpatient  
beds



**8,939**  
Employees



**450**  
Volunteers

Emergency  
presentations

**89,675**



**159**  
Total  
transplants



**585** Telehealth  
consultations

**92**

Liver transplants

**67**

Kidney transplants



**1,300**

Research  
project/clinical  
trials underway

**\$14m**

in research  
grants

**2,028**

Research papers  
published



**\$8.1m**

Philanthropic  
revenue



**7**

State-wide  
services

Elective  
surgeries and  
procedures

**21,593**



**7,309**

Emergency  
surgeries

# About us

Austin Health is one of Australia's major health services based in Melbourne's north-east. Our hospitals include Austin Hospital (which incorporates the Olivia Newton-John Cancer Wellness & Research Centre), Heidelberg Repatriation Hospital, and Royal Talbot Rehabilitation Centre. We also provide services in the community and at home through our Hospital in the Home and Health Independence programs, mental health service, and our Health and Community Rehabilitation Centre.

Internationally recognised as a leader in clinical teaching and training, we offer professional education, together with some of Australia's finest institutions. We have affiliations with 16 universities and four TAFEs, and we're the largest training provider for specialist physicians and surgeons in Victoria.

We're renowned for our specialist work in cancer, infectious diseases, obesity, liver transplant, spinal cord injury, intensive care medicine, neurology, endocrinology, mental health, and rehabilitation.

We're also renowned as a centre of excellence in hospital-based research. We have a significant focus on research through Austin LifeSciences which brings together more than 800 researchers and several leading research institutes including:

- Austin Medical Research Foundation
- Florey Institute of Neurosciences and Mental Health
- Institute for Breathing and Sleep
- Olivia Newton-John Cancer Research Institute
- Parent-Infant Research Institute
- Spinal Research Institute.

## State-wide services

We provide the following specialist services to residents across Victoria:

- Acquired Brain Injury Unit
- Austin Toxicology Service
- Child Mental Health Inpatient Unit
- Victorian Liver Transplant Unit
- Victorian Poisons Information Centre
- Victorian Respiratory Support Service
- Victorian Spinal Cord Service.

## Our locations

### Austin Hospital

Austin Hospital features an expansive Emergency Department and specialised wards, with:

- more than 560 acute beds
- 22-bed Intensive Care Unit
- 42-cubicle adult Emergency Department containing a specialist six-bed children's unit
- specialised 26-bed Spinal Unit servicing Victoria and Tasmania
- 82-bed mental health precinct.

The hospital houses many of our unique teaching, training and research facilities and is home to the following state-wide services:

- Austin Toxicology Service
- Victorian Liver Transplant Unit
- Victorian Poisons Information Centre
- Victorian Respiratory Support Service.

### Heidelberg Repatriation Hospital

The Heidelberg Repatriation Hospital provides a range of services to the community including surgery, mental health, aged care, the Northern Centre Against Sexual Assault, and various outpatient services.

The surgery centre performs more than 10,000 procedures a year and operates eight theatres. It's our main site for elective surgery.

The mental health precinct houses the state-wide Psychological Trauma Recovery Service, Community Recovery Program and Transition Support Unit, which provides support for people recovering from mental illness to improve their independent living skills.

The Health and Rehabilitation Centre is a state-of-the-art development which includes the Kokoda Gym, hydrotherapy pool and consulting rooms. It provides a hub that makes it easy for our local community to access a range of rehabilitation services, programs and clinics at the one location.

### Olivia Newton-John Cancer Wellness & Research Centre (ONJ Centre)

The ONJ Centre is a comprehensive cancer centre that gives patients access to world-leading treatment and care, complemented by wellness programs to support patients in body, mind and spirit.

Wellness and supportive care programs help people address the challenges of cancer beyond their medical treatment. Programs focus on emotional wellbeing, staying active and eating well.

The centre is at the frontier of cancer medicine with more than 210 ongoing clinical trials, including new therapies such as immunotherapy, targeted therapy and personalised medicine diagnostics.

The Olivia Newton-John Cancer Research Institute is integrated within the Centre. Researchers and clinicians work together to discover and develop better therapies to improve health outcomes. Research laboratories are located metres from where patients are cared for and receive treatment. This enables the rapid translation of scientific discovery into clinical trial of new and better cancer treatments.

### Royal Talbot Rehabilitation Centre

Royal Talbot Rehabilitation Centre is dedicated to providing the best rehabilitation services in Australia. The site is renowned for its intensive rehabilitation programs, complemented by non-medical therapeutic services including art, music and garden therapy.

The centre provides services for brain injury, amputation, neurology, spinal cord injury, orthopaedics and prosthetics.

The site also provides mental health services, including a 33-bed ward in the Brain Disorders Program, a behaviour consultancy service for people with acquired brain injuries, and the Community Brain Disorders Assessment and Treatment Service.

The centre is home to the following state-wide services:

- Victorian Spinal Cord Service
- Acquired Brain Injury Unit.

## Our purpose

Helping people live healthy, productive and fulfilled lives

## Our vision

Shaping the future through exceptional care, discovery and learning

## Our values



**Together we achieve**



**We bring our best**



**Our actions show we care**



**We shape the future**

## Our strategic priorities

### Partnerships



**Reliable, safe, person-centred care**

Partner with consumers to create a distinct approach to care that is reliable, safe and puts patients at the centre.



**Community integration and collaboration**

Collaborate with local partners to improve the lives of people in our community.



**Digital transformation**

Transform Austin Health's digital environment.

### Growth



**National leader in research and teaching**

Advance the research and learning precinct in Melbourne's north-east.



**Innovation in specialist care**

Grow our delivery of specialised care in regional and state-wide services.



**Talented, capable, engaged people**

Take our team to the next level with the right support and culture.

# Chair and CEO's year in review

Reflecting on the past 12 months, we are so proud of what we've been able to achieve collectively across our health service through the incredible efforts of our staff. This was a pivotal year for Austin Health as we started laying the foundations to achieve our strategic objectives and our vision of shaping the future through exceptional care, discovery and learning.

## Delivering quality patient care

Despite increasing demand for our services, our team of health practitioners and support staff has continued to deliver outstanding care for our patients.

We performed a record number of liver transplants this year (92, compared to 85 last year), and we've seen growth in the number of attendances to our Emergency Department as well as the volume of emergency surgery performed (up 2.4 per cent and 12.9 per cent, respectively). We also saw an 11.9 percentage increase in ambulance arrivals this year.

This has placed significant pressure on our health service and impacted our ability to meet some of our access performance targets. We also saw an improvement in the percentage of Emergency Department patients that were seen within the clinically recommended time. We're pleased with what we have achieved this year within an increasingly challenging environment. This was only possible thanks to the expertise, dedication and drive of our staff.

Importantly, our patients continue to rate their care and overall experience highly. Results of the Victorian Health Experience Survey show that 98 per cent of patients rated their care as good/very good, while 96 per cent of patients rated their overall experience as good/very good. We also achieved an improvement in the way we communicate with patients, with 96 per cent of patients stating that their care or treatment is always explained clearly.



## A new strategic direction

This year we're proud to have launched Austin Health's *Strategic Plan 2018-22*.

The plan paves the way for a bold new approach to healthcare to respond to population growth and community healthcare needs that are growing in complexity and deliver improved patient outcomes and experiences.

We engaged with more than 1,000 stakeholders to develop the plan, including staff, consumers, neighbouring health services, universities, research institutes as well as Better Health North East and the DHHS.

With a vision to shape the future through exceptional care, discovery and learning, our ambitious strategy has six key pillars:

- reliable, safe, person-centred care
- community integration and collaboration
- digital transformation
- a national leader in research and teaching
- innovation in specialist care
- talented, capable and engaged people.

---

## Accreditation

A highlight this year was the outcome of accreditation which occurred in November. We achieved accreditation across all 10 of the National Safety and Quality Health Service (NSQHS) Standards as well as the National Mental Health Standards.

While it may appear effortless, this doesn't occur without a great deal of hard work and effort from all. Our staff very ably demonstrated through the process how focused we all are on providing safe and reliable patient care.

## New model of care

During the year we completed the development of our new model of service delivery, which will transform how we provide healthcare to the community into the future.

The model was co-designed with staff and external stakeholders, including universities, research institutes, and acute and community-based health services, and takes a partnership approach to delivering progressive, safe, quality care to the community.

The model will be presented to our Board early next financial year before being presented to the Victorian Health and Human Services Board and DHHS. We'll then develop a long-term implementation strategy, incorporating the principles into future planning and design.

## Voluntary assisted dying

A major focus this year has been preparing for voluntary assisted dying (VAD) legislation which came into effect in Victoria on 19 June.

In February, the Austin Health Board agreed we would support our patients who wish to access the scheme, while also respecting the rights of clinical staff who may choose to conscientiously object due to their personal and professional values.

We engaged with a broad cross-section of our health practitioners to understand their views to ensure that appropriate education, training and support was in place.

Importantly, our priority was to provide patients with high-quality end-of-life care, including those who choose to access the scheme. We are so inspired by the way our staff have come together to support the introduction of this legislation.

## Research and clinical trials

We're nationally and internationally recognised as a leader in research and collaborated with some of the most prestigious institutes and universities in Australia.

We had another successful year, receiving some \$14 million in research grants from the National Health and Medical Research Fund, the Medical Research Future Fund and the Federal Government.

We published more than 2,000 research papers and have some 1,300 research projects and clinical trials underway.

## Thank you

On behalf of the Austin Health Board and Executive we'd like to thank staff for providing our patients with the very best care. Your unwavering commitment to go above and beyond to ensure that patients and their families feel they are heard and have control of their care truly shows that you bring your best to work every day.

We'd also like to thank our army of volunteers and supporters whose contribution makes a world of difference to our staff and our patients. With your support, we are able to do so much more for our community.

We'd also like to acknowledge our fellow Board and Executive members for their strategic guidance to assist us navigate some of the challenges facing the health sector, while delivering reliable, safe and person-centred care to the community.

In accordance with the *Financial Management Act (1994)* we are pleased to present the following Report of Operations for the year ended 30 June 2019.

**The Hon. Judith Troeth AM**  
Board Chair  
30/06/2019

**Sue Shilbury**  
Chief Executive Officer  
30/06/2019

# Providing exceptional person-centred care

**Our goal is to provide progressive person-centred care that meets the evolving needs of the community.**

We service one of the fastest growing regions in Melbourne in terms of population. Our primary catchment of more than 343,000 people covers three local government areas, and residents range from the relatively affluent to some of the most disadvantaged in Victoria.

Cultural diversity ranges significantly. In Nillumbik, only 8.3 per cent of people speak a language other than English, compared to Darebin at 41 per cent. This diversity brings a broad spectrum of needs, expectations and beliefs about health and healthcare. We also have an ageing community whose healthcare needs are becoming more complex.

Against this backdrop, like many other health services, we're experiencing increasing demand across all of our services including our Emergency Department and emergency surgery. We need to find innovative ways to deliver safe, high-quality services to the community. Our *Strategic Plan 2018-22* will help us achieve this through better connections with local health partners and re-thinking the way we deliver care in our hospitals and in the community.

## A blueprint for modern and innovative care

This year, we developed a new model of service delivery which will transform the way we provide care to the community into the future.

Developed in partnership with the DHHS and the Victorian Health and Human Services Building Authority, the model has been informed by extensive consultation with our partners, staff and the broader community.

Underpinned by risk and needs assessments, the model is built on three interrelated streams:

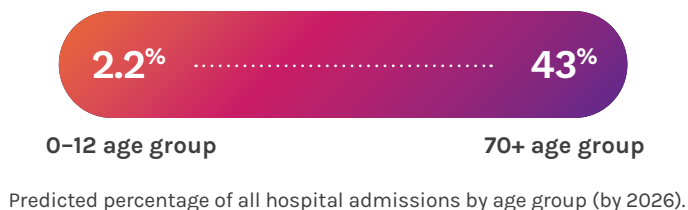
- prevention and early intervention
- treatment, recovery and wellness
- highly specialised care.

The model challenges traditional methods of healthcare by reconsidering the role and configuration of our sites, services and programs, and encourages the establishment of networks and systems of care that aim to build capability and capacity across the whole care system.

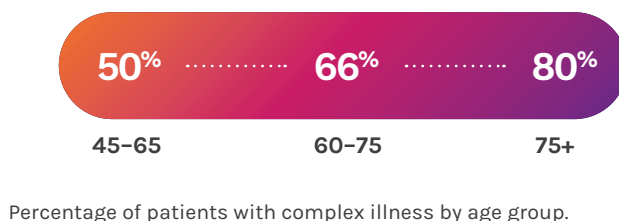
It will inform the development and configuration of future services and capital planning to ensure that contemporary and timely patient care is supported by the right infrastructure, buildings and services.

The model will be presented to the Austin Health Board for endorsement early next financial year and then a detailed implementation plan will be developed.

## Austin Health's catchment is ageing



## An ageing population brings with it increasingly complex and chronic illness



## Austin Health's primary catchment varies significantly in terms of socio-economic disadvantage



## Variability in socio-economic status brings variability in population health



Source: Austin Health *Strategic Plan 2018-22*



## PROVIDING GREATER SUPPORT TO TRANS AND GENDER DIVERSE PEOPLE

Austin Health is part of a new initiative that provides trans and gender diverse patients with access to healthcare in a safe and supportive environment.

Minister for Health, The Hon. Jenny Mikakos, launched two new multidisciplinary transgender health services at Your Community Health in Preston and Ballarat Community Health, which will provide primary care and gender affirmation services, including GP services, sexual health, speech therapy, and counselling.

Austin Health is a partner to Your Community Health and will manage referrals in areas such as endocrinology, mental health, and breast, and ear, nose and throat surgery consultations.

Our staff will also participate in a state-wide training program which will be co-designed and delivered with trans and gender diverse people.

Austin Health was instrumental in raising awareness of the importance of dedicated services to meet the needs of these patients.

"The launch of the new clinics is the culmination of a number of years' work by Austin Health staff.

"We've seen a 10-fold increase in demand for services from trans and gender diverse patients over the last five years," says Professor Zajac, Chair of the Division of Medicine.

**Austin Health is part of a new initiative that provides trans and gender diverse patients with access to healthcare in a safe and supportive environment.**

# ADOLESCENT MENTAL HEALTH TEAM RECEIVE TANDEM AWARD

Staff at our Marion Drummond Adolescent Unit were recognised for exceptional service at the Tandem Awards 2018. The awards are run by Tandem, a Victorian peak body representing family and friends supporting people living with mental ill health.

The team was nominated by a young person and their carer who said:

"The Marion Drummond Adolescent Unit has been supportive, caring, giving and hardworking in helping inpatients. The nurses all have the biggest hearts and genuinely care. The doctors and psychologists regularly spend time with inpatients and work tirelessly to provide the best stay."

Tandem also emphasised the significant role of the Austin School in keeping young people in hospital connected to their education.

Emily Fullerton, Senior Case Manager, accepted the award alongside manager Bianca Blatchford.

"The team do an amazing job. It was wonderful to be recognised at the Tandem Awards. It's even more rewarding knowing that we were nominated by a client and their carer," says Emily.

**Staff at our Marion Drummond Adolescent Unit were recognised for exceptional service at the Tandem Awards 2018.**



## Providing exceptional person-centred care (continued)

### Supporting our diverse community

Our patients come from a wide range of cultural and linguistic backgrounds.

To support this diversity, our interpreters speak one or more of the top 12 languages (other than English) spoken by our patients. These are Greek, Mandarin, Arabic, Italian, Macedonian, Vietnamese, Cantonese, Turkish, Persian, Bosnian, Croatian and Serbian.

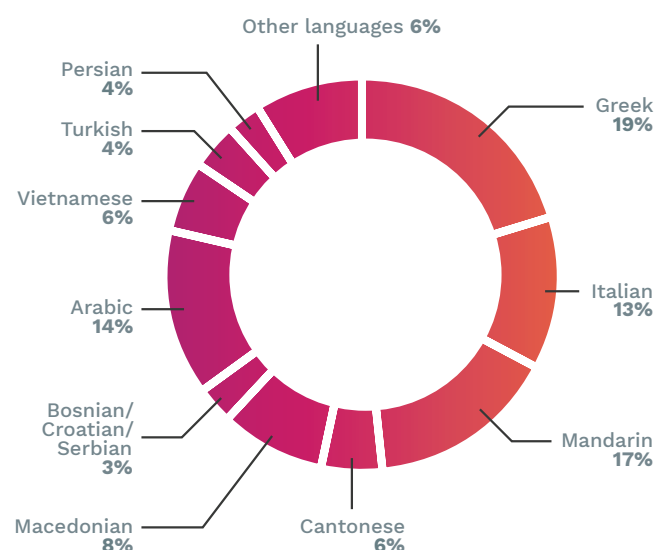
This year we received more than 28,800 requests for an interpreter (up 16 per cent on last year). Most requests were provided in person (91 per cent), with the remainder provided over the phone. Approximately 90 per cent of interpreter requests come from our specialist clinics and other outpatient services.

We regularly monitor languages spoken by our patients to ensure that appropriately qualified and experienced interpreters are readily available to assist in facilitating communication.

We provided training to clinicians to build their understanding of how culture can impact a patient's understanding and language, as well as how to work effectively with an interpreter.

We also liaised with various committees to help us meet the needs of our linguistically diverse consumers, including Austin Health's Diversity Committee and the Victorian Health Diversity Network.

#### Onsite languages



### Providing culturally safe care

We aim to provide a culturally safe and welcoming environment for Aboriginal and Torres Strait Islander staff, patients and their families.

Our Ngarra Jarra Aboriginal Health Program provides ongoing dedicated and culturally appropriate support to our Aboriginal patients as well as guidance to our staff.

We also have a Closing the Gap Committee which oversees the planning and implementation of programs that promote greater parity in Aboriginal health outcomes.

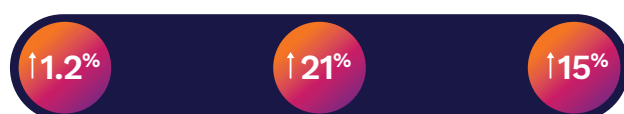
A number of key activities were undertaken this year:

- we released our first Reflect Reconciliation Action Plan (read more on page 19)
- through a Cancer Services Aboriginal Cultural Safety Grant, we installed Aboriginal and Torres Strait Islander flags outside our ONJ Centre, developed tailored cancer resources for Aboriginal patients, and ran a workshop for Aboriginal staff to work creatively on a group art project
- to further promote cultural identity, connection and pride, we implemented a project to improve identification rates of Aboriginal patients which has resulted in a 25 per cent decrease in the incidence of staff recording "question unable to be asked"
- we provided clinical placements for Aboriginal health students through the Victorian Aboriginal Community Controlled Health Organisation
- we promoted our cultural awareness online training module to staff which saw a 202 per cent increase in completion rates (3,667 staff completed the module this year)
- we aimed to improve cultural safety for Aboriginal patients attending our Emergency Department by encouraging staff to wear Aboriginal and Torres Strait Islander flag pins and displaying more cultural visual material.

During the year we saw a 15 per cent increase in presentations of Aboriginal patients to our Emergency Department and a 21 per cent increase in Aboriginal outpatient encounters.

This may be attributed to improved perceptions of cultural safety, which is supported by results of our patient experience survey which saw a 3 per cent increase in the number of Aboriginal patients reporting that "staff always treated them in a culturally safe way".

#### Aboriginal patients 2018–19



Inpatient  
encounters

Outpatient  
encounters

Total emergency  
presentations

---

## Providing exceptional person-centred care (continued)

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### Providing greater access to care

We recognise that attending hospital appointments can be challenging for patients who have a disability or live in regional and remote areas.

This year we expanded our Telehealth (video call) service so that more patients can access specialist care and support without having to come to our hospitals. We now have 15 specialist clinics (10 more than last year) that offer Telehealth.

Our specialist clinics have provided 585 Telehealth appointments this year (up 48 per cent), saving patients some 290,000 kilometres in travel (up 135 per cent).

We also established Telehealth links between our specialist clinics and Royal Talbot Rehabilitation Centre, and with Forensicare (which provides adult mental health services), to help reduce the cost and risks to clients and staff associated with patients travelling to attend appointments. This work has been supported by DHHS through the Victorian Telehealth Specialist Clinics initiative.

### Voluntary assisted dying

A key focus this year has been on preparing our health service to support Voluntary Assisted Dying (VAD) legislation which came into effect in Victoria on 19 June.

A VAD Committee and Working Group was established to determine our approach in consultation with our workforce. Our priorities were to ensure that:

- patients are treated with dignity and respect, and provided with high-quality, compassionate, end-of-life care that's in line with their goals and values
- staff are fully supported in their right to choose whether they want to be involved in VAD according to their personal and professional values.

We created a suite of materials to ensure that staff were prepared to support eligible patients who may wish to access VAD, including a policy and procedure, frequently asked questions, online training module for clinical and non-clinical staff, and brief tailored information sheets for specific disciplines. We also appointed a VAD Program Manager to provide ongoing support to staff and patients.

### Family violence

Family violence is the leading contributor to preventable death, disability and illness in Victorian women aged 15 to 44 years.

We're one of several health services participating in DHHS's initiative "Strengthening Hospital Responses to Family Violence" (SHRFV). The aim of the project is to give health practitioners the skills they need to both identify and sensitively and effectively respond where they believe a patient or staff member may be impacted by family violence.

Our SHRFV team has been building knowledge and capability in staff through face-to-face training. This has been delivered in collaboration with specialist clinicians to more than 1,500 people since we introduced it in March 2018. To make the training more accessible, we collaborated with the Royal Women's Hospital to develop an online module which will be released early next year.

We also undertook other activities including:

- appointed family violence support staff in key areas, including emergency, social work, mental health and the Northern Centre Against Sexual Assault.
- Liana Buchanan, Principal Commissioner for Children and Young People, presented on family violence and Child Safe Standards at our Nursing Grand Round in February.
- participated in 16 days of activism to raise awareness of family violence among staff.

### Partnering with consumers

In February we launched our *Partnering with Consumers Plan 2018-22* which outlines our commitment to providing quality care to the community.

Developed in consultation with consumers, the plan aims to provide patients with greater control over their care by creating more opportunities to engage and actively contribute to our health service.

It has five key focus areas:

- person-centred services, care and outcomes
- teams, partnerships, knowledge transfer and shared learning
- equity, diversity and responsiveness
- participation and shared decision making
- health literacy, information and communication.

Sharing knowledge and experience remains a key focus to ensure our consumer representatives have access to development opportunities and information so they can contribute in meaningful ways. To build capability, this year our consumer representatives were given access to our staff intranet site, and training in root cause analysis and quality improvement methods.

## Ensuring patients understand their healthcare

Providing patients with clear, accurate and accessible information about their health and healthcare is a priority.

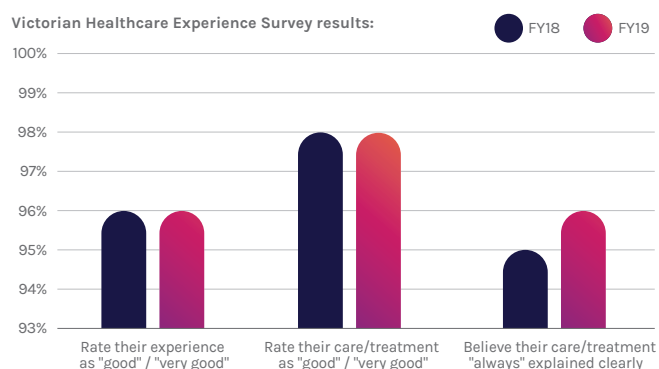
Every year we use the Flesch-Kincaid Grade Level test to measure the readability of our information. Our goal is to achieve a score of between six and eight. This year, 76 per cent of materials had a grade score of less than eight (a 15 per cent improvement).

