Mercy Health

Care first

MERCY HOSPITALS VICTORIA LTD

ANNUAL REPORT 2025-2026









Title: *wahbung-ngetel*
Call of Country, Gunnai Language

Artist: *Dixon Patten*
Bayila Creative, Gunnai and Yorta Yorta

Acknowledgement of Country

Mercy Health acknowledges Aboriginal and Torres Strait Islander Peoples as the First Australians. We acknowledge the diversity of Indigenous Australia. We respectfully recognise Elders past and present. This report was produced on Wurundjeri Country.

Recognition of Heritage

As part of our reflection practices, we stop to consider all that we have learnt from those who have come before us to make Mercy Health the ministry it is today. We acknowledge Mercy Ministry Companions, which stewards the ministry of Mercy Health and the Mercy spirit so that they can continue to flourish into the future. We give thanks and acknowledge the Sisters of Mercy and their Founder, the Venerable Catherine McAuley, as well as the Family Care Sisters, the Good Shepherd Sisters, the Holy Spirit Missionary Sisters and the Knights of the Southern Cross.

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Message from the Board Chair and GCEO

Welcome to the Mercy Hospitals Victoria Ltd (MHVL) Report of Operations 2025-26.

This financial year we made meaningful progress as we continued to evolve how we deliver care across Mercy Health's hospitals and community health services. In a year marked by growing demand, system-wide reform and new opportunities for innovation, we remained firmly focused on delivering care that responds to the needs of patients, clients, families and communities while creating stronger foundations for the future.

Our work is inspired by the legacy of Catherine McAuley, whose vision of compassion, service and social justice continues to guide Mercy Health today. While much has changed since the first House of Mercy opened in Dublin in 1831, our purpose remains the same: to provide care that upholds the dignity of every person and improves health and wellbeing for the communities we serve.

Today, Mercy Health is one of Australia's leading providers of public health and community services. Through our hospitals and specialist programs, we support people through some of life's most significant moments, delivering acute and subacute care, specialist women's and newborn health services, mental health programs, early parenting services, palliative care and community-based healthcare services. Alongside service delivery, we continue to invest in education, research and innovation to improve outcomes and shape the future of healthcare.

This year, we launched *Care Reimagined*, our shared vision for delivering care that is safe, connected, effective and personal. *Care Reimagined* recognises that outstanding healthcare is not determined solely by clinical outcomes, but also by how people experience care, how services work together and how effectively individual needs are met. It provides a consistent framework for continuous improvement across Mercy Health, strengthening partnerships between consumers, families and healthcare teams.

This year also marked the successful completion of the Quality Improvement Program, a significant body of work delivered in partnership with Safer Care Victoria. The program supported improvements across maternity services, access and flow, workforce capability and organisational culture. While the formal program has concluded, the gains achieved continue to be embedded through routine governance, performance monitoring and continuous improvement activities, supporting our ongoing commitment to safe, high-quality care.

This vision is reflected in a number of significant achievements during the year.

At Werribee Mercy Hospital, the Emergency Department redevelopment reached a major milestone in the completion and official handover of the building, bringing us closer to delivering expanded emergency care services for one of Victoria's fastest-growing communities. This transformative investment will significantly increase capacity, improve patient flow and strengthen access to timely emergency care across Melbourne's west.

Following Victorian Government boundary changes, Mercy Mental Health and Wellbeing successfully completed the transition of services for residents of the City of Maribyrnong to Western Health, supporting Victoria's mental health reform agenda and the recommendations of the Royal Commission into Victoria's Mental Health System. Through a carefully planned transition, we safely transferred the care of 167 clients through structured clinical handovers, ensuring continuity of care throughout the process. The transition included the consolidation of services to better support the Wyndham and Hobsons Bay communities. This achievement demonstrates the power of collaboration and our commitment to delivering integrated, community-based care that improves outcomes closer to home.

This year also marked an important milestone for Mercy Perinatal, which celebrated its 10th anniversary. Over the past decade, Mercy Perinatal has cemented its reputation as a leader in perinatal research, education and specialist care. During 2025-26, its influence continued to grow, with research discoveries translated into clinical trials across multiple countries, funding support for new national research initiatives and education programs reaching healthcare professionals around the world. As demand for specialist services increased, Mercy Perinatal continued to provide expert care for women

experiencing complex and high-risk pregnancies, helping improve outcomes for mothers and babies.

We also strengthened our commitment to developing the future healthcare workforce through an expanded partnership with Victoria University. By creating new opportunities for education, clinical placements and workforce development, we are investing in the next generation of health professionals while helping ensure our communities continue to have access to skilled, compassionate care.

Collaboration has been a defining feature of the year. As Victoria's Local Health Service Networks reached their first anniversary, Mercy Health's unique position across both the West Metro and North Metro and Mitchell Networks created new opportunities to strengthen partnerships and improve care coordination. Working alongside our network partners, we helped build stronger connections between services, supported workforce development and improved access to care. These partnerships help ensure people receive the right care, in the right place, at the right time, and contribute to a more connected and responsive health system for Victoria.

We continued to advance our commitment to environmental sustainability. Recognising the important relationship between human health and the health of our planet, we developed our new Caring for People and Planet Strategy 2026-2028: Our Path Forward. The strategy strengthens our focus on reducing carbon emissions and reducing low value care, a key element of the strategy that supports evidence-based, high-value healthcare while minimising unnecessary interventions, resource use and environmental impact, and identifies practical actions across energy use, buildings, procurement, waste and sustainable models of care. Through initiatives such as a champions program and capability building in sustainable quality improvement, we are embedding sustainability into the way we deliver healthcare today and into the future.

These achievements reflect the dedication of our people and the collective effort of teams across Mercy Health. They demonstrate what can be achieved when innovation, partnership and continuous improvement are combined with a clear focus on the needs of the people and communities we serve.

We extend our sincere thanks to the Victorian Government for its ongoing support and investment, and to our many partners across healthcare, education, community and government sectors whose collaboration enables us to deliver integrated, high-quality services.

Most importantly, we thank the patients, clients, and families who place their trust in Mercy Health. It is a privilege to support and accompany people during some of life's most important moments, and we remain committed to delivering care that is compassionate, responsive and centred on what matters most to those we serve.

We also acknowledge our staff, volunteers, consumer advisers and leaders whose expertise, dedication and care make a lasting difference every day. Their willingness to embrace new ideas, adapt to change and continuously improve the way care is delivered remains the driving force behind Mercy Health's success.

The achievements outlined in this report reflect the strength of our people, the value of collaboration and the trust placed in us every day. We remain inspired by our heritage and focused on creating healthier futures through care that upholds dignity, embraces innovation and delivers meaningful outcomes for the communities we serve.

In accordance with the Financial Management Act 1994, we are pleased to present the Report of Operations for MHVL for the year ended 30 June 2026, as at 15 October 2026.



Virginia Bourke

Board Chair



Angela Nolan

Group Chief Executive Officer

Message from the Chief Executive Health Services

I am pleased to present the Mercy Health (Health Services) Report of Operations for 2025-26.

This past year has deepened my appreciation for the breadth, complexity and human impact of the services we deliver, and reaffirmed why continuous improvement must remain at the heart of everything we do.

In 2025-26 we introduced *Care Reimagined*, our shared vision for delivering care that is safe, connected, effective and personal. For Health Services, this vision provides a clear focus for improvement, challenging us to strengthen partnerships, redesign care where needed and ensure people remain at the centre of every decision we make.

This commitment is reflected in our performance. Mercy Health achieved strong results across a range of key measures, including improved patient experience outcomes through the Victorian Healthcare Experience Survey and sustained performance above target for the Functional Independence Measure, supporting positive rehabilitation outcomes and patient recovery.

Our direction is clear: to continue strengthening the quality, safety and sustainability of our services while delivering compassionate, person-centred care. By embedding improvements into everyday practice, we are creating a stronger organisation that is better equipped to meet the needs of our patients, clients and communities now and into the future. This commitment was also evident in our achievement of the 100 percent target for timely submission of sentinel event reports, reinforcing accountability, transparency and organisational learning. Mental health services also met targets for reducing seclusion episodes, reflecting our continued focus on recovery oriented and least restrictive models of care.

At Werribee Mercy Hospital, emergency care performance improved, with reductions in ambulance offload times and 24-hour emergency department breaches. We continued to grow our Hospital in the Home services, with more than 11 percent of admitted bed days delivered in patients' homes, supporting patient choice and efficient use of hospital capacity. This model of care was further recognised when Werribee Mercy Hospital's Neonatal and Paediatric Hospital in the Home program received the Care in the Community Award at the 2025 Victorian Healthcare Awards, acknowledging its success in delivering safe, high-quality hospital-level care at home for babies, children and their families.

Innovation remained an important driver of progress. We further embedded criteria-led discharge within Surgical Services at Werribee Mercy Hospital, enabling eligible patients to return home sooner once agreed clinical criteria had been met. The initiative improved patient flow, increased bed availability and demonstrated how clinician-led improvement can enhance both patient outcomes and efficiency.

This year also highlighted the expertise and leadership within our services. Mercy Palliative Care Nurse Practitioner Kirsten Mitchener received the Noala Flynn AM Award for Excellence in Palliative Care Nursing, recognising her outstanding contribution to patient care, education and clinical leadership.

Alongside improvements in care delivery, we continued to invest in organisational capability, launching the Mercy Health Leadership Capability Framework. This framework delivers strengthened succession planning, enhanced orientation processes and initiatives to improve employee experience and gender equity.

While these achievements are encouraging, we remain focused on continuous improvement. By using data, evidence and feedback to inform decisions, we continue to identify opportunities, reduce variation and strengthen performance across our services.

The achievements highlighted in this report demonstrate the impact of strategic investment, innovation, collaboration and a commitment to ongoing learning and excellence. They reflect Mercy Health's determination to build responsive, sustainable services equipped to meet future challenges.

None of this would be possible without the valuable contribution of our teams, volunteers, consumer

advisers and partners. Equally important are our patients, clients and families whose perspectives help us better understand where we are succeeding and where we need to do better. Their insights continue to challenge us to learn, adapt and improve the services we provide.

As we look to the future, we remain focused on advancing quality, improving access and creating more connected experiences that support better health and wellbeing for the communities we serve.





Clinton Cummins
Chief Executive Health Services

Financial commentary

Financial information	2026 $000	2025 $000	2024 $000	2023 $000	2022 $000	2021 $000
Operating result *	-33,685	-45,475	-1,721	57	127	160
Total revenue	772,240	635,767	626,063	589,482	532,932	478,330
Total expenses	738,688	685,514	637,695	596,367	543,162	490,267
Net result from transactions	33,552	-49,747	-11,632	-6,885	-10,230	-11,937
Total other economic flows	17,453	181	688	-197	4,279	5,572
Net result	51,005	-49,566	-10,944	-7,082	-5,951	-6,365
Total assets	350,844	277,717	312,296	231,913	239,338	217,463
Total liabilities	188,219	166,097	151,110	149,527	149,870	122,044
Net assets/Total equity	162,625	111,620	161,186	82,386	89,468	95,419

**The operating result is the result for which the health service is monitored in its Statement of Priorities*

Reconciliation of Net Result from Transactions and Operating Result	2025–26 $000
Net operating result *	-33,685
Capital purpose income	-10,484
Specific income	-
COVID-19 State Supply Arrangements – Assets received free of charge or for nil consideration under the State Supply	-
State supply items consumed up to 30 June 2022	-
Assets provided free of charge	-
Assets received free of charge	-71,000
Expenditure for capital purpose	-
Depreciation and amortisation	13,645
Impairment of non-financial assets	-
Finance costs (other)	602
Net result from transactions	33,552

Consultancies

Details of consultancies (under $10,000)

In 2025-26, there were nil consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2025-26 in relation to these consultancies is nil (excl. GST). Details of consultancies (valued at $10,000 or greater)

Details of consultancies (valued at $10,000 or greater)

In 2025-26, there were three consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2025-26 in relation to these consultancies is $72,967 (excl. GST). Details of these consultancies can be viewed below.

Table 3: Consultancies over $10,000

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2025 – 2026 (excluding GST)	Future expenditure (excluding GST)
WANYAARI PTY LTD	Provision of reconciliation action plan for Mercy Health	Sep 25	Jun 26	30,492.00	30,492.00	
ASPEX CONSULTING PTY LTD	Mercy Financial Improvement Plan Support	Jul 25	Jun 26	20,000.00	20,000.00	
Mayfield Advisory	Review of Budget Build and Financial Improvement Plan	Jul 25	Jun 26	22,475.00	22,475.00	

Information and communication technology (ICT) expenditure

For the 2025-26 reporting period, Mercy Hospitals Victoria Limited had a total ICT expenditure of $13,002,847 (excluding GST), with the details shown below.

Business as usual (BAU) ICT expenditure	Non-business as usual (non-BAU) ICT expenditure	Non Business As Usual Operational expenditure	Non Business As Usual Capital expenditure
Total (excluding GST)			
$11.499m	$1.504m	$0m	$1.504m

Mercy Hospitals Victoria Limited

MHVL is a company limited by guarantee and a charity registered by the Australian Charities and Not-for-profits Commission. It is a Denominational Hospital as set out in Schedule 2 of the Health Services Act 1988 (Vic).

MHVL forms part of Mercy Health, a Catholic not-for-profit organisation which provides a range of health, aged and community care services to communities in Victoria, New South Wales, Western Australia and Queensland. Mercy Health works closely with government to identify and respond to current and emerging health needs in our communities. We acknowledge the support of the Victorian Government over the past 12 months.

The relevant ministers for the reporting period were:

Minister for Health
Minister for Ambulance Services
The Hon Mary-Anne Thomas MP
(1 July 2025 – 14 April 2026)

Minister for Health
Minister for Ambulance Services
Minister for Water
The Hon Harriet Shing MP
(15 April – 30 June 2026)

Minister for Health Infrastructure
The Hon Melissa Horne
(1 July 2025 – 30 June 2026)

Minister for Mental Health
Minister for Ageing
The Hon Ingrid Stitt MP
(1 July 2025 – 30 June 2026)

Minister for Disability
Minister for Children
The Hon Lizzie Blandthorn MP
(1 July 2025 – 30 June 2026)

The predominant objectives for which MHVL (the Company) was established are:

1. to carry on or assist in the carrying on of the charitable activities of Mercy Ministry Companions (a lay civil and canonical entity established to carry on the work of the Sisters of Mercy) in connection with hospital, healthcare and related services.
2. to operate:
   - Mercy Hospital for Women, Heidelberg
   - Werribee Mercy Hospital
   - other hospitals, health and related services, as determined by the Company.
3. to educate and train:
   - medical, nursing, social welfare and pastoral care students at undergraduate, intern and postgraduate level
   - others engaged in hospital, healthcare and related services on a paid or voluntary basis.

The Company will operate at all times as a ministry of the Catholic Church in keeping with canon law and the theological framework of Mercy Ministry Companions.

Central to our mission is providing care for those in need, irrespective of religion, faith, beliefs or background.

Our services

Mercy Hospitals Victoria Limited (MHVL) provides a broad range of hospital, mental health, community and specialist services that support people and families at every stage of life. Services include acute and subacute hospital care, specialist women's and newborn health services, mental health and wellbeing programs, early parenting support, palliative care, community-based services and home-based care.

Mercy Hospital for Women, located in Heidelberg, is a leading tertiary specialist hospital providing comprehensive obstetric, gynaecological, neonatal and women's health services. The hospital is home to one of Victoria's leading Neonatal Intensive Care Units (NICU), co-located with the Special Care Nursery, caring for some of the state's most critically ill and premature babies. It also provides perinatal medicine, perioperative services, diagnostic imaging and specialist women's health care. As a major teaching hospital and referral centre, Mercy Hospital for Women brings together expert medical, nursing, midwifery and allied health teams to manage some of Victoria's most complex obstetric, neonatal and gynaecological cases. Mercy Hospital for Women is also part of the North Metro and Mitchell Local Health Service Network, alongside Austin Health, Northern Health and Seymour Health.

Werribee Mercy Hospital is one of Melbourne's fastest-growing public hospitals, serving the rapidly expanding communities of Melbourne's south-west. Services include emergency care, surgery, medicine, intensive care, maternity and newborn care, paediatrics, renal dialysis, rehabilitation, subacute care, palliative care and mental health services. The hospital also provides Hospital in the Home and Midwifery in the Home programs. To meet growing demand, a Victorian Government-funded expansion of the Emergency Department is underway. Once opened, the new ED will double current capacity, enabling treatment of an additional 25,000 patients annually and increasing treatment spaces from 33 to 67, including resuscitation bays, short-stay beds, emergency care cubicles and a dedicated behavioural assessment room. Werribee Mercy Hospital is also part of the West Metro Local Health Service Network with Western Health.