We partnered with EIDO Healthcare Australia to source clinically accurate and evidence-based information about medical procedures written in plain English, which we supply to all patients undergoing a procedure at Austin Health.

We also encourage staff who produce patient information and correspondence to complete the Victorian Primary Care Partnerships' health literacy online learning course.

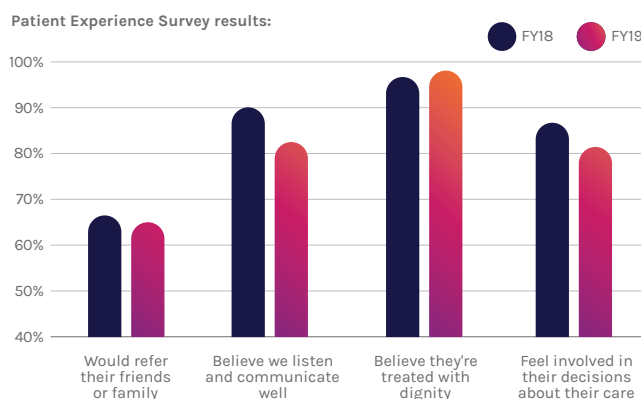
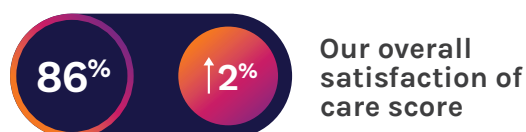
## Measuring the patient experience

The Victorian Healthcare Experience Survey (VHES) is a state-wide survey of people's healthcare experiences. It's conducted by an independent agency on behalf of DHHS. It asks people to provide feedback on their experiences and includes specialised questionnaires for adult and paediatric inpatients and emergency department attendees. Results are on par with last year, however we saw a slight increase in the number of patients who believe their care/treatment is "always" explained clearly.



\*Note: due to a lag in VHES reporting, data is reported from March 2018 to March 2019.

We also collect our own internal patient experience surveys which enable us to collect real-time data and implement more timely changes or corrective measures. This year 2,320 surveys were completed by patients (up 63 per cent), reporting an overall satisfaction of care score of 86 per cent (up 2 per cent). We've seen a slight decrease across three of our metrics, which we're currently analysing so we can implement improvement strategies (refer to bar chart).



## Listening to our patients

We welcome feedback from patients and visitors about their experience so we can continue to improve our health service.

Feedback can be provided in person at our Centre for Patient Experience (located at the Austin Hospital), by telephone, email or on our website. All complaints are followed up by the most appropriate person and used to action improvements.

This year we received 227 formal complaints (on par with last year).

Through our My Say feedback forms we also received:



compliments



concerns/suggestions for improvement

The significant jump in this data is due to us distributing more surveys to patients during the reporting period.

We also completed a comprehensive review of our processes to identify opportunities to improve our approach to managing complaints. Early next financial year we'll introduce a new centralised feedback management system to improve governance and streamline our processes.



## PROVIDING REGIONAL RESIDENTS WITH BETTER ACCESS TO CANCER CARE

In May we opened a new radiation oncology service in Stawell to provide patients with skin cancer in the Grampians and surrounding region with better access to treatment and care.

The new Stawell Austin Radiation Oncology Service (SAROS) gives public patients access to the latest radiation therapy treatment that is used to treat cancer at no cost.

Radiotherapy is a key treatment option for people with skin cancers that have formed on or just below the surface of the skin.

Radiation destroys the unhealthy cells associated with skin cancer but does not damage the deep tissue underneath. This type of treatment can cure skin cancer and remove the need for patients to have surgery in some circumstances.

Patients in the greater Grampians region have been less likely than patients anywhere else in Victoria to use radiation. However, this new service will give them access to a comprehensive skin cancer service for the first time. Patients can be treated locally rather than having to travel to Ballarat or Melbourne to receive the same care.

The new service complements a range of cancer services available at Stawell Hospital.

The service received equipment funding from the Victorian Government and is being delivered through a partnership between Austin Health and Stawell Regional Health.

**The new Stawell Austin Radiation Oncology Service (SAROS) gives public patients access to the latest radiation therapy treatment that is used to treat cancer at no cost.**

## New approaches to patient care

### Symptom and Urgent Review Clinic (SURC)

Cancer treatments often have side effects and around 40 per cent of patients visit the Emergency Department after returning home from treatment. A new clinical model is helping patients receiving cancer treatment to manage their symptoms out of hospital. The ONJ Centre was one of four Victorian hospitals to pilot SURC, which allows patients to seek specialist oncology advice from home. The pilot was so successful SURC is now a permanent service.

### New exercise treatment for cancer patients

We launched our exercise physiology program at the ONJ Centre as an extension of our holistic approach to care. Exercise has proven to be beneficial to cancer patients. It can help reduce chemotherapy side effects, muscle waste, stress and anxiety, and improve bone density, joint movement and sleep. Exercise physiologists develop tailored training programs for outpatients going through treatment.

### Dialysis out of hospital

Our Home Therapies team has partnered with Bolton Clark (formerly the Royal District Nursing Service) to increase the number of patients who can have their peritoneal dialysis at home. Nurses help the patient administer dialysis, eliminating the need for them to travel to hospital. Working in partnership with dialysis provider Baxter, our Renal Technical Services team have also found a way to install dialysis machines into caravans so patients can administer their treatment on the road.

### North East Cardiac Network

Austin Health and St Vincent's Hospital are the lead sites for the North East Cardiac Network (one of three state-wide networks) which comprises 38 health facilities from Mildura to Albury. The network aims to build a more connected and co-ordinated cardiac system including referral pathways and service capability.



### Curing more patients with hepatitis

We expanded our hepatitis outreach service to include Banyule Community Centre and Nexus Primary Health in Wallan, which has enabled us to cure an additional 180 patients of the disease. We plan to add new services in Kyneton and the North East Area Mental Health Service early next year.

### Preparing for life outside of hospital

The Hon. Luke Donnellan, Minister for Disability, Ageing and Carers, opened our wheelchair skills course at Royal Talbot Rehabilitation Centre in February. The course features a range of obstacles and surfaces so patients can practise their skills in a controlled environment and prepare for life outside of hospital. The course was possible thanks to funding from the Transport Accident Commission, Major Roads Project and an anonymous community donor.

### Brain Cancer Survivorship Program

We launched a unique resource to help patients live life to the fullest after being diagnosed with brain cancer. The resource also provides information to families and carers to help them provide support. The "Building the Bridge to Life with Brain Cancer" resource was developed by Austin Health in conjunction with Cabrini Health, Monash Health, North Eastern Melbourne Integrated Cancer Service (NEMICS), Cancer Council Victoria and the Australian Cancer Survivorship Centre thanks to a grant from the Victorian State Government.



# Supporting our people to be their best

An engaged and enabled workforce is a key part of Austin Health's strategic plan. This means ensuring that our people have the knowledge, skills and tools they need to be successful in their roles and to feel connected to our health service.

During the year we launched our people strategy which provides a framework for how we'll grow the talent and capability of our people and foster a positive workplace culture so that our people can thrive.

Our people strategy has five pillars:

- **Leadership excellence** – ensuring leaders across all levels of the organisation have the skills, capability and mindset to help us deliver our strategic objectives.
- **Engaged and enabled workforce** – building workforce capability and ensuring our people are supported and encouraged to be their best.
- **Future workforce** – ensuring that our workforce composition and capabilities support Austin Health as it evolves into the future.
- **Health, safety and wellbeing** – looking after the physical and psychological wellbeing of our staff.
- **Employing the right people** – ensuring that we recruit people who align with Austin Health's values and have the skills, capabilities and experience to perform their roles.

Through our strategy, we believe we'll engender loyalty and commitment in our people to contribute to the achievement of our strategic ambitions.

Our 8,900-plus employees and 450 volunteers make an outstanding contribution every day and provide our patients with safe, accessible and high-quality care. They're fundamental to our success, so ensuring they have a great experience is critical to retaining our people and attracting new talent to our health service.

## Our workforce

Our workforce profile remained consistent with previous years.

As at 30 June we had 8,939 employees, which is up 3.3 per cent compared with last year. Of our total workforce, 74 per cent are female and 26 per cent are male.

Nurses makes up the greatest proportion of our workforce (41.1 per cent) followed by clerical/administration staff (12.9 per cent) and medical support services (10.2 per cent).

The majority of our employees are aged 25–34 (30 per cent), while 24 per cent are aged between 35–44, 21 per cent are aged 45–54 and 16 per cent are aged 55–64.

Labour category	June current month FTE		June YTD FTE		June headcount	
	2018	2019	2018	2019	2018	2019
Admin and Clerical	834	860	830	833	1111	1154
Ancillary Support Services	492	495	475	481	760	770
Hospital Medical Officers	502	533	491	500	803	854
Hotel and Allied Services	579	574	566	566	756	769
Medical Officers	149	169	159	154	179	211
Medical Support Services	689	704	686	693	880	911
Nursing Services	2,344	2,391	2,270	2,317	3,568	3,675
Sessional Clinicians	161	146	147	135	600	595
<b>Total employees</b>	<b>5,750</b>	<b>5,872</b>	<b>5,624</b>	<b>5,679</b>	<b>8,657</b>	<b>8,939</b>

## Creating a safe and inclusive workplace

We continue to focus our efforts on initiatives to ensure that our health service is supportive, safe and inclusive.

Diversity brings different experiences, perspectives, ideas and approaches and we believe it adds to the vibrancy and strength of our health service. That's why it's so important that we embrace difference and attract people from all walks of life, ensuring that every individual is included, supported and encouraged to bring their best.

We celebrate and promote diversity and inclusion through key events each year, including International Women's Day, Cultural Diversity Week, National Reconciliation Week, NAIDOC Week, and Mental Health Week. We also actively promote a wide range of multicultural events through our social media channels such as Chinese New Year, Ramadan, National Sorry Day, and International Day Against Homophobia, Biphobia, Interphobia and Transphobia.

For the first time, Austin Health participated in the annual PRIDE March in St Kilda in February to show our support for the LGBTIQ+ community. Read the case study on page 22 more details.

To accelerate steps to support a diverse workforce and a culture of inclusion, we're in the process of developing a diversity and inclusion plan. The plan will ensure that we provide an environment where diversity is recognised as vital in providing the highest quality patient care. Our goal is to reflect the diversity of the community we serve. We want our organisation to be a place where all people feel safe and accepted and can be themselves regardless of their sexuality, religion, age, cultural background or gender.

## Celebrating and recognising women

We improved the accessibility of our International Women's Day (IWD) celebrations to enable more staff to experience the event held at our main site (Austin Hospital) by using streaming technology.

Staff across our three major sites enjoyed a keynote address from Air-Vice Marshall (AVM) Dr Tracey Smart who is the first female commanding officer of the RAAF Institute of Aviation Medicine.

During the event we announced the winners of our IWD annual award which recognises inspirational women at Austin Health. Read the case study on page 21 for more details

## Committed to reconciliation

We launched our first Reconciliation Action Plan (RAP). The RAP document commits us to improving health outcomes for Aboriginal and Torres Strait Islander patients and the community, and advancing employment and development opportunities.

Over the next 12 months we'll focus on:

- strengthening relationships with Aboriginal organisations and communities
- establishing a welcoming environment across our sites
- building cultural awareness through education initiatives
- increasing employment and development opportunities for Aboriginal people
- increasing procurement opportunities with Aboriginal and Torres Strait Islander businesses.

Responsibility for delivering on these commitments sits with a number of our senior leaders and the Executive team.

Development of the plan was led by the Reconciliation Action Plan Reference Group in consultation with a broad range of staff and external stakeholders including members of the Executive team, clinical and non-clinical staff, and our Ngarrá Jarra Aboriginal Health Program.

We commissioned Aboriginal artist Gary Saunders to design artwork for the RAP which was produced in conjunction with children from the Austin Child Care Centre.

We're looking forward to continuing to build on our commitments in next year's RAP.



**For the first time, Austin Health participated in the annual PRIDE March in St Kilda in February to show our support for the LGBTIQ+ community.**

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## Supporting our people to be their best (continued)

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### Measuring employee engagement

We're committed to ensuring that staff feel proud to work at Austin Health and are supported to bring their best to work every day.

One of the ways we measure employee engagement is through the Victorian Public Sector Commission's People Matter Survey. The survey provides valuable insights for continuing to build on our culture and performance. It helps us understand what staff like about working at Austin Health, and what we can do to improve our health service for our patients and our staff.

In 2018, our overall engagement score was 74 per cent which was on par with last year; however is slightly higher than the comparative average. Our people strategy was developed in response to the feedback provided through the survey and a number of initiatives are currently being implemented in response, such as our new leadership framework and development program.

### Investing in leadership

In February we launched our new leadership framework and development program. The framework was developed in consultation with staff and leaders and provides a clear organisational view of what excellent leadership is, and the qualities and capabilities that are required to achieve our strategic objectives.

The program offers tailored skills development to support and equip leaders to meet both current and future challenges and build leadership capability and excellence across senior, mid-level and frontline leaders.

Nearly 250 people have already completed or registered for the program since it was launched.

### A refreshed induction program

We refreshed our induction program to create an interactive "Welcome to Austin" event. The event is an opportunity for new employees to connect with one another. The session focuses on who we are as an organisation, our shared values, and how we positively impact the lives of the community we serve.

### Celebrating years of service

Every year we celebrate staff who achieve a significant work anniversary at Austin Health. The events are some of the most well attended on the annual calendar with many staff joining to support their colleagues.

This year we celebrated 745 people who reached 5, 10, 15, 20, 25, 30 and 35-year milestones. Collectively, they clocked up 15,105 years working at Austin Health. CEO Sue Shilbury attended the event and presented everyone with their Austin Health pin.

We also had two employees celebrate a significant milestone. Emeritus Associate Professor of Medicine Gwynne Thomas AO and Cardiologist Dr John Brennan were recognised for 40 years of service. They were presented with a special pin and certificate by our CEO and Board Chair The Hon. Judith Troeth at our annual general meeting in November.

### Volunteers

More than 450 people generously volunteered their time to provide exceptional patient experiences at Austin Health. Our volunteers play a special role facilitating a range of activities, welcoming and guiding patients and visitors throughout our hospitals, fundraising and providing companionship.

This year, we established a volunteer program to support patients in sub-acute aged care to engage in activities they enjoy. Volunteers also supported the Parent-Infant Research Institute by providing babysitting for new mums experiencing post-natal depression, allowing patients to attend group treatment sessions.

Volunteers at our community op shops and gift shop at Austin Hospital have raised more than \$300,000 and our volunteer drivers have traveled more than 80,000 kilometres supporting patients to attend 3,187 appointments.

### Merit and equity

Austin Health incorporates fairness and equality in its recruitment, selection and employment process. We satisfy equal employment opportunity requirements, legislative and moral obligations and the terms and conditions of the Fair Work Act including national employment standards. We comply with all conditions specified by the relevant Health Awards and enterprise bargaining agreements.

# REMARKABLE WOMEN AWARDED AT INTERNATIONAL WOMEN'S DAY CELEBRATIONS

International Women's Day is a key event on the calendar and this year we had a record turnout.

Almost 400 people attended events across our three sites or joined the live stream to hear guest speaker Air-Vice Marshal Dr Tracey Smart talk about the challenges women in the armed forces have faced over the years and the progress that has been made towards equality.

This was followed by our second annual IWD awards presentation where five remarkable women were recognised for their contribution to Austin Health, our staff, patients and community.

Clare Headland, a personal services attendant, was recognised for the difference she's made to the lives of patients and colleagues. Clare believes it's an honor and a privilege to care for a patient's welfare and dignity.

Cath Bradley, who leads our Ngarra Jarra Aboriginal Health team, was recognised for her contribution to improving the experience and health outcomes for Aboriginal patients by building trust and rapport and creating a culturally safe environment.

Mary Buttifant, a speech pathologist of more than 60 years, was acknowledged for her extraordinary contribution to her profession and for advocating for women, particularly mothers, in the workforce.

Karen Sanders, a cardiac nurse practitioner, was recognised for inspiring her colleagues to improve the lives of cardiac patients and for mentoring junior and medical staff.

Dr Marie Sinclair, a researcher and hepatologist in our Liver Transplant Unit, was recognised for her curious nature, pursuit of excellence, dedication to go above and beyond to improve the lives and health outcomes for patients and her compassion, warmth and approachability.

**International Women's Day is a key event on the calendar and this year we had a record turnout.**





## MARCHING TO SUPPORT THE LGBTIQ+ COMMUNITY

Despite the soaring temperatures, staff represented Austin Health for the first time at the 2019 Midsumma Pride March.

Involvement in the march was led by our Rainbow Working Group, which includes representatives from our Mental Health Department.

Standing behind our banner which read "PRIDE: Nurturing and embracing gender and sexual diversity", staff supported and celebrated our LGBTIQ+ community, marching through St Kilda to Catani Gardens where they joined the post-pride festivities.

"It was so exciting to represent Austin Health at such an incredible event and show our support for our staff, patients and the broader community," says Nicole Harvey, Director Employee Relations, Diversity and Inclusion.

Sara Brentnall, Divisional Manager Independence and Ambulatory Services, said she felt proud to support diversity and inclusion.

"It just makes staff, patients and our community feel welcome and really does strengthen our health service. Next year, we'll be even louder and prouder!"

**Despite the soaring temperatures, staff represented Austin Health for the first time at the 2019 Midsumma Pride March.**

## Supporting our people to be their best (continued)

### Investing in our health, safety and wellbeing

We've continued to focus on existing and new initiatives to promote the health, safety and wellbeing of our people.

Our key priorities this year have been improving the psychological safety of our workforce, reducing exposure to occupational aggression and violence and manual handling hazards, as well as enhancing engagement and participation on health safety and wellbeing issues.

We improved our health, safety and wellness performance and trend reporting, which has significantly increased awareness and promoted preventative and corrective action across all levels of the business.

In June we became the only public hospital in Victoria with a health and safety management system certified to the ISO 45001 international safety standard. We are sector leaders in supporting the health, safety and wellbeing of our people.

This year we've seen a 6 per cent increase in the number of reported health and safety incidents at Austin Health. This has been exclusively driven by staff exposure to occupational violence. While we've established a positive culture of reporting which is resulting in more incidents recorded, we've also seen an increase in the severity of violence experienced by our staff. While we focus on internal procedures, education and training, behaviour change programs in the community (like the DHHS and WorkSafe Victoria's "It's Never OK" public awareness campaign) are essential to curbing this trend.

We are committed to ensuring our people are provided the very best care so that they can return to work as soon as possible following injury. This year we safely returned most injured employees to work within an appropriate timeframe, through tailored early intervention and return-to-work strategies. This has significantly reduced our lost time claims and average claim costs (by 36 per cent and 45 per cent, respectively). We're extremely proud of our results which are better than the health industry standard in Victoria.

Occupational health and safety	2016–17	2017–18	2018–19
Number of reported health and safety incidents per 100 FTE	26.19	31.23	33.29
Number of lost time reported claims per 100 FTE	1.33	1.48	0.86
Average cost per claim	\$55,003	\$46,403	\$22,354

\* FTE: full-time equivalent employees

\*\* Average claim costs for any given year will increase as the length of time a claim remains active and matures, along with the estimate on a claim. An average claim cost for 2017-18 may grow over the years as claims initiated in that year mature.

Occupational violence statistics	2016–17	2017–18	2018–19
WorkCover accepted claims with an occupational violence cause per 100 FTE	0.18	0.14	0.22
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0.95	0.80	1.45
Number of occupational violence incidents reported	574	903	947
Number of occupational violence incidents reported per 100 FTE	10.34	15.75	16.07
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	72%	61%	66%

#### Definitions:

- Occupational violence—any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment.
- Incident—an event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity rating must be included. Code Grey reporting is not included, however, if an incident occurs during the course of a planned or unplanned Code Grey, the incident must be included.
- Accepted WorkCover claims—Accepted WorkCover claims that were lodged in 2017-18.
- Lost time—is defined as greater than one day.
- Injury, illness or condition—This includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

# A leader in research and teaching



Our research and learning activities are world-class, leading to improved clinical care, research and teaching outcomes. We work in partnership with leading research institutes and universities, including the Florey Research Institute of Neuroscience and Mental Health, the Olivia Newton-John Cancer Research Institute, the Parent–Infant Research Institute, the Institute for Breathing and Sleep, the Peter Doherty Institute for Infection and Immunity, The University of Melbourne and La Trobe University.

## A new research strategy

Our *Strategic Plan 2018–22* outlines our ambition to be a national leader in research and teaching, and to advance our research and learning precinct in Melbourne's north-east.

To help us achieve this we developed our research strategy which aims to:

- strengthen our university and research partnerships to support the development of our research and learning precinct
- invest in translational and health service research to grow its scale and impact
- embed a consistent, inter-disciplinary approach to research across our services.

As we implement our strategy our focus will be on:

- enabling our people to do research
- streamlining and simplifying processes
- fostering collaborative relationships across the precinct in Melbourne's north-east
- strengthening oversight of research activities
- supporting the enablers relating to information management and analytics.

## Strengthening partnerships to benefit public health

The Doherty@Austin initiative saw our Infectious Diseases Department formally join the Peter Doherty Institute for Infection and Immunity, becoming the first unit of the institute to be located outside Parkville.

Our infectious diseases researchers are national and international leaders in antimicrobial resistance and stewardship, hand hygiene, Buruli ulcer, antibiotic allergy, infection control and microbial genomics.

The partnership will strengthen our existing collaborations in areas of major public health concern, including antimicrobial resistance and stewardship, Buruli ulcer and translating genomics into clinical practice.

## Shaping the future of research

Now in its second year of operation, the Data Analytics Research and Evaluation (DARE) Centre, brings together the expertise of data scientists with our top clinical researchers.

This year, the Centre published research showing that it's possible to identify which patients presenting to the Emergency Department with a suspected infection (sepsis) are at higher risk of mortality and a long stay in intensive care. DARE is currently harnessing the power of big data to study the clinical characteristics, management and outcomes of delirium, comparing ward patients with intensive care patients.

There are several other projects underway. One is looking to predict outcomes of major surgery in patients aged over 80 to identify at admission those likely to stay in hospital longer than seven days. Another is investigating which cancer and intensive care patients are most likely to develop delirium. The aim of these projects is to help design early intervention and prevention programs.

# IMPROVING PERINATAL DEPRESSION OUTCOMES

In December, a research team lead by Prof. Jeannette Milgrom, Director of The Parent-Infant Research Institute (PIRI) at Austin Health, received one of only five Partnership Project for Better Health grants offered by the National Health and Medical Research Council (NHMRC) for her project "Perinatal Identification, Referral and Integrated Management for Improving Depression: the PIRIMID study".

Perinatal depression and anxiety are common, but 90 per cent of cases never receive adequate treatment even when identified.

The \$338,576 grant is funding a three-year study looking at the effectiveness of a new system that helps guide health professionals to detect and develop plans to manage postnatal depression.

The support system, known as PIRIMID, uses onscreen prompts to help clinical staff develop a tailored management plan to treat each patient based on their individual symptoms and needs.

"Australia has made big strides in recognising perinatal depression, but the real challenge now is connecting affected women with the right treatment. This is what the new PIRIMID system does," says Prof. Milgrom.

The project is being run in partnership with Beyond Blue, the City of Whittlesea Maternal and Child Health Service, Melbourne Clinical and Translational Sciences at The University of Melbourne, and Perinatal Anxiety and Depression Australia.

**The three-year study is investigating the effectiveness of a new system to help clinicians detect and treat postnatal depression.**



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## A leader in research and teaching (continued)

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### **Celebrating our research at ResearchFest**

ResearchFest is our annual research festival held in October. This year it attracted more than 400 attendees, 253 research project entries (which is up 30 per cent on last year) and awarded around \$15,000 in travel grants to winners of our research awards.

Thirty awards were presented to staff who've made an outstanding contribution to exciting new research. They included Dr Anselm Wong who won the CEO's Award for Clinical Research (read more below), and Indu Rajapaksha who won the CEO's Award for Basic Science Research for therapies targeting the novel pathway in chronic liver disease.

### **Influencing policy and clinical practice**

Assoc. Prof. Mark Howard, a leading sleep researcher and director of the Victorian Respiratory Support Service, was co-author of a world-first study looking into heavy vehicle driver fatigue. The two-year study evaluated eye-movement tracking technology, and found that it could be used successfully to measure and predict driver fatigue. It also identified the specific shifts and working conditions likely to produce drowsiness in heavy vehicle drivers. The findings have been hailed by the National Transport Commission (who were partners in the study) and will likely inform future policy and lead to reduced risk from heavy vehicle fatigue.

Dr Anselm Wong, an Emergency Department physician, published research this year demonstrating that paracetamol overdose (the world's most common and potentially deadly overdose) can be treated within a shorter time with less adverse effects from the antidote drug acetyl cysteine. Dr Wong's research has changed more than 40 years of clinical practice and was shortlisted for the 2019 Premier's Awards for Health and Medical Research.

Building on our long-standing tradition of medical and basic science research, the strength of nursing research continues to grow with a number of projects that contribute directly to better patient care. Palliative Care Nurse Unit Manager, Hilary Hodgson, received the Clinical or Patient Care Nursing Quality Project Award at ResearchFest for an initiative that resulted in a 64 per cent reduction in falls on the ward between 6am and 7am – the hour that had been identified as a peak time for falls.

### **A new Centre of Excellence in Respiratory and Sleep Medicine**

The Centre of Excellence in Respiratory and Sleep Medicine opened in September, integrating research and clinical activities undertaken by the Institute for Breathing and Sleep and the Department of Respiratory and Sleep Medicine for the first time.

The move is part of our strategic goal to embed research into clinical practice. It's expected to accelerate research discoveries, and consolidate our position as the most sought-after destination for young doctors and scientists wanting to train in this specialty.

### **Medical Research Future Fund grants to supercharge our research impact**

The launch of the Medical Research Future Fund (MRFF) is a game changer for Australian medical research. Already researchers based at Austin Health have secured major funding through the initiative.

Neurologist and neuroscientist Prof. Graeme Jackson, who is based at the Austin campus of the Florey Institute of Neuroscience and Mental Health, was one of very few to be awarded a highly competitive Stage 1 Frontiers Grant from the MRFF. Prof. Jackson is leading the Precision Medicine for Epilepsy Project which will use advanced neuroimaging and artificial-intelligence prediction to transform management of epilepsy, reducing clinical uncertainty and leading to earlier decisions and better selection of effective treatments.

Prof. Andrew Scott of Austin Health and the Olivia Newton-John Cancer Research Institute (La Trobe University School of Cancer) received a \$200,000 MRFF grant (via the Cure Brain Cancer Foundation) to work on improving prognosis for the brain cancer glioblastoma (or GBM). The team will use an imaging technique for detecting amino acid metabolism in brain tumours using Positron Emission Tomography in a clinical trial of more than 200 patients. The trial hopes to better predict a patient's likely response to therapy and their likelihood of developing resistance to treatment for this aggressive and difficult-to-treat cancer.

Federal Health Minister, Greg Hunt, announced a \$1 million funding boost to extend a rare cancer research trial. Led by Austin Health's Prof. Jonathan Cebon, the trial is being conducted through the Olivia Newton-John Cancer Research Institute (ONJCRI).

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## Cancer clinical trials

We're proud of our Cancer Clinical Trials Centre (CCTC) led by Assoc. Prof. Hui Gan and Anne-Marie Woods. Our CCTC is one of the largest in Victoria and is closely linked with the ONJCRI and the Victorian Comprehensive Cancer Centre (VCCC).

Our CCTC ensures that patients have access to the latest anti-cancer drugs, including those in early phase 1 clinical trials. This year we had 213 active trials with 72 different sponsors including collaborative partners.

## The challenge of dementia—a national approach

In July, the Federal Government announced a major new initiative to enhance Dementia Research and Care. The Florey Institute department of The University of Melbourne will manage \$18 million to develop and maintain the Australian Dementia Network (ADNeT).

ADNeT brings together 23 of Australia's leaders in dementia research and more than 15 universities, institutes and hospitals across Australia, and is led by Prof. Christopher Rowe from Austin Health.

ADNeT will establish the largest Clinical Quality Registry in Australia to monitor quality of care for all persons with dementia, standardise and facilitate specialist dementia clinics, and increase clinical trial participation so treatments can be developed faster.



**Building on our long-standing tradition of medical and basic science research, the strength of our nursing research continues to grow with a number of projects that contribute directly to better patient care.**

## Our next generation nurses

Our graduate nurse and ongoing specialty nursing programs help position us as the health service of choice for undergraduate and postgraduate students.

This year we accepted 180 graduate nurses into our program (up 33 per cent), out of a pool of some 870 applicants. The program creates purpose-trained nurses who have a long career at Austin Health and provide reliable, safe, patient-centred care.

We introduced a range of nursing transition-to-practice programs to assist nurses to transition to specialty practice areas. These include cardiac nursing, emergency nursing, intensive care and perioperative services. These foundational programs, conducted over six or 12 months, assist nurses to develop the skills and knowledge needed to work in the high acuity and specialty areas of practice and address future workforce needs.

## Excellence in clinical placement experience

We continue to be one of the largest education providers in Victoria. We provided clinical placement opportunities for 2,238 students across 23 different disciplines, including medicine, allied health and nursing. This equated to 71,472 total clinical placement days, up 5 per cent on last year. Students were placed from 12 universities and eight TAFEs.

We have a strong reputation of providing a positive culture for our students. Each year we undertake a mandatory survey of students to measure safety and wellbeing. Results this year showed that 97 per cent agreed or strongly agreed that they felt safe at Austin Health, and 95 per cent agreed or strongly agreed that they had a sense of wellbeing.



## STUDY SHOWS LIFE-CHANGING BENEFIT OF NERVE SURGERY

A world-first study led by Austin Health, Epworth Monash and The University of Melbourne has shown that nerve transfer surgery can restore movement in the hands and elbows of quadriplegic patients.

Led by Dr Natasha van Zyl, the study followed the progress of 13 patients who received nerve transfers after suffering complete paralysis.

"The research shows that transferring working nerves from one part of the body can give quadriplegic patients long-term use of their hands and elbows again," Dr van Zyl said.

Patients with complete paralysis due to a spinal cord injury still have working nerves in parts of their body that are above where the spinal cord was damaged.

These nerves can be transplanted into the hands and elbows of patients and, combined with intensive physical therapy, can give them the use of the arms and hands.

Patients who participated in the study are now able to feed themselves, hold and manipulate objects, and use electronic devices without assistance.

"Improving hand function is a key goal for patients with quadriplegia because it provides independence and the ability to perform everyday tasks," she says.

"Austin Health is helping to lead the world in the use of nerve transfer surgery in spinal cord injury and this is the biggest group of nerve transfer patients ever examined anywhere in the world."

The two-year study was published in the prestigious medical journal *The Lancet* in early July 2019.

**"...transferring working nerves from one part of the body can give quadriplegic patients long-term use of their hands and elbows again."**

## A leader in research and teaching (continued)

### MACH project—learning records repository project

Many health practitioners work across multiple health services, which means they need to complete compliance training for each organisation.

Funded through the Melbourne Academic Centre for Health (MACH), our Clinical Education Unit is leading a state-wide project which aims to create a centralised training reporting system for mandatory training to eliminate the duplication of training across health services.

The project is in its initial pilot phase and is currently being undertaken in collaboration with Eastern Health.

### Health Sciences Library supports our clinicians, researchers and students

Our Health Sciences Library is a leading contributor to a national project which is developing live literature searches that support clinicians in Australia to deliver safe, quality care based on the latest evidence.

The literature searches are aligned with the Australian National Safety and Quality Health Service Standards, and published on the Australian Commission on Safety and Quality in Healthcare website.

The Library also supports the translation of clinical questions into practice through its "Ask an Informationist Choosing Wisely initiative". To date, six infographics and reports have been produced and made available to all health services via the Austin Health website. Covering topics such as opioid use, proton pump inhibitors (PPIs) and intravenous magnesium, this initiative has actively changed practice and increased discussion and education throughout the hospital.

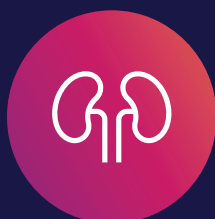
#### This financial year we:



Published  
**38**  
papers per week,  
on average



Collaborated with  
researchers from  
**79**  
countries



On topics from  
**Acute Kidney Injury**  
to  
**Venous Thromboembolism**



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# Our community making a difference

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Every year our community of supporters help us deliver exceptional healthcare to our patients and their families. We've always been the beneficiary of generous community support since our establishment in 1882. This year was no exception, with more than \$8.1 million in donations.

Austin Health receives support in various ways – through fundraising appeals and events, our gift and opportunity shops, grants from trusts and foundations, gifts from major donors and corporates, and bequests.

Gifts are often made in recognition of the care and compassion our staff have shown to a patient. It's their way of giving back to the people and the place that has helped them so much.

## Friends of Austin Health

In 1925, Friends of Austin Health was formed to co-ordinate volunteer fundraising efforts. Our generous volunteers raise funds predominantly through our Diamond Creek and Heidelberg opportunity shops, and our gift shop at Austin Hospital.

This year, Friends of Austin Health helped raise nearly \$300,000 to support vital programs and medical equipment. This has enabled us to buy a state-of-the-art surgical microscope which will allow surgeons to provide world leading microsurgical reconstruction for spinal cord injury patients (which is a nation-wide service) and other complex microsurgical reconstructions.

## Philanthropic support

Thousands of donors supported our appeals this year, including the Christmas appeal that focused on our nurses. It was our most successful appeal in a number of years, demonstrating the support and recognition the community have for the care our nurses provide. More than 1,000 generous donors have enabled us to invest in our nurses, including a scholarship program so they can continue to improve the care they give.

Some 100 staff, patients and families participated in Run Melbourne, raising around \$50,000 for Austin Health and the ONJ Centre. Participants could nominate where they wanted their funds to go. This year the main recipients were our Child Inpatient, Cardiology and Intensive Care units (for Austin Health) and the Day Oncology, Clinical Haematology and Palliative Care units (for the ONJ Centre).

Dry July Foundation continued to support the ONJ Centre, giving \$181,470 in grants for vital wellness programs to improve patient comfort, care and wellbeing.

Combined with the \$70,000 raised by people in our community who went "Dry in July", this was our biggest year for funding through Dry July since 2014.

We're grateful to the many individuals, committees and community groups who have raised funds for us through various events and activities, from head shaves, dinner dances and donations in lieu of flowers at a funeral to lemonade stands in their community. Larger groups, like the Freemasons, Rotarians and the Lions Club, also help support patients here in many ways.

## Wellness Walk and Research Run

The annual Wellness Walk and Research Run was again held at La Trobe University in Bundoora and attracted some 4,000 walkers and runners, up nearly 50 per cent on last year's event. Participants raised more than \$600,000 for wellness programs and cancer research at the ONJ Centre.

Olivia's fans from around the world also generously fundraised and supported the event. Our highest fundraisers this year were Mindy Verson and The Sol Seven team who collectively raised more than \$40,000.

We're looking forward to next year's event being even more successful when we relocate it to the banks of the Yarra River in Melbourne.

**"Thank you to all the wonderful people who supported the ONJ Centre this year. You've helped touched the lives of people living with cancer, through donations, events, and my Wellness Walk and Research Run. With your support, we're helping people win over cancer."**

Olivia Newton-John AC OBE

# LONG-TERM SUPPORTER ESTABLISHES NURSING SCHOLARSHIP

During International Nurses Day in May we announced that long-term supporter Beverley Briese OAM had generously donated \$275,000 to create a prestigious nursing scholarship.

The Beverley Briese Austin Health Nursing Scholarship (valued at \$55,000 each year) is one of the most generous scholarships to support nurses in the country.

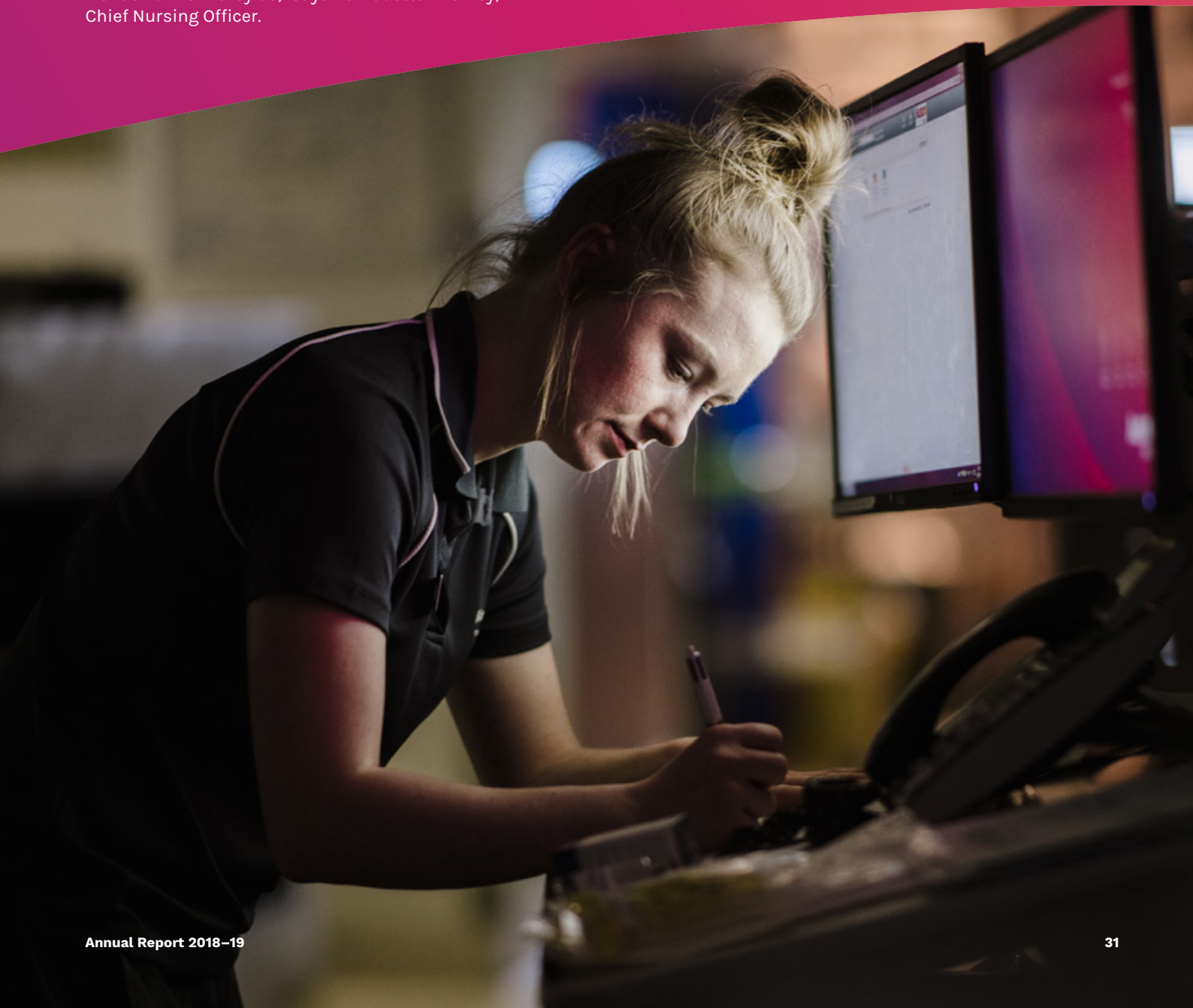
This scholarship will allow a nurse to examine how an area of interest is applied in other parts of the world, bringing best practice principles and practice back to Austin Health so we can improve our health service.

"Nurses are the heart and soul of the healthcare system and I am proud to be able to support them and nursing excellence at Austin Health," says Beverley Briese.

"This is a game-changing gift for our nurses and we're indebted to Beverley for her valuable support of the wonderful work they do," says Bernadette Twomey, Chief Nursing Officer.

For 46 years Beverley has volunteered her time to help raise funds for Austin Health. She is the current President of Friends of Austin Health, a group of volunteers who raise funds mainly through our op shops.

**Long-term supporter Beverley Briese OAM had generously donated \$275,000 to create a prestigious nursing scholarship.**





## COMMUNITY SHOWS EXTRAORDINARY STRENGTH AND HOPE IN NUMBERS

Diagnosed with lymphoma in January, 22-year-old Anthony Salvatore and his friends decided to turn the tables on lymphoma by rallying their local community to raise money for lymphoma research at our ONJ Centre.

"When stuff happens in your life you just have to push on," says Anthony.

For Anthony, "pushing on" became a remarkable community fundraising event held within two weeks of his diagnosis at his old primary school in Bulleen.

More than 500 friends and family attended, most of them young people in their twenties, giving gifts on the night of \$50 to \$100.

They were there to show support for Anthony and his family and the mood was one of love, care and incredible generosity.

More than \$60,000 was raised in a stunning demonstration of what is possible when the community comes together.

"Seeing all my friends, family, new friends and community band together and now everyone becoming friends while raising so much money for such a worthy cause has made me so happy," says Anthony.

The money raised will be used to support research and programs to help haematology patients.

**More than \$60,000 was raised in a stunning demonstration of what is possible when the community comes together.**

## Our community making a difference (continued)



### Ongoing support from Olivia Newton-John and family

Our sincere thanks go to founding champion Olivia Newton-John AC OBE for her continued leadership and support of the ONJ Cancer Centre. We'd also like to acknowledge her niece, Tottie Goldsmith, who this year was formally recognised as Goodwill Ambassador for the work she does for the ONJ Centre. Olivia's vision continues to drive support to help people win over cancer.

## Generous bequests

We're very fortunate to be the beneficiary of generous bequests throughout the year which are usually made in recognition of the care provided to them or their loved one.

This year, the Royal Talbot Rehabilitation Centre received a bequest of more than \$1 million in recognition of the compassion and care shown to a patient in the late 2000s. This gift will be transformational for the patients and staff at the centre and will be used to improve the facilities, services and support for patients and staff.

**\$8.1m**

Total philanthropic income

**\$300k**

Raised by Friends of Austin Health

**\$2.5m**

Bequests received

**531**

Monthly donors

**27,359**

Raffle supporters

**14,445**

Donors

## Thank you to our generous supporters

Austin Health is grateful to our community of generous supporters who have contributed to improving our health service and the quality of care we give to our patients. There is always more our staff want to do to help our patients – your support makes this possible. Thank you.

We'd also like to thank the following estates, trusts, foundations, corporates, community supporters and major donors who have each made significant contributions this year.

### Bequests

Benjamin Champion Testamentary Trust  
Estate of C D Lloyd Charitable Trust  
Estate of Emma Macario  
Estate of Ernest John Kebby  
Estate of Lance William Pearce  
Estate of Major Charles Wallace Hyndman  
Estate of Robert James Fuller  
Estate of Shirley Joan Riddell and James (Jim) Scott Riddell  
Estate of Ethel Rentsch  
Estate of Valerie May Moody  
The Elizabeth Stephens Bequest  
The Isabel Ruby Sprigg Testamentary Trust  
The Tivey Memorial Fund  
The WE and ME Flanagan Charity Trust  
The William and Mary Levers and Sons Maintenance Fund  
**Community and corporate supporters**  
Banyule City Council  
Blue Illusion  
Caulfield RSL  
Commonwealth Bank  
Dry July Foundation  
Friends of Austin Health

Johnson & Johnson Medical

Lateral Marketing & Management

Metcash

Penny Appeal Australia

Seven Network (Operations) Limited

### Major donors

Mrs Beverley Briese OAM  
Mr Bob and Mrs Wendy Dunnet  
Mr Peter Little and Mrs Ruth Little (Stapleton)  
Mr Wayne Douglas Carswell  
Dr Yean Kai Lim

### Trusts and foundations

Australian Communities Foundation  
Collier Charitable Fund  
Davies Family Foundation  
HT Pamphilon Fund  
John Cummins Memorial Fund  
Lord Mayor's Charitable Foundation  
Robert C Bulley Charitable Fund  
Slater & Gordon Health Projects and Research Fund  
The Isabel & John Gilbertson Charitable Trust  
The Marian & EH Flack Trust

# Our digital and physical infrastructure

We're transforming our digital environment to make it easier for staff to do their jobs and give patients timely access to information about their health and healthcare. We're also investing in our physical infrastructure to improve our spaces and our services.

## Transforming our digital landscape

Digital transformation is a key pillar of our *Strategic Plan 2018-22*. Using the latest digital technology, we'll modernise the way we work and deliver a better experience for patients and staff.

This year we developed a detailed digital transformation strategy and plan and prepared business cases for key initiatives, including a major project to complete the implementation of Cerner (our electronic medical record) and a renewed enterprise agreement with Microsoft.

Specific initiatives that commenced this year include:

- a full refresh of 350 computers on wheels to provide state-of-the-art ergonomics and technology for clinical staff
- a new leasing agreement to refresh 5,400 computers, laptops and tablets, ensuring all staff are given the technology they need to perform their roles
- piloting new electronic "progression of care" boards to give ward staff better visibility of patients in their care
- developing a dashboard for our Emergency Department to provide visibility of demand and patient status and flow
- upgrading our Microsoft agreement to Office 365 to modernise our workplace with tools that enable communication, collaboration and document management.

## Cutting-edge cancer treatment planned for cancer centre

Last year the Victorian Government awarded Austin Health some \$8 million to strengthen our radiation oncology treatment services at the ONJ Centre.

The funding was used to purchase an MR-Linear Accelerator machine, which is the only system in the world that integrates precision radiation dosing with crystal-clear soft tissue and functional imaging.

The machine will be the only one of its kind in Victoria and the ONJ Centre will be the state-wide provider for this type of advanced radiation oncology treatment.

Capital works to prepare the centre for installation of the machine will commence early next year.

## A refurbished gift shop

We refurbished our gift shop to create a more modern and inviting space for staff, patients and visitors. The store features a range of contemporary and beautiful gifts, many of which have been sourced locally.

The gift shop is a key fundraising activity for Austin Health. Proceeds from sales go towards initiatives to help us improve our health service and deliver exceptional patient care. Read more about our fundraising activities on pages 30-33.

The project was completed in June and the shop opened in July 2019.

## New clinical space for respiratory and sleep medicine

Our Respiratory and Sleep Medicine Department investigates and treats all aspects of breathing and sleep-related conditions.

Previously these services were in six locations across two of our sites. Travelling between the sites was inconvenient for patients and made it challenging for staff to collaborate.

The \$4.56 million refurbishment project has brought all services together, creating a centre of excellence where clinicians and researchers work side-by-side striving to achieve better outcomes for patients.

## Department of Molecular Imaging and Therapy upgrade

We recently completed a \$2.3 million project to refresh our Department of Molecular Imaging and Therapy at Austin Hospital.