Mercy Mental Health and Wellbeing Services delivers inpatient, community and outreach services across western Melbourne and western Victoria. These include acute inpatient care, specialist perinatal mental health services, consultation and liaison services, recovery-focused programs, family-centred care and community and home-based support programs delivered in partnership with local health and community organisations. Mercy Health also provides specialist inpatient and community perinatal mental health services for women and infants across western Victoria. In 2026, Mercy Health partnered with cohealth to establish the Wyndham Mental Health and Wellbeing Local in Werribee. As part of Victoria's statewide network of 22 Mental Health and Wellbeing Locals operating across 24 locations, the service offers free mental health and wellbeing support for adults experiencing mental illness or psychological distress, improving access to early intervention and community-based care in Melbourne's west.

Mercy Health also operates two Early Parenting Centres: the O'Connell Family Centre and the Woi-wurrung-yagila-wulumperi Whittlesea Early Parenting Centre. The centres support families with children from birth to four years of age, promoting the health, safety and wellbeing of babies, toddlers and their families. Services focus on sleep and settling, feeding, child behaviour, parent-child wellbeing and early intervention support, helping parents build confidence and strengthen their relationships with their children, with a particular focus on vulnerable families and young children.

Mercy Palliative Care provides inpatient and home-based services for people living with advanced, life-limiting illness. Delivered through a dedicated 12-bed inpatient palliative care unit at Werribee Mercy Hospital and 24-hour home-based services across Melbourne's north-west, care is provided by multidisciplinary teams including medical, nursing, allied health, counselling, pastoral care and bereavement support professionals. Together, they deliver coordinated care, symptom management and continuity of support for patients, families and carers throughout the palliative care journey.

Care in numbers

A snapshot of the people, families and communities supported across Mercy Hospitals Victoria's services during 2025-26.

76,097
Emergency Department presentations

8,869
babies born at Mercy Hospital for Women and Werribee Mercy Hospital

13,979
Ambulance presentations

775
babies cared for at Mercy Hospital for Women Neonatal Intensive Care Unit

251,212
outpatient attendances

2,665
families supported at our Early Parenting Centres

2,951
Hospital in the Home clients supported

3,179
consumers supported by our Mental Health and Wellbeing services

408
patients cared for through our palliative care inpatient and community services

5,450
elective surgery patients treated

Mercy Health Strategic Framework 2023–2027

Our Strategic Framework 2023–27 describes the mission, vision and strategic direction for Mercy Health. It outlines our core values and five strategic commitments to guide all our decision-making and work priorities in pursuit of our strategic intent.

Our Mission

Together we witness God's mercy and strive for justice in the delivery of compassionate care to our communities.

Our Vision

Mercy Health is a growing, recognised leader of compassionate and contemporary care for people of all ages.

Our Strategic Direction

Caring for people during critical health moments, at every age and stage of life.

Our Values



COMPASSION HOSPITALITY RESPECT INNOVATION STEWARDSHIP TEAMWORK

Our vision for the future is inspired by our deep commitment to the delivery of justice, mercy and compassionate care to those that we serve and reinforced by our values. Our future is focused on growth, transformation, leadership and excellence, as we care for people during critical health moments, at every age and stage of life.

Our Strategic Framework articulates a commitment to expanding access to our services, continuing to excel and innovate in women's and perinatal health services and developing models of service excellence in areas of expertise such as palliative care and for vulnerable populations. It also outlines an ambitious agenda to meet the needs of an ageing population, leveraging Mercy Health's unique breadth of services across health, aged care and the community to deliver contemporary models of care and specialised support for people living with dementia.

Our strategic commitments

Five strategic commitments guide our decision-making in pursuit of our strategic direction, each supported by a set of clear objectives and measurable outcomes.

Serving our people and communities

Objectives

- we partner with those that we serve throughout their care journey and through co-design of services
- we partner with our local communities to ensure services meet their needs
- we advocate for our communities and the people that we serve
- we develop services that are person-centred and easy to access and navigate.

Outcomes

- increased consumer engagement in the design of all new services
- measurable improvement in timely access to care
- more care delivered in, or closer to home
- demonstrable program of advocacy activity
- improvement in consumer feedback survey results.

Investing in our workforce and culture

Objectives

- we foster a workplace culture in which our diverse workforce feels connected, safe and valued
- we create workforce retention through a compelling value proposition
- we develop strong leadership capability that nurtures culture, collaboration, inclusion, improvement and innovation
- we are redesigning our workforce to address constraints in supply and skill.

Outcomes

- improved staff safety and reduced incidents of staff harm
- employer of choice and high staff engagement as measured through benchmarked surveys and pulse checks
- staffing requirements are met through attraction and retention
- leadership succession demonstrated increased diversity in staff and leadership profiles.

Delivering exceptional quality and innovation

Objectives

- we are embedding a culture of problem solving and continuous improvement to support the high quality and safety of care that we provide
- we design and deliver our care and services to create quality health outcomes and reduce the risk of harm
- we invest in research and evaluation to inform new services, models of care and use of digital technologies
- we demonstrate our sector leadership and advocacy through translational research.

Outcomes

- reputation for innovation
- measurable improvement in care outcomes
- measurable reduction in harm to those in our care
- improved customer experience of care as measured through established surveys and feedback mechanisms
- measurable increase in research impact.

Harnessing digital health and technology

Objectives

- we strive toward digitally enabled delivery of care in our hospitals, healthy ageing settings and at home
- we partner with technology providers to implement systems that facilitate safe and effective care
- we engage technology, including AI, that turns data into information to support our operational decisions, models of care and research.

Outcomes

- enhanced technologies to support care, with measurable improvement in care outcomes, access and customer experience
- increased uptake of virtual and at-home care
- reliable data available to inform decision.

Leading in sustainability and agility

Objectives

- we achieve financial sustainability through optimised efficiency and maximised revenue opportunities
- we are growing current services and introducing new offerings
- we partner with other experts and providers to improve care outcomes
- we have standardised and efficient organisational operating models
- we are committed to delivering and upholding our nationally recognised Caring for People and Planet strategy.

Outcomes

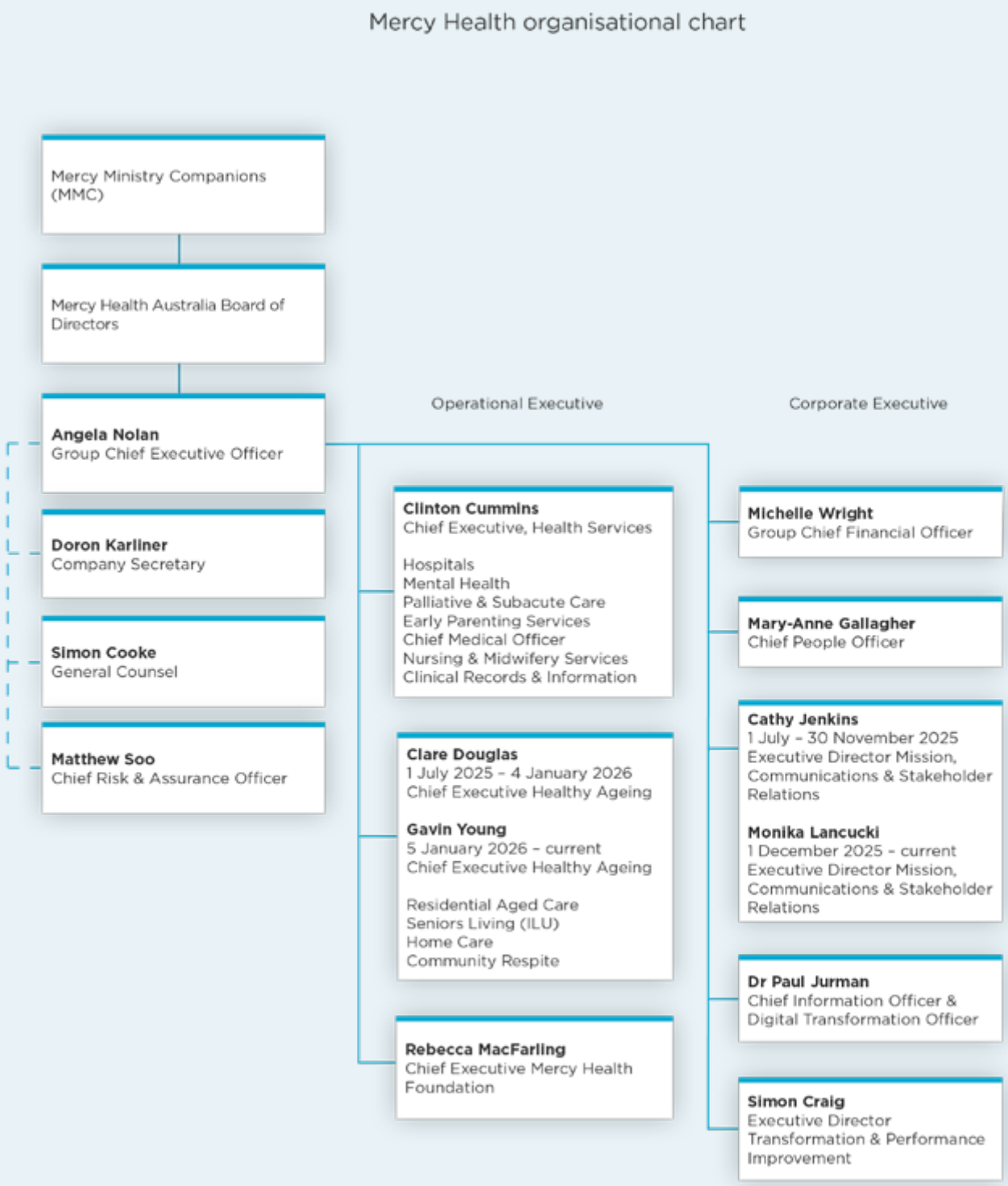
- sustainable models of care are in place that deliver improved outcomes in both individual health and sustainability
- reduced carbon emissions
- improvement in efficiency of high-quality services
- capital projects are delivered on time, within budget and in line with community needs
- service growth in areas of identified need
- increased services delivered in partnership with community and health care partners.

Strategy deployment

Delivery of our strategy is supported by a suite of enabling strategies and plans, together with the development and implementation of an annual Group Plan. The Group Plan outlines the priority strategic initiatives and associated work programs to be delivered each financial year, providing a clear roadmap for execution and supporting progress towards our broader enterprise objectives and long-term strategic goals.



Organisational structure



Updated July 2026

Governance

Mercy Hospitals Victoria Ltd Board

Ms Virginia Bourke *(Chair)*
Adjunct Professor Susan Pascoe AM *(Deputy Chair)*
Ms Jo Barker
Mr Martin Day
Ms Penelope Eden
Ms Jane Edge
Dr Jane Fischer
Dr Colin Feekery
Mr Tim O'Leary *(retired November 2025)*
Adjunct Professor Francis Sullivan AO
Sr Kath Tierney RSM, AO

Company Secretary

Mr Doron Karliner

Finance, Audit and Risk Committee

Ms Jo Barker *(Chair)*
Mr Martin Day
Ms Jane Edge
Ms April Edwards
Ms Sandy Lawson
Ms Sheena Peeters
Mr Tony Ryan

Ethics Committee

Adjunct Professor Francis Sullivan AO *(commenced as Chair December 2025)*
Mr Martin Day *(Chair) (retired as Chair December 2025)*
Ms Clare Douglas *(retired January 2026)*
Dr Genevieve Green *(retired November 2025)*
Ms Cathy Jenkins *(retired October 2025)*
Reverend Kevin McGovern
Sr Carol Ong RSM
Dr Michael Rasmussen
Rev Dr Bernard Teo CSsR
Ms Angela Nolan
Mr Michael Krieg *(resigned July 2025)*

Board Quality Committee

Dr Jane Fischer *(Chair)*
Ms Penelope Eden
Dr Colin Feekery
Dr Patrick Gilbourne
Mr Marcel Mihulka
Ms Anna Clark
Ms Kristy Barnes-Cullen *(joined January 2026)*

Corporate Governance, Remuneration and Nominations Committee

Ms Virginia Bourke *(Chair)*
Ms Jo Barker
Ms Jane Edge
Adjunct Professor Susan Pascoe AM

Board

Virginia Bourke

BA, LL.B Hons, MA, Grad Dip Theol, FAICD

Board Chair

Virginia is the Chair of Mercy Health, a national Catholic health and aged care organisation and is the Pro-Chancellor of Australian Catholic University. She is Deputy Chair of Catholic Health Australia, a Director of Caritas Australia and has held a range of Board roles in the not-for-profit sector. Virginia served as a Director of St John Ambulance Victoria from 2012-2022 and as its Chair from 2017-2022. Virginia was also a Director of the national body, St John Ambulance Australia from 2017-2022 and was invested as a Commander in the Order of St John in April 2023.

Virginia's Non-Executive Director career has been complemented by her work as a lawyer and consultant in private practice and senior in-house counsel positions for over 30 years. Her experience ranges across the health, aged care, community services, education, training and publishing sectors with particular expertise in the governance of charitable not-for-profit organisations.

Adjunct Professor Susan Pascoe AM

BA, Dip Ed, Grad Dip Special Ed, M Ed Admin (Hons), FAICD, FIPAA, FACE

Deputy Chair and Board Member

Susan was appointed to the Mercy Health Boards in March 2018 and is a member of the Corporate Governance, Remuneration and Nomination Committee.

She is Chair of the Community Directors Council and Chair of the Social Services Regulator Consultative Committee. Susan was a member of the Vatican's Commission on Methodology and served as a facilitator at the 2023 and 2024 Synod Assemblies in Rome. She was also a member of the Australian Catholic Bishops Conference Safeguarding Steering Committee and its Governance Review Project Team from 2019 to 2020.

Susan chaired a review of the Pacific Regional Seminary from October 2025 to April 2026 and is project lead for the international research project, Inclusive Governance in a Synodal Church.

Susan was the inaugural Commissioner for the Australian Charities and Not-for-profits Commission (ACNC) from 2012 to 2017 and subsequently co-chaired a national review of early childhood education. From 2006 to 2011, she served as Commissioner of the State Services Authority in Victoria. In 2009, she was appointed as one of three commissioners for the Royal Commission into Victoria's Black Saturday bushfires.

Susan's earlier career was in education. She served as President of the Australian College of Educators, Chief Executive Officer of the Victorian Curriculum and Assessment Authority and Chief Executive of the Catholic Education Commission of Victoria. She also chaired the Australian National Commission for UNESCO and has served on numerous education, health and government boards.

In 2007, Susan was appointed Member of the Order of Australia for service to education. In 2016, she received the Leadership in Government Award for her outstanding contribution to public administration in Australia and in 2024 was awarded an honorary doctorate from Australian Catholic University.

"I was educated by Mercy sisters in primary school and have worked with a number of Mercy women as colleagues over the years. I have deep respect for their commitment to those who are experiencing vulnerability and marginalisation and to their professional approach to their ministry and missionary endeavours. I am honoured to have some role in continuing the work of Catherine McAuley here in Australia."

Ms Jo Barker

BComm, ACA, GAICD

Board Member

Jo Barker is a Partner in EY Parthenon, based in Melbourne, with 30 years of experience advising organisations on acquisitions, divestments and capital markets transactions.

Jo has served on the Mercy Health Board since 2015 and has been Chair of the Finance, Audit and Risk Committee since 2021. She is also a member of the Corporate Governance, Remuneration and Nominations Committee and Mercy Health Foundation Committee.

She provides valuable business insight and extensive expertise in finance, risk management and commercial strategy. Her experience advising on complex and large-scale transactions across Australia and internationally provides significant value to all aspects of Mercy's Health Services.

"I hope that my strong financial and commercial experience and diverse perspective are a valuable addition to the existing strong Board and management capability."

Mr Martin Day

Associate Dip Valuations and Real Estate Management, MBA, FAICD, GAIST Adv

Board Member

Martin has served on the Mercy Health Boards since 2016 and is a member of the Finance, Audit and Risk Committee. Prior to this, Martin was Chief Executive Officer of the Private Hospitals Division of St Vincent's Health Australia, overseeing eight leading private hospitals in Melbourne, Sydney, Brisbane and Toowoomba. He held senior executive roles in the health service industry for 23 years, working across both Australian and international acute healthcare markets, including South East Asia and the Pacific. He also brings more than 21 years of corporate governance experience in the not-for-profit sector, including healthcare and industry superannuation.

Martin's qualifications include an Associate Diploma of Valuations and Real Estate Management, RMIT, a Master of Business Administration from Deakin University, Fellow of Australian Institute of Company Directors and Graduate with the Australian Institute of Superannuation Trustees.

His industry experience includes risk management, clinical governance, workforce development, financial management, operational management, stakeholder engagement, public/private partnerships and social accountability.

"I am inspired by the founding Sister of Mercy, Catherine McAuley and her successors, who have dedicated their lives to improving the wellbeing of those who are less fortunate than others, vulnerable and in need of compassion and holistic care. These works are now largely provided by laypersons who, like the Sisters of Mercy, have a very strong vocation and actively embrace the mission, vision and values of Mercy Health."

Ms Penelope Eden

LL.B, Cert. Nursing

Board Member

Penelope joined the Mercy Health Board in May 2021. She brings extensive expertise across health and aged care, mental health, youth and child health and disability services, drawing on more than 20 years' experience advising organisations across the sector as a legal practitioner. Penelope is a partner at law firm Minter Ellison, where she leads the firm's national aged care and human services practice. She is passionate about the sector and committed to making a meaningful contribution through her work.