The project involved refurbishing the clinical department and relocating acute services from our Heidelberg Repatriation Hospital to its new location at Austin Hospital, to achieve clinical efficiencies and give patients timely access to their scans.

# CLINICAL TREATMENT MEETS GARDEN AESTHETIC

In February, we launched our new wheelchair skills course at our Royal Talbot Rehabilitation Centre.

The course enables patients in wheelchairs to learn how to negotiate a range of terrains they'd usually encounter in life outside of hospital, such as slopes, steps, stones, uneven paths, gates and cobblestones.

The project was a collaboration between our Physiotherapy team (who took care of the course design) and the gardens and grounds project (who took care of the aesthetics).

The garden has brought the skills course to life and added a therapeutic element to our patients' experience.

**The course enables patients in wheelchairs to learn how to negotiate a range of terrains they'll encounter in life outside of hospital.**



# Reducing our impact

As the number of patients who access our services increases, so too does our energy consumption and waste generation. Fluctuating weather patterns also increases our energy use as we strive to maintain a regulated environment. That's why our commitment to sustainability is so important — it's another way we care for our community, our environment and the future.

## Our environmental performance

This year, we saw a 9 per cent increase in our total greenhouse gas emissions.

Our total energy consumption (predominantly electricity and natural gas) increased by 6 per cent. This is due to a greater reliance on heating and cooling as a result of Melbourne's fluctuating weather. We continue to invest in ways to reduce our energy consumption. As lighting and heating and cooling systems reach the end of their life, they're replaced with more efficient technology.

Clinical waste remained steady at 335 tonnes, despite increased hospital activity including emergency presentations, inpatient admissions and emergency surgery, as well as the reliance on single-use items to mitigate the risk of infection. However, our general waste has decreased by 7 per cent this year. Importantly, we've seen a 21 per cent increase in the amount of waste that we recycle.

Greenhouse gas emissions	2017–18	2018–19
Scope 1 (tCO <sub>2</sub> e)	16,280	17,028
Scope 2 (tCO <sub>2</sub> e)	47,590	52,915
Total (tCO <sub>2</sub> e)	63,870	69,942
Total tCO <sub>2</sub> e per building m <sup>2</sup>	0.23	0.26
Energy consumption	2017–18	2018–19
Total energy (GJ)	468,633	500,691
Electricity per m <sup>2</sup> (GJ)	0.58	0.65
Natural Gas per m <sup>2</sup> (GJ)	1.14	1.19
Water consumption	2017–18	2018–19
Drinking water (kL)	254,756	249,288
Drinking water per m <sup>2</sup> (kL)	0.93	0.91

## Putting waste to good use

We're always thinking of responsible, innovative and creative ways to dispose of our waste.

We partner with Printers R Us who collect our printer cartridges and toners, batteries and other electronic items which are recycled and repurposed where possible.

We also donate equipment we no longer use. Collaborating with Rotary In-Kind and Eastern Emergency Relief Network we provide equipment like IV stands, mattresses and wound dressings to developing countries.

## Sustainability education and awareness for staff

Collectively, the actions of our staff impacts on our environmental footprint. Through education and awareness, we're giving our people the knowledge and tools to make smarter choices so they can help us reduce our impact.

This year we updated our mandatory online training module to teach staff about the things they can and can't recycle.

Victorian public health services account for around a quarter of the Victorian Government's carbon emissions – so it's important for staff to understand the impact we have as both an organisation and as individuals. We held face-to-face sustainability training with 354 staff members across all our sites, covering topics such as reducing energy use in non-clinical areas, the importance of correct waste segregation on our overall emissions, and procurement and supply pathways.

Waste generation and disposal (tonnes)	2017–18	2018–19
Clinical waste*	335	335
Recycling	362	456
General waste	1,632	1,601
Total waste	2,361	2,393
Waste generation and disposal per occupied day bed (kg)	2017–18	2018–19
Clinical waste	0.90	0.90
Recycling	0.97	1.23
General waste	4.38	4.33
Total waste	6.44	6.47

\* Includes clinical, cytotoxic, pharmaceutical and anatomical waste.

+ Full environmental data for the 2018–19 financial year is available at [www.austin.org.au](http://www.austin.org.au)

# MAKING BETTER USE OF EQUIPMENT TO REDUCE LANDFILL

A central equipment store was established this year to help consolidate and centrally store items such as beds, wheelchairs, bariatric beds, IV poles and mattresses.

Stephanie Lai, Sustainability Co-ordinator, says the store is a simple idea that's having a large and positive impact.

"Our centralised system gives us better oversight of our inventory and enables greater sharing," says Stephanie.

Rather than ending up in landfill, items that are no longer used by wards and departments can be sent to the store as a resource for other areas. This also saves money by reducing our need to purchase new equipment.

Stephanie credits the success of the centralised store on the strong culture of collaboration at Austin Health.

"It's our staff who've made this possible; they see the value in sharing their equipment across the organisation. I'm proud of what we've achieved. This small idea has grown into an organisation-wide initiative which has a real impact on our overall sustainability," says Stephanie.

**Rather than ending up in landfill, items that are no longer used by wards and departments can be sent to the store as a resource for other areas.**



# Governance and Board

## Austin Health Board

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



**The Hon. Judith Troeth AM**

Judith Troeth was appointed Chair of the Board in July 2012.



**Dr Christine Bessell**

Christine is Chair of the Primary Care & Population Health Advisory Committee and member of the Clinical Safety & Quality Committee and the Community Advisory Committee.



**Chris Altis**

Chris is Chair of the Audit & Risk Committee and member of the Finance & Resources Committee and the Governance & Remuneration Committee.



**Fi Slaven**

Fi is a member of the Finance & Resources Committee and the Primary Care & Population Health Advisory Committee.



**Helen Thornton**

Helen is Chair of the Finance & Resources Committee and member of the Audit & Risk Committee and the Governance & Remuneration Committee.



**Julie Bignell**

Julie is Chair of the Community Advisory Committee and member of the Clinical Safety & Quality Committee.



**Martin Botros**

Martin is a member of the Audit & Risk Committee and the Clinical Safety & Quality Committee.



**Mary Draper AM**

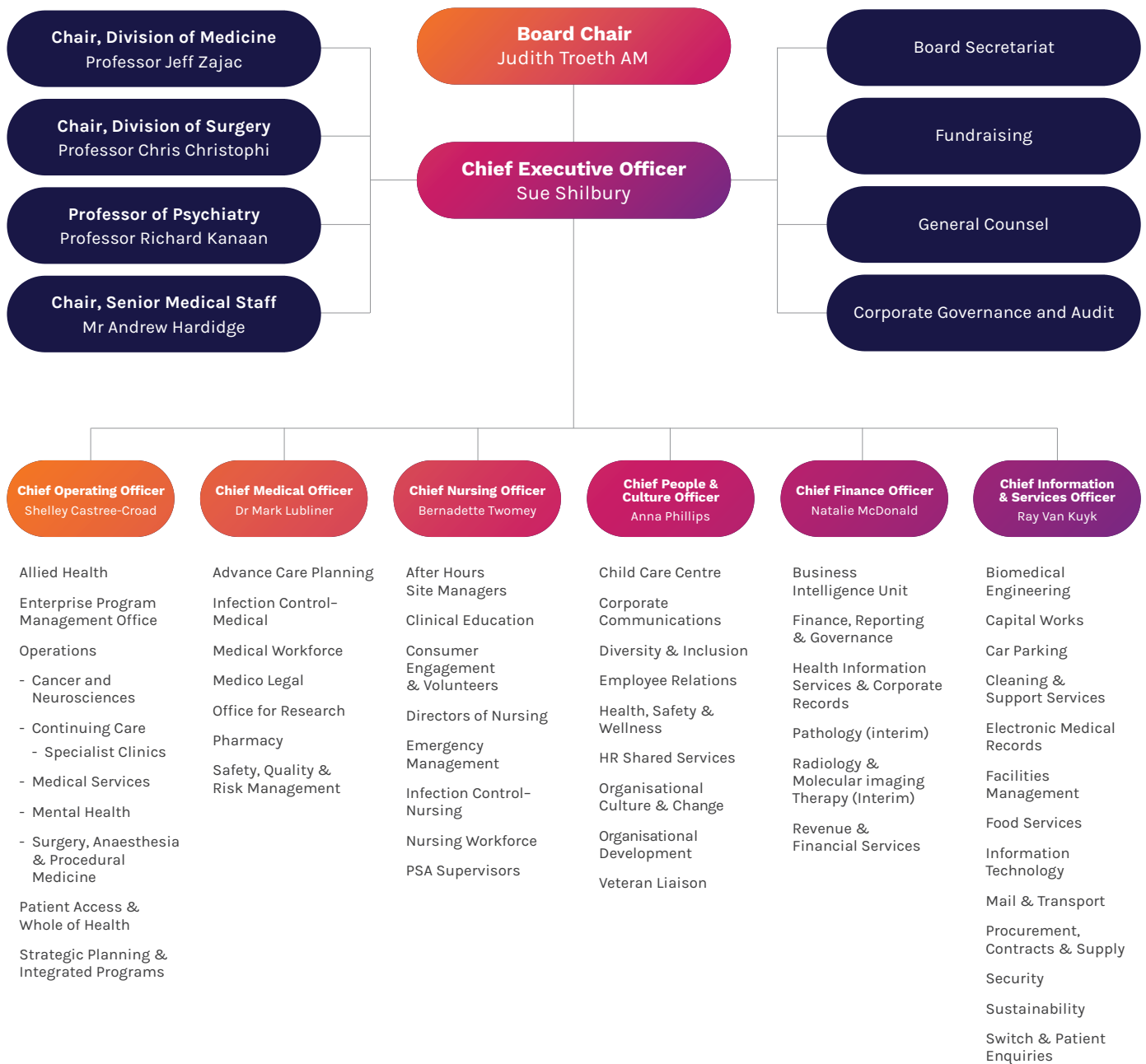
Mary is the Chair of the Clinical Safety & Quality Committee and member of the Finance & Resources Committee and the Primary Care & Population Health Advisory Committee.



**Dr Stanley Chiang**

Stanley is a member of the Community Advisory Committee and the Primary Care & Population Health Advisory Committee.

## Organisational chart



# Corporate information

## Attestations

### Compliance with Health Purchasing Victoria (HPV) health purchasing policies

I, Shelley Castree-Croad, certify that Austin Health has put in place appropriate internal controls and processes to ensure that it has complied with all the requirements set out in the HPV Health Purchasing Policies including mandatory HPV collective agreements as required by the *Health Services Act 1988* (Vic) and has critically reviewed these controls and processes during the year.



**Shelley Castree-Croad**  
26.08.2019

### Conflict of interest

I, Shelley Castree-Croad, certify that Austin Health has put into place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a Conflict of Interest policy consistent with the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within Austin Health and members of the Board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive Board meeting.



**Shelley Castree-Croad**  
26.08.2019

## Data integrity

I, Shelley Castree-Croad, certify that Austin Health has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Austin Health has critically reviewed these controls and processes during the year.



**Shelley Castree-Croad**  
26.08.2019

## Integrity, fraud and corruption

I, Shelley Castree-Croad, certify that Austin Health has put in place appropriate internal controls and processes to ensure that integrity, fraud and corruption risks have been reviewed and addressed at Austin Health during the year.



**Shelley Castree-Croad**  
26.08.2019

## Financial management compliance

I, Judith Troeth, on behalf of the Responsible Body, certify that Austin Health has complied with the applicable Standing Directions 2018 under the *Financial Management Act 1994* and Instructions except for the following Material Compliance Deficiencies:

Standing Direction 4.2.3

Asset Information Management System, including asset survey.

Remedial action is underway to develop a new electronic system, including detailed asset survey by 30 June 2020.



**Judith Troeth**  
26.08.2019

## Complying with legislation

### Protected Disclosure Act 2012

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

### 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.

### Local Jobs First Policy

The *Victorian Industry Participation Policy Act 2003* was amended to the *Local Jobs First Act 2003* in August 2018.

Local Jobs First Policy relates to the participation by local industry in projects, developments, procurements and other initiatives.

The Local Jobs First Policy objectives are to:

- promote employment and business growth by expanding market opportunities for local industry
- provide contractors with increased access to, and raised awareness of, local industry capability
- expose local industry to world's best practice in workplace innovation, e-commerce and use of new technologies and materials
- develop local industry's international competitiveness and flexibility in responding to changing global markets by giving local industry a fair opportunity to compete against foreign suppliers.

Local Jobs First takes into account and is consistent with the following principles relating to procurement, tendering and the provision of financial assistance by the State:

- the provision of open, clear and accountable tendering mechanisms and processes
- value for money considerations in purchasing and supply decisions over the life of a good, service or construction project.

During 2018–19, Austin Health had one completed project where the VIPP applied, the contractors delivered their commitments as specified in their VIPP Plan.

Project name	Austin Respiratory Consolidation Project
Value	\$3,479,000
Status	Complete
Local content	82%
Employment	96 EFT
Skills/technology transfer	Training skills and development of apprentices

### Patient car parking

We comply with the DHHS hospital circular on car parking fees. Information on fees and concessions is available on our website.

### Carer's Recognition Act

The *Victorian Carers Recognition Act* formally recognises the role of carers in our community and defines the relationships between carers and those being cared for. In meeting its obligations to the *Carers Recognition Act*, Austin Health:

- a) takes all practicable measures to ensure that its employees and agents have an awareness and understanding of the care relationship principles
- b) takes all practicable measures to ensure that persons who are in care relationships and who are receiving services in relation to the care relationship from the care support organisation, have an awareness and understanding of the care relationship principles
- c) takes all practicable measures to ensure that the care support organisation and its employees and agents reflect the care relationship principles in developing, providing or evaluating support and assistance for persons in care relationships.

### Safe Patient Care Act 2015

Austin Health has no matters to report in relation to its obligations under section 40 of the *Safe Patient Care Act 2015*.

### Building Act 1993 and Building Regulations 2006

Austin Health obtains building permits, certificates of occupancy or certificates of final inspection for all completed projects. We engage registered building practitioners for all new or major refurbishment works.

In order to ensure our buildings are maintained in a safe and functional condition, ongoing maintenance programs are in place with routine inspections undertaken throughout the year. From these inspections, we've identified areas that required rectification. In line with the *Department of Health and Human Services, Fire Risk Management Guidelines*, Austin Health's last comprehensive Fire Audit was completed in 2016. The recommendations from the Audit are being actioned.

## Corporate information (continued)

### Transparent operations

#### Details of Information Technology and Communication (ICT) expenditure

The total ICT expenditure incurred this year was \$39 million (excluding GST).

Business as usual ICT expenditure	Non-business as usual ICT expenditure	Operational expenditure	Capital expenditure
\$21m	\$9m	\$7m	\$2m

All figures are ex GST

#### Freedom of Information (FOI)

Under the Freedom of Information (FOI) Act, you have a right to request information and access to documents about your personal affairs and, in certain cases, our activities.

For further information about the process for making applications for access to Austin Health documents, visit [austin.org.au/foi](http://austin.org.au/foi)

You can also contact the FOI Officer directly:

**Phone:** (03) 9496 3103

**Email:** [foi@austin.org.au](mailto:foi@austin.org.au)

**Mail:** Freedom of Information Officer, Austin Health,  
PO Box 5555, Heidelberg Victoria 3084

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 Office of the Victorian Information Commissioner annually.

Freedom of information applications 2018–19	
Number of requests received	1,355
Granted in full	1,067
Granted in part	50
Denied	14

Other:	
Withdrawn	25
Not proceeded	0
Not processed	19
No documents	61
In progress	119

#### Additional information available on request

Austin Health confirms that details relating to the items listed below have been retained and are available to the relevant Ministers, Members of Parliament and the public on request (subject to freedom of information requirements, if applicable).

- Declarations of pecuniary interests have been duly completed by all relevant officers.
- Details of shares held by senior officers as nominee or held beneficially.
- Details of publications produced by the entity about itself, and how these can be obtained.
- Details of changes in prices, fees, charges, rates and levies charged by the health service.
- Details of any major external reviews carried out by the health service.
- Details of major research and development activities undertaken by the health service that are not otherwise covered in either the Report of Operations or in a document that contains the financial statements and Report of Operations.
- Details of overseas visits undertaken, including a summary of the objectives and outcomes of each visit.
- 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.
- Details of assessments and measures undertaken to improve the occupational health and safety of employees.
- A 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.
- A list of major committees sponsored by the health service, the purpose of each committee and the extent to which those purposes have been achieved.
- Details of all consultancies and contractors including consultancies/contractors engaged, services provided, and expenditure committed for each engagement.

## Consultancies engaged

In excess of \$10,000 per consultancy

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee	Expenditure 2018–19 (ex GST)	Future expenditure (ex GST)
KPMG Australia	Model of Care Redesign Project	Sep 18	Jun 19	\$448,168.10		
Biruu Pty Ltd	Model of Care Redesign Project	Jul 18	Nov 18	\$88,750.00	<b>\$536,918.10</b>	<b>\$117,938.90</b>
First Person Consulting Pty Ltd	Victorian Tumour Summits Evaluation	Nov 18	Apr 19	\$52,700.00	<b>\$52,700.00</b>	-
Diversity Knowhow	Diversity and Inclusion Workplace Diagnostic	Jun 19	Jun 19	\$31,450.00	<b>\$31,450.00</b>	-
Midnightsky	Fundraising and Development Department Strategic Plan Project	Mar 19	Jun 19	\$30,125.00	<b>\$30,125.00</b>	-
Landell Consulting	Facilities Management Review	Sep 18	Oct 18	\$28,600.00	<b>\$28,600.00</b>	-
TEBA	Citrix Review and Future State Analysis	May 19	May 19	\$24,500.00	<b>\$24,500.00</b>	-
JKP Consulting	Development of Austin Health Reconciliation	Nov 18	May 19	\$24,000.00	<b>\$24,000.00</b>	-
Qttec Systems	UC Strategy Consultancy	Dec 18	Dec 18	\$23,800.00	<b>\$23,800.00</b>	-
Billard Leece Partnership	Feasibility Study–MRI Precinct	Jan 19	Feb 19	\$21,710.00	<b>\$21,710.00</b>	-
Milestone Information Technology	Assessment on End-of-life Windows Server and legacy applications	May 19	May 19	\$20,000.00	<b>\$20,000.00</b>	-
ID Laboratory Pty Ltd	Return Brief for Austin User Experience Improvements	Apr 19	May 19	\$19,575.00	<b>\$19,575.00</b>	-
Leslie White	Paediatric Surgery Provision Report	Jun 18	Aug 18	\$18,750.00	<b>\$18,750.00</b>	-
Alpha Crucis Group	Antibiotics Allergy De-labelling Project	Apr 19	Jun 19	\$18,000.00	<b>\$18,000.00</b>	-
Billard Leece Partnership	Feasibility Study–Fluoroscopy and General X-Ray	Jan 19	Feb 19	\$13,795.00	<b>\$13,795.00</b>	-
Lehr Consultants International (Australia) Pty Ltd	Review of Services–Capital Works and Infrastructure	Jan 19	Mar 19	\$12,160.00	<b>\$12,160.00</b>	-
Biruu Pty Ltd	Securing the Future of Gen Med at the Austin Project	Jan 19	Jan 19	\$11,550.00	<b>\$11,550.00</b>	-
Midnightsky	Living Well/Frail Aged Narrative 2018	Aug 18	Oct 18	\$11,500.00	<b>\$11,500.00</b>	-
<b>Totals</b>					<b>\$899,133</b>	<b>\$117,939</b>

Number of consultancies–18

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





There were 12 consultancies engaged in 2018–19 of less than \$10,000 per consultancy at a total cost of \$53,398.50 and no future costs.






# Statement of priorities

 In progress

 Complete

## Part A: Strategic priorities

Goals	Strategies	Health service deliverables	Outcome
<b>Better Health</b>			
Healthy neighbourhoods and communities encourage healthy lifestyles	Help people to stay healthy	Support the delivery of the Better Health North East Melbourne Strategic Plan by collaborating on projects established that focus on the following priority areas: <ul style="list-style-type: none"> <li>frail and elderly</li> <li>children with developmental delay.</li> </ul>	Utilising the partnerships established through Better Health North East Melbourne: <ul style="list-style-type: none"> <li>A range of initiatives to support the care of the frail and elderly are in progress.</li> <li>A paediatrician in the community model for children with developmental delay is being implemented.</li> <li>The waiting time to assessment for children with developmental delays has been reduced to less than 90 days.</li> </ul> 
	Reduce state-wide risks	Develop a detailed operational model to inform the functional brief for the community-based State-wide Child and Family Intensive Assessment and Planning Service.	Progressing in conjunction with the DHHS and the Victorian Health and Human Services Building Authority. 
Illness is detected and managed early	Target health gaps	Develop an optimal care pathway for patients in our region with oesophagogastric cancer, focusing on the identification and implementation of strategies that will achieve improved timeframes in the patient pathway for referral, detection and management of oesophagogastric cancer.	Results were presented to the oesophagogastric cancer redesign Community of Practice forum in May 2019. The final report has been submitted. 
		Expand the reach of our Hepatitis C treatment program to focus on disadvantaged and marginalised members of our community, with the aim of treating 180 people in 2018-19. Explore opportunities to expand outreach services to our community.	Outreach clinics continue at Wallan and Kyneton and have recently commenced at ReGen – a drug and alcohol treatment agency. 183 patients were treated in 2018-19. 





Goals	Strategies	Health service deliverables	Outcome
<b>Better Access</b>			
Care is always there when people need it	Ensure fair access	Participate in the Better Care Victoria (BCV) Patient Flow Partnership to support sustainable and continuous initiatives, focusing on improving access within clinically appropriate timeframes for: <ul style="list-style-type: none"> <li>• emergency and inpatients services</li> <li>• specialist clinics.</li> </ul>	All key deliverables of the Better Care Victoria Patient Flow Partnership have been achieved. 
		To improve access to surgery by maximising the utilisation of our existing theatre resources and capacity, undertake a theatre utilisation project that focuses on: <ul style="list-style-type: none"> <li>• identifying key issues impacting theatre utilisation</li> <li>• developing a program of work to address key priority areas.</li> </ul>	Key issues have been identified and nine have been prioritised for 2019–20. 
	Provide easier access	To improve access to care for children in our community we will: <ul style="list-style-type: none"> <li>• explore opportunities for collaborative partnerships with health services such as the Royal Children's Hospital (RCH) that focus on: <ul style="list-style-type: none"> <li>- supporting Austin Health to safely provide a range of paediatric services</li> <li>- providing secondary care to children in our community to support specialist paediatric health services to focus on delivering tertiary and quaternary care.</li> </ul> </li> </ul>	Austin Health is working with neighbouring health services and the Royal Children's Hospital to explore opportunities to improve access to inpatient and ambulatory care for children in our community. 
		To improve access to care for children in our community we will: <ul style="list-style-type: none"> <li>• undertake a service review to determine the best service model and service profile for paediatric general surgery.</li> </ul>	A paediatric general surgery review has been undertaken and an implementation plan developed. 
People are connected to the full range of care and support they need	Plan and invest	Undertake a review of our model of care to inform the development of our master plan.	The Model of Service Delivery has been completed and endorsed by the Executive Steering Committee. The model will be provided to the Board of Directors for endorsement in July 2019. 
		Commence planning for the clinical commissioning of the new MRI linear accelerator in the Olivia Newton-John Cancer Wellness & Research Centre to improve access to state-of-the-art radiation oncology treatment to the people of Victoria.	An MR Linac has been procured. Planning for installation and commissioning is underway. 
	Provide easier access	As a cardiac network lead, collaborate with St Vincent's Hospital to establish the North-East Cardiac Service network and develop a co-ordinated cardiac service for patients in our defined region.	The North East Cardiac Service Network has been established and priorities for the network have been agreed and are being progressed. 