Penelope's background as a clinician, combined with her longstanding involvement in the health and human services sectors, gives her a unique understanding of the complex regulatory and operational environment in which Mercy Health operates. She advises on the regulatory, contractual and broader commercial risks and opportunities in the rapidly changing human services sector. Widely recognised as an industry leader, Penelope has been consistently acknowledged in Best Lawyers in Australia and Doyles Guide for her expertise in health and aged care, medical negligence, personal injuries and insurance law.

"I was educated by the Sisters of Mercy and feel a strong connection to the Mercy values. I am passionate about the work I do across the health and human services sector and hope to contribute in some way to the important work of Mercy within our community. I feel privileged to be part of such an experienced and committed Board and management team."

Ms Jane Edge

MBA (Exec), GAICD

Board Member

Jane joined the Mercy Health Board in November 2021. She draws on over 25 years of experience in high impact roles delivering social change. She has a unique blend of senior executive/CEO/Board experience across strategic and operational management.

Jane is the CEO of CBM Australia, Australia's largest disability-focused international development organisation. In this role, she leads catalytic, collaborative and innovative approaches that help transform millions of lives each year as part of a growing movement to end the cycle of poverty and disability.

Jane's career began in journalism and communications, followed by executive management roles and organisational change/executive coaching consulting across a variety of industries. Jane has a Master of Business Administration (Executive) and Advanced Certificate in Executive Coaching.

"As a passionate change-maker motivated by my faith, I'm innately drawn to Catherine McAuley's servant leadership, advocacy and practical action for the poor. Her vision for the world is even more compelling today and I'm thrilled to serve alongside Mercy Board colleagues and executive staff all of whom are so committed to stewarding Catherine's legacy and the Mercy values."

Dr Colin Feekery

MBBS, MHA, FRACP, FRACMA, GAICD

Board Member

Colin has extensive experience in clinical governance, quality improvement, medical and industrial law and is highly regarded as a medical manager and mentor.

Colin graduated from the University of Queensland Medical School in 1979. After completing specialist training in paediatrics in Brisbane and Melbourne, he became a Fellow of the Royal Australasian College of Physicians in 1990. He then spent 16 years working at Melbourne's Royal Children's Hospital and in private practice, specialising in behavioural and developmental paediatrics and family therapy.

In 2002, Colin was awarded a Master of Health Administration from the University of NSW. This qualification marked the beginning of his career in medical administration and in 2005, he was appointed Medical Director of Western Health in Melbourne. From 2008 to 2018, he served as Executive Director – Medical Services & Research at Eastern Health, one of Victoria's largest health services, comprising 52 sites.

In 2011, Colin was granted an Adjunct Clinical Associate Professorship by Monash University and, in 2012, he was admitted to the Royal Australasian College of Medical Administrators. He is currently a censor for the college and a lecturer in its Management for Clinicians course.

"I value that Mercy Health provides a range of services encompassing a whole of life journey, placing equal worth on all lives, regardless of their station; from infants just starting, to the frail and elderly who may be approaching their end. I hope that I can contribute to Mercy Health's continuing commitment to providing just, kind and professional care to all those who seek our help."

Dr Jane Fischer

MBBS, FAChPM, GAICD

Board Member

Jane joined the Mercy Health Board in May 2023 and serves as Chair of the Board Quality Committee.

A former CEO in Victoria's public health sector and an experienced Board Chair in the not-for-profit sector, Jane brings strong leadership, clinical governance and strategic expertise to the Board.

Jane has a medical background, specialising in palliative medicine and has worked in both metropolitan and rural settings. She has extensive knowledge of the health, aged and disability sectors, supported by more than 20 years of senior health executive experience.
This includes serving as CEO/Medical Director at Calvary Health Care Bethlehem, where she led significant organisational transformation, delivering a sustainable model of care through the expansion of ambulatory services and the redevelopment of the Caulfield site.

Jane has over 15 years of governance experience and served as Chair of Palliative Care Australia for five years. She is skilled at working with government and key stakeholders at a state, national and international level to advocate for funding and policy development. Jane has also been a member of numerous federal and state government advisory committees focused on shaping palliative care strategy and policy.

"The values of Mercy Health are strongly aligned with my own personal values. I admire Catherine McAuley and the founding Sisters of Mercy, who, against adversity, established services caring for those most vulnerable. It is a privilege to be part of the Board and to work with other Directors to continue the mission of the Sisters and ensure Mercy Health continues to meet the changing health needs of the community."

Mr Tim O'Leary

BA Hons, Grad Dip Applied Philosophy

Board Member

Tim joined the Mercy Health Boards in 2016. He is an experienced business and corporate affairs executive, having held senior roles across the oil, banking and telecommunications sectors. Tim currently serves as Executive Director Stewardship for the Catholic Archdiocese of Melbourne, where he is responsible for the business, financial and governance aspects of the Archdiocese.

Tim is a Member of Council at Newman College (University of Melbourne), Deputy Chair of the Catholic Development Fund and a board member of Melbourne Archdiocese Catholic Schools. He is also a former Board member of eMotion 21, a purpose-driven charity that champions the inclusion of young people with Down Syndrome.
Tim has an Honours degree in Arts and a Graduate Diploma in Philosophy from the University of Melbourne.

"I welcome the opportunity to support and serve the ministry of Mercy Health. It is a privilege to be part of a Catholic organisation providing compassionate and responsive care to all people, but especially the vulnerable and disadvantaged, at all stages of life."

Adjunct Professor Francis Sullivan AO

BA, Dip Ed, MA

Board Member

Francis was appointed to the Mercy Health Boards in November 2019. Committed to equity and justice, Francis has been highly successful in bringing a social conscience to the political debate on health and aged care issues.

In 2020, he was appointed an Officer of the Order of Australia for his distinguished service to the community, particularly through social justice, legislative reform initiatives and contributions to health and aged care.

From 2019 to 2023, Francis served as Chairman of the Board of the Mater Group and chaired Catholic Social Services Australia during the same period. Prior to this, he was Chief Executive Officer at the Truth, Justice and Healing Council and Secretary General of the Australian Medical Association.

Before these appointments, Francis spent 14 years as the Chief Executive Officer of Catholic Health Australia, speaking for 73 private and public hospitals and more than 500 aged care services across Australia. Earlier in his career, he was a senior advisor to the Minister for Health in Western Australia.

Francis holds a Master's degree in theology from Loyola University in Chicago and a Bachelor's degree in politics from Curtin University in Western Australia. In 2008, the Australian Catholic University awarded Francis an honorary doctorate for his work in public health advocacy. He is also an Adjunct Professor at the Australian Catholic University. He currently serves as Chair of Jesuit Social Services and is a Director of the Council of Australasian Catholics.

"I have been fortunate to see close hand the exceptional way in which the Sisters of Mercy have risen to the contemporary challenges of health and aged care in our community. Their resolve to continue a gospel-based ministry in highly competitive and exacting environments plus their unwavering dedication to the disadvantaged and marginalised not only inspire me but beckon me to join in the unfolding story of Mercy Health today."

Sr Kath Tierney RSM, AO

B.Bus

Board Member

Kath joined the Mercy Health Boards in December 2024. A Sister of Mercy for more than 50 years, Kath spent 19 years in child and family welfare ministry. Following her roles in the welfare sector, Kath was then elected as Congregation Leader for the Sisters of Mercy, Melbourne Congregation and served two terms (12 years), concluding in that role in December 2011.

From 2012 to 2014, Kath worked with the Catholic Education Office Melbourne in the areas of professional standards, conduct, ethics and investigation. She subsequently served as Senior Adviser to the Vicar General of the Catholic Archdiocese of Melbourne from 2014 to 2019.

From 2021 to December 2024, Kath was the Senior Advisor, Safeguarding with the Institute of Sisters of Mercy of Australia & Papua New Guinea. She also served as Board Director for Australian Catholic Safeguarding Ltd. from 2020-2026.

Kath continues to undertake consultancy and advisory roles in professional standards, education, health and welfare, including for the Catholic Archdiocese of Melbourne and the Diocese of Sale. She is the Chair of the Archdiocesan Finance Council in the Catholic Archdiocese of Melbourne and also serves on a number of Boards and Committees for the Institute and beyond.

Mr Doron Karliner

B.Sc., LL.B., MBA, Grad Dip ACG, FGIA

Company Secretary

Doron was appointed as Company Secretary of the companies governed by the Mercy Health Boards and the Mercy Health Foundation in June 2025. He attends all meetings of the Board and its Corporate Governance, Remuneration and Nominations Committee and selected meetings of other Board committees.

Doron provides governance advice and support to the Mercy Health Board Chair, the Board and to the Group Chief Executive Officer. He is an experienced corporate governance professional and corporate lawyer with experience in private and in-house practice and in regulated industries.

Doron also holds an MBA from Melbourne Business School and is a Fellow of the Governance Institute of Australia.

Executive

Angela Nolan

Group Chief Executive Officer

Angela was appointed Group Chief Executive Officer (GCEO) at Mercy Health Australia in October 2022. This follows five years as Chief Executive Officer of St Vincent's Hospital Melbourne and previous executive positions at St Vincent's in operations and corporate services.

Angela holds a Bachelor of Business and began her career as a Chartered Accountant at Arthur Andersen, working with organisations across a variety of industries, including healthcare, manufacturing, banking and finance and superannuation.

After completing a second qualification in Human Resource Management and Industrial Relations, Angela worked for ANZ Bank. In her final role at ANZ, Angela was Global Head of HR Advisory and Consulting, where she led significant transformation programs.

Angela has served on the Boards of St Vincent's Research Institute, Aikenhead Centre for Medical Discovery, the Victorian Comprehensive Cancer Centre and Inclusion Melbourne. Angela was awarded the Australian Centenary Medal for her work with Inclusion Melbourne, a community-based not-for-profit organisation that facilitates community involvement for people with intellectual disabilities. Angela is a Director of the Mercy Health Foundation Board.

Clinton Cummins

Chief Executive Health Services

Clinton leads Mercy Health's acute and subacute hospital network across Victoria and New South Wales, providing strategic and operational leadership to deliver high quality, sustainable care for communities.

A business minded executive with more than 30 years' experience across the public and private sectors, Clinton is recognised for building systems and cultures that enable value-based healthcare, continuous improvement and operational excellence.

Since joining Mercy Health in 2023 as Executive Director, Transformation and Performance Improvement, Clinton has led organisation wide change programs focused on quality and safety, financial sustainability and staff engagement. He is widely regarded as a trusted leader across Health Services, with a strong track record in strengthening improvement capability and patient outcomes.

Prior to Mercy Health, Clinton held senior leadership roles at St Vincent's Health Australia, including Executive General Manager, Virtual and Home Healthcare and Executive Director, Performance Improvement and Quality. During the COVID 19 pandemic, he partnered with Safer Care Victoria and the Department of Health to establish mass vaccination centres at the Royal Exhibition Building and Broadmeadows.

Clinton is deeply committed to delivering consistently safe, person-centred and sustainable care. He is passionate about empowering teams, fostering collaboration and building on Mercy Health's strong improvement culture to enhance community health and future readiness.

Michelle Wright

Group Chief Financial Officer

Michelle was appointed Group Chief Financial Officer at Mercy Health in April 2025, following a 13-month tenure as Divisional CFO – Corporate.

With over 20 years of experience as a senior finance leader, Michelle brings a range of finance strategy, governance, risk and compliance, mergers and acquisitions and commercial expertise. Michelle has built a diverse career across leading organisations including DuluxGroup, Coles Group, Amcor, Caulfield Grammar and PricewaterhouseCoopers.

Michelle is a Chartered Accountant and a member of the Australian Institute of Company Directors. She holds a Senior Executive MBA and a Bachelor of Commerce from the University of Melbourne.

Simon Craig

Executive Director Transformation & Performance Improvement

Simon is an experienced transformation leader with over 20 years of expertise in driving performance improvement across healthcare, government and industry. Beginning his career as an engineer, Simon developed a strong foundation in structured problem solving and operational excellence during 11 years with Toyota, where he specialised in quality and supply chain management.

Since transitioning to healthcare in 2016, Simon has led transformational programs at Safer Care Victoria, St Vincent's Hospital Melbourne and St Vincent's Virtual and Home. His work has spanned continuous improvement, analytics, quality and virtual care, delivering sustained improvements in quality, access and cost.

Simon is passionate about empowering the organisation by embedding data driven decision making, building organisational capability and fostering a culture of collaboration and psychological safety. His leadership style is grounded in respect, servant leadership and a commitment to delivering lasting value.

Simon Cooke

General Counsel

Clare Douglas

Chief Executive Healthy Ageing (1 July 2025 – 4 January 2026)

Gavin Young

Chief Executive Healthy Ageing (5 January – current)

Mary-Anne Gallagher

Chief People Officer

Cathy Jenkins

Executive Director Mission, Communications & Stakeholder Relations (1 July – 30 November 2025)

Monika Lancucki

Executive Director Mission, Communications & Stakeholder Relations (1 December 2025 – current)

Dr Paul Jurman

Chief Information and Digital Transformation Officer

Rebecca MacFarling

Chief Executive Mercy Health Foundation

Health Services leadership team

Tanya Darrer
General Manager, Mercy Hospital for Women
Chief Allied Health Officer
(27 October 2025 – current)

Gen Toop
General Manager – People & Culture, Health Services

Kirrily Gilchrist
Executive Officer

Adjunct Professor Jeffrey Kirwan
Chief Medical Officer
(1 July 2025 – 23 January 2026)

Thomas Chan
Acting Chief Medical Officer
(24 January – 30 June 2026)

Kent MacMillan
Director, Allied Health (1 July to 26 October 2025)

Leanne Mills
Chief Nursing and Midwifery Officer

Mark O'Connor
Divisional Chief Financial Officer
(1 July – 8 August 2025)

Diana Ortisi
Divisional Chief Financial Officer
(17 November 2025 – 30 June 2026)

Brendan Pawsey
Executive Director, Mercy Mental Health & Wellbeing Services

Paula Stephenson
Executive Director, Clinical Excellence

Glen Stokes
General Manager Major Projects, Assets & Infrastructure

Bradley Van Ooi
Executive Director, Werribee Mercy Hospital
(1 July 2025 – 15 June 2026)

Janice Fernandes
Acting Executive Director, Werribee Mercy Hospital
(16 – 30 June 2026)

Workforce data

We confirm that employees have been correctly classified in the workforce data collections.

Hospitals labour category	June FTE		Average monthly FTE	
	2026	2025	2026	2025
Nursing	1772.93	1751.54	1730.31	1685.77
Administration and clerical	330.72	330.76	330.20	333.82
Medical support	94.27	92.22	90.51	84.89
Hotel and allied services	195.71	186.07	190.76	178.84
Medical officers	32.35	35.03	33.02	34.71
Hospital medical officers	375.98	362.22	365.26	366.50
Sessional clinicians	157.63	142.79	157.08	146.11
Ancillary staff (allied health)	252.34	245.91	250.40	238.90

FTE increases are as a result of changes to safe patient care ratios, establishment of recruit to targets and reduction of overall FTE deficits.

Workforce inclusion policy

While Mercy Health is not considered a defined entity for the purposes of the Gender Equality Act 2020, Mercy Health has a longstanding commitment to gender equity and has voluntarily participated in and been recognised by the Workplace Gender Equality Agency (WGEA) as an Employer Committed to Gender Equality (or its equivalent) since 2008.

In 2026, Mercy Health remains the only large organisation in the Health and Social Assistance industry to hold a WGEA citation across Australia and looks forward to maintaining the citation in years to come. Our application to renew the citation was completed in the 2024-25 submission period, with the citation re-confirmed in 2025-26.

Mercy Health has a three-year Gender Equity Plan based on the criteria set by WGEA. The current Gender Equality Plan is set to expire at the end of 2026 and will be refreshed for 2027 onwards.

In line with WGEA's updated reporting requirements, Mercy Health has selected three Gender Equality Targets for MHVL:

- Target 1: Reduce the Average Total Remuneration Gender Pay Gap (ATR GPG) by seven percentage points
- Target 2: Increase the representation of Men in Clerical & Administration employment category by three percentage points
- Target 3: Reduce the ATR GPG for non-managers by five percentage points.

Pleasingly, Mercy Health's mean gender pay gap between men and women has decreased from last year's WGEA reporting results. In 2026, MHVL achieved a 4.4 percentage point reduction in the Average Total Remuneration Gender Pay Gap.

Mercy Health continues to work hard to improve gender equity through our attraction, development and engagement programs, which focus on bringing talented women to our organisation and advancing women at all levels. We remain committed to fostering an inclusive workplace where all employees are supported to succeed and thrive.

Occupational health and safety

Occupational health and safety statistics	2025-26	2024-25	2023–24
The number of reported hazards/incidents for the year per 100 FTE	82.17	69.86	59.40
The number of 'lost time' WorkCover claims for the year per 100 FTE	1.04	0.83	0.75
The average cost per WorkCover claim for the year ('000)	$12,099	$10,429	$10,925

The Work Health and Safety Plan 2023-2027 that aligns with our People Strategy aims to nurture our people to thrive through initiatives that invest in proactively supporting our people's health, safety and wellbeing. Mercy Health is working together to keep everyone safe from harm.

In the third year of the plan, the targets set to increase incident reporting by 10%, send monthly safety messages to staff, support managers to complete incident investigations within five days and increase training compliance from 85% to 90% are tracking well. There has been monitoring of benchmarking through a safety systems audit to ensure that our systems are meeting legislative requirements.

The Occupational Violence and Aggression (OVA) Prevention Framework is the strategic model for providing operational support to all areas of our business and is completed in line with Mercy Health's Safety Management System. A new campaign was launched to provide resources to staff.

The OVA Team also oversees the Occupational Violence Road Map which details the priorities, time frames, measures and accountability for our Health Services portfolio. In the second year of the roadmap outcomes include the implementation of a new assessment process in our Werribee Mercy Hospital Emergency Department and an expansion of our Code Grey simulation training.

The Mercy Health Wellbeing Framework has been in place for 12 months and is focussed on the prevention, intervention and response to psychosocial risk factors. Staff can access a range of new resources to support their mental health and wellbeing.

Managers remain accountable for creating a strong safety culture and responding when staff need support and guidance. Mercy Health continues to promote early intervention. Following a slight reduction in the number of injuries reported, over 80 staff were supported through the program.

Mercy Health continues to support staff through the successful early intervention processes with the average back at work rate at above 80%, using processes and practices that have been in place since 2018.

Occupational Violence Statistics	2025-26
Workcover accepted claims with an Occupational violence cause per 100 FTE	0.13
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0.64
Number of occupational violence incidents reported	1,668
Number of occupational violence incidents reported per 100 FTE	52.77
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	1.26%

The following definitions apply:

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 ratings 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 2025-26.*

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.*

Part A: strategic priorities

Innovate and improve access and care

Goal: Align with the Victorian Clinical Governance Framework to strengthen clinical governance systems, ensuring safe, high-quality care.

Demonstrate high-quality care in which consumer engagement and input is actively sought, facilitated and used to drive system change to improve consumer experience and outcomes.

- Strengthening consumer engagement processes, practices and capability remains a priority. Guided by the Community Engagement Plan 2023-28 and Volunteer Strategy 2023-2025 Mercy Health Services has continued to actively partner with consumers in the evaluation, design and delivery of care and services.
- This includes a focus on staff and consumer education, ongoing promotion of the role of consumers in shaping healthcare, as well as delivery of co-facilitated orientation (with consumers) for new Consumer Advisors and working proactively with colleagues in improvement, quality and operational roles to engage consumers through both formal and informal mechanisms.
- There is a consumer and community engagement plan to shape the new Health Services Strategy and Mercy Health has collaborated with Local Health Service Networks (LHSN) leadership and peer organisations on consumer engagement events for the LHSN, including focus groups and committee representation.

Ensure that health service reporting, reviews and decision-making are underpinned by a safety culture and systems that are transparent, accurate and fair for staff and consumers.

- End-to-end clinical incident management improvements continued this year, including the development of manager review tools, improvements to incident review meeting processes, review and improvement of statutory duty of candour processes.
- Evidence of an effective safety system was demonstrated through the identification of themes relating to delays in patient follow-up, which were investigated and addressed through an Incident Management Team process with Executive leadership oversight.
- The Mercy Health Quality Improvement Program, which commenced in February 2024, transitioned to Business-As-Usual in May 2026, with oversight of remaining recommendations via internal governance and quarterly reporting to Safer Care Victoria.
- In February 2026, the Mercy Health Board approved the *Care Reimagined* Framework. *Care Reimagined* is: A shared vision, shaped by our values and Catholic principles, which helps us describe, strengthen and continuously improve the care we already provide across Mercy Health. Care that is:
  - Safe
  - Connected
  - Effective
  - Personal
- Implementation of *Care Reimagined* is underway with a leader supported integration approach. The roadmap for implementation is staged over three years with the following aims:
  - Year 1: Mobilise, Align & Build Foundations
  - Year 2: Scale & Embed
  - Year 3: Sustain, Optimise & Mature

Health services are able to show evidence of a comprehensive training program approach that includes performance management, accountability and continuous improvement.

» Aligned with the Mercy Health Improvement Strategy, foundational improvement training for operational staff has been implemented, with around 25 staff members trained per quarter. All participants complete an improvement project in their area.

» The Health Services Improvement Secondment Program was implemented, with four improvement coaches seconded to the Health Services Improvement Team. Coaches are aligned to divisions to support local and organisation-wide improvements and build improvement capability.

Goal: Improve access to timely emergency care by implementing system-wide patient flow strategies that reduce emergency department wait times and improve ambulance-to-hospital transfer times.

Implement all relevant standards outlined in the Standards for Safe and Timely Ambulance and Emergency Care (STAEC) for Victorians and the accompanying Implementation Guide

» Mercy Health participated in both STAEC and Timely Emergency Care Collaborative (TECC), with the work focused at Werribee Mercy Hospital (WMH).

» All relevant standards have been implemented, with improvement in ambulance offload times and ED length of stay.

» The WMH Whole of Hospital project provides aligned focus on patient flow, through refinements to the Daily Operating System and admission, planning and discharge initiatives in ED and inpatient wards.

Goal: Maintain a commitment to delivering equitable and timely access to planned care and drive reform in alignment with the Planned Surgery Reform Blueprint.

Implement and scale theatre optimisation initiatives in planned surgery, for example same-day surgery and same-day surgery by default models of care, criteria-led discharge, monitoring of theatre measures and high-throughput approaches such as high-intensity theatre lists.

» At Mercy Hospital for Women (MHW), the 'Start on time, home on time' initiative commenced, with a focus on theatre efficiency and shared theatre lists.

» WMH has implemented Criteria Led Discharge for several types of surgeries, resulting in significant savings in inpatient bed days. On-time theatre starts initiative has shown sustained improvement however was impacted by Health Workers Union (HWU) industrial action in Q2 and Q3.

» A partnership with St Vincent's on the Park to perform Large Loop Excision of the Transformation Zone (removal of pre-cancerous cells from the cervix) for MHW and colonoscopies for WMH has resulted in almost 200 patients treated and waiting times returning to target.

Proactively manage planned surgery and specialist clinics (or outpatients) waitlists, for example validating and supporting patients into optimal care pathways such as evidence-based alternatives to surgery and optimisation pathways. A particular focus should be applied to long-waiting patients and priority population groups (for example, Aboriginal and Torres Strait Islander patients and under-18 patients).

» At MHW, nurse-led gynaecology clinics were implemented, along with updates to referral and triage guidelines, shared waitlists between gynaecology units and improved visibility and monitoring of extreme surgical long waiters. Partnerships have been established with two GP clinics to initiate shared gynaecology care.

» At WMH, waitlist validation resulted in the removal of 290 patients from surgical and 408 patients from the specialist clinics waitlists.

Goal: Support the implementation of the "Next Phase of Reform" to deliver inclusive, personalised, compassionate, integrated mental health and wellbeing care in the community.

Progress mental health reform: Implement mental health services per department guidelines and engage in reform related initiatives to improve access to community mental health services, crisis reforms, headspace integration, youth and adolescent inpatient care, catchment removal as well as infant, child and youth age streaming.

» Mercy Mental Health & Wellbeing delivered the disaggregation of the Maribyrnong Mental Health services, safely transitioning 167 consumers to Western Health through structured clinical handovers and decommissioning the Saltwater Clinic, completed by 1 April 2026.

Partner with Safer Care Victoria in one or more mental health improvement programs: elimination of restrictive intervention, improving sexual safety, implementation of the zero-suicide framework and reducing compulsory treatment.

» Mercy Mental Health & Wellbeing has partnered with Safer Care Victoria to progress mental health improvement priorities, with a focus on elimination of restrictive interventions.

» **Phase 1** established a solid foundation for reducing restrictive interventions through a coordinated, multidisciplinary approach, reinforcing shared ownership across nursing, medical, allied health, lived experience workforce and leadership. This phase demonstrated measurable improvement, with dashboard data indicating a clear downward trend in the use and duration of restrictive interventions alongside increased reporting transparency and monitoring. These results reflect improved early intervention practices, stronger clinical decision-making and greater staff confidence in applying least restrictive, trauma-informed approaches. In addition to quantitative gains, there was a notable cultural shift — staff engagement increased, conversations about safety became more proactive and restrictive intervention reduction became embedded as a core quality priority. Collectively, these outcomes established both the capability and commitment required to sustain ongoing reductions and improve consumer safety and experience.

» **Phase 2** focuses on consolidating and scaling these improvements by embedding consistent practice, strengthening data-driven decision-making and deepening workforce capability. The emphasis is on sustaining behaviour change, expanding consumer-informed approaches and aligning restrictive intervention reduction with broader safety priorities such as trauma-informed care and system-wide quality improvement.

Progress partnerships, whether through a formal partnership, MoU or exchange of letters, with local community based mental health services (including Mental Health and Wellbeing Locals, Headspace and other local NGO providers) and deliver initiatives that align with the objectives of the Mental Health and Wellbeing Act 2022 and in accordance with the priorities outlined in Victoria's next phase of reform for Mental Health and Wellbeing.

» Mercy Health partnered with cohealth to support the design, development and implementation of the Wyndham Mental Health and Wellbeing Local, which officially opened in March 2026. The new service will provide a community-based entry point for adults seeking mental health and wellbeing support, with step-up and step-down pathways to primary care and Area Mental Health Services. Referral pathway development workshops with cohealth and Wyndham MH&W Local remain on track and will conclude in July 2026. Participation in the West Metro Governance Committee and establishment of a quarterly operational and clinical working group are strengthening cross-organisational collaboration, process integration and transitions of care.

» Accountability and ownership for ongoing partnership development, relationship management and implementation activities will be formally assigned and monitored as part of the strategic plan delivery framework to support improved consumer outcomes, activity performance and system integration.

Prudent, sustainable and effective use of resources

Goal: Develop and implement initiatives to strengthen financial sustainability. By delivering sustainable, responsible budgets, we can ensure a well-managed, viable and sustainable health system for the future.

Deliver the key initiatives outlined in the Budget Action Plan within Government parameters.

» Through a structured program across five workstreams, the Mercy Health Financial Improvement Plan (FIP) achieved sustainable savings of $16.88M in FY26.

» FIP delivery is across five categories:
  - Clinical Service Realignment
  - Corporate Led Initiatives
  - Functional Realignment Initiatives
  - Medical Workforce Realignment
  - Revenue Optimisation

» Key achievements from FY26 included delivery of length of stay efficiencies to improve experience and deliver care at a lower cost and operating theatre efficiencies which resulted in staff and patients getting home sooner.

» The program is on track to deliver $52.7M over three years; some savings initiatives planned for 2025-26 have been rolled over into the next financial year.

Utilise data analytics and performance metrics to identify areas of inefficiency and waste and make evidence-based decisions to improve financial sustainability and operational performance.

» Analytics tools covering finance, workforce, activity and quality have been developed and published in new application Power BI. More than 1500 active users currently utilise the tools, with refinement and further development to continue.

Use funding efficiently and effectively to optimise patient facing services. Undertake programs to reduce the cost of service delivery, improve safety, capacity and reduce unnecessary waiting.

» As noted above, the Mercy Health Financial Improvement Plan has achieved significant savings, with delays to the original plan for some initiatives.

» Considerable progress in Nursing and Midwifery workforce management, with the replacement of high-cost labour (agency and overtime) with a larger and more flexible Nursing/Midwifery pool and bank.

» Maturation of the Access and Demand function improving patient flow and experience.

» The Medical Workforce Unit redesign project has commenced and will deliver significant improvements and efficiencies, including workforce FTE requirements, recruitment and onboarding processes, rostering, overtime and leave management, payroll processes, financial management and centralisation of workforce management functions.

» Material uplifts in theatre efficiencies have been (and will continue to be) delivered, improving on-time starts and in-session minutes, improving safety, capacity and throughput, particularly in endoscopy, and reducing unnecessary waiting.

» Focused and continuing work and efforts on reducing the Length of Stay (LOS) to improve patient flow and experience.

A stronger workforce

Goal: Position Victoria as a leader in employee experience, capability and capacity by focusing on future roles and professional development in line with the Victorian Health Workforce Strategy to ensure a regenerative and sustainable workforce.

Implement processes to sustain workforce supply and fulfill obligations, including those under the Gender Equality Act 2020 by improving employee experience in leadership, health and safety, flexibility, career development and agility to ensure safe, high-quality care.

- The Mercy Health Leadership Capability Framework has been endorsed and implementation commenced, with improvement of organisation-wide orientation processes and succession planning undertaken at the Health Services executive level.
- Enhancing Employee Experience and our Employee Value Proposition (EVP) to attract and retain our valuable staff.
- A three-year plan has been developed to support gender equity at Mercy; Workplace Gender Equality Agency (WGEA) 2025-26 data submission demonstrated a reduced gender pay gap in Health Services.

Collaborate with the department to improve workforce data analytics, generate actionable insights and enhance strategic planning

- Human Resources and Manager's dashboards have been developed, enabling monitoring of key workforce data.

Improving Aboriginal health and wellbeing

Goal: Enhance Delivery and Access to Culturally Safe Services, fostering strong connections to culture. Address racism and provide Aboriginal people with culturally safe healthcare and referral pathways between mainstream and community-controlled health services.

Deliver high-quality cultural safety training to all executives and staff using independent, expert, community-controlled organisations or a registered Aboriginal business.

» An organisation-wide, Board-endorsed mandatory cultural safety training program remains in place.

Health service executives and senior leaders establish and maintain strong, ongoing partnerships with Aboriginal community-controlled organisations and/or recognised Aboriginal leaders within their local catchments. These partnerships must be based on regular, proactive engagement that prioritises the voices, self-determined priorities and cultural knowledge of Aboriginal communities in the design, delivery and evaluation of health and wellbeing services.

» Mercy Health's refreshed Innovate Reconciliation Action Plan, developed in partnership with Wanyaari Aboriginal Consulting, has been finalised, with endorsement expected Q2 FY2026-27.

» Mercy Health intends to appoint a senior (director level) First Nations role, with recruitment plans currently being finalised.

Ensure culturally appropriate systems for identifying Aboriginal and Torres Strait Islander patients and implement responsive discharge plans and referral pathways.

» Through the Replanting the Birthing Trees project, Mercy Health strengthened culturally safe maternity care across staff training, governance, parent education, clinical care, child protection processes and referral pathways, supported by improved monitoring of First Nations outcomes, multidisciplinary case review and enhanced feedback pathways for First Nations families.

» The Nangnak Baban Murrup Midwifery Group Practice at MHW continued to expand as a culturally responsive model of care designed in partnership with First Nations communities, supporting 110 women in 2025 and introducing home birth as an option; in 2025-26, two First Nations babies were born on Country in their family homes through the program.

» Continuity of care was strengthened through a satellite antenatal clinic at the Woi-wurrung-yagila-wulumperi Whittlesea Early Parenting Centre, enabling closer collaboration between midwives, Aboriginal Hospital Liaison Officers and multidisciplinary teams, with weekly care coordination meetings supporting culturally responsive care across pregnancy, birth and the postnatal period.

» At WMH, expanded after-hours Aboriginal Hospital Liaison Officers (AHLO) support in the Emergency Department and the planned 2026 First Nations Hub will further strengthen culturally safe access and engagement.

» The WMH First Nations hub will open in 2026, enabling a culturally safe space as a base for engagement with First Nations consumers and families.

Moving from competition to collaboration

Goal: Collaborate within the Local Health Service Network to build a more integrated health system, with better access and experience for patients, strengthened workforce, consistently high-quality care and more sustainable healthcare delivery.

Meet all objectives agreed to in the Local Health Service Network (LHSN) Statement of Expectations across priority areas (access, equity and flow, workforce, safety and quality and shared services).

- Network three-year strategies have been completed for both LHSNs, providing high-level guidance on how the LHSN partners will collaborate across five priority areas: Access, Equity and Flow, Workforce, Safety and Quality, Shared Services and Partnerships.
- Network Clinical Service Plans – Part A have been completed for both networks, articulating the clinical demand and opportunities to uplift health self-sufficiency across each network and providing a response to these challenges through significant service reform and targeted capital and service investment.
- Network Workforce plans have been completed, with opportunities identified to share workforce data, implement shared nursing and midwifery nursing graduate programs and recognition of prior learning for workforce competencies.
- Strengthened collaboration on access and demand functions, including aligned escalation pathways and shared approaches to capacity via the Virtual Hospital North West collaboration.
- Collaboration on safety and quality across the networks, with a focus on shared learning and alignment of priorities. Progression of priority initiatives through the Safer Together Program, including escalation and response to deterioration in maternity services and medication safety.
- Initial scoping of potential shared services opportunities was completed.

Performance of priorities

In 2025-26, Mercy Health continued to respond to increased demand. Mercy Health has outperformed in several key result areas this year. For those areas where we have not met targets, we are focused on meeting them through our program of continuous improvement work.