## Statement of Priorities (continued)

 In progress

 Complete

### Part A: Strategic priorities (continued)

Better Access (continued)			
Goals	Strategies	Health service deliverables	Outcome
More access to care in the home and community	Unlock innovation	<p>Expand our utilisation of telehealth to improve access to specialist clinics by:</p> <ul style="list-style-type: none"> <li>implementing telehealth in an additional four specialist clinics (including three state-wide services)</li> <li>implementing telehealth to enhance access to specialist clinic care and reduce risk to clients and staff associated with client transfers for inpatients at: <ul style="list-style-type: none"> <li>Thomas Embling Hospital (in partnership with Forensicare)</li> <li>Mellor Ward</li> <li>Spinal Rehabilitation Unit.</li> </ul> </li> </ul>	<p>Telehealth consultations have commenced in all targeted specialist clinics and for patients at Forensicare and the Royal Talbot Rehabilitation Centre.</p> <p></p>
Better care			
Target zero avoidable harm	Strengthen the workforce	<p>To demonstrate our commitment to providing better care, Austin Health has invested in Clinical Practice training (facilitated by the ACHS Improvement Academy) for our quality co-ordinators and key clinical leaders. Eight key projects that focus on avoiding harm and improving the patient experience have been derived from this training and will be completed and outcomes presented to members of the Executive team.</p> <p></p>	<p>Projects were presented to the Executive in December. Training is now being utilised for other improvement initiatives across the organisation.</p>
		<p>In response to the need to reduce harm associated with incorrect food and fluid provision, commence the implementation of recommendations from the meal matching project to reduce risk for patients with identified food allergies, and those requiring modified diets for swallowing issues.</p> <p></p>	<p>Ongoing work at the IT system interface is required to integrate the menu management system and the clinical system.</p>
	Embed evidence	<p>To improve prescribing and patient outcomes through evidence-based drug selection, the Drug Stewardship initiative will undertake a series of 12 projects focusing on investigating evidence to support prescribing practices for a range of drugs such as:</p> <ul style="list-style-type: none"> <li>opioids</li> <li>botulinum toxin</li> <li>biosimilar medicines.</li> </ul> <p></p>	<p>The Medicines Optimisation Service has implemented a number of prescribing practice changes through standardised and evidence based drug selection. Six projects are complete and another eight are underway.</p>

Goals	Strategies	Health service deliverables	Outcome
Healthcare that focuses on outcomes	Embed evidence	An Austin Health Research Strategy will be developed to review and define the structure of the Austin Health research precinct, and to enhance our capability to translate and embed research findings into clinical practice and improving patient care.	The draft research strategy is near completion. 
Care fits together around people's needs	Ensure equal care	To demonstrate our commitment to closing the gap, Austin Health will develop a Reconciliation Action Plan (RAP). This will be developed in collaboration with the Closing the Gap Committee and the Aboriginal and Torres Strait Islander Employment Committee.	The Reconciliation Action Plan was approved by Reconciliation Australia and launched in May 2019. 
	Partner with patients	Support our patients to be partners in their care by utilising patient-centred technology: <ul style="list-style-type: none"> <li>Commence the development of an Austin Health patient portal to support our patients to manage their care at Austin Health that includes the following features: <ul style="list-style-type: none"> <li>specialist clinic appointment times</li> <li>wayfinding</li> <li>general Austin Health information</li> </ul> </li> </ul>	Work on the development of a patient portal is progressing. The specialist clinics design solution is complete and a business case to support the Phase 1 build is being prepared. 
Patients and carers are active partners in care	Partner with patients	Support our patients to be partners in their care by utilising patient-centred technology: <ul style="list-style-type: none"> <li>Pilot the recently developed "My Austin Health Journey" app in four clinical services (colonoscopy, bariatric surgery, joint replacement surgery, echocardiogram), to provide patients with step-by-step communication on: <ul style="list-style-type: none"> <li>preparation for their surgery or procedure</li> <li>what to expect on their day of surgery or procedure</li> <li>post-surgery or procedure care.</li> </ul> </li> </ul> <p>The app also includes a mechanism for feedback on the patient experience.</p>	Use of the app continues in four clinical services. 

## Statement of Priorities (continued)

 In progress

 Complete

### Part A: Strategic priorities (continued)

Better care (continued)			
Goals	Strategies	Health service deliverables	Outcome
Specific 2018-19 priorities (mandatory)	<b>Disability action plans</b> Draft disability action plans are completed in 2018-19.	Submit the Austin Health Disability Action Plan 2015-2020 to the Department by 30 June 2019.  Commence the consultation process for the development of the new Austin Health Disability Plan 2021-25.	The Disability Plan has been submitted. Consultation for the new plan has commenced.
	<b>Volunteer engagement</b> Ensure that the health service executives have appropriate measures to engage and recognise volunteers.	Develop a three-year Volunteer Strategy for Austin Health that includes: <ul style="list-style-type: none"> <li>establishment of a vision/mission statement for the volunteer program</li> <li>development of a robust governance framework to support the effective delivery of volunteer services</li> <li>strategies for recognising the contribution of our volunteers</li> <li>a community and volunteer engagement plan</li> <li>a process for review and evaluation of the volunteer program.</li> </ul>	The draft Volunteer Strategy is complete and has been endorsed by the Community Advisory Committee.
	<b>Bullying and harassment</b> Actively promote positive workplace behaviours and encourage reporting. Utilise staff surveys, incident reporting data, outcomes of investigations and claims to regularly monitor and identify risks related to bullying and harassment and, in particular, include as a regular item in Board and Executive meetings. Appropriately investigate all reports of bullying and harassment and ensure there is a feedback mechanism to staff involved and the broader health service staff.	Redesign our mandatory online Bullying, Harassment, Equal Opportunity and Anti-Discrimination certification. The new behaviour based e-learning package will promote positive workplace behaviours by focusing on the seven guiding principles of the Austin Health Code of Conduct and will incorporate the new Austin Health values.	"Living the Values: the Austin Way" was launched in March 2019.
		Modify the existing Health Safety and Wellness KPI Board/Executive report to incorporate monitoring of bullying and harassment risks and add as a regular quarterly item at the full Board meeting.	Bullying and harassment metrics have been developed and quarterly reporting to the Board on the following metrics has commenced: <ul style="list-style-type: none"> <li>number of formal complaints</li> <li>number of investigated complaints</li> <li>number of substantiated complaints.</li> </ul>
		Complete the rollout of the "Custodians of Culture" training for our senior leaders and managers to support them (as custodians of Austin Health's workplace culture) to prevent bullying, harassment and discrimination in the workplace. A development program for all staff will then be established to further enhance workforce culture and behaviours.	The "Custodians of Culture" Program rollout is complete. The program has been modified according to feedback and review.

Goals	Strategies	Health service deliverables	Outcome
	<b>Occupational violence</b> Ensure all staff who have contact with patients and visitors have undertaken core occupational violence training, annually. Ensure the DHHS's occupational violence and aggression training principles are implemented.	In addition to the mandatory annual core occupational violence training for all staff, Austin Health provides face-to-face aggression management training for staff who have contact with patients and visitors. In 2018–19, we will review the face-to-face training to ensure it continues to meet the training needs of staff who may experience occupational violence.	A review of the face-to-face aggression management training has been undertaken and has been updated based on the needs of high-risk areas. 
		In response to a gap analysis undertaken against the DHHS Occupational Violence and Aggression framework, which identified a need to introduce behaviour support plans to proactively mitigate the risk of occupational violence, we will: <ul style="list-style-type: none"> <li>• pilot a behaviour support program in the acute spinal ward</li> <li>• evaluate the impact of behaviour support plans in reducing the incidence and severity of occupational violence in the pilot area.</li> </ul>	Training of staff in the acute spinal ward and spinal rehabilitation is complete, and the pilot has commenced. A final report with recommendations will be provided to the Executive Committee in late 2019. 
	<b>Environmental sustainability</b> Actively contribute to the development of the Victorian Government's policy to be net zero carbon by 2050 and improve environmental sustainability by identifying and implementing projects, including workforce education, to reduce material environmental impacts with particular consideration of procurement and waste management, and publicly reporting environmental performance data, including measureable targets related to reduction of clinical, sharps and landfill waste, water and energy use and improved recycling.	Implement the year two actions in the Austin Health Environmental Sustainability Strategy, with a focus on: <ul style="list-style-type: none"> <li>• optimising heating and cooling systems and LED lighting upgrades to reduce energy use and operating costs.</li> <li>• reducing the amount of waste generated, maximising recycling opportunities and minimising the amount of waste going to landfill through: <ul style="list-style-type: none"> <li>- working with suppliers to improve the reuse and recyclability of packaging</li> <li>- improved training and education programs on waste reduction, recycling and energy initiatives for staff.</li> </ul> </li> </ul>	Year two actions have been implemented and have included education on sustainability and responsible disposing. 
		Austin Health will fulfil its environmental sustainability reporting obligations including publically reporting on its performance.	Reporting included: <ul style="list-style-type: none"> <li>• public reporting of sustainability metrics in the 2017–18 Annual Report</li> <li>• submission of a National Pollutant Inventory in September 2018</li> <li>• national greenhouse and Energy Reporting Scheme in October 2018.</li> </ul> 
	<b>LGBTIQ+</b> Develop and communicate service level policies and protocols, in partnership with LGBTIQ+ communities, to avoid discrimination against LGBTIQ+ patients, ensure appropriate data collection, and actively promote rights to free expression of gender and sexuality in healthcare settings. Where relevant, services should offer leading practice approaches to trans- and intersex-related interventions.	To support our staff to deliver effective person-centred care that considers the specific issues and needs of LGBTIQ+ people, embed LGBTIQ+ inclusive practice principles into the patient-centred care learning package.	The LGBTIQ+ inclusive practice principles have been embedded into the Patient-Centred Care Learning Package using video and other education materials. The Patient-Centred Care Learning Package has been redeveloped using the five domains articulated in the Austin Health Our Patients' Expectations guiding principles document. 
		In collaboration with the LGBTIQ+ community, develop a model of care to offer leading practice approaches to transgender interventions.	A community-based model of care has been developed with My Community Health, Ballarat Community Health and Thorn Harbour Health. 

## Statement of Priorities (continued)

### Part B: Performance priorities

#### High quality and safe care

Key performance indicator	Target	Result
<b>Accreditation</b>		
Accreditation against the National Safety and Quality Health Service Standards	Accredited	Achieved
Compliance with the Commonwealth's Aged Care Accreditation Standards	Accredited	Achieved
<b>Infection prevention and control</b>		
Compliance with the Hand Hygiene Australia Program	80%	86%
Percentage of healthcare workers immunised for influenza	80%	81% <sup>1</sup>
<b>Patient experience</b>		
Victorian Healthcare Experience Survey – data submission	Full compliance	Achieved
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 1	95%	95%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses–Quarter 2	95%	95%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses–Quarter 3	95%	97%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 1	75%	71%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 2	75%	73%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 3	75%	76%
Victorian Healthcare Experience Survey – patients' perception of cleanliness – Quarter 1	70%	69%
Victorian Healthcare Experience Survey – patients' perception of cleanliness – Quarter 2	70%	67%
Victorian Healthcare Experience Survey – patients' perception of cleanliness – Quarter 3	70%	77%
<b>Healthcare-associated infections</b>		
Number of patients with surgical site infection	No outliers	Not achieved
Number of patients with ICU central-line-associated bloodstream infection (CLABSI)	Nil	Not achieved
Rate of patients with <i>Staphylococcus aureus</i> bacteraemia (SAB) per occupied bed day	≤ 1/10,000	0.9/10,000
<b>Adverse events</b>		
Sentinel events – root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	Not achieved
Unplanned readmission hip replacement	Annual rate ≤ 2.5%	2.16%

<sup>1</sup>16 April to 31 August 2018

Key performance indicator	Target	Result
<b>Mental health</b>		
Percentage of adult acute mental health inpatients who are readmitted within 28 days of discharge	14%	10.7%
Rate of seclusion events relating to a child and adolescent acute mental health admission	≤ 15/1,000	21.6/1,000
Rate of seclusion events relating to an adult acute mental health admission	≤ 15/1,000	3.5/1,000
Percentage of child and adolescent acute mental health inpatients who have a post-discharge follow-up within seven days	80%	83.6%
Percentage of adult acute mental health inpatients who have a post-discharge follow-up within seven days	80%	97%
<b>Continuing care</b>		
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645	0.623

## Strong governance, leadership and culture

Key performance indicator	Target	Result
<b>Organisational culture</b>		
People Matter Survey – percentage of staff with an overall positive response to safety and culture questions	80%	76%
People Matter Survey – percentage of staff with a positive response to the question, "I am encouraged by my colleagues to report any patient safety concerns I may have"	80%	83%
People Matter Survey – percentage of staff with a positive response to the question, "Patient care errors are handled appropriately in my work area"	80%	76%
People Matter Survey – percentage of staff with a positive response to the question, "My suggestions about patient safety would be acted upon if I expressed them to my manager"	80%	77%
People Matter Survey – percentage of staff with a positive response to the question, "The culture in my work area makes it easy to learn from the errors of others"	80%	77%
People Matter Survey – percentage of staff with a positive response to the question, "Management is driving us to be a safety-centred organisation"	80%	74%
People Matter Survey – percentage of staff with a positive response to the question, "This health service does a good job of training new and existing staff"	80%	69%
People Matter Survey – percentage of staff with a positive response to the question, "Trainees in my discipline are adequately supervised"	80%	69%
People Matter Survey – percentage of staff with a positive response to the question, "I would recommend a friend or relative to be treated as a patient here"	80%	85%

## Statement of Priorities (continued)

### Part B: Performance priorities (continued)

#### Timely access to care

Key performance indicator	Target	Result
<b>Emergency care</b>		
Percentage of patients transferred from ambulance to Emergency Department within 40 minutes	90%	78%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	73.5%
Percentage of emergency patients with a length of stay in the Emergency Department of less than four hours	81%	64.9%
Number of patients with a length of stay in the Emergency Department greater than 24 hours	0	1
<b>Elective surgery</b>		
Percentage of urgency category 1 elective surgery patients admitted within 30 days	100%	99.98%
Percentage of urgency categories 1, 2 and 3 elective surgery patients admitted within clinically recommended time	94%	89%
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5% or 15% proportional improvement from prior year	7.9%
Number of patients on the elective surgery waiting list	2,340	2,622
Number of hospital-initiated postponements (HIPs) per 100 scheduled elective surgery admissions	≤ 7 /100	6.2/100
Number of patients admitted from the elective surgery waiting list	13,300	12,878
<b>Specialist clinics</b>		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	59.6%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	80.3%

#### Effective financial management

Key performance indicator	Target	Result
<b>Finance</b>		
Operating result (\$m)	0.00	(5.96M)
Average number of days to paying trade creditors	60 days	44 days
Average number of days to receiving patient fee debtors	60 days	76 days
Public and Private WIES activity performance to target	100%	101.3%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.48
Forecast number of days a health service can maintain its operations with unrestricted available cash (based on end-of-year forecast)	14 days	8.9 days
Actual number of days a health service can maintain its operations with unrestricted available cash, measured on the last day of each month	14 days	8.9 days
Measures the accuracy of forecasting the net result from transactions (NRFT) for the current financial year ending 30 June	Variance ≤ \$250,000	(0.9M)

## Part C: Activity and funding

Funding type	2018-19 activity achievement
<b>Acute admitted</b>	
WIES Public	66,496
WIES Private	16,809
WIES DVA	878
WIES TAC	692
<b>Acute non-admitted</b>	
Home Enteral Nutrition	1,393
Home Renal Dialysis	67
Radiotherapy WAUs Public	73,390
Radiotherapy WAUs DVA	1,252
Specialist Clinics	148,082
Total Parenteral Nutrition	120
<b>Subacute and Non-acute-admitted</b>	
Subacute WIES – Rehabilitation Public	1,447
Subacute WIES – Rehabilitation Private	364
Subacute WIES – GEM Public	1,379
Subacute WIES – GEM Private	339
Subacute WIES – Palliative Care Public	416
Subacute WIES – Palliative Care Private	114
Subacute WIES – DVA	126
Transition Care – bed days	7,551
Transition Care – home days	10,306
<b>Subacute non-admitted</b>	
Health Independence Program – Public	70,814
<b>Mental Health and Drug Services</b>	
Mental Health Ambulatory	46,561
Mental Health Inpatient – available bed days	39,082
Mental Health Inpatient – Secure Unit	9,131
Mental Health Subacute	16,436
Drug Services	140
<b>Other</b>	
NFC – Transplants – Paediatric Liver	4.95 <sup>2</sup>
Health Workforce	309

<sup>2</sup> Equates to 11 transplants

# Financial summary

Austin Health's major financial and strategic objective is to provide the necessary resources to meet anticipated activity levels, address essential capital needs and ensure cash sustainability. The operating result before capital and specific items is monitored by DHHS in its Statement of Priorities performance review. The net operating deficit of \$5,964k is reflective of the increase in activity growth and the demand on services. Net results from transactions has increased significantly by \$340m due to asset revaluation of land and buildings.

	Total 2019 \$'000	Total 2018 \$'000	Total 2017 \$'000	Total 2016 \$'000	Total 2015 \$'000
<b>Net Operating Result*</b>	<b>(5,964)</b>	<b>121</b>	<b>1,076</b>	<b>5,313</b>	<b>3,885</b>
<b>Capital and specific items</b>					
Capital and other income	34,833	49,568	24,974	24,588	19,313
Asset provided free of charge	13	-	-	-	-
Non-Financial Asset Revaluation	340,310	120,099	-	24,560	-
Expenditure for capital purpose	(1,617)	(668)	(1,345)	(1,428)	(5,514)
Depreciation and amortisation	(65,476)	(70,473)	(68,152)	(72,155)	(75,212)
Other expenses	(9,117)	(1,928)	2,207	-	-
<b>Comprehensive Net result from transactions</b>	<b>292,982</b>	<b>96,719</b>	<b>(41,240)</b>	<b>(19,122)</b>	<b>(57,528)</b>

\* The Net operating result is the result which the health service is monitored against in its Statement of Priorities

	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000
<b>Operating Result</b>					
Total revenue	1,023,589	985,341	894,047	854,266	786,295
Total expenses	(1,061,819)	(1,006,778)	(892,971)	(848,953)	(782,410)
<b>Net result from transactions</b>	<b>(38,229)</b>	<b>(21,437)</b>	<b>1,076</b>	<b>5,313</b>	<b>3,885</b>
Total other economic flows	331,212	118,157	(42,315)	(48,995)	(61,413)
<b>Net result</b>	<b>292,982</b>	<b>96,719</b>	<b>(41,239)</b>	<b>(43,682)</b>	<b>(57,528)</b>
Total assets	1,648,554	1,341,211	1,235,753	1,266,547	1,262,313
Total liabilities	310,675	296,314	287,575	277,129	253,774
<b>Net assets/Total equity</b>	<b>1,337,879</b>	<b>1,044,897</b>	<b>948,178</b>	<b>989,418</b>	<b>1,008,539</b>

# Disclosure index

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

Legislation	Requirement	Page Ref
<b>Charter and purpose</b>		
FRD 22H	Manner of establishment and the relevant Ministers	<b>3</b>
FRD 22H	Purpose, functions, powers and duties	<b>6–7</b>
FRD 22H	Nature and range of services provided	<b>6–7</b>
FRD 22H	Activities, programs and achievements for the reporting period	<b>4–37</b>
FRD 22H	Significant changes in key initiatives and expectations for the future	<b>8–9</b>
<b>Management and structure</b>		
FRD 22H	Organisational structure	<b>39</b>
FRD 22H	Workforce data/ employment and conduct principles	<b>18–20</b>
FRD 22H	Occupational Health and Safety	<b>23</b>
<b>Financial information</b>		
FRD 22H	Summary of the financial results for the year	<b>54</b>
FRD 22H	Significant changes in financial position during the year	<b>54</b>
FRD 22H	Operational and budgetary objectives and performance against objectives	<b>44–53</b>
FRD 22H	Subsequent events	<b>106</b>
FRD 22H	Details of consultancies under \$10,000	<b>43</b>
FRD 22H	Details of consultancies over \$10,000	<b>43</b>
FRD 22H	Disclosure of ICT expenditure	<b>42</b>
<b>Legislation</b>		
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	<b>42</b>
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	<b>41</b>
FRD 22H	Application and operation of <i>Protected Disclosure 2012</i>	<b>41</b>
FRD 22H	Statement on National Competition Policy	<b>41</b>
FRD 22H	Application and operation of <i>Carers Recognition Act 2012</i>	<b>41</b>
FRD 22H	Summary of the entity's environmental performance	<b>36</b>
FRD 22H	Additional information available on request	<b>42</b>
<b>Other relevant reporting directives</b>		
FRD 25C	Victorian Industry Participation Policy disclosures	<b>41</b>
SD 5.1.4	Financial Management Compliance attestation	<b>40</b>
SD 5.2.3	Declaration in Report of Operations	<b>9</b>
<b>Attestations</b>		
	Attestation on Data Integrity	<b>40</b>
	Attestation on managing Conflicts of Interest	<b>40</b>
	Attestation on Integrity, fraud and corruption	<b>40</b>
<b>Other reporting requirements</b>		
	Reporting of outcomes from Statement of Priorities 2018–19	<b>44–53</b>
	Occupational Violence reporting	<b>23</b>
	Reporting of compliance Health Purchasing Victoria policy	<b>40</b>
	Reporting obligations under the <i>Safe Patient Care Act 2015</i>	<b>41</b>
	Reporting of compliance regarding Car Parking Fees (if applicable)	<b>41</b>

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# Financials

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## Austin Health Chairperson's, Chief Executive Officer's and Chief Financial Officer's Declaration

The attached financial statements for Austin Health have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under 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 2019 and the financial position of Austin Health at 30 June 2019.