Key achievements in performance in 2025-26 include:

- Improved patient experience outcomes, as measured through the Victorian Healthcare Experience Survey, reflecting continued focus on person-centred care.
- Sustained performance above target for the Functional Independence Measure (FIM), demonstrating strong rehabilitation outcomes and improved patient functional recovery.
- Achievement of the 100% target for the timely submission of sentinel event reports, supporting a strong culture of quality, safety and accountability.
- Achievement of the target for reducing seclusion episodes, reflecting continued commitment to recovery-oriented and least-restrictive mental health care.
- Improved emergency care performance at Werribee Mercy Hospital, including reduced ambulance offload times and 24-hour emergency department breaches.
- Increased utilisation of Hospital in the Home services, with more than 11% of admitted bed days delivered in the home, supporting patient choice, care closer to home and more efficient use of hospital capacity.

** The outcomes reported below are reflective of published data available at the time of authoring.*

** Here, Werribee Mercy Hospital appears as (WMH) and Mercy Hospital for Women appears as (MHW).*

High quality and safe care

Program Measure	Target		Result	
Infection prevention and control				
Percentage of healthcare workers immunised for influenza	94%		89%	
Continuing care				
Average change in the functional independence measure (FIM) score per day of care for rehabilitation separations	≥ 0.645		0.69	
Adverse events				
Percentage of reported sentinel events for which a root cause analysis (RCA) report was submitted within 30 business days from notification of the event	100%		100%	
Patient experience				
Percentage of patients who reported positive experiences of their hospital stay	95%		89.85%	
Aboriginal health	MHW	WMH	MHW	WMH
Difference between the percentage of Aboriginal patients and non-Aboriginal patients who left against medical advice	0%		1.18%	
Difference between the percentage of Aboriginal patients and non-Aboriginal patients presenting to ED who did not wait to be treated	0%	0%	3%	1%

Mental health patient experience		
Percentage of consumers who rated their overall experience with a service in the last three months as positive	80%	57.8%
Percentage of families/carers reporting a 'very good' or 'excellent' overall experience of the service	90%	33.3%
Percentage of families/carers who report they 'always' or 'usually' felt their opinions as a carer were respected	90%	69.2%
Percentage of mental health consumers reporting they 'usually' or 'always' felt safe using this service	90%	67.5%
Mental Health follow-ups, readmissions and seclusions		
Percentage of consumers followed up within 7 days of separation – Inpatient	88%	71%
Percentage of consumers re-admitted within 28 days of separation – Inpatient	<14%	14%
Rate of seclusion episodes per 1,000 occupied bed days – Inpatient	≤ 6	6.7

Strong governance, leadership and culture

Program	Measure	Target	Result
Organisational culture	People matter survey (PMS) – Percentage of staff with an overall positive response to safety culture survey questions	80%	NA

Timely access to care

Program Measure	Target		Result	
Planned Surgery				
Percentage of urgency category 1 planned surgery patients admitted within 30 days.	100%		100%	
Percentage of all planned surgery patients admitted within the clinically recommended time	94%		74.1%	
Number of patients admitted from the planned surgery waiting list	5,716		5,178	
Percentage of patients on the waiting list who have waited longer than the clinically recommended time for their respective triage category	29.4%		44%	
Optimisation of surgical inpatient length of stay (LOS), including through the use of virtual and home-based pre- and post-operative models of care	1.35		1.38	
Emergency Care	MHW	WMH	MHW	WMH
Percentage of patients transferred from ambulance to emergency department (ED) within 40 minutes	80%	57%	99%	64%
Number of emergency patients with a length of stay in the ED greater than 24 hours	0	0	0	232
Mean ED length of stay (admitted) in minutes	<414	<560	274	783
Mean ED length of stay (non-admitted) in minutes	<240	<300	173	321

Mental Health		
Percentage of mental health-related emergency department presentations with a length of stay of less than 4 hours	65%	19%
Percentage of departures from emergency departments to a mental health bed within 8 hours	80%	38%
Number of admitted mental health occupied bed days	16,614	17,877
Number of community mental health service hours	82,614	52,746
Specialist Clinics		
Percentage of patients referred by a GP or external specialist who attended a first appointment within the recommended timeframe	95%	84.3%
Home based care		
Percentage of admitted bed days delivered at home	10.2%	8.7%

Effective financial management

Key performance indicator	Target	Result
Operating result ($m)	-$14.2	-$33.68m
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.41
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	5% movement in forecast revenue and expenditure forecasts	achieved

All data published in annual reports is accurate at the time of publishing. Data may change following audit and data verification, which may not be finalised at the time of publishing.

Part C

Activity reporting

Funding Type	Activity
Consolidated Activity Funding	
Acute admitted, subacute admitted, emergency services, non-admitted NWAU	81,855.98
Community mental health NWAU	6,772
Acute Admitted	
Acute admitted DVA	2
Subacute/Non-Acute, Admitted & Non-admitted	
Subacute - DVA	0
Transition care - bed days	293
Transition care - home days	166
Mental Health and Drug Services	
Mental health ambulatory (hours)	1,239
Mental health subacute (bed days)	9,104
Primary Health	
Community health / primary care programs (Hours)	652

Lower activity bed days reflects the closure of Transition Care Program in October 2025.

Reporting procedures

Safe Patient Care Act 2015

MHVL has no matters to report in relation to its obligations under section 40 of the Safe Patient Care (Nurse to Patient and Midwife to Patient Ratios) Act 2015.

Car Parking

MHVL complies with the relevant hospital circular on car parking fees and details of car parking fees and concession benefits can be viewed at mercyhealth.com.au.

Public Interest Disclosures Act 2012

MHVL is committed to the aims and objectives of the Public Interest Disclosures Act 2012 (Vic).

MHVL does not tolerate detrimental action being taken against any person in relation to the making of a public interest disclosure or any other whistleblower disclosure protected by law.

MHVL has developed procedures for the protection of persons from detrimental action being taken against them by MHVL's officers and employees. These procedures include information about the welfare support MHVL will provide to a person who makes a disclosure.

The procedures are readily available to MHVL's officers and employees through Mercy Health's intranet. The procedure accessible to members of the public is available at https://www.mercyhealth.com.au/legal policy-information/whistleblowers/
The Mercy Health website search function also points to the relevant procedure through the search terms 'whistleblower', 'protected disclosure' and 'public interest disclosure'.

Disclosures under the Public Interest Disclosures Act 2012

	2025–26 Quantity	2024-25 Quantity
The number of disclosures made by an individual to the health service and notified to the Independent Broad-based Anti-corruption Commission	0	0
Assessable disclosures	0	0

Additional information available on request

In compliance with the requirements of FRD 22 Standard Disclosures in the Report of Operations, details in respect of the items listed below have been retained by MHVL and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the Freedom of Information requirements, if applicable):

- a statement of pecuniary interests of all relevant officers
- details of shares held by senior officers as nominee or held beneficially or in a statutory authority or subsidiary
- details of publications produced by MHVL about the activities of MHVL and how these can be obtained
- details of changes in prices, fees, charges, rates and levies charged by MHVL
- details of any major external reviews carried out on MHVL
- details of major research and development activities undertaken by MHVL

» 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 MHVL to develop community awareness of MHVL and its services
» details of assessments and measures undertaken to improve the occupational health and safety of employees
» general statement on industrial relations within MHVL and details of time lost through industrial accidents and disputes
» a list of major committees sponsored by MHVL, the purposes of each committee and the extent to which those purposes have been achieved and
» details of all consultancies and contractors including consultants/contractors engaged, services provided and expenditure committed for each engagement.

This information is available on request from:

Executive Officer Health Services
Phone: 03 8458 4444
Email: information@mercy.com.au

Carers Recognition Act 2012

Mercy Hospitals Victoria Ltd (MHVL) recognises, promotes and values the role of carers. The main purposes of the Carers Recognition Act 2012 are to:

» recognise, promote and value the role of people in care relationships
» recognise the different needs of people in care relationships
» support and acknowledge the benefits care relationships bring to the people in the care relationship and to the community
» enact care relationship principles to promote understanding of the significance of care relationships.

MHVL takes all practical measures to comply with its obligations under the Act, including:

» promoting the principles of the Act to people in care relationships who receive our services and to the wider community. For example:
  - support groups and information sessions for bereaved carers run by the Mercy Palliative Care program
  - employed mental health care consultant and carer peer workers
  - regular mental health carer support sessions
  - promotion of and adherence to the Charter of Healthcare Rights.
» ensuring that our staff have awareness and understanding of the care relationship principles set out in the Act. For example:
  - induction and training programs offered by the organisation include discussion of the principles of the Act
  - person-centred care initiatives include engagement of carers in documentation and training
  - REACH escalation and Kids Urgent Concern Helpline (KUCH) program is in place to support carers to address care issues
  - mental health staff training includes carer participation training.

» consideration of the carer relationship principles set out in the Act when setting policies and providing services. For example:
  - flexible working arrangements including leave provisions for employees who are in care relationships are documented in specific policies and procedures
  - our employees and people in care relationships have access to our Employee Assistance Program
  - MHVL references the Carer Recognition Act 2012 in its policy and procedure documents
  - patient experience surveys used by the organisation measure carer recognition, involvement and support in care and decision making
  - adherence to the Victorian Early Parenting Centers Model of Care and delivery of care in alignment with the EPC Parent/Carer Health and Wellbeing Procedure (Mercy Health).
» implementing priority actions in the Victoria Carer Strategy 2025-2035.

Building Act 1993

MHVL ensures buildings, plant and equipment that it owns and leases, are maintained in accordance with the requirements of all relevant statutory authorities. All new building works performed by or on behalf of MHVL comply with current requirements of the Building Code of Australia and other applicable Australian standards, statutory authorities and codes of practice.

Freedom of information

MHVL received 1,031 requests from members of the general public during the 2025-26 reporting period, of which 974 were determined to be valid Freedom of Information (FOI) requests.

Of the valid requests, Mercy Health made 864 FOI decisions during the 12 months ended 30 June 2026. There were 743 decisions made within the statutory time periods. Of the decisions made outside this timeframe, 118 were made within 45 days and three decisions were made in greater than 45 days.

Of the total decisions made, 666 granted access to documents in full, 197 granted access in part and one was denied access in full. Three decisions were made after mandatory extensions had been applied, or extensions were agreed upon by the applicant.

Of requests finalised, the average number of days (including any approved extensions) for making a decision was 18 days.

During 2025-26, 13 applications were subject to a complaint or internal review by the Office of the Victorian Information Commissioner. One request progressed to the Victorian Civil and Administrative Tribunal (VCAT).

Making a request

Access to documents may be obtained through written request to the Freedom of Information (FOI) Manager, as detailed in section 17 of the Act. In summary, the requirements for making a request of MHVL are:

» the application should be made in writing
» the application should identify as clearly as possible which type of document is being requested

the application should be accompanied by the appropriate application fee of $32.70. The fee may be waived upon request. FOI fact sheets and an access request form are available on the ‘Access your information’ section of the Mercy Health website at mercyhealth.com.au. Requests for documents in possession of MHVL should be addressed to the relevant facility/service:

Mercy Hospital for Women/O'Connell Family Centre/Whittlesea Early Parenting Centre

Freedom of Information Officer
Health Information Services
163 Studley Rd Heidelberg Vic 3084

Werribee Mercy Hospital

Freedom of Information Officer
Health Information Services
300 Princes Hwy Werribee Vic 3030

Mercy Mental Health and Wellbeing Services

Freedom of Information Officer Health Information Services
PO Box 2083 Footscray Vic 3011 (1 July 2025 – 31 March 2026)
117-129 Warringa Cres, Hoppers Crossing Vic 3029 (1 April – 30 June 2026)

Mercy Hospitals Victoria Ltd

Freedom of Information Officer
Level 2, 12 Shelley St Richmond Vic 3121

Access charges may also apply once documents have been processed and a decision on access is made; for example, photocopying and search and retrieval charges.

If an applicant is not satisfied with a decision made by MHVL, they have the right to seek a review, under section 49A of the Act, by the OVIC within 28 days of receiving a decision letter.

Further information regarding the operation and scope of FOI can be obtained from the Act, regulations made under the Act and at www.ovic.vic.gov.au.

Environmental performance

Mercy Health's Strategic Framework 2023–2027 identifies *Leading in Sustainability and Agility* as a core commitment, with carbon emissions reduction as a key target.
During 2025-26, efforts were focused on publishing the organisation's new *Caring for People and Planet Strategy 2026-2028: Our Path Forward*, informed by an assessment of progress to date, changing regulatory settings and organisational priorities. The strategy retains tackling climate change as a key strategic goal, with priority areas including buildings, energy and assets, through to sustainable procurement and waste and recycling.

There was also an increased focus during 2025-26 on identifying and expanding sustainable models of care, capability building in sustainable quality improvement and maintaining the Green Champions program.

Reporting boundary for environmental data

The environmental data presented in this report covers MHVL locations under operational control, specifically:

- Mercy Hospital for Women (MHW)
- Werribee Mercy Hospital (including Mercy Mental Health services located within the Werribee Mercy Hospital campus) (WMH)
- Mercy Mental Health Community Care Unit
- Mercy Palliative Care
- O'Connell Family Centre
- Woi-wurrung-yagila-wulumperi, Whittlesea Early Parenting Centre (WEPC)

Mercy Mental Health services also operated from three leased sites: Saltwater Clinic, Prevention and Recovery Care (PARC) and Wyndham Clinic.

Saltwater Clinic was within the MHVL reporting boundary until March 2026 with electricity procurement and waste management within operational control. Effective 31 March 2026, operational responsibility was transferred from Mercy Health to Western Health. As a result, the site was removed from the Environmental Management Data System (EDMS) on that date.

PARC and Wyndham Clinic operate from shared community health facilities, with utilities, general waste and recycling services outside MHVL's operational control and therefore outside the MHVL reporting boundary for environmental data. However, confidential paper recycling at Wyndham Clinic has been included, as the data is readily available. Vehicle fleet data associated with these sites are also included in MHVL totals.

Greenhouse gas emissions

MHVL reports its greenhouse gas emissions under Scopes 1, 2 and 3.
Scope 1 refers to emissions directly emitted by organisationally owned or controlled assets into the local atmosphere, including natural gas heating, diesel generators and fleet vehicles. Scope 2 refers to indirect emissions from purchased electricity generated at power stations across the National Electricity Market (NEM). These power stations are largely powered by fossil fuels.
Scope 3 refers to all other indirect emissions that are not covered by Scopes 1 or 2. These emissions may be beyond the organisation's direct control and result from the organisation's operations and supply chain. Scope 3 indicators include waste generation and corporate air travel.

G1 Total Scope 1 emissions rose 0.1% from 5,010.59 tonnes CO2-e in 2024-25 to 5,017.10 tonnes CO2-e in 2025-26. Emissions arising from stationary energy and vehicle fleet increased by 10% and 43% respectively, while emissions arising from desflurane and nitrous oxide decreased by 43% and 12% respectively.

G2 Total Scope 2 emissions arising from electricity purchasing increased by 0.45% from 9,760.88 tonnes CO2-e in 2024-25 to 9,804.88 tonnes CO2-e in 2025-26.

G3 Total Scope 3 emissions decreased by 11% from 4,212.45 tonnes CO2-e in 2024-25 to 3,654.82 tonnes CO2-e in 2025-26, driven largely by a 38% decrease in commercial air travel emissions and a 17% decrease in water related emissions. Minor increases were observed in indirect emissions from stationary energy and transport energy.

Pleasingly, 2025-26 has seen a significant 27% decrease in G(Opt) net greenhouse gas emissions from 17,135.58 tonnes CO2-e in 2024-25 to 12,561.68 tonnes CO2-e. This was driven by a 2.2% decrease in gross greenhouse gas emissions (G1 + G2 + G3) and emissions reduction offsets such as Green Power procurement and purchased Large-scale generation certificates (LGCs).

The G1, G3 and G(Opt) figures reported below for 2024-25 differ from the previous year's report. A limited range of estimated natural gas and water utility data was used to calculate the figures in the previous year's report however actual data has since become available.

GREENHOUSE GAS EMISSIONS	Jul-25 to Jun-26	Jul-24 to Jun-25	Jul-23 to Jun-24
G1 Total Scope 1 (direct) greenhouse gas emissions (CO2-e(t))			
Carbon Dioxide	2,770.73	2,475.03	2,549.64
Methane	5.06	4.58	4.60
Nitrous Oxide	2.13	1.81	2.03
Total	**2,777.91**	**2,313.24**	**2,556.27**
Scope 1 GHG emissions from stationary fuel (F2 Scope 1) (CO2-e(t))	**2,575.49**	**2,171.94**	**2,338.40**
Scope 1 GHG emissions from vehicle fleet (T3 Scope 1) (CO2-e(t))	**202.41**	**141.30**	**217.87**
Medical/Refrigerant gases			
Desflurane	10.93	19.14	4.47
Nitrous oxide	2,133.28	2,414.31	1,871.10
Refrigerant - R134A (HFC-134A)	28.70	28.70	24.39
Refrigerant - R22 (HCFC-22)	4.96	4.96	4.45
Refrigerant - R32 (HFC-32)	0.19	0.19	0.17
Refrigerant - R404A (HFC-404A)	1.18	1.18	0.99
Refrigerant - R407C (blend R32/R125/R134a)	0.15	0.15	0.13
Refrigerant - R410A (HFC-410A)	25.56	25.56	21.80
Sevoflurane	34.24	34.98	23.12
Total Scope 1 (direct) greenhouse gas emissions (CO2-e(t))	**5,017.10**	**5,010.59**	**4,506.89**

G2 Total Scope 2 (indirect electricity) greenhouse gas emissions (CO2-e(t))			
Electricity	9,804.88	9,760.88	9,502.97
Total Scope 2 (indirect electricity) greenhouse gas emissions (CO2-e(t))	**9,804.88**	**9,760.88**	**9,502.97**

G3 Total Scope 3 (other indirect) greenhouse gas emissions associated with commercial air travel and waste disposal (CO2-e(t))			
Commercial air travel	911.07	1,474.86	924.67
Waste emissions (WR5)	1,014.86	926.98	981.02
Indirect emissions from Stationary Energy	1,531.91	1,507.55	1,354.72
Indirect emissions from Transport Energy	51.44	35.89	55.36
Water emissions	145.54	176.17	165.27
Any other Scope 3 emissions	0.00	0.00	0.00
Total Scope 3 greenhouse gas emissions (CO2-e(t))	**3,654.82**	**4,121.45**	**3,481.06**

G(Opt) Net greenhouse gas emissions (CO2-e(t))			
Gross greenhouse gas emissions (G1 + G2 + G3) (CO2-e(t))	**18,476.80**	**18,892.92**	**17,490.92**
Total gross reported greenhouse gas emissions per bed-day (t CO2-e/OBD)	0.09	0.10	0.10
Green Power Electricity	-1,547.39	-1,757.34	0.00
Purchased LGCs	-4,367.73	0.00	0.00
Any Reduction Measures Offsets purchased (EL4-related)	**-5,915.12**	**-1,757.34**	**0.00**
Any Offsets purchased	**-5,915.12**	**-1,757.34**	**0.00**
Net greenhouse gas emissions (CO2-e(t))	**12,561.68**	**17,135.58**	**17,490.92**

Electricity use

Electricity use data is supplied directly to EDMS by energy providers on a monthly basis. Mercy Hospital for Women is an exception because the facility's metered electricity use is manually recorded by Austin Health staff and reported based on a shared services agreement with Austin Health. These manual recordings are provided to Mercy Health at the end of each financial year.

EL1 Total Electricity Consumption remained steady across previous reporting years, only decreasing in 2025-26 by approximately 1% from the previous year.

2025-26 is the first year to report solar electricity exports arising from a solar installation at Werribee Mercy Hospital's new Emergency Department. While services in the ED have not yet commenced and the solar generation and consumption data feed integration has not yet been completed, solar electricity exported to the grid is available on invoices. Approximately 0.36MWh of solar electricity has been exported since December 2025 from this facility. Every effort will be made to complete solar data feed integration with EDMS in advance of next year's report.

EL4 Total Electricity Offsets have almost doubled from the previous year, from 4,614.47MWh in 2024-25 to 8,953.97MWh in 2025-26. This increase arises from purchased LGCs associated with the shared services agreement between Mercy Hospital for Women and Austin Health. Austin Health transitioned to 100% Renewable Electricity supplied by the State Electricity Commission from 1 July 2025 and any electricity consumption attributed to Mercy Hospital for Women in EDMS is offset by associated LGCs.

ELECTRICITY USE	Jul-25 to Jun-26	Jul-24 to Jun-25	Jul-23 to Jun-24
EL1 Total electricity consumption segmented by source (MWH)			
Purchased	14,629.28	14,773.50	14,356.69
Self-generated	-0.36	0.00	0.00
EL1 Total electricity consumption (MWh)	**14,628.92**	**14,773.50**	**14,448.36**
EL2 On site-electricity generated (MWh) segmented by:			
Consumption behind-the-meter			
Solar Electricity	-0.36	0.00	0.00
Total Consumption behind-the-meter (MWh)	**-0.36**	**0.00**	**0.00**
Exports	**-0.36**	**0.00**	**0.00**
Solar Electricity	-0.36	0.00	0.00
Total Electricity exported (MWh)	**-0.36**	**0.00**	**0.00**
EL2 Total On site-electricity generated (MWh)	**-0.36**	**0.00**	**0.00**
EL3 On-site installed generation capacity (kW converted to MW) segmented by:	Jul-25 to Jun-26	Jul-24 to Jun-25	Jul-23 to Jun-24
Diesel Generator	1.50	1.50	1.50
Solar System	0.10		
EL3 Total On-site installed generation capacity (MW)	**1.60**	**1.50**	**1.50**
EL4 Total electricity offsets segmented by offset type (MWh)	Jul-25 to Jun-26	Jul-24 to Jun-25	Jul-23 to Jun-24
LGCs voluntarily retired on the entity's behalf	4,747.53		
GreenPower	1,681.95	1,910.15	
RPP (Renewable Power Percentage in the grid)	2,524.49	2,704.32	2,710.44
EL4 Total electricity offsets (MWh)	**8,953.97**	**4,614.47**	**2,710.44**

Stationary energy

Heating and hot water systems are powered by natural gas at most MHVL sites. Natural gas use data is supplied directly to EDMS by energy providers on a varying basis. Mercy Hospital for Women is an exception because the facility's reported use is based on a shared services agreement with Austin Health.

Natural gas use has increased by approximately 10% during 2025-26. This increase is attributed to a change in the calculation method of the shared services agreement between Mercy Hospital for Women and Austin Health. In previous years, gas use attributed to Mercy Hospital for Women was a fixed number. In 2025-26, gas use was calculated based on the floor area percentage that Mercy Hospital for Women occupies across the whole site. This leads to a more accurate, but higher, reported gas use at the facility.

Diesel is used at Werribee Mercy Hospital for back-up power generation. Refuelling data is collected annually as a proxy for annual fuel usage. Diesel fuel generators at Mercy Hospital for Women are not under operational control and are therefore not included in this data. A larger quantity of diesel was purchased in 2025-26 as compared to previous years.

F1 and F2 figures reported below for 2024-25 differ from the previous year's report. A limited range of estimate data was used to calculate the figures in the previous year's report however actual data has since become available.

STATIONARY ENERGY	Jul-25 to Jun-26	Jul-24 to Jun-25	Jul-23 to Jun-24
F1 Total fuels used in buildings and machinery segmented by fuel type (MJ)			
Natural gas	49,927,904.69	45,373,366.54	45,379,468.19
Diesel	38,591.90	28,942.30	
F1 Total fuels used in buildings (MJ)	**49,966,496.59**	**45,402,308.84**	**45,379,468.19**
F2 Greenhouse gas emissions from stationary fuel consumption segmented by fuel type (CO2-e(t))			
Natural gas	2,572.78	2,338.09	2,338.40
Diesel	2.71	2.03	
F2 Greenhouse gas emissions from stationary fuel consumption (CO2-e(t))	**2,575.49**	**2,340.12**	**2,338.40**

Transportation

Vehicle fleet data is obtained quarterly from the organisation's fleet leasing partner. In 2025-26, the MHVL fleet used three fuel sources: petrol, diesel and E10. The fleet increased from 96 passenger vehicles in 2024-25 to 107 passenger vehicles in 2025-26. The increase of vehicles in the fleet has been accompanied by an increase in kilolitres of fuel used and greenhouse gas emissions. No plug-in hybrid or electric vehicles have yet been introduced to the vehicle fleet.

Air travel is captured manually and includes processed continuing medical education (CME) claims containing flight travel. Staff groups which were most likely to travel by air were identified to be senior medical staff travelling for CME purposes and staff in senior leadership and executive roles. Approximately three million kilometres were travelled by commercial flights, where 99% arose from CME. The reduction in kilometres travelled from the previous year may be associated with disruptions to air travel observed this year.

TRANSPORTATION ENERGY	Jul-25 to Jun-26	Jul-24 to Jun-25	Jul-23 to Jun-24
T1 Total energy used in transportation (vehicle fleet) within the Entity, segmented by fuel type (MJ)			
Petrol	2,912,130.00	2,007,550.10	3,121,095.30
Petrol (E10)	2,318.30	0.00	5,309.00
Diesel	76,042.00	78,759.50	92,245.80
Total energy used in transportation (vehicle fleet) (MJ)	**2,990,490.30**	**2,086,309.60**	**3,218,650.10**
T2 Number and proportion of vehicles in the organisational boundary segmented by engine/fuel type and vehicle category			
Road vehicles	107 (100%)	96 (100%)	108 (100%)
T2 Passenger vehicles	**107 (100%)**	**96 (100%)**	**108 (100%)**
Petrol	103 (96%)	90 (94%)	103 (95%)
E10	2 (2%)	0 (0%)	3 (3%)
Diesel	2 (2%)	6 (6%)	2 (2%)
T2 Internal combustion engine	**107 (100%)**	**96 (100%)**	**108 (100%)**
T2 Hybrid (independently charged)	0 (0%)	0 (0%)	0 (0%)
T2 Electric propulsion	0 (0%)	0 (0%)	0 (0%)

T3 Greenhouse gas emissions from transportation (vehicle fleet) segmented by fuel type (CO2-e(t))			
Petrol	196.92	135.75	211.05
Petrol (E10)	0.14	0.00	0.32
Diesel	5.35	5.55	6.50
Total Greenhouse gas emissions from transportation (vehicle fleet) (CO2-e(t))	**202.41**	**141.30**	**217.87**
T4 Total distance travelled by commercial air travel (passenger km travelled for business purposes by entity staff on commercial or charter aircraft)			
Total distance travelled by commercial air travel	3,136,933.30	3,983,224.00	2,582,285.00

Total energy use

E1 Total Energy Use from fuels increased by 11.5% from the previous year due to increases in both stationary and transport fuel use.

E2 Total Energy Use from electricity has remained relatively consistent between years (within 1%).

E3 Total Energy Use segmented by renewable and non-renewable energy sources has been steadily trending toward a higher proportion of renewable energy sources across previous years, with 30.5% of energy use in megajoules (MJ) arising from renewable energy sources in 2025-26.

E1, E3 and E4 figures reported below for 2024-25 differ from the previous year's report. A limited range of estimated natural gas utility data was used to calculate the figures in the previous year's report however actual data has since become available.

TOTAL ENERGY USE	Jul-25 to Jun-26	Jul-24 to Jun-25	Jul-23 to Jun-24
E1 Total energy usage from fuels, including stationary fuels (F1) and transport fuels (T1) (MJ)			
Total energy usage from stationary fuels (F1) (MJ)	49,966,493.59	45,402,308.84	45,379,468.19
Total energy usage from transport (T1) (MJ)	2,990,490.30	2,086,309.60	3,218,650.10
Total energy usage from fuels, including stationary fuels (F1) and transport fuels (T1) (MJ)	**52,956,983.89**	**47,488,618.44**	**48,598,118.29**
E2 Total energy usage from electricity (MJ)			
Total energy usage from electricity (MJ)	52,664,101.75	53,184,591.99	52,014,079.73
E3 Total energy usage segmented by renewable and non-renewable sources (MJ)			
Renewable	32,233,205.93	16,612,092.23	9,758,121.60
Non-renewable (E1 + E2 - E3 Renewable)	73,387,882.70	80,797,382.05	90,854,076.41
E4 Units of Stationary Energy used normalised: (F1+E2)/normaliser			
Energy per unit of LOS (MJ/LOS)	525.85	511.58	504.14
Energy per unit of bed-day (LOS+Aged Care OBD) (MJ/OBD)	525.85	511.58	504.14
Energy per unit of Separations (MJ/Separations)	1,597.61	1,567.68	1,526.31
Energy per unit of floor space (MJ/m2)	1,866.21	1,792.68	1,770.98

Sustainable buildings and infrastructure

No newly completed entity-owned non-office building or infrastructure projects, or major upgrades exceeding $1 million, were completed during 2025-26.

Water use

Potable water data is supplied directly to EDMS by the water provider every two months.

W1 Water Consumption decreased by 3.7% from 107,700.70 kL in 2024-25 to 103,771.01 kL in 2025-26. However, estimate data has been used for Mercy Palliative Care, O'Connell Family Centre, Werribee Mercy Hospital and Whittlesea Early Parenting Centre for months April to June 2026, as consumption data is not yet available from the utility provider.

W1 and W2 figures reported below for 2024-25 differ from the previous year's report. Potable water invoices and associated consumption data for Werribee Mercy Hospital, Mercy Palliative Care and Mercy Mental Health Community Care Unit were unavailable at the time of reporting and therefore estimate data was used. Actual data has since become available.

WATER USE	Jul-25 to Jun-26	Jul-24 to Jun-25	Jul-23 to Jun-24
W1 Total units of metered water consumed by water source (kL)			
Potable water (kL)	103,754.01	107,700.70	98,490.21
Alternate supply consumption (kL)	17.00		1,317.00
Total units of water consumed (kL)	**103,771.01**	**107,700.70**	**99,807.21**
W2 Units of metered water consumed normalised by FTE, headcount, floor area, or other entity or sector specific quantity			
Water per unit of LOS (kL/LOS)	0.53	0.56	0.52
Water per unit of bed-day (LOS+Aged Care OBD) (kL/OBD)	0.53	0.56	0.52
Water per unit of Separations (kL/Separations)	1.62	1.71	1.56
Water per unit of floor space (kL/m2)	1.89	1.96	1.81

Waste and recycling

In 2025-26, most waste contracts were consolidated under one waste service provider resulting in more readily available weight data where weight-to-volume conversion factors were previously used. Weight-to-volume conversion factors are still used for some incinerated and sharps clinical waste, some commingled waste, e-waste and grease traps.

WR1 Total Units of Waste Disposed increased by 2.3% from 957.7 tonnes in 2024-25 to 979.5 tonnes in 2025-26. WR2 percentage of waste disposal by waste stream shows that proportions of general waste, clinical waste and paper recycling remain relatively unchanged across the years at approximately 60%, 19% and 18% respectively.

Some momentum has been lost in the overall recycling rate shown in WR4, decreasing from 21.53% in 2024-25 to 19.67% in 2025-26. This can be attributed to less battery, blister pack, commingled, e-waste and PVC recycling since the previous year. Some gains have been made in metals recycling due to a dedicated single use metal instrument recycling initiative at Mercy Hospital for Women, as well as packaging plastics/films, reused medical supplies and toner and printer cartridge recycling.

WR3 normalised waste disposal demonstrates an increase in waste to landfill per patient treated and a corresponding decrease in waste recycled per patient treated.

As a result, WR5 emissions associated with waste disposal have increased by 9.5% from 926.98 tonnes CO2-e in 2024-25 to 1,014.86 tonnes CO2-e in 2025-26.

WASTE AND RECYCLING	Jul-25 to Jun-26	Jul-24 to Jun-25	Jul-23 to Jun-24
WR1 Total units of waste disposed of by waste stream and disposal method (kg)			
Landfill (total)			
General waste - bins	208,895.62	200,742.27	202,432.36
General waste - compactors	363,670.00	345,780.00	351,460.00
General waste - skips	29,488.60	27,105.75	26,639.06
Offsite treatment			
Clinical waste - incinerated	19,143.72	118,831.00	7,279.79
Clinical waste - sharps	3,428.24	3,774.86	3,940.14
Clinical waste - treated	162,234.15	55,311.00	165,236.17
Recycling/recovery (disposal)			
Batteries	462.00	751.00	640.90
Blister Packs	35.00	107.00	56.00
Commingled	3,645.60	9,085.12	6,198.56
E-waste	3,504.97	4,442.62	3,662.29
Fluorescent tubes	0.0	279.73	95.00
Grease traps	3,420.43	4,232.25	3,961.36
Metals	1,208.00	955.24	1,071.00
Other recycling	50.10	50.00	345.22
Packaging plastics/films	242.00	208.00	117.00
Paper (confidential)	66,876.87	101,779.19	89,565.69
Paper (recycling)	110,305.88	82,189.60	87,184.96
PVC	1,048.00	1,185.00	564.00
Reused Medical Supplies and Equipment	1,396.21	582.68	921.55
Toner & print cartridges	473.14	325.30	395.82
Total units of waste disposed (kg)	**979,528.52**	**957,717.61**	**951,766.87**

WR1 Total units of waste disposed of by waste stream and disposal method (%)			
Landfill (total)			
General waste	61.46%	59.90%	61.00%
Offsite treatment			
Clinical waste - incinerated	1.95%	12.41%	0.76%
Clinical waste - sharps	0.35%	0.39%	0.41%
Clinical waste - treated	16.56%	5.78%	17.36%

Recycling/recovery (disposal)			
Batteries	0.05%	0.08%	0.07%
Blister Packs	0.00%	0.01%	0.01%
Commingled	0.37%	0.95%	0.65%
E-waste	0.36%	0.46%	0.38%
Fluorescent tubes		0.03%	0.01%
Grease traps	0.35%	0.44%	0.42%
Metals	0.12%	0.10%	0.11%
Other recycling	0.01%	0.01%	0.04%
Packaging plastics/films	0.02%	0.02%	0.01%
Paper (confidential)	6.83%	10.63%	9.41%
Paper (recycling)	11.26%	8.58%	9.16%
PVC	0.11%	0.12%	0.06%
Reused Medical Supplies and Equipment	0.14%	0.06%	0.10%
Toner & print cartridges	0.05%	0.03%	0.04%

WR3 Total units of waste disposed normalised by FTE, headcount, floor area, or other entity or sector specific quantity, by disposal method	Jul-25 to Jun-26	Jul-24 to Jun-25	Jul-23 to Jun-24
Total waste to landfill per patient treated ((kg general waste)/PPT)	1.79	1.75	1.76
Total waste to offsite treatment per patient treated ((kg offsite treatment)/PPT)	0.55	0.54	0.54
Total waste recycled and reused per patient treated ((kg recycled and reused)/PPT)	0.57	0.63	0.59

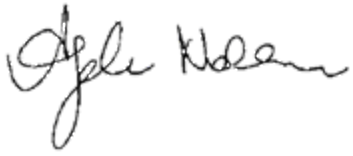
WR4 Recycling rate (%)	Jul-25 to Jun-26	Jul-24 to Jun-25	Jul-23 to Jun-24
Weight of recyclable and organic materials (kg)	192,668.19	206,172.73	194,779.35
Weight of total waste (kg)	979,528.52	957,717.61	951,766.87
Recycling rate (%)	**19.67%**	**21.53%**	**20.47%**

WR5 Greenhouse gas emissions associated with waste disposal (CO2-e(t))	Jul-25 to Jun-26	Jul-24 to Jun-25	Jul-23 to Jun-24
CO2-e(t)	1,014.86	926.98	981.02

Attestations

Proposed Data Integrity Declaration

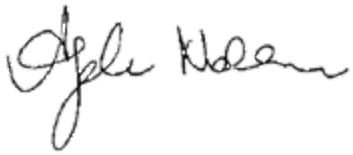
I, Angela Nolan, certify that Mercy Hospitals Victoria Ltd continues to put in place appropriate internal controls and processes to enhance the accuracy of reported data. MHVL critically reviews these controls and processes during the year.