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

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



**The Hon. Judith Troeth, AM**  
Chairperson

Heidelberg, Victoria  
26/08/2019



**Ms Shelley Castree-Croad**  
Chief Executive Officer (Acting)

Heidelberg, Victoria  
26/08/2019



**Ms Sophie Dixon**  
Chief Finance Officer (Acting)

Heidelberg, Victoria  
26/08/2019

# Independent Auditor's Report

## To the Board of Austin Health

<b>Opinion</b>	<p>I have audited the financial report of Austin Health (the health service) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2019</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• chairperson's, chief executive officer's and chief financial officer's declaration.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Board's responsibilities for the financial report</b>	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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

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

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

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

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# Financial Statements and Notes

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# Comprehensive Operating Statement

for the Financial Year ended  
30 June 2019

	Note	2019 \$'000	2018 \$'000
<b>Income from Transactions</b>			
Operating Activities	2.1	1,023,547	985,255
Non-operating Activities	2.1	42	86
<b>Total Income from Transactions</b>		<b>1,023,589</b>	<b>985,341</b>
<b>Expenses from Transactions</b>			
Employee Expenses	3.1	(736,234)	(682,532)
Supplies and Consumables	3.1	(147,918)	(146,070)
Finance Costs	3.1	(2,172)	(2,020)
Depreciation and Amortisation	4.3	(65,476)	(70,473)
Other Operating Expenses	3.1	(109,073)	(105,030)
Other Non-operating expenses		(946)	(653)
<b>Total Expenses from Transactions</b>		<b>(1,061,819)</b>	<b>(1,006,778)</b>
<b>Net Result from Transactions – Net Operating Balance</b>		<b>(38,229)</b>	<b>(21,437)</b>
<b>Other Economic Flows included in Net Result</b>			
Net gain/(loss) on Non-Financial Instruments	3.2	19	(14)
Net gain/(loss) on Financial Instruments	3.2	(2,723)	(1,883)
Net gain/(loss) on Revaluation of Long Service Leave liability	3.2	(6,394)	(45)
<b>Total Other Economic Flows included in Net Result</b>		<b>(9,098)</b>	<b>(1,942)</b>
<b>Net Result for the Year</b>		<b>(47,328)</b>	<b>(23,380)</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be Reclassified to Net Result</b>			
Changes in Property, Plant and Equipment Revaluation Surplus	4.1 (f)	340,310	120,099
<b>Total Other Comprehensive Income</b>		<b>340,310</b>	<b>120,099</b>
<b>Comprehensive Result for the Year</b>		<b>292,982</b>	<b>96,719</b>

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

# Balance Sheet

as at 30 June 2019

	Note	2019 \$'000	2018 \$'000
<b>Current Assets</b>			
Cash and Cash Equivalents	6.2	36,631	57,604
Receivables	5.1	46,915	36,352
Inventories		8,364	7,998
Other Financial Assets		6,720	6,118
<b>Total Current Assets</b>		<b>98,630</b>	<b>108,071</b>
<b>Non-Current Assets</b>			
Receivables	5.1	51,916	43,366
Property, Plant and Equipment	4.1 (a)	1,494,882	1,183,927
Intangible Assets	4.2	2,997	5,689
Prepayments and Other Assets		129	158
<b>Total Non-Current Assets</b>		<b>1,549,924</b>	<b>1,233,140</b>
<b>TOTAL ASSETS</b>		<b>1,648,554</b>	<b>1,341,211</b>
<b>Current Liabilities</b>			
Payables	5.2	59,856	68,479
Borrowings	6.1	1,814	1,739
Provisions	3.4	188,622	167,520
Other Liabilities	5.3	251	280
<b>Total Current Liabilities</b>		<b>250,543</b>	<b>238,018</b>
<b>Non-Current Liabilities</b>			
Borrowings	6.1	32,389	34,143
Provisions	3.4	27,743	24,153
<b>Total Non-Current Liabilities</b>		<b>60,132</b>	<b>58,296</b>
<b>TOTAL LIABILITIES</b>		<b>310,675</b>	<b>296,314</b>
<b>NET ASSETS</b>		<b>1,337,879</b>	<b>1,044,897</b>
<b>EQUITY</b>			
Property, Plant and Equipment Revaluation Surplus	4.1 (f)	1,162,903	822,593
Restricted Specific Purpose Surplus		7,465	7,777
Contributed Capital		531,696	531,696
Accumulated Deficits		(364,185)	(317,169)
<b>TOTAL EQUITY</b>		<b>1,337,879</b>	<b>1,044,897</b>

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

# Statement of Changes in Equity

for the Financial Year  
ended 30 June 2019

	Property, Plant and Equipment Revaluation Surplus \$'000	Restricted Specific Purpose Surplus \$'000	Contributed Capital \$'000	Accumulated Deficits \$'000	Total \$'000
<b>Balance at 1 July 2017</b>	<b>702,494</b>	<b>7,833</b>	<b>531,696</b>	<b>(293,845)</b>	<b>948,178</b>
Net result for the year	-	-	-	(23,380)	(23,380)
Other comprehensive income for the year	120,099	-	-	-	120,099
Transfer from/(to) accumulated deficits		(56)	-	56	-
<b>Balance at 30 June 2018</b>	<b>822,593</b>	<b>7,777</b>	<b>531,696</b>	<b>(317,169)</b>	<b>1,044,897</b>
Net result for the year	-	-	-	(47,328)	(47,328)
Other comprehensive income for the year	340,310	-	-	-	340,310
Transfer from/(to) accumulated deficits	-	(312)	-	312	-
<b>Balance at 30 June 2019</b>	<b>1,162,903</b>	<b>7,465</b>	<b>531,696</b>	<b>(364,185)</b>	<b>1,337,879</b>

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

# Cash Flow Statement

for the Financial Year  
ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
<b>Cash Flows from Operating Activities</b>			
Operating Grants from Government		788,445	744,592
Capital Grants from Government		27,355	34,327
Patient Fees Received		36,461	30,141
Private Practice Fees Received		17,723	16,652
Donations and Bequests Received		12,047	6,958
GST Received from/(paid to) ATO		298	70
Interest and Investment Income Received		191	1,459
Recoupment from Private Practice for use of Hospital Facilities		44,986	44,956
Other Receipts		66,795	70,601
<b>Total Receipts</b>		<b>994,301</b>	<b>949,756</b>
Employee Expenses Paid		(704,899)	(652,139)
Non-Salary Labour Costs		(10,353)	(10,103)
Payments for Supplies and Consumables		(147,918)	(146,070)
Payments for Medical Indemnity Insurance		(8,654)	(8,473)
Payments for Repairs and Maintenance		(37,588)	(36,210)
Finance Costs		(2,187)	(2,034)
Other Payments		(74,953)	(65,975)
<b>Total Payments</b>		<b>(986,552)</b>	<b>(921,004)</b>
<b>Net Cash Flows from/(used in) Operating Activities</b>	8.1	<b>7,749</b>	<b>28,752</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of Non-Financial Assets		(25,479)	(36,349)
Purchase of Intangible Assets		(1,559)	(5,845)
Proceeds from Disposal of Non-Financial Assets		-	54
<b>Net Cash Flows from/(used in) Investing Activities</b>		<b>(27,038)</b>	<b>(42,140)</b>
<b>Cash Flows from Financing Activities</b>			
Repayment of Borrowings		(1,679)	(1,628)
<b>Net Cash Flows from /(used in) Financing Activities</b>		<b>(1,679)</b>	<b>(1,628)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents Held</b>		<b>(20,968)</b>	<b>(15,016)</b>
Cash and Cash Equivalents at Beginning of Year		57,554	72,570
<b>Cash and Cash Equivalents at End of Year</b>	6.2	<b>36,586</b>	<b>57,554</b>

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

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# Notes to the Financial Statements

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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 year ended 30 June 2019. The report provides users with information about Austin Health's stewardship of resources entrusted to it.

### Basis of Preparation

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

### (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 Board (AASB), which include interpretations issued by the 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 Assistant Treasurer.

Austin Health is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" Health Service under the AASBs.

### (b) Reporting Entity

The financial statements include all the controlled activities of Austin Health. Its principal address is:

**145 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.

### **(c) Basis of Accounting Preparation and Measurement**

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

The accounting policies have been applied in preparing the financial statements for the year ended 30 June 2019, and the comparative information presented in these financial statements for the year ended 30 June 2018.

The financial statements are prepared on a going concern basis (refer to Note 8.9 Economic Dependency).

These financial statements are presented in Australian dollars, the functional and presentation currency of Austin Health.

All amounts shown in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated. Minor discrepancies in tables between totals and sum of components are due to rounding.

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 Research, Private Practice, Fundraising, Commercial Activities, Specific and General Projects, and General Department Funds.

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.

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASBs that have significant effects on the financial statements and estimates are disclosed in the notes effected by those judgements:

- the fair value of land, buildings and plant and equipment (refer to Note 4.1 Property, Plant and Equipment);
- defined benefit superannuation expense (refer to Note 3.5 Superannuation)
- employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4 Employee Benefits in the Balance Sheet).

### **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 Australian Taxation Office (ATO). In this case the GST payable 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 ATO 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 ATO, are presented as operating cash flow.

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

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

#### **(d) Jointly Controlled Operation**

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

In respect of any interest in joint operations, Austin Health recognises in the financial statements:

- its assets, including its share of any assets held jointly
- any liabilities including its share of liabilities that it had incurred
- its revenue from the sale of its share of the output from the joint operation
- its share of the revenue from the sale of the output by the operation
- its expenses, including its share of any expenses incurred jointly.

Austin Health is a member of the Victorian Comprehensive Cancer Centre Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.8 Jointly Controlled Operations).

#### **(e) Equity**

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Austin Health.

Other transfers that are in the nature of contributions or distributions or that have been designated as contributed capital are also treated as contributed capital.

#### **(f) Comparatives**

Where applicable, the comparative figures have been restated to align with the presentation in the current year. Figures have been restated at Notes 2.1, 3.1, 3.2, 6.4, 7.1 (a), 7.1 (c) and 8.1.

## Note 2: Funding Delivery of our Services

Austin Health's overall objective is to provide a quality health service that delivers programs and services to support and enhance the wellbeing of all Victorians.

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

Austin Health also receives income from the supply of services.

### Structure

#### 2.1 Income from Transactions

### Note 2.1: Income from Transactions

	2019 \$'000	2018 \$'000
Government Grants – Operating	797,678	753,166
Government Grants – Capital	26,837	606
Other Capital Purpose Income (including capital donations)	6,908	48,876
Patient and Resident Fees	38,512	39,826
Private Practice Fees	44,986	44,956
Commercial Activities <sup>1</sup>	78,856	72,332
Other Revenue from Operating Activities (including non-capital donations)	29,770	25,493
<b>Total Income from Operating Activities</b>	<b>1,023,547</b>	<b>985,255</b>
Capital Interest	42	86
<b>Total Income from Non-Operating Activities</b>	<b>42</b>	<b>86</b>
<b>Total Income from Transactions</b>	<b>1,023,589</b>	<b>985,341</b>

<sup>1</sup> Commercial activities represent business activities which a health service enters into to support their operations.

### Note 2.1: Income from Transactions (continued)

#### **Revenue Recognition**

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

Amounts disclosed as revenue are, where applicable, net of returns, allowances, 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 Austin Health gains control of the underlying assets irrespective of whether conditions are imposed on Austin Health's use of the contributions.

The Department of Health and Human Services makes certain payments on behalf of Austin Health. These amounts have been brought to account as grants in determining the operating result for the year by recording them as revenue.

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

#### **Non-cash Contributions from the Department of Health and Human Services**

The Department of Health and Human Services makes some payments on behalf of health services as follows:

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the Department of Health and Human Services.
- Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health and Human Services Hospital Circular.

#### **Patient and Resident Fees**

Patient and resident fees are recognised as revenue on an accrual basis.

#### **Private Practice Fees**

Private practice fees are recognised as revenue at the time invoices are raised, and include recoupments from private practice for the use of hospital facilities.

#### **Revenue from Commercial Activities**

Revenue from commercial activities such as car park and property rental income are recognised on an accrual basis.

#### **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 amount. Contributions in the form of services are only recognised when a fair value can be reliably determined and the service would have been purchased if not received as a donation.

#### **Other Income**

Other income is recognised as revenue when received. Other income includes recoveries for salaries and wages and external services provided, and donations and bequests. If donations are for a specific purpose, they may be appropriated to a surplus, such as the specific restricted purpose surplus.

#### **Interest Revenue**

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

## Note 3: The Cost of Delivering our Services

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

### Structure

#### 3.1 Expenses from Transactions

#### 3.2 Other Economic Flows

#### 3.3 Analysis of Expenses and Revenue by Internally Managed and Restricted Specific Purpose Funds

#### 3.4 Employee Benefits in the Balance Sheet

#### 3.5 Superannuation

## Note 3.1: Expenses from Transactions

	2019 \$'000	2018 \$'000
Salaries and Wages	565,949	526,448
On-costs	150,022	136,664
Agency Expenses	10,353	10,103
Fee for Service Medical Officer Expenses	2,270	1,876
WorkCover Premium	7,640	7,441
<b>Total Employee Expenses</b>	<b>736,234</b>	<b>682,532</b>
Drug Supplies	67,719	69,731
Medical and Surgical Supplies (including Prostheses)	55,307	53,583
Diagnostic and Radiology Supplies	10,193	9,399
Other Supplies and Consumables	14,699	13,357
<b>Total Supplies and Consumables</b>	<b>147,918</b>	<b>146,070</b>
Finance Costs	2,172	2,020
<b>Total Finance Costs</b>	<b>2,172</b>	<b>2,020</b>
Fuel, Light, Power and Water	13,910	13,626
Repairs and Maintenance	12,745	10,862
Maintenance Contracts	24,843	25,348
Medical Indemnity Insurance	8,654	8,473
Other Administrative Expenses	48,921	46,721
<b>Total Other Operating Expenses</b>	<b>109,073</b>	<b>105,030</b>
Expenditure for Capital Purposes	946	668
Depreciation and Amortisation (refer Note 4.3)	65,476	70,473
<b>Total Other Non-Operating Expenses</b>	<b>66,422</b>	<b>71,141</b>
<b>Total Expenses from Transactions</b>	<b>1,061,819</b>	<b>1,006,793</b>

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

## Notes to the Financial Statements (continued)

### Note 3.1: Expenses from Transactions (continued)

#### Employee Expenses

Employee expenses include:

- salaries and wages (including fringe benefits tax, leave entitlements, termination payments)
- on-costs
- agency expenses
- fee for service medical officer expenses
- WorkCover premiums.

#### 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.

#### Other Operating Expenses

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

- fuel, light and power
- repairs and maintenance
- other administrative expenses
- expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold).

The Department of Health and Human Services also makes certain payments on behalf of Austin Health. These amounts have been brought to account as grants in determining the operating result for the year by recording them as revenue and also recording the related expense.

#### Non-Operating Expenses

Other non-operating expenses generally represent expenditure for outside the normal operations such as depreciation and amortisation.

### Note 3.2: Other Economic Flows Included in Net Result

	2019 \$'000	2018 \$'000
<b>Net Gain/(Loss) on Sale of Non-Financial Assets</b>		
Net Gain/(Loss) on Disposal of Property Plant and Equipment	19	(14)
<b>Total Net Gain/(Loss) on Non-Financial Assets</b>	<b>19</b>	<b>(14)</b>
<b>Net Gain/(Loss) On Financial Instruments at Fair Value</b>		
Bad Debts Written Off	(1,503)	(977)
Allowance for Impairment Losses of Contractual Receivables	(1,220)	(906)
<b>Total Net Gain/(Loss) on Financial Instruments</b>	<b>(2,723)</b>	<b>(1,883)</b>
<b>Other Gains/(Losses) from other Economic Flows</b>		
Net Gain/(Loss) arising from Revaluation of Long Service Liability	(6,394)	(45)
<b>Total Other Gains/(Losses) from other Economic Flows</b>	<b>(6,394)</b>	<b>(45)</b>
<b>Total Other Gains/(Losses) from Economic Flows</b>	<b>(9,098)</b>	<b>(1,942)</b>

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates
- reclassified amounts relating to available-for-sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or "other transfers" of assets.

#### **Net Gain/(Loss) on Non-Financial Assets**

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

- revaluation gains/(losses) of non-financial physical assets (Refer to Note 4.2 Property plant and equipment);
- net gain/(loss) on disposal of non-financial assets
- Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

#### **Net Gain/(Loss) on Financial Instruments at Fair Value**

Net gain/(loss) on financial instruments at fair value 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
- disposals of financial assets and derecognition of financial liabilities.

#### **Impairment of Non-Financial Assets**

Intangible assets with indefinite useful lives (and intangible assets not available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired.

#### **Other Gains/(Losses) from other Economic Flows**

Other gains/(losses) include:

- the revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors
- transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

#### **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 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 considerations are measured at current replacement cost at the date of acquisition.

The basis 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 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.

#### **Fair Value of Assets, Services Provided Free of Charge or for Nominal Consideration**

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them.

### Note 3.3: Analysis of Expenses and Revenue by Internally Managed and Restricted Specific Purpose Funds

	Revenue		Expense	
	Total 2019 \$'000	Total 2018 \$'000	Total 2019 \$'000	Total 2018 \$'000
<b>Business Units and Commercial Activities</b>				
Affiliated Entities	1,559	1,631	1,557	1,586
Car Park	11,540	11,513	2,828	2,909
Cardiology	1,056	1,047	746	823
Childcare Centre	1,842	1,764	1,694	1,615
Diagnostic Imaging	4,046	3,584	1,142	699
Food Production Kitchen	3,697	3,758	3,406	3,749
Fundraising and Community Support	6,673	5,596	3,689	3,750
Hospital Department Funds	2,336	2,273	2,547	2,144
Laboratory Medicine	9,021	6,535	1,879	1,752
Nuclear Medicine	1,205	1,237	210	381
Other Activities	2,746	2,673	1,938	1,331
Private Practice and Other Patient Activities	9,416	8,543	5,829	5,323
Research	19,244	17,887	17,373	15,309
Retail Services	1,153	1,449	6	6
Salary Packaging	3,321	2,841	1,285	814
<b>TOTAL</b>	<b>78,855</b>	<b>72,332</b>	<b>46,131</b>	<b>42,192</b>

Commercial activities are included as a line item in note 2.1, and are separated out here to provide a breakdown of the major commercial activities contributing to this. Fundraising and Community Support excludes \$1.5m allocated to specific business units and commercial activities.

## Note 3.4: Employee Benefits in the Balance Sheet

	<b>Total 2019 \$'000</b>	<b>Total 2018 \$'000</b>
<b>Current Provisions</b>		
Employee Benefits <sup>i</sup>		
<b>Accrued Days Off</b>		
unconditional and expected to be settled wholly within 12 months <sup>ii</sup>	1,757	1,668
<b>Annual Leave</b>		
unconditional and expected to be settled wholly within 12 months <sup>ii</sup>	49,931	45,012
unconditional and expected to be settled wholly after 12 months <sup>iii</sup>	8,347	7,636
<b>Long Service Leave</b>		
unconditional and expected to be settled wholly within 12 months <sup>ii</sup>	57,006	52,660
unconditional and expected to be settled wholly after 12 months <sup>iii</sup>	51,975	43,131
<b>Provisions Related to Employee Benefit On-Costs</b>		
Unconditional and expected to be settled within 12 months <sup>ii</sup>	12,609	11,523
Unconditional and expected to be settled after 12 months <sup>iii</sup>	6,997	5,889
<b>Total Current Provisions</b>	<b>188,622</b>	<b>167,520</b>
<b>Non-Current Provisions</b>		
Conditional Long Service Leave	24,859	21,643
Provisions Related to Employee Benefit On-Costs	2,884	2,510
<b>Total Non-Current Provisions</b>	<b>27,743</b>	<b>24,153</b>
<b>Total Provisions</b>	<b>216,365</b>	<b>191,673</b>

<sup>i</sup> Employee benefits consist of amounts for accrued days off, annual leave and long service leave accrued by employees, not including on-costs.

<sup>ii</sup> The amounts disclosed are nominal amounts.

<sup>iii</sup> The amounts disclosed are discounted to present values.

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

<b>Current Employee Benefits and Related On-Costs</b>		
Unconditional long service leave entitlements	121,623	106,903
Annual leave entitlements	65,037	58,756
Accrued days off	1,962	1,861
<b>Non-Current Employee Benefits and Related On-Costs</b>		
Conditional long service leave entitlements	27,743	24,153
<b>Total Employee Benefits And Related On-Costs</b>	<b>216,365</b>	<b>191,673</b>

### (b) Movement in On-Costs Provision

<b>Balance at start of year</b>	<b>19,922</b>
Additional provisions recognised	10,853
Unwinding of discount and effect of changes in discount rate	742
Reduction due to transfer out	(9,027)
<b>Balance at end of year</b>	<b>22,490</b>

### Note 3.4: Employee Benefits in the Balance Sheet (continued)

#### **Employee Benefit Recognition**

Provision is made for benefits accruing to employees in respect of accrued days off, annual leave and long service leave for services rendered to the reporting date as an expense during the period the services are delivered.

#### **Provisions**

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

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

#### **Annual Leave and Accrued Days Off**

Liabilities for annual leave and accrued days off are recognised in the provision for employee benefits as "current liabilities" because Austin Health does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for annual leave and accrued days off are measured at:

- nominal value – if Austin Health expects to wholly settle within 12 months; or
- present value – if Austin Health does not expect to wholly settle within 12 months.

#### **Long Service Leave**

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

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

The components of this current LSL liability are measured at:

- nominal value – if Austin Health expects to wholly settle within 12 months; or
- present value – if Austin Health does not expect to wholly settle within 12 months.

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

#### **Termination Benefits**

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

#### **On-Costs Related to Employee Benefits**

Provision for on-costs such as workers compensation and superannuation are recognised separately from provisions for employee benefits.

## Note 3.5: Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	Total 2019 \$'000	Total 2018 \$'000	Total 2019 \$'000	Total 2018 \$'000
<b>Defined Benefit Plans:<sup>i</sup></b>				
First State Super	1,263	1,298	199	152
Commonwealth Superannuation Scheme	1,992	2,076	52	53
ESS (previously GSO)	107	134	2	2
<b>Defined Contribution Plans:</b>				
First State Super	29,479	28,501	4,201	2,936
Hesta	19,849	18,286	3,011	1,898
Other	3,513	2,418	536	342
<b>Total</b>	<b>56,203</b>	<b>52,713</b>	<b>8,001</b>	<b>5,383</b>

<sup>i</sup> The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

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

### Defined Benefit Superannuation Plans

The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by Austin Health to the superannuation plans in respect of the services of current Austin Health staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan and are based upon actuarial advice.

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

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of Austin Health.

The name, details and amounts that have been expensed in relation to the major employee superannuation funds and contributions made by Austin Health are disclosed above.

### 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 4: Key Assets to Support Service Delivery

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

#### Structure

4.1 Property, Plant and Equipment

4.2 Intangible Assets

4.3 Depreciation and Amortisation

### Note 4.1: Property, Plant and Equipment

#### (a) Gross Carrying Amount and Accumulated Depreciation

	Total 2019 \$'000	Total 2018 \$'000
<b>Land</b>		
Crown Land at Fair Value	45,581	32,345
— Freehold Land at Fair Value	216,215	172,644
<b>Total Land</b>	<b>261,796</b>	<b>204,989</b>
<b>Buildings</b>		
Buildings Under Construction	60,889	67,696
Buildings at Fair Value	1,125,840	867,802
Leasehold Improvements at Cost	7	7
— Less Accumulated Depreciation	(1)	-
<b>Total Buildings</b>	<b>1,186,735</b>	<b>935,505</b>
<b>Plant and Equipment</b>		
Plant and Equipment at Fair Value	37,792	36,928
— Less Accumulated Depreciation	(27,760)	(25,193)
<b>Total Plant and Equipment</b>	<b>10,032</b>	<b>11,736</b>

	<b>Total 2019 \$'000</b>	<b>Total 2018 \$'000</b>
<b>Motor Vehicles</b>		
Motor Vehicles at Fair Value	1,115	1,115
— Less Accumulated Depreciation	(1,115)	(1,115)
<b>Total Motor Vehicles</b>	<b>-</b>	<b>-</b>
<b>Medical Equipment</b>		
Medical Equipment at Fair Value	119,144	118,061
— Less Accumulated Depreciation	(102,395)	(101,161)
<b>Total Medical Equipment</b>	<b>16,749</b>	<b>16,900</b>
<b>Computers and Communication Equipment</b>		
Computers and Communication Equipment at Fair Value	23,592	22,046
— Less Accumulated Depreciation	(21,984)	(20,082)
<b>Total Computers and Communication Equipment</b>	<b>1,608</b>	<b>1,964</b>
<b>Furniture and Fittings</b>		
Furniture and Fittings at Fair Value	2,466	2,305
— Less Accumulated Depreciation	(2,286)	(2,176)
<b>Total Furniture and Fittings</b>	<b>180</b>	<b>130</b>
<b>Other Equipment</b>		
Other Equipment at Fair Value	17,140	16,409
— Less Accumulated Depreciation	(15,747)	(14,931)
Equipment Under Construction	16,389	11,226
<b>Total Other Equipment</b>	<b>17,782</b>	<b>12,704</b>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>1,494,882</b>	<b>1,183,927</b>

## Note 4.1: Property, Plant and Equipment (continued)

### (b) Reconciliations of the Carrying Amounts of Each Class of Asset

	Land \$'000	Buildings \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000	Leasehold Improvement \$'000
<b>Balance at 1 July 2017</b>	<b>181,947</b>	<b>846,927</b>	<b>12,882</b>	<b>-</b>	<b>-</b>
Net Additions and Transfers between classes	-	42,419	1,359	-	7
Disposals	-	-	-	-	-
Revaluation increments/(decrements)	23,042	97,057	-	-	-
Net Transfers between classes	-	-	-	-	-
Depreciation (refer Note 4.3)	-	(50,905)	(2,505)	-	-
<b>Balance at 1 July 2018</b>	<b>204,989</b>	<b>935,498</b>	<b>11,736</b>	<b>-</b>	<b>7</b>
Net Additions and Transfers between classes	-	14,753	863	-	-
Disposals	-	-	-	-	-
Assets provided free of charge	-	-	-	-	-
Revaluation increments/(decrements)	56,807	283,503	-	-	-
Depreciation (refer Note 4.3)	-	(47,025)	(2,567)	-	(1)
<b>Balance at 30 June 2019</b>	<b>261,796</b>	<b>1,186,729</b>	<b>10,032</b>	<b>-</b>	<b>6</b>

### Land and Buildings and Assets Carried at Valuation

The Valuer-General Victoria undertook to re-value all of Austin Health's owned land and buildings to determine their fair value. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation is 30 June 2019.

In 2017-18, management carried out an assessment of land and buildings based on VGV indices. This resulted in a material increase of 13% (\$23m) for land and an 11% increase (\$97m) for buildings. These percentages were greater than 10% and in accordance with FRD 103H, agreement was sought and received from DHHS Chief Reporting Officer to record the changes.

Medical Equipment \$'000	Computers and Comm Equipment \$'000	Furniture and Fittings \$'000	Other Equipment \$'000	Equipment under Construction \$'000	Total
<b>14,011</b>	<b>1,594</b>	<b>165</b>	<b>1,514</b>	<b>19,617</b>	<b>1,078,657</b>
12,814	2,179	94	1,041	(8,391)	51,522
(71)	-	-	-	-	(71)
-	-	-	-	-	120,099
-	-	-	-	-	-
(9,855)	(1,809)	(129)	(1,077)	-	(66,280)
<b>16,900</b>	<b>1,964</b>	<b>130</b>	<b>1,478</b>	<b>11,226</b>	<b>1,183,927</b>
8,320	1,826	160	798	5,163	31,883
(26)	-	-	-	-	(26)
13	-	-	-	-	13
-	-	-	-	-	340,310
(8,458)	(2,182)	(110)	(882)	-	(61,225)
<b>16,749</b>	<b>1,608</b>	<b>180</b>	<b>1,393</b>	<b>16,389</b>	<b>1,494,882</b>

## Notes to the Financial Statements (continued)

### Note 4.1: Property, Plant and Equipment (continued)

#### (c) Fair Value Measurement Hierarchy for Assets

	Fair Value Measurement at End of Reporting Period Using:			
	Total \$'000	Level 1 <sup>i</sup> \$'000	Level 2 <sup>i</sup> \$'000	Level 3 <sup>i</sup> \$'000
<b>Balance at 30 June 2019</b>				
Land at Fair Value				
— Specialised Land	261,796	-	-	261,796
<b>Total Land at Fair Value</b>	<b>261,796</b>	<b>-</b>	<b>-</b>	<b>261,796</b>
Buildings at Fair Value				
— Specialised Buildings	1,125,840	-	-	1,125,840
<b>Total Building at Fair Value</b>	<b>1,125,840</b>	<b>-</b>	<b>-</b>	<b>1,125,840</b>
Plant and Equipment at Fair Value	11,425	-	-	11,425
Medical Equipment at Fair Value	16,749	-	-	16,749
Computers and Communication Equipment at Fair Value	1,608	-	-	1,608
Furniture and Fittings at Fair Value	180	-	-	180
<b>Total Property, Plant and Equipment</b>	<b>1,417,598</b>	<b>-</b>	<b>-</b>	<b>1,417,598</b>

Classified in accordance with the fair value hierarchy.

	Fair Value Measurement at End of Reporting Period Using:			
	Total \$'000	Level 1 <sup>i</sup> \$'000	Level 2 <sup>i</sup> \$'000	Level 3 <sup>i</sup> \$'000
<b>Balance at 30 June 2018</b>				
Land at Fair Value				
— Specialised Land	204,989	-	-	204,989
<b>Total Land at Fair Value</b>	<b>204,989</b>	<b>-</b>	<b>-</b>	<b>204,989</b>
Buildings at Fair Value				
— Specialised Buildings	867,802	-	-	867,802
<b>Total Building at Fair Value</b>	<b>867,802</b>	<b>-</b>	<b>-</b>	<b>867,802</b>
Plant and Equipment at Fair Value	13,214	-	-	13,214
Medical Equipment at Fair Value	16,900	-	-	16,900
Computers and Communication Equipment at Fair Value	1,964	-	-	1,964
Furniture and Fittings at Fair Value	130	-	-	130
<b>Total Property, Plant and Equipment</b>	<b>1,104,999</b>	<b>-</b>	<b>-</b>	<b>1,104,999</b>

<sup>i</sup> Classified in accordance with the fair value hierarchy.

## Notes to the Financial Statements (continued)

### Note 4.1: Property, Plant and Equipment (continued)

#### (d) Reconciliation of Level 3 Fair Value <sup>i</sup>

Total	Land \$'000	Buildings \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000
<b>Balance at 1 July 2018</b>	<b>204,989</b>	<b>867,802</b>	<b>11,736</b>	<b>-</b>
Additions/(Disposals)	-	14,753	863	-
Assets provided free of charge	-	-	-	-
Net Transfers between classes	-	6,807	-	-
Gains/(Losses) recognised in Net Result				
— Depreciation and Amortisation	-	(47,025)	(2,567)	-
Items recognised in Other Comprehensive Income				
— Revaluation	56,807	283,503	-	-
<b>Balance at 30 June 2019</b>	<b>261,796</b>	<b>1,125,840</b>	<b>10,032</b>	<b>-</b>
<b>Balance at 1 July 2017</b>	<b>181,947</b>	<b>639,196</b>	<b>12,882</b>	<b>-</b>
Additions/(Disposals)	-	182,454	1,359	-
Net Transfers between classes	-	-	-	-
Gains/(Losses) recognised in Net Result				
— Depreciation and Amortisation	-	(50,905)	(2,505)	-
Items recognised in Other Comprehensive Income				
— Revaluation	23,042	97,057	-	-
<b>Balance at 30 June 2018</b>	<b>204,989</b>	<b>867,802</b>	<b>11,736</b>	<b>-</b>

<sup>i</sup> Classified in accordance with the fair value hierarchy, refer Note 4.1 (c).

Medical Equipment \$'000	Computers and Comm Equipment \$'000	Other Equipment \$'000	Furniture and Fittings \$'000	Total \$'000
<b>16,900</b>	<b>1,964</b>	<b>1,478</b>	<b>130</b>	<b>1,104,999</b>
8,294	1,826	798	160	<b>26,694</b>
13	-	-	-	<b>13</b>
-	-	-	-	<b>6,807</b>
(8,458)	(2,182)	(882)	(110)	<b>(61,224)</b>
-	-	-	-	<b>340,310</b>
<b>16,749</b>	<b>1,608</b>	<b>1,393</b>	<b>180</b>	<b>1,417,598</b>
<b>14,011</b>	<b>1,594</b>	<b>1,514</b>	<b>165</b>	<b>851,307</b>
12,744	2,179	1,042	94	<b>199,873</b>
-	-	-	-	
(9,855)	(1,809)	(1,077)	(129)	<b>(66,280)</b>
-	-	-	-	<b>120,099</b>
<b>16,900</b>	<b>1,964</b>	<b>1,478</b>	<b>130</b>	<b>1,104,999</b>

## Notes to the Financial Statements (continued)

### Note 4.1: Property, Plant and Equipment (continued)

#### (e) Fair value determination

Asset Class	Expected Fair Value Level	Valuation Technique	Significant Inputs (Level 3 only)(c)
Land	Level 3	Market Approach	Community Service Obligations (CSO) adjustments
Buildings	Level 3	Current Replacement Cost	Cost approach using best available evidence from recognised building cost indicators and/or Quantity Surveyors and examples of current costs
Plant and Other Equipment (includes Plant and Equipment, Motor Vehicles, Computers, Other Equipment, Furniture and Fittings)	Level 3	Current Replacement Cost	Cost per unit and the useful life of the asset
Medical Equipment	Level 3	Current Replacement Cost	Cost per unit and the useful life of the asset

#### (f) Property, Plant and Equipment Revaluation Surplus

	2019 \$'000	2018 \$'000
<b>Property, Plant and Equipment Revaluation Surplus</b>		
Balance at the Beginning of the Reporting Period	822,593	702,494
Revaluation Increment (refer Note 4.1(b))		
Land	56,807	23,042
Buildings	283,503	97,057
<b>Balance at the end of the reporting period*</b>	<b>1,162,903</b>	<b>822,593</b>
<b>* Represented by:</b>		
- Land	236,340	179,533
- Buildings	926,563	643,060
	<b>1,162,903</b>	<b>822,593</b>

### **Initial Recognition**

Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment loss. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a merger/machinery of government change are transferred at their carrying amounts.

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

The initial cost for non-financial physical assets under finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Theoretical opportunities that may be available in relation to the asset(s) are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.

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

### **Revaluations of Non-Current Physical Assets**

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103H Non-Current Physical Assets. This revaluation process normally occurs every five years, based on 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.

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 de-recognition of the relevant asset, except where an asset is transferred via contributed capital.

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

### Note 4.1: Property, Plant and Equipment (continued)

#### **Fair Value Measurement**

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

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

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis.

#### **Valuation Hierarchy**

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

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

#### **Identifying Unobservable Inputs (level 3) Fair Value Measurements**

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

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

#### **Consideration of Highest and Best Use (HBU) for Non-Financial Physical Assets**

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

In accordance with AASB 13, Austin Health has assumed the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

### **Specialised Land and Specialised Buildings**

Specialised land includes Crown Land which is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the assets are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best use.

During the reporting period, Austin Health held Crown Land. The nature of this asset means that there are certain limitations and restrictions imposed on its use and/or disposal that may impact their fair value.

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

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

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

An independent valuation of Austin Health's specialised land and specialised buildings was performed by the Valuer-General Victoria. The land valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2019. CSO rate applied is 20% with the exception of the Austin site, which had a 50% CSO applied due to a Queen's Caveat. Independent valuation identified material movements in both land (\$56m-27%) and buildings (\$283m-33%).

### **Vehicles**

The Austin Health acquires new vehicles and at times disposes of them before completion of their economic life. The process of acquisition, use and disposal in the market is managed by Austin Health who set relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying amount (depreciated cost).

### **Plant and Equipment**

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

There were no changes in valuation techniques throughout the period to 30 June 2019.

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

## Note 4.2: Intangible Assets

### (a) Intangible Assets – Gross Carrying Amount and Accumulated Amortisation

	2019 \$'000	2018 \$'000
Intangible Produced Assets – Software	41,651	40,092
Less Accumulated Amortisation	(38,654)	(34,403)
<b>Total Intangible Assets</b>	<b>2,997</b>	<b>5,689</b>

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the previous and current financial year:

	Software \$'000	Total \$'000
<b>Balance at 1 July 2017</b>	4,037	4,037
Additions	5,845	5,845
Amortisation	(4,193)	(4,193)
<b>Balance at 1 July 2018</b>	<b>5,689</b>	<b>5,689</b>
Additions	1,559	1,559
Amortisation	(4,251)	(4,251)
<b>Balance at 30 June 2019</b>	<b>2,997</b>	<b>2,997</b>

Intangible assets represent identifiable non-monetary assets without physical substance such as computer software.

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 Austin Health.

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

## Note 4.3: Depreciation and Amortisation

	2019 \$'000	2018 \$'000
<b>Depreciation</b>		
Buildings	47,025	50,905
Plant and Equipment	2,567	2,505
Leasehold Improvements	1	-
Medical Equipment	8,458	9,855
Computers and Communication Equipment	2,182	1,809
Furniture and Fittings	110	129
Other Equipment	882	1,077
<b>Total Depreciation</b>	<b>61,225</b>	<b>66,280</b>
<b>Amortisation</b>		
Intangible Assets	4,252	4,193
<b>Total Amortisation</b>	<b>4,252</b>	<b>4,193</b>
<b>Total Depreciation and Amortisation</b>	<b>65,476</b>	<b>70,473</b>

### Depreciation

All buildings, plant and equipment and other non-financial physical assets (excluding items under operating leases, assets held for sale, land) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value over its estimated useful life.

### Amortisation

Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life.

Note 4.3 (a) indicates the expected useful lives of non-current assets on which the depreciation and amortisation charges are based.

### (a) Useful life of Non-Current Assets

	2019	2018
Buildings		
– 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
– Fit Out	Up to 20 years	Up to 20 years
Plant and 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 5 years

As part of the building valuation, building values are separated into components and each component assessed for its useful life which is represented above.

## Notes to the Financial Statements (continued)

### Note 5: Other Assets and Liabilities

This section sets out those assets and liabilities that arose from Austin Health's operations.

#### Structure

5.1 Receivables

5.2 Payables

5.3 Other Liabilities

### Note 5.1: Receivables

	2019 \$'000	2018 \$'000
<b>Current</b>		
<b>Contractual</b>		
Inter-Hospital Debtors	2,003	2,144
Trade Debtors	8,710	6,081
Other Debtors—Commonwealth DVA	465	922
Patient Fees	20,469	21,760
Other	9,148	-
Accrued Revenue	7,893	5,785
<b>Less Allowance for Doubtful Debts</b>		
Trade Debtors	(2,079)	(241)
Patient Fees	(2,094)	(2,712)
	<b>44,515</b>	<b>33,739</b>
<b>Statutory</b>		
GST Receivable	2,400	2,612
	<b>2,400</b>	<b>2,612</b>
<b>Total Current Receivables</b>	<b>46,916</b>	<b>36,351</b>
<b>Non-Current</b>		
<b>Statutory</b>		
Long Service Leave—Department of Health and Human Services	51,916	43,366
	<b>51,916</b>	<b>43,366</b>
<b>Total Receivables</b>	<b>98,831</b>	<b>79,717</b>

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

Balance at beginning of year	2,953	2,047
Increase in allowance recognised in the net result	1,220	906
<b>Balance at End of Year</b>	<b>4,173</b>	<b>2,953</b>

## Receivables Recognition

Receivables consist of:

- Contractual receivables, which consists of debtors in relation to goods and services and accrued investment income. These receivables are classified as financial instruments and categorised as "financial assets at amortised costs". They are initially recognised at fair value plus any directly attributable transaction costs. Austin Health holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using effective method, less any impairment.
- Statutory receivables, which predominantly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. Austin Health applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition.

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*.

Austin Health is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

### Note 5.2: Payables

	2019 \$'000	2018 \$'000
<b>CURRENT</b>		
<b>Contractual</b>		
Inter-Hospital creditors	215	379
Trade Creditors	15,946	17,542
Accrued Salary and Wages	19,599	21,016
Accrued Interest	367	381
Accrued Expenses	11,201	19,687
Salary Packaging	1,166	723
Other	184	176
	<b>48,678</b>	<b>59,903</b>
<b>Statutory</b>		
Department of Health and Human Services	-	400
GST Payable	582	496
Pay As You Go Withholding	2,587	2,296
Superannuation Payable	8,009	5,383
	<b>11,178</b>	<b>8,576</b>
<b>TOTAL PAYABLES</b>	<b>59,856</b>	<b>68,479</b>

Payables consist of:

- contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to the Austin Health Service prior to the end of the financial year that are unpaid; and
- statutory payables, that 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 contracts.

The normal credit terms for accounts payable are usually Nett 60 days.

#### **Maturity Analysis of Payables**

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

### Note 5.3: Other Liabilities

	2019 \$'000	2018 \$'000
<b>CURRENT</b>		
Unearned Income	2	-
Monies Held in Trust		
– Patient Monies Held in Trust	45	50
– Other Monies Held in Trust	204	230
<b>Total Current</b>	<b>251</b>	<b>280</b>
<b>Total Other Liabilities</b>	<b>251</b>	<b>280</b>

## Note 6: How we Finance our Operations

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

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Note 7.1 provides additional, specific financial instrument disclosures.

### Structure

#### 6.1 Borrowings

#### 6.2 Cash and Cash Equivalents

#### 6.3 Commitments for Expenditure

#### 6.4 Commitments for Income

#### 6.5 Non-Cash Financing and Investing Activities

### Note 6.1: Borrowings

	2019 \$'000	2018 \$'000
<b>Current</b>		
TCV Loan**	1,293	1,219
DHHS*	520	520
<b>Total Current Borrowings</b>	<b>1,814</b>	<b>1,739</b>
<b>Non-Current</b>		
TCV Loan**	31,457	32,750
Other	932	1,393
<b>Total Non-Current Borrowings</b>	<b>32,389</b>	<b>34,143</b>
<b>Total Borrowings</b>	<b>34,203</b>	<b>35,882</b>

\*\* See footnote overpage

### Note 6.1: Borrowings (continued)

#### **\* Borrowings – Department of Health and Human Services**

- i) In June 2014 Austin Health received a loan repayable to the DHHS relating to Pathology equipment.
  - a) Repayments on this loan will be made annually in June commencing June 2018 with the final instalment due on 30 June 2022.
  - b) This is an interest-free loan; however, a present value calculation is required while payments are outstanding for future financial years (30 June 2019: 1.01% and 30 June 2018: 1.98%).
- ii) Additional loan with DHHS was established June 2015 relating to the Energy Efficient project.
  - a) Repayments on this loan will be made annually in November commencing November 2016 with the final instalment due on November 2020.
  - b) This is an interest-free loan; however, a present value calculation is required while payments are outstanding for future financial years (30 June 2019: 1.01% and 30 June 2018: 1.98%).

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

- i) Austin Health has two loans with Treasury Corporation Victoria (TCV) secured by a Statutory Guarantee from the Government of Victoria in favour of TCV under section 30 of the Health Services Act.
- ii) Initial loan was established in April 2008 to finance the construction of the Austin Tower Car Park.
  - a) Repayments are quarterly with the final instalment due 25 years from date of the last draw down in April 2008.
  - b) Average interest rate applied during 2018–19 for the above loan was 6.70% (2017–18 6.70%).
- iii) Additional loan was established in November 2013 to finance the expansion of the Austin Martin Street Car Park.
  - a) Repayments are quarterly with the final instalment due 25 years from date of the last draw down in November 2013."
  - b) Interest rate applied is fixed during 2018–19 for the above loan was 4.75% (2017–18 4.75%).

#### **(a) Maturity Analysis of Borrowings**

Please refer to Note 7.1b for the ageing analysis of borrowings.

#### **(b) Defaults and Breaches**

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

#### **Borrowings**

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the Austin Health has categorised its liability as either "financial liabilities designated at fair value through profit or loss", or financial liabilities at "amortised cost".

Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net result over the period of the borrowing using the effective interest method.

## Note 6.2: Cash and Cash Equivalents

	2019 \$'000	2018 \$'000
Cash on Hand	69	70
Cash at Bank	35,506	10,643
Deposits at Call	1,056	46,891
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>36,631</b>	<b>57,604</b>
<b>Represented by:</b>		
Cash as per Cash Flow Statement	36,586	57,554
Cash for Monies Held in Trust		
– Cash on Hand	45	50
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>36,631</b>	<b>57,604</b>

### Cash and Cash Equivalents

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

## Note 6.3: Commitments for Expenditure

	2019 \$'000	2018 \$'000
<b>Capital Expenditure Commitments</b>		
Less than 1 year	47,478	28,617
Longer than 1 year but not longer than 5 years	8,995	7,048
<b>Total Capital Expenditure Commitments</b>	<b>56,473</b>	<b>35,665</b>
<b>Lease Commitments</b>		
Less than 1 year	1,715	1,639
Longer than 1 year but not longer than 5 years	2,656	2,568
<b>Total Lease Commitments</b>	<b>4,371</b>	<b>4,207</b>
<b>Total Commitments for Expenditure (inclusive of GST)</b>	<b>60,844</b>	<b>43,859</b>
Less GST recoverable from the Australian Tax Office	(5,531)	(3,987)
<b>TOTAL COMMITMENTS FOR EXPENDITURE (exclusive of GST)</b>	<b>55,313</b>	<b>39,872</b>

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

Austin Health has entered into commercial leases, mainly with certain medical equipment, where it is not in the interest of Austin Health to purchase these assets. These leases have an average life of five years with renewal terms included in the contracts. Renewals are at the option of Austin Health. There are no restrictions placed upon the lessee by entering into these leases.

## Notes to the Financial Statements (continued)

### Note 6.4: Commitments for Income

	2019 \$'000	2018 \$'000
<b>Commitments Receivable</b>		
Not later than one year	1,232	1,265
Later than 1 year and not later than 5 years	1,108	2,075
<b>TOTAL</b>	<b>2,340</b>	<b>3,340</b>
Less GST payable to the Australian Tax Office	(213)	(304)
<b>TOTAL COMMITMENTS RECEIVABLE (exclusive of GST)</b>	<b>2,127</b>	<b>3,036</b>

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

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

In the event that lease incentives are given to the lessee, the aggregate cost of incentives is recognised as a reduction of rental income over the lease term, on a straight-line basis unless another systematic basis is more appropriate of the time pattern over which the economic benefit of the leased asset is diminished.

### Note 6.5: Non-Cash Financing and Investing Activities

	2019 \$'000	2018 \$'000
Assets (Provided)/Received Free of Charge	13	18
Acquisition of Assets through DHHS Indirect Contributions	6,391	15,137
<b>Total Non-Cash Financing and Investing Activities</b>	<b>6,404</b>	<b>15,155</b>

## Note 7: Risk, Contingencies and Valuation Uncertainties

Austin Health is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the health service is related mainly to fair value determination.

### Structure

7.1 (a) Financial Instruments: Categorisation

7.1 (b) Payables and Borrowings Maturity Analysis

7.1 (c) Contractual Receivables at Amortised Cost

### Note 7.1 (a): Financial Instruments: Categorisation

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*.

	Financial Assets at Amortised Cost \$'000	Financial Liabilities at Amortised Cost \$'000	Total \$'000
<b>2019</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	36,631	-	36,631
Receivables	44,515	-	44,515
Investments and Other Financial Assets	2	-	2
<b>Total Financial Assets<sup>1</sup></b>	<b>81,148</b>	<b>-</b>	<b>81,148</b>
<b>Financial Liabilities</b>			
Payables	-	48,678	48,678
Other Liabilities	-	251	251
Borrowings	-	34,203	34,203
<b>Total Financial Liabilities<sup>1</sup></b>	<b>-</b>	<b>83,132</b>	<b>83,132</b>
	<b>Contractual Financial Assets Loans and Receivables \$'000</b>	<b>Contractual Financial Liabilities at Amortised Costs \$'000</b>	<b>Total</b>
<b>2018</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	57,604	-	57,604
Receivables	33,739	-	33,739
Investments	1	-	1
<b>Total Financial Assets<sup>1</sup></b>	<b>91,344</b>	<b>-</b>	<b>91,344</b>
<b>Financial Liabilities</b>			
Payables	-	59,903	59,903
Other Liabilities	-	280	280
Borrowings	-	35,883	35,883
<b>Total Financial Liabilities<sup>1</sup></b>	<b>-</b>	<b>96,065</b>	<b>96,065</b>

<sup>1</sup> The carrying amount excludes statutory receivables (i.e. GST receivable and DHHS receivable) and statutory payables (i.e. Revenue in Advance and DHHS payable).