Angela Nolan
Accountable Officer
28 July 2026

Proposed Conflict of Interest Declaration

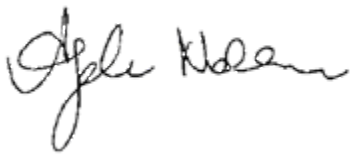
I, Angela Nolan, certify that Mercy Hospitals Victoria Ltd has put in place appropriate internal controls and processes to ensure that it has implemented a 'Declaration of Material Interests' procedure consistent with the minimum accountabilities required by the Australian Public Services Commission. All Mercy Health Australia executive staff have completed an annual declaration of material interests form for 2025-26 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 board meeting.



Angela Nolan
Accountable Officer
28 July 2026

Proposed Integrity, Fraud and Corruption Declaration

I, Angela Nolan, certify that Mercy Hospitals Victoria Ltd continues to put in place appropriate internal controls and processes to ensure that integrity, fraud and corruption risks have been reviewed and addressed at Mercy Hospitals Victoria Ltd during 2025-26.



Angela Nolan
Accountable Officer
28 July 2026

Disclosure index

The Report of Operations 2025-26 of the Mercy Hospitals Victoria Limited is prepared in accordance with all relevant legislation. This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

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PHILIPS
HITH

Year in review

Phototherapy in the home keeps families together

Mercy Hospital for Women has provided phototherapy in the home for babies with jaundice who are clinically suitable to receive treatment outside a hospital setting for the past two years.

Jaundice is a common condition in newborn babies that causes yellowing of the skin and eyes due to a build-up of bilirubin in the blood. Phototherapy uses a special blue light to help break down bilirubin so it can be more easily removed from the baby's body. As part of the program, babies receive treatment at home using a phototherapy biliblanket, a portable light therapy device that wraps around or sits against the baby's body while allowing normal feeding, sleeping and cuddling.

The innovative model enables babies to receive specialist care at home rather than being admitted to Special Care Nursery, helping families remain together during the important early days after birth. Parents are supported to care for their baby at home, with access to phototherapy equipment and ongoing clinical guidance.

The service is delivered through a multidisciplinary partnership between midwifery, neonatal and Hospital in the Home teams. Midwives provide daily home visits, including newborn assessments and blood tests, and work closely with Neonatal Consultants to review progress and determine ongoing care requirements.

By reducing the need for hospital admission while maintaining safe, high-quality care, the model has improved the experience of care for families and supported more babies to receive treatment in the comfort of their own home.

Mercy Hospital for Women continues to explore opportunities to expand the program, ensuring more families can access specialist newborn care at home while remaining together during their baby's treatment.



Replanting the Birthing Trees strengthens culturally safe care

Culturally safe maternity and newborn care is at the heart of Mercy Hospital for Women's Replanting the Birthing Trees (RBT) project, a First Nations-led initiative focused on improving experiences and outcomes for First Nations women, babies and families.

Working in partnership with First Nations communities, the University of Melbourne and The Royal Women's Hospital, Mercy Health implemented initiatives across cultural safety, workforce development, continuity of care, parent education and clinical practice. Enhancements included increased involvement of Aboriginal Hospital Liaison Officers in care planning, expanded multidisciplinary care coordination, strengthened referral pathways and the establishment of a satellite antenatal clinic at the Woi-wurrung-yagila-wulumperi Whittlesea Early Parenting Centre, bringing care closer to home for many families.

The project has supported the continued growth of the Nangnak Baban Murrup Midwifery Group Practice, Mercy Health's culturally responsive model of care developed in partnership with First Nations communities. During 2025-26, 110 women received care through the program, which expanded to include homebirth as an option. Two First Nations babies were born on Country in their family homes through the model.

The program continues to deliver outstanding clinical outcomes. In 2025-26, 96 percent of babies born through the Nangnak program had a healthy birth weight of greater than 2.5 kilograms, exceeding the National Agreement on Closing the Gap Target 2, which aims for 91 percent of Aboriginal and Torres Strait Islander babies to be born at a healthy birth weight by 2031. The program also achieved a 94 percent term birth rate and a 30 percent smoking cessation rate among participating women.

These achievements reflect the collective efforts of the Nangnak Baban Murrup Midwifery Group Practice, Aboriginal Hospital Liaison Officers, social work, obstetric and neonatal teams, and demonstrate the positive impact of culturally safe, family-centred care on outcomes for First Nations women, babies and families.

Wyndham Mental Health and Wellbeing Local opens in Werribee

Mercy Health partnered with cohealth in the establishment of the Wyndham Mental Health and Wellbeing Local, which officially opened in Werribee in March 2026. The opening marked an important milestone in Victoria's mental health reform agenda and a significant step towards more accessible community-based care.

Known as the 'Wyndham Local', it forms part of Victoria's statewide network of Mental Health and Wellbeing Locals, providing a free and accessible entry point for adults experiencing mental illness or psychological distress. Designed to improve access to support closer to home, the service helps people receive care earlier and navigate the mental health system more easily.

Mercy Health played a key role in the design and implementation of the service, contributing to care model development, integrated consumer pathways, governance structures and specialist psychiatric support. The Wyndham Local works closely with Area Mental Health Services to provide coordinated care and support smoother transitions between services as people's needs change. It reflects Mercy Health's commitment to strengthening access to community-based mental health care. Through collaboration with cohealth and other partners, Mercy Health is helping build a more connected and responsive mental health system across Melbourne's west.

Mercy Health delivers successful mental health service transition

Following Victorian Government boundary changes, Mercy Health successfully completed the transition of mental health services for residents of the City of Maribyrnong to Western Health, supporting Victoria's ongoing mental health reform agenda. The transition was instigated by and aligns with the recommendations of the Royal Commission into Victoria's Mental Health System, which aims to strengthen local accountability and improve access to care closer to home.

Delivered through a carefully planned and phased approach, the transition involved the safe transfer of 167 consumers to Western Health through structured clinical handovers. Clinical responsibility was transferred without disruption to care, ensuring consumers continued to receive the support they needed throughout the process.

As part of the transition, Mercy Health refocused its Area Mental Health and Wellbeing Services on the Wyndham and Hobsons Bay communities. Teams and services were relocated, the Saltwater Clinic was decommissioned, and service delivery was consolidated through Wyndham Clinic, supported by ongoing outreach and telehealth services.

The successful completion of the transition represents an important milestone in Victoria's mental health reform journey. By aligning services with local communities and establishing clearer accountability for care, the reform lays the foundation for more integrated, community-based mental health services and improved outcomes for people across Melbourne's west.

Criteria-Led Discharge improving patient flow and access to care

Criteria-Led Discharge (CLD) continues to improve patient flow and access to care across Surgical Services at Werribee Mercy Hospital.

Initially introduced for patients undergoing laparoscopic cholecystectomy procedures, the model has since expanded to support a broader range of surgical patients and is now embedded as an opt-out model of care. CLD enables patients to be discharged once agreed clinical criteria are met, reducing delays and allowing patients to return home sooner when clinically appropriate.

Since its implementation, the initiative has saved 121 bed days, creating additional hospital capacity while maintaining high standards of patient safety and quality care. Earlier discharge and improved bed availability have also enhanced access for patients requiring admission.

The success of the program demonstrates how innovative models of care can improve efficiency, support timely treatment and enhance the patient experience. Ongoing work is focused on strengthening patient education, standardising discharge processes and building staff capability.

Early Parenting Centres support families through the early years

More than 2,665 families were supported this year through day stay and overnight programs at Mercy Health's Early Parenting Centres, Woi-wurrung-yagila-wulumperi Whittlesea Early Parenting Centre in South Morang and O'Connell Family Centre in Canterbury.

Demand for services is strong, reflecting the growing need for accessible, evidence-informed support for families with young children. The centres provide specialised care for families with children from newborn to four years of age, helping parents and caregivers navigate challenges such as sleep and settling, understanding infant cues and nutrition.

Through a family-centred approach, people are supported with practical strategies, knowledge and confidence to help their children thrive. Feedback from participants continues to highlight the positive impact of early intervention, with many reporting greater confidence and a stronger understanding of their child's development and wellbeing.

Mercy Health remains committed to delivering inclusive and culturally responsive care, ensuring families from diverse backgrounds feel welcomed, supported and empowered.

The centres also play an important role in developing the future healthcare workforce. Throughout the year, graduate nurses, midwives, maternal and child health nursing students, and psychology students undertook clinical placements, gaining valuable experience in early parenting and family-centred care.



Mercy Health and Victoria University strengthen future workforce partnership

Our longstanding commitment to workforce development, education, research and innovation was reinforced when Mercy Health and Victoria University (VU) entered into a partnership in July 2025.

The partnership was launched by Mercy Health Chief Executive Health Services Clinton Cummins and VU Vice-Chancellor and President, Professor Adam Shoemaker, who both signed a Memorandum of Understanding outlining a shared commitment to building a skilled and sustainable healthcare workforce.

The agreement creates new opportunities for collaboration across clinical education, research, workforce development and community engagement. It will support expanded student placements, graduate employment pathways and volunteering opportunities across a range of disciplines.

The partnership also provides a framework to strengthen workforce capability through VU TAFE programs, support workforce readiness initiatives and explore joint research opportunities in areas including hospital services, mental health and sustainability.

Victoria University students already make an important contribution to Mercy Health services, with more than 200 nursing, midwifery and physiotherapy students undertaking placements across the organisation in recent years. The new agreement will help expand these opportunities and strengthen pathways from education into employment.

The partnership reflects a shared commitment to excellence in care, education and innovation while supporting the development of the future health workforce across Melbourne's growing western region.



Victoria University Vice-Chancellor and President, Professor Adam Shoemaker and Mercy Health Chief Executive Health Services Clinton Cummins.

New Werribee Mercy Hospital Emergency Department reaches major milestone

Construction of the new Werribee Mercy Hospital Emergency Department (ED) reached a major milestone in 2025-26, with the main building works completed and preparations underway ahead of its planned opening next financial year.

Designed to meet the needs of Melbourne's rapidly growing west, the new ED will significantly expand access to emergency care for the community. Once operational, the department will increase treatment spaces from 33 to 67, helping meet growing demand and supporting more timely access to care.

A key feature of the ED is the introduction of a new team-based model of care designed to strengthen collaboration, support senior clinical decision-making and improve patient flow. The model includes clear escalation pathways and streamlined processes to enhance the patient experience and reduce waiting times.

The expanded ED will feature separate triage and waiting areas for adults and children, a dedicated 24-hour imaging zone and six specialised clinical zones supporting a broad range of emergency care services.



Mathew Hilakari - State Member for Point Cook; the Hon Melissa Horne - State Member for Williamstown and Minister for Health Infrastructure; Sarah Connolly - State Member for Laverton; John Lister - State Member for Werribee.

Mercy Palliative Care nurse recognised for excellence

Mercy Palliative Care Nurse Practitioner Kirsten Mitchener was awarded the Noala Flynn AM Award for Excellence in Palliative Care Nursing at the 2025 Palliative Care Victoria Summit, recognising her outstanding contribution to palliative care nursing.

The prestigious award honours nurses who demonstrate exceptional clinical practice, leadership and commitment to improving the experiences of patients and families receiving palliative care across Victoria.

Kirsten was recognised for her expertise as a Nurse Practitioner, her dedication to compassionate, person-centred care and her commitment to supporting colleagues through education and mentoring. She has also contributed to a range of research and quality improvement initiatives, including Mercy Health's partnership with Ambulance Victoria.

Kirsten is the first team member from Mercy Palliative Care to receive the award since its establishment, marking a significant milestone for the service.

Named in honour of former Mercy Hospice Chief Executive Officer Noala Flynn AM, the award recognises nurses who embody the values and vision that continue to shape palliative care across Victoria.

Kirsten's achievement reflects the expertise, compassion and dedication of the Mercy Palliative Care team, and highlights Mercy Health's ongoing commitment to delivering exceptional care and support to people living with life-limiting illness and their families.



Minister for Health, the Hon Harriet Shing MP with Kirsten Mitchener, Nurse Practitioner, Mercy Palliative Care.

Werribee Mercy Hospital wins Victorian Healthcare Award for Hospital in the Home program

Werribee Mercy Hospital's Neonatal and Paediatric Hospital in the Home (HITH) program was recognised at the 2025 Victorian Healthcare Awards, receiving the Care in the Community Award for its innovative approach to delivering hospital-level care in the home.

The program enables babies and children requiring ongoing clinical support to receive safe, high-quality care in a familiar home environment. Delivered through a partnership between the Paediatrics team and the HITH service, it provides daily in-home clinical reviews, 24/7 access to senior clinicians and tailored support for families.

Developed in response to growing demand for paediatric services in Melbourne's west, the program reduces pressure on inpatient services while helping families remain together during treatment. Care includes feeding and growth support, jaundice monitoring and phototherapy, disease management and ongoing clinical assessment.

Since its introduction, the service has demonstrated strong clinical outcomes. Between February 2022 and June 2024, 932 of 2,240 neonatal admissions were transferred to HITH care, enabling earlier discharge and reducing the need for extended hospitalisation.

The award recognises the program's commitment to compassionate, family-centred and culturally responsive care. By providing hospital-level treatment at home, the service supports parent-child bonding, builds confidence and contributes to positive health outcomes for children and their families.

Secretary Department of Health, Jenny Atta PSM, Sharnee Lowry, Dr Jye Gard, Dr Kathy McMahon



Werribee Mercy Hospital expands innovative maternity care

Innovative models of maternity care continue to enhance outcomes and experiences for women, babies and families at Werribee Mercy Hospital.

Waterbirth remained a popular choice for women seeking personalised birthing options, with 20 babies born in water during the year and many more using water immersion during labour for comfort and pain management, reflecting growing demand for woman-centred models of care.

The hospital also completed a successful pilot of the Neonatal Postnatal Support Nurse (NPSN) program, which provides additional support for babies requiring specialised monitoring and care on the postnatal ward. The program helps keep mothers and babies together, strengthens care for higher-risk newborns and reduces the need for admission to Special Care Nursery. Pilot evaluation reported improved experience for both families and staff. In addition, almost all midwives viewed NPSNs as valuable to the postnatal ward, recognising their contribution to timely neonatal care, family support and improved workload management.

Following the success of the pilot, additional funding was secured to extend the program through 2026–27 and support its expansion to Mercy Hospital for Women. Recruitment of additional NPSNs is underway as Mercy Health continues to invest in innovative, family-centred models of maternity and newborn care.

Mercy Perinatal marks 10 years

A milestone in advancing outcomes for women and babies through research, education and specialist care was achieved this year, with Mercy Perinatal celebrating its 10th anniversary.

Mercy Perinatal's research discoveries are being used in clinical trials in South Africa, Sweden, the Netherlands, Chile and the United Kingdom this year. The team also secured Medical Research Future Fund funding to support a national epidemiology platform and the rollout of a stillbirth biomarker test across Australia.

Its education programs continued to reach a growing global audience of more than 14,000 subscribers across 100 countries. Nine major events were delivered during the year, including the sold-out Global Obstetrics Update, which attracted participants from 24 countries. New initiatives included the Future Fellows Masterclass for obstetric trainees, while the Fetal Medicine at Twilight webinar series and Prepare podcast continued to expand their reach.

Demand for specialist services also increased across Mercy Perinatal's 13 subspecialty clinics, supporting women experiencing high-risk pregnancies. Telehealth consultations continued to provide access to expert care for families and healthcare providers across regional Victoria, Tasmania and the Northern Territory.

As it enters its second decade, Mercy Perinatal remains committed to improving outcomes for women, babies and families through innovation, collaboration and excellence in care.


PUSH!
PUSH!

Mercy Health

Care first



MERCY HOSPITALS VICTORIA LTD.

ABN 74 762 230 429

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

Level 2
12 Shelley Street
Richmond Victoria 3121
Telephone: 03 8416 7777
Facsimile: 03 8416 7888

MERCY HOSPITALS VICTORIA LTD.

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MERCY HOSPITALS VICTORIA LTD.

Directory

BOARD

Ms Virginia Bourke	Chair
Adjunct Professor Susan Pascoe AM	Deputy Chair
Ms Jo Barker	
Mr Martin Day	
Ms Jane Edge	
Dr Colin Feekery	
Dr Jane Fischer	
Adjunct Professor Francis Sullivan AO	
Ms Penelope Eden	(Ceased 31 August 2026)
Mr Timothy O'Leary	(Ceased 1 December 2025)
Sr Kath Tierney RSM AO	
Ms Clare Douglas	(Commenced 1 July 2026)
Ms Carolyn Ireland	(Commenced 1 August 2026)

SECRETARY Ms Angela Nolan
Mr Doron Karliner

REGISTERED OFFICE Level 2, 12 Shelley Street, Richmond, Victoria 3121

AUDITOR Victorian Auditor-General's Office

MERCY HOSPITALS VICTORIA LTD.

Board Members', Group Chief Executive Officer's and Chief Financial Officer's Declaration

The attached financial statements for Mercy Hospitals Victoria Ltd. have been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and *Regulations 2022*, 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, give a true and fair view of its financial position of Mercy Hospitals Victoria Ltd. as at 30 June 2026.

Based on our assessment of these Financial Statements there are reasonable grounds to believe that Mercy Hospitals Victoria Ltd. will be able to pay its debts as and when they become due and payable. The financial statements and notes comply with the requirements of the *Australian Charities and Not-for-profits Commission Regulation 2013.*

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

We authorise the attached financial statements for issue on 15th October 2026.

Ms Virginia Bourke
Chair

Ms Angela Nolan
Group Chief Executive Officer

Ms Michelle Wright
Group Chief Financial Officer

Dated the 15th day of October 2026
Melbourne

VAGO
Victorian Auditor-General's Office

Auditor-General's Independence Declaration

To the Board, Mercy Hospitals Victoria Ltd

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public body and for the purposes of conducting an audit has access to all documents and property, and may report to parliament matters which the Auditor-General considers appropriate.

Independence Declaration

As auditor for Mercy Hospitals Victoria Ltd for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit.
- no contraventions of any applicable code of professional conduct in relation to the audit.



MELBOURNE
15 October 2026

Simone Bohan
as delegate for the Auditor-General of Victoria

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

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Mercy Hospitals Victoria Ltd

Opinion	I have audited the financial report of Mercy Hospitals Victoria Ltd (the health service) which comprises the: • balance sheet as at 30 June 2026 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including material accounting policy information • board member's, group chief executive officer's and chief finance officer's declaration. In my opinion the financial report is in accordance with Part 7 of the *Financial Management Act 1994* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012,* including: • presenting fairly, in all material respects, the financial position of the health service as at 30 June 2026 and of its financial performance and its cash flows for the year then ended • complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022*.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975*. My staff and I are independent of the health service in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	The Board of the health service is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures, the *Financial Management Act 1994* and the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

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.

I also provide the Board with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



MELBOURNE
15 October 2026

Simone Bohan
as delegate for the Auditor-General of Victoria

MERCY HOSPITALS VICTORIA LTD.

Comprehensive Operating Statement
For the Financial Year Ended 30 June 2026

	Note	2026 $'000	2025 $'000
Revenue and Income from Transactions			
Revenue from Contracts with Customers	2.1	612,445	525,845
Government Grants	2.1	79,178	99,616
Other Sources of Income		9,617	14,008
Right-of-Use Asset Received Free of Charge	2.1	71,000	-
Total Revenue and Income from Transactions		**772,240**	**639,469**
Expenses from Transactions			
Employee Expenses	3.1	(561,603)	(520,819)
Supplies and Consumables	3.1	(61,482)	(58,275)
Depreciation		(13,645)	(13,196)
Other Operating Expenses	3.1	(101,958)	(96,926)
Total Expenses from Transactions		**(738,688)**	**(689,216)**
Net Result from Transactions – Net Operating Balance		**33,552**	**(49,747)**
Other Economic Flows included in Net Result			
Gain on Debt Forgiveness		15,247	-
Gains from Other Economic Flows		2,206	181
Net Result for the year		**51,005**	**(49,566)**
Total Other Comprehensive Income for the year		**-**	**-**
Comprehensive Result for the year		**51,005**	**(49,566)**

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

MERCY HOSPITALS VICTORIA LTD.

Balance Sheet
As at 30 June 2026

	Note	2026 $'000	2025 $'000
Financial Assets			
Cash and Cash Equivalents	6.1	14,877	22,933
Receivables	5.1	39,644	36,178
Contract Assets		5,425	2,584
Total Financial Assets		**59,946**	**61,695**
Non-Financial Assets			
Prepayments		1,484	1,084
Inventories		902	941
Property, Plant & Equipment	4.1	288,512	217,699
Total Non-Financial Assets		**290,898**	**219,724**
TOTAL ASSETS		**350,844**	**281,419**
Liabilities			
Payables	5.2	52,690	48,340
Contract Liabilities		2,510	1,250
Borrowings		5,097	5,858
Employee Benefits	3.1(b)	127,922	114,351
TOTAL LIABILITIES		**188,219**	**169,799**
NET ASSETS		**162,625**	**111,620**
EQUITY			
Restricted Specific Purpose Reserve	SCE	4,345	4,157
Property, Plant and Equipment Revaluation Surplus	SCE	89,744	89,744
Accumulated Surplus	SCE	68,536	17,719
TOTAL EQUITY		**162,625**	**111,620**

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

MERCY HOSPITALS VICTORIA LTD.

Cash Flow Statement
For the Financial Year Ended 30 June 2026

	Note	2026 $'000	2025 $'000
Cash Flows from Operating Activities			
Receipts from Government		724,497	652,799
Patient Fees Received		22,349	18,123
Donations and Bequests Received		111	371
Interest Received		2,860	3,958
Other Receipts		13,663	14,635
Total Receipts		**763,480**	**689,886**
Payments to Employees		(543,525)	(507,129)
Payments for Supplies and Consumables		(63,417)	(58,437)
Payments for Medical Indemnity Insurance		(24,967)	(20,415)
Payments for Repairs and Maintenance		(15,841)	(14,391)
GST Paid to ATO		(52,793)	(52,478)
Finance Costs		(355)	(213)
Support Service Charges		(32,856)	(37,916)
Other Payments		(38,546)	(24,940)
Total Payments		**(772,300)**	**(715,919)**
Net Cash Flows used in Operating Activities		**(8,820)**	**(26,033)**
Cash Flows from Investing Activities			
Purchase of Non Financial Assets		(13,475)	(10,419)
Net Cash Flows used in Investing Activities		**(13,475)**	**(10,419)**
Cash Flows from Financing Activities			
Receipt of Borrowings		15,000	-
Repayment of Borrowings		(761)	(1,800)
Net Cash Flows from/(used) in Financing Activities		**14,239**	**(1,800)**
Net Decrease in Cash and Cash Equivalents Held		(8,056)	(38,252)
Cash and Cash Equivalents at Beginning of Financial Year		22,933	61,185
Cash and Cash Equivalents at End of Financial Year	6.1	**14,877**	**22,933**

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

MERCY HOSPITALS VICTORIA LTD.

Statement of Changes in Equity
For the Financial Year Ended 30 June 2026

	Restricted Specific Purpose Reserve $'000	Property, Plant and Equipment Revaluation Surplus $'000	Accumulated Surplus $'000	Total $'000
Balance at 1 July 2024	**4,017**	**89,744**	**67,425**	**161,186**
Net Result for the Year	-	-	(49,566)	(49,566)
Transfer to/(from) Accumulated Surplus	140	-	(140)	-
Balance at 30 June 2025	**4,157**	**89,744**	**17,719**	**111,620**
Net Result for the Year	-	-	51,005	51,005
Transfer to/(from) Accumulated Surplus	188	-	(188)	-
Balance at 30 June 2026	**4,345**	**89,744**	**68,536**	**162,625**

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

MERCY HOSPITALS VICTORIA LTD.

Notes to the Financial Statements for the year ended 30 June 2026

Note 1: About this Report

Structure

1.1 Basis of Preparation
1.2 Material Accounting Estimates and Judgements
1.3 Reporting Entity
1.4 Economic Dependency
1.5 Going Concern
1.6 Objectives and Funding
1.7 Equity

These financial statements represent the audited general purpose financial statements for Mercy Hospitals Victoria Ltd. for the year ended 30 June 2026. The report provides users with information about Mercy Hospitals Victoria Ltd.'s stewardship of resources entrusted to it.

Mercy Hospitals Victoria Ltd. is a company limited by guarantee, incorporated and domiciled in Australia, which operates entirely within Victoria.

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

This section explains the basis of preparing the financial statements.

Note 1.1: Basis of Preparation

These financial statements are general purpose financial statements which have been prepared in accordance with AASB 1060 *General Purpose Financial Statements – Simplified Disclosure for For-Profit and Not-for-Profit Tier 2 Entities* (AASB 1060) as well as the *Australian Charities and Not-for-profits Commission Act 2012 and Regulations 2022.*

These general purpose financial statements have been prepared in accordance with applicable Australian Accounting Standards (AASs), which include interpretations, issued by the Australian Accounting Standards Board (AASB).

Where appropriate, those AASs paragraphs applicable to not-for profit entities have been applied. Accounting policies selected and applied in these financial statements ensure 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 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.

The financial statements have been prepared on a going concern basis (refer to note 1.5).

Note 1: About this Report (Continued)

The financial statements are presented in Australian dollars.

The amounts presented in the financial statements have been rounded to the nearest thousand dollars. Minor discrepancies in tables between totals and sum of components are due to rounding.

The annual financial statements were authorised for issue by the Board of Mercy Hospitals Victoria Ltd. on 15th October 2026.

Note 1.2: Material Accounting Estimates and Judgements

Management makes estimates and judgements when preparing the financial statements.

These estimates and judgements are based on historical knowledge and best available current information and assume any reasonable expectation of future events. Actual results may differ.

Revisions to key estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

The material accounting judgements and estimates used, and any changes thereto, are disclosed within the relevant accounting policy.

Note 1.3: Reporting Entity

The financial statements include all the controlled activities of Mercy Hospitals Victoria Ltd.
Mercy Hospitals Victoria Ltd.'s principal address is Level 2, 12 Shelley Street, Richmond Victoria 3121.

Note 1.4: Economic Dependency

Mercy Hospitals Victoria Ltd. is dependent on the Victorian Department of Health for the majority of its revenue used to operate the health service. At the date of this report, the Board of Directors believes the Department of Health will continue to support Mercy Hospitals Victoria Ltd.

Note 1: About this Report (Continued)

Note 1.5: Going Concern

The Financial statements have been prepared on a going concern basis. The Directors of the Company in forming this view have noted the following:

- Although the Company reported an operating profit of $33,600,000 for the financial year ended 30 June 2026 (2025: loss of $49,700,000), this result included a one-off non-cash benefit of $71,000,000 arising from the recognition of a right-of-use asset received at no cost. Excluding this item, the Company had an operating loss of $37,400,000.
- The Company reported a net cash outflow from operating activities of $8,820,000 (2025: $26,033,000).
- The Company reported a working capital deficiency of $142,163,000 (2025: $118,242,000), calculated as current assets less current liabilities (see note 1.5(a)).
- Net equity of $162,625,000 (2025: $111,620,000)

The working capital deficiency reflects recognition of the full legal obligations associated with employee entitlements, which are not expected to be repaid in full in the coming twelve months (i.e. annual leave and long service leave). Current leave provisions amount to $112,632,000 (2025: $102,016,000) of which only $49,377,000 (2025: $44,416,000) is expected to be settled in the next 12 months.

It is also noted cash flow timing of grant funding from the Department of Health significantly increase cash levels in July 2026 with grant funding received in advance.

The Directors believe the Company has sufficient cash reserves to be able to continue to pay its debts as and when they fall due for at least twelve months from the date of signing the financial statements and as such have prepared the financial statements on the going concern basis. This considers:

(i) Future forecasts and cash flows

Continued operating losses are forecast for the years ending 30 June 2027 and 30 June 2028. The forecast results incorporate the expected benefits of the Company's financial improvement program being implemented in line with Department of Health directives. Underlying net operating losses for the year ended 30 June 2026 reduced by $12,299,000 from the prior year, and management expects the program to continue to improve the Company's operating result over the forecast period.

(ii) Continued financial support from the Department of Health and access to finance facilities

That the majority of the Company's operating revenue is derived from government funding, which is confirmed annually. The funding notification for the financial year ending 30 June 2027 has been received and indicates funding levels sufficient to support a positive cash balance for most of the forecast period. Forecasts for the financial year ending 30 June 2028 assume the continuation of government funding arrangements.

To assist in meeting short liquidity needs to manage timing of cashflows arising from government funding, the Company has entered into a three-year loan agreement with Mercy Aged and Community Care Ltd (MACC), with $40,000,000 available for drawdown under this facility, subject to the terms and conditions of the agreement.

Note 1: About this Report (Continued)

Based on above, the ability of the Company to continue as a going concern is dependent upon a combination of the following:

- Continued support from the Department of Health, which would include any revisions to funding not known at this time being accretive to revenue and in line with activity levels and being sufficient to cover any award-based salary and wages changes also not known at this time, including the associated impact on entitlements which has in the past has been funded by the Department of Health.
- Successful delivery of the financial improvement program initiatives; and
- Access to established funding and treasury management mechanisms to maintain adequate liquidity and cash reserves.

Should the above matters not occur, a material uncertainty would exist which may cast significant doubt regarding the Company's ability to continue as a going concern, and therefore it may be unable to realise its assets and extinguish its liabilities in the normal course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classifications of liabilities, that may be necessary should the Company be unable to continue as a going concern.

Note 1.5 (a): Working Capital Deficiency Calculation

	2026 $'000	2025 $'000
Total Current Assets	27,341	34,732
Total Current Liabilities	(169,504)	(152,974)
Working Capital Deficiency	**(142,163)**	**(118,242)**
Total Non-Current Assets*	323,503	246,687
Total Non-Current Liabilities	(18,715)	(16,825)
Net assets	**162,625**	**111,620**

*Non-Current Assets includes right-of-use assets which cannot be liquidated.

Note 1: About this Report (Continued)

Note 1.6: Objectives and Funding

The predominant objects for which the Company is established are:

(a) to carry on or assist in the carrying on of the charitable activities of Mercy Ministry Companions (our sole member) in connection with hospital, health care and related services;

(b) to operate:

  (i) Mercy Hospital for Women, Heidelberg

  (ii) Werribee Mercy Hospital; and

  (iii) other hospitals, health and related services, as determined by the Company; and

(c) to educate and train:

  (i) medical, nursing, social welfare and pastoral care students at undergraduate, intern and postgraduate level; and

  (ii) others engaged in hospital, health care and related services on a paid or voluntary basis.

The Company will:

(a) operate at all times as part of the mission of the Catholic Church, conforming to its law and teachings;

(b) reflect in its policies and practices the ideals and values exemplified by Jesus Christ;

(c) uphold and nurture the tradition of service to ‘the poor, sick and uneducated’ begun by Venerable Catherine McAuley in the name of God’s mercy; and

(d) promote the theological framework of Mercy Ministry Companions (our sole member).

Mercy Hospitals Victoria Ltd. is predominantly funded by grant funding from the Department of Health for the provision of outputs. Mercy Hospitals Victoria Ltd. also receives income from the supply of services.

Note 1.7: Equity

The Company has one class of membership, and as at 30 June 2026, 1 member. Should the Company be wound up, each current member or former member (who was a member during the year prior to commencement of the winding up) must contribute $100 to the Company’s property.

Note 2: Funding Delivery of our Services

Mercy Hospitals Victoria Ltd. overall objective is outlined in note 1.6. Mercy Hospitals Victoria Ltd. is predominantly funded by grant funding for the provision of outputs. Mercy Hospitals Victoria Ltd. also receives income from the supply of services.

Significant judgement – Grants revenue

Mercy Hospitals Victoria Ltd. has made the judgement that amounts received in relation to the provision of health services should be recognised under AASB 15 *Revenue from