### Note 7.1 (a): Financial Instruments: Categorisation (continued)

From 1 July 2018, Austin Health applies AASB 9 and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms. Categories of financial assets under AASB 9:

#### Financial assets at amortised cost

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by Austin Health to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

Austin Health recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables).

#### 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 the Comprehensive Operating Statement over the period of the interest-bearing liability, using effective interest rate method.

Austin Health recognises the following liabilities in this category:

- payables (excluding statutory payables)
- borrowings.

### Note 7.1 (b): Payables and Borrowings Maturity Analysis

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.

2019	Note	Carrying Amount \$'000	Less than 1 Month \$'000	1–3 Months \$'000	3 months –1 Year \$'000	1–5 Years \$'000	Over 5 Years \$'000
<b>Financial Liabilities</b>							
At Amortised cost							
Payables	5.2	48,678	48,678				
Borrowings Interest-Bearing	6.1	32,751	202	320	772	6,019	25,438
Borrowings DHHS	6.1	1,453			520	932	
<b>Other Financial Liabilities <sup>(i)</sup></b>							
– Monies held in Trust	5.3	251	128	50	73	–	
<b>Total Financial Liabilities</b>		<b>83,132</b>	<b>49,008</b>	<b>370</b>	<b>1,365</b>	<b>6,951</b>	<b>25,438</b>
<b>2018</b>							
<b>Financial Liabilities</b>							
At Amortised Cost							
Payables	5.2	59,903	59,845	58			
Borrowings Interest-Bearing	6.1	33,968	189	301	728	5,670	27,081
Borrowings DHHS	6.1	1,913			520	1,393	
<b>Other Financial Liabilities <sup>(i)</sup></b>							
– Monies held in Trust	5.3	280	144	56	80	–	
<b>Total Financial Liabilities</b>		<b>96,064</b>	<b>60,178</b>	<b>415</b>	<b>1,328</b>	<b>7,063</b>	<b>27,081</b>

(i) Ageing analysis of financial liabilities excludes statutory financial liabilities (i.e GST payable)

## Note 7.1 (c): Contractual Receivables at Amortised Cost

1-Jul-18	Current	30 Days	60 Days	90 Days	120 Days	150 Days	180+ Days	Total
<b>Diagnostic</b>								
Expected loss rate	0.3%	12.6%	10.6%	11.6%	9.6%	11.6%	55.6%	
Gross carrying amount of contractual receivables	7,426	193	269	238	461	228	906	
<i>Loss allowance</i>	25	24	29	28	44	27	504	<b>681</b>
<b>Inpatients</b>								
Expected loss rate	1.5%	80.0%	14.0%	30.0%	35.2%	84.0%	95.0%	
Gross carrying amount of contractual receivables	2,248	309	765	338	594	144	1,340	
<i>Loss allowance</i>	33	247	107	100	209	121	1,273	<b>2,090</b>
<b>Sundry</b>								
Expected loss rate	0.0%	0.0%	0.0%	6.3%	3.3%	7.0%	30.9%	
Gross carrying amount of contractual receivables	4,078	1,285	936	246	202	109	488	
<i>Loss allowance</i>	-	-	-	16	7	8	151	<b>182</b>
<b>Loss allowance</b>	<b>58</b>	<b>272</b>	<b>136</b>	<b>145</b>	<b>260</b>	<b>155</b>	<b>1,927</b>	<b>2,953</b>
30-Jun-19	Current	30 Days	60 Days	90 Days	120 Days	150 Days	180+ Days	Total
<b>Diagnostic</b>								
Expected loss rate	0.0%	0.2%	4.4%	2.4%	3.4%	2.4%	35.4%	
Gross carrying amount of contractual receivables	7,258	993	247	686	527	862	2,205	
<i>Loss allowance</i>	-	2	11	16	18	21	780	<b>848</b>
<b>Inpatients</b>								
Expected loss rate	0.4%	0.4%	0.4%	16.4%	38.4%	19.4%	64.4%	
Gross carrying amount of contractual receivables	1,928	833	378	564	241	226	1,809	
<i>Loss allowance</i>	8	3	2	93	92	44	1,165	<b>1,407</b>
<b>Sundry</b>								
Expected loss rate	0.0%	0.0%	0.0%	3.4%	0.0%	6.4%	10.4%	
Gross carrying amount of contractual receivables	4,422	1,422	690	271	74	133	353	
<i>Loss allowance</i>	-	-	-	9	-	9	37	<b>55</b>
<b>Sundry Other</b>								
Expected loss rate	68.0%	-	-	-	-	-	-	
Gross carrying amount of contractual receivables	2,740	-	-	-	-	-	-	
<i>Loss allowance</i>	1,863	-	-	-	-	-	-	<b>1,863</b>
<b>Loss allowance</b>	<b>1,871</b>	<b>5</b>	<b>12</b>	<b>118</b>	<b>111</b>	<b>74</b>	<b>1,982</b>	<b>4,173</b>

### Note 7.1 (c): Contractual Receivables at Amortised Cost (continued)

Reconciliation of the movement in the loss allowance for contractual receivables

	2019 \$'000	2018 \$'000
<b>Balance at beginning of the year</b>	<b>2,953</b>	<b>2,046</b>
Increase in provision recognised in the net result	1,220	906
<b>Balance at end of the year</b>	<b>4,173</b>	<b>2,953</b>

#### Impairment of Financial Assets Under AASB 9 – Applicable From 1 July 2018

From 1 July 2018, Austin Health has been recording the allowance for expected credit loss for the relevant financial instruments, replacing AASB 139's incurred loss approach with AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessments include Austin Health's contractual receivables, statutory receivables and its investment in debt instruments.

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

#### Contractual Receivables at Amortised Cost

Austin Health applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. Austin Health has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on the Department's past history, existing market conditions, as well as forward-looking estimates at the end of the financial year.

On this basis, Austin Health determines the opening loss allowance on initial application date of AASB 9 and the closing loss allowance at end of the financial year as disclosed above.

Credit loss allowance is classified as other economic flows in the net result. Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

In prior years, 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. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts considered as written off by mutual consent.

#### Statutory Receivables and Debt Investments at Amortised Cost [AASB2016–8.4]

Austin Health's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

Both the statutory receivables and investments in debt instruments are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As the result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses. No loss allowance recognised at 30 June 2018 under AASB 139. No additional loss allowance required upon transition into AASB 9 on 1 July 2018.

## Note 8: Other Disclosures

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

### Structure

- 8.1 Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities
- 8.2 Responsible Persons
- 8.3 Remuneration of Executives
- 8.4 Related Parties
- 8.5 Remuneration of Auditors
- 8.6 Ex-Gratia Payments
- 8.7 Events Occurring After the Balance Sheet Date
- 8.8 Jointly Controlled Operations
- 8.9 Economic Dependency
- 8.10 AASBs Issued That are Not Yet Effective

### Note 8.1: Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities

	2019 \$'000	2018 \$'000
<b>Net Result for the Year</b>	(47,328)	(23,380)
<b>Non-Cash Movements:</b>		
Depreciation	65,476	70,473
Provision for Doubtful Debts	2,723	1,883
Revaluation of Long Service Leave	(6,394)	(45)
Assets (Provided)/Received Free of Charge	(13)	(18)
DHHS Capital Grant – Indirect Contribution	(6,391)	(15,155)
Resources Received Free of Charge		
<b>Movements Included in Investing and Financing Activities:</b>		
Net (Gain)/Loss from Sale of Plant and Equipment	(19)	14
<b>Movements in Assets and Liabilities:</b>		
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	(19,114)	(15,126)
(Increase)/Decrease in Prepayments	574	(903)
Increase/(Decrease) in Payables	(8,623)	(12,259)
Increase/(Decrease) in Provisions	24,692	(1,241)
Increase/(Decrease) in Other Liabilities	1,800	(376)
(Increase)/Decrease in Inventories	366	367
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>7,749</b>	<b>28,752</b>

## Notes to the Financial Statements (continued)

### Note 8.2: Responsible Persons

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.

Period		
Responsible Ministers:		
The Honourable Jill Hennessy, Minister for Health and Minister for Ambulance Services	01/07/2018 – 29/11/2018	
The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services	29/11/2018 – 30/06/2019	
The Honourable Martin Foley, Minister for Mental Health	01/07/2018 – 30/06/2019	
The Honourable Martin Foley, Minister for Housing, Disability and Ageing	01/07/2018 – 29/11/2018	
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers	29/11/2018 – 30/06/2019	
The Austin Health Board		
The Hon Judith Troeth AM (Chair)	01/07/2018 – 30/06/2019	
Dr Christine Bessell	01/07/2018 – 30/06/2019	
Ms Mary Draper AM	01/07/2018 – 30/06/2019	
Ms Helen Thornton	01/07/2018 – 30/06/2019	
Mr Chris Altis	01/07/2018 – 30/06/2019	
Ms Julie Anne Bignell	01/07/2018 – 30/06/2019	
Mr Martin Botros	01/07/2018 – 30/06/2019	
Dr Stanley Chiang	01/07/2018 – 30/06/2019	
Ms Fiona Slaven	01/07/2018 – 30/06/2019	
Accountable Officers		
Ms Sue Shilbury	01/07/2018 – 30/06/2019	
Remuneration of Responsible Persons		
The number of Responsible Persons are shown in their relevant income bands:	Total 2019 No.	Total 2018 No.
Income Band		
\$20,000 – \$29,999		1
\$30,000 – \$39,999	1	7
\$40,000 – \$49,999	7	
\$70,000 – \$79,999		1
\$80,000 – \$89,999	1	
\$470,000 – \$479,999 <sup>i</sup>		1
\$490,000 – \$499,999	1	
Total Numbers	10	10
	\$'000	\$'000
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	\$908	\$825

<sup>i</sup> Prior year adjusted to correct annual leave entitlements to allow for comparatives

Amounts relating to the Governing Board Members and Accountable Officer are disclosed in Austin Health's financial statements.

Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report.

## Note 8.3: Remuneration of Executives

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

Remuneration of Executive Officers (including Key Management Personnel Disclosed in Note 8.4)	Total Remuneration	
	2019 \$'000	2018 \$'000
Short-term Benefits	2,297	2,355
Post-employment Benefits	172	151
Other Long-term Benefits	216	98
<b>Total Remuneration<sup>i</sup></b>	<b>2,685</b>	<b>2,604</b>
Total Number of Executives	10	10
Total Annualised Employee Equivalent <sup>ii</sup>	7	6

<sup>i</sup> The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Austin Health under AASB 124 *Related Party Disclosures* and are also reported within Note 8.4 *Related Parties*.

<sup>ii</sup> Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

Total remuneration payable to executives during the year included additional executive officers and a number of executives who received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts.

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

### Short-term Benefits

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

### Post-employment Benefits

Pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

### Other Long-term Benefits

Long service leave, other long-service benefit or deferred compensation.

### Note 8.4: Related Parties

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

- all key management personnel (KMP) and their close family members;
- Cabinet ministers (where applicable) and their close family members;
- Jointly Controlled Operation – A member of the Victorian Comprehensive Cancer Centre Joint Venture
- all hospitals and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

Key Management Personnel (KMPs) are those people with the authority and responsibility for planning, directing and controlling the activities of Austin Health and its controlled entities, directly or indirectly.

The Board of Directors, Chief Executive Officer and the executive directors of Austin Health and its controlled entities are deemed to be KMPs.

#### Austin Health Key Management Personnel for the 2018–19 Reporting Year

##### Ministers

**The Honourable Jill Hennessy,**  
Minister for Health and Minister for Ambulance Services

**The Honourable Jenny Mikakos,**  
Minister for Health and Minister for Ambulance Services

**The Honourable Martin Foley,**  
Minister for Mental Health

**The Honourable Martin Foley,**  
Minister for Housing, Disability and Ageing

**The Honourable Luke Donnellan,**  
Minister for Child Protection,  
Minister for Disability, Ageing and Carers

#### The Austin Health Board

**The Hon. Judith Troeth AM (Chair)**  
Jul 18 to Jun 19

**Dr Christine Bessell**  
Jul 18 to Jun 19

**Ms Mary Draper**  
Jul 18 to Jun 19

**Ms Helen Thornton**  
Jul 18 to Jun 19

**Mr Chris Altis**  
Jul 18 to Jun 19

**Ms Julie Anne Bignell**  
Jul 18 to Jun 19

**Mr Martin Botros**  
Jul 18 to Jun 19

**Dr Stanley Chiang**  
Jul 18 to Jun 19

**Ms Fiona Slaven**  
Jul 18 to Jun 19

##### Executive

**Ms Sue Shilbury**  
Chief Executive Officer

**Ms Shelley Castree-Croad**  
Chief Operating Officer

**Ms Natalie McDonald**  
Chief Finance Officer

**Mr Fergus Kerr**  
Chief Medical Officer (from Jun 18 to Oct 18)

**Dr Mary O'Reilly**  
Chief Medical Officer (acting) (from Oct 18 to Feb 19)

**Mr Mark Lubliner**  
Chief Medical Officer (from Feb 19 to Jun 19)

**Mr Jason Payne**  
Executive Director Clinical Operations and Ambulatory Services (from Jul 18 to Nov 18)

**Ms Melodie Heland**  
Executive Director Clinical Operations and Ambulatory Services (acting) (from Oct 18 to Mar 19)

**Ms Anna Phillips**  
Chief People and Culture Officer

**Mr Ray Van Kuyk**  
Chief Information and Services Officer

**Ms Bernadette Twomey**  
Chief Nursing Officer

The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968*, and is reported within the Department of Parliamentary Services' Financial Report.

	2019 \$'000	2018 \$'000
Compensation – KMPs		
Short-term Employee Benefits	3,134	3,116
Post-employment Benefits	228	201
Other Long-term Benefits	230	111
Termination Benefits	-	-
<b>Total</b>	<b>3,592</b>	<b>3,428</b>

KMPs are also reported in Note 8.2 Responsible Persons or Note 8.3 Remuneration of Executives.

### Significant Transactions with Government-related Entities

The Austin Health received funding from the Department of Health and Human Services of \$761m (2018: \$684m). This amount includes Long Service Leave provision of \$8.5m. The whole amount is incorporated in Note 2.1 Income from Transactions.

Expenses incurred by Austin Health in delivering services and outputs are in accordance with Health Purchasing Victoria requirements. Goods and services including procurement, diagnostics, patient meals and multi-site operational support are provided by other Victorian Health Service Providers on commercial terms.

Professional medical indemnity insurance and other insurance products are obtained from the Victorian Managed Insurance Authority.

The Standing Directions of the Minister for Finance require Austin Health to hold cash (in excess of working capital) in accordance with the State's centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victorian unless an exemption has been approved by the Minister for Health and Human Services and the Treasurer.

### Transactions with KMPs and Other Related Parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public; e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with Austin Health, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2019.

There were no related party transactions required to be disclosed for Austin Health Board of Directors, Chief Executive Officer and executive directors in 2019.

## Note 8.5: Remuneration of Auditors

	2019 \$'000	2018 \$'000
<b>Victorian Auditor-General's Office</b>		
Audit of the Financial Statements	203	175
<b>TOTAL REMUNERATION OF AUDITORS</b>	<b>203</b>	<b>175</b>

## Note 8.6: Ex-Gratia Payments

There were no ex-gratia payment made for the forgiveness or waiver of debt, compensation for economic loss made by Austin Health greater than or equal to \$5,000.

### Note 8.7: Events Occurring After the Balance Sheet Date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between Austin Health 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 between the end of the reporting period and the date when the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. 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 that are considered to be of material interest.

There are no events occurring after the Balance Sheet date.

### Note 8.8: Jointly Controlled Operations

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

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

All Members hold an equal 1/10th share (1/10th share 2017-18) in the assets, liabilities, expenses and income of the VCCC. The members own the VCCC assets as tenants in common, and are severally responsible for the joint venture costs – in the same proportions as their interests.

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

The principal place of business for the VCCC is Level 10, 305 Grattan St, Melbourne, Victoria.

Austin Health's interest in the VCCC operations are detailed below.

The amounts are included in the financial statements under their respective categories:

	2019 \$'000 *	2018 \$'000 *
<b>Current Assets</b>		
Cash and Cash Equivalents	507	636
Receivables	20	8
Investments and Other Financial Assets	950	950
Prepayments	122	101
<b>Total Current Assets</b>	<b>1,599</b>	<b>1,695</b>
<b>Non-Current Assets</b>		
Investments and Other Financial Assets	2	1
Property, Plant and Equipment	22	18
<b>Total Non-Current Assets</b>	<b>24</b>	<b>19</b>
<b>Total Assets</b>	<b>1,623</b>	<b>1,713</b>
<b>Current Liabilities</b>		
Payables	86	25
Accrued Expenses	45	18
Provisions	25	11
Other Liabilities	2	
<b>Total Current Liabilities</b>	<b>158</b>	<b>54</b>
<b>Non-Current Liabilities</b>		
Provisions	11	10
<b>Total Non-Current Liabilities</b>	<b>11</b>	<b>10</b>
<b>Total Liabilities</b>	<b>169</b>	<b>64</b>
<b>Net Assets</b>	<b>1,454</b>	<b>1,649</b>
<b>Equity</b>		
Accumulated Surpluses/(Deficits)	1,454	1,649
<b>Total Equity</b>	<b>1,454</b>	<b>1,649</b>

Austin Health's interest in revenues and expenses resulting from jointly controlled operations are detailed below:

<b>Revenue</b>		
Grants	850	1,397
Other Income	176	160
Interest Income	32	21
<b>Total Revenue</b>	<b>1,058</b>	<b>1,578</b>
<b>Expenses</b>		
Employee Benefits	410	242
Other Expenses from Continuing Operations	838	222
Depreciation	5	2
<b>Total Expenses</b>	<b>1,253</b>	<b>466</b>
<b>Net Result</b>	<b>(195)</b>	<b>1,112</b>

\* Figures obtained from the unaudited Victorian Comprehensive Cancer Centre Joint Venture annual report.

## Contingent Liabilities and Capital Commitments

There are no known contingent liabilities or capital commitments held by the jointly controlled operations at balance date.

### Note 8.9: Economic Dependency

Austin Health is wholly dependent on the continued financial support of the State Government and in particular, the Department of Health and Human Services.

The Department of Health and Human Services 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 2020. On that basis, the financial statements have been prepared on a going concern basis.

Austin Health's current asset ratio continues to be below an adequate short-term position (2019: 0.39 and 2018: 0.45) while cash generated from operations has deteriorated from a \$28.7m surplus in 2018 to a \$7.7m surplus in 2019 and cash reserves have moved from \$57.6m in 2018 to \$36.6m in 2019. A letter confirming adequate cash flow was also provided in the previous financial year.

### Note 8.10: AASBs Issued that are Not Yet Effective

Some new Australian accounting standards have been published that are not mandatory for the 30 June 2019 reporting period. Department of Treasury and Finance assesses the impact of all these new standards and advises Austin Health of their applicability and early adoption where applicable.

As at 30 June 2019, the following standards and interpretations had been issued by the AASB 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.

Topic(a)	Key Requirements	Effective Date	Impact on Financial Statements
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015 8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017 for Not-for-Profit entities.	1-Jan-19	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. Revenue from grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as the performance obligations attached to the grant are satisfied. Austin Health has estimated \$303,000 may be applicable under this change in standard.

Topic(a)	Key Requirements	Effective Date	Impact on Financial Statements
<b>AASB 2016–8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</b>	<p>AASB 2016–8 inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15.</p> <p>This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.</p>	<b>1-Jan-19</b>	<p>"This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include:</p> <p>AASB 9</p> <ul style="list-style-type: none"> <li>Statutory receivables are recognised and measured similarly to financial assets.</li> </ul> <p>AASB 15</p> <ul style="list-style-type: none"> <li>The 'customer' does not need to be the recipient of goods and/or services;</li> <li>The 'contract' could include an arrangement entered into under the direction of another party;</li> <li>Contracts are enforceable if they are enforceable by legal or 'equivalent means';</li> <li>Contracts do not have to have commercial substance, only economic substance; and</li> <li>Performance obligations need to be 'sufficiently specific' to be able to apply AASB 15 to these transactions." </li></ul>
<b>AASB 16 Leases</b>	<p>The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.</p>	<b>1-Jan-19</b>	<p>"AASB 16 Leases The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet 1 Jan 2019. The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability.</p> <p>In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge.</p> <p>There will be no change for lessors as the classification of operating and finance leases remains unchanged.</p> <p>Austin Health has estimated \$8.1m may be applicable as the right of use asset valuation under this change in standard."</p>
<b>AASB 2018–8 Amendments to Australian Accounting Standards – Right of Use Assets of Not-for-Profit entities</b>	<p>This standard amends various other accounting standards to provide an option for not-for-profit entities to not apply the fair value initial measurement requirements to a class or classes of right of use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. This Standard also adds additional disclosure requirements to AASB 16 for not-for-profit entities that elect to apply this option.</p>	<b>1-Jan-19</b>	<p>"Under AASB 1058, not-for-profit entities are required to measure right-of-use assets at fair value at initial recognition for leases that have significantly below-market terms and conditions.</p> <p>For right-of-use assets arising under leases with significantly below market terms and conditions principally to enable the entity to further its objectives (peppercorn leases), AASB 2018–8 provides a temporary option for Not-for-Profit entities to measure at initial recognition, a class or classes of right-of-use assets at cost rather than at fair value and requires disclosure of the adoption.</p> <p>The State has elected to apply the temporary option in AASB 2018–8 for not-for-profit entities to not apply the fair value provisions under AASB 1058 for these right-of-use assets.</p> <p>In making this election, the State considered that the methodology of valuing peppercorn leases was still being developed."</p>

## Notes to the Financial Statements (continued)

### Note 8.10: AASBs Issued that are Not Yet Effective (continued)

Topic(a)	Key Requirements	Effective Date	Impact on Financial Statements
<b>AASB 1058 Income of Not-for-Profit Entities</b>	<p>AASB 1058 will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions.</p> <p>The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context.</p> <p>AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.</p>	<b>1-Jan-19</b>	<p>"Grant revenue is currently recognised up front upon receipt of the funds under AASB 1004 Contributions.</p> <p>The timing of revenue recognition for grant agreements that fall under the scope of AASB 1058 may be deferred. For example, revenue from capital grants for the construction of assets will need to be deferred and recognised progressively as the asset is being constructed.</p> <p>The impact on current revenue recognition of the changes is the potential phasing and deferral of revenue recorded in the operating statement.</p> <p>Austin Health has estimated \$15m may be applicable under this change in standard."</p>



#### **Austin Hospital**

145 Studley Road  
Heidelberg Victoria 3084  
P. 03 9496 5000  
F. 03 9458 4779

#### **Heidelberg Repatriation Hospital**

300 Waterdale Road  
Ivanhoe Victoria 3079  
P. 03 9496 5000  
F. 03 9496 2541

#### **Royal Talbot Rehabilitation Centre**

1 Yarra Boulevard  
Kew Victoria 3101  
P. 03 9490 7500  
F. 03 9490 7501

Austin Health acknowledges the Traditional Custodians of the land and pays its respects to Elders past, present and emerging.

Austin Health celebrates, values and includes people of all backgrounds, genders, sexualities, cultures, bodies and abilities.

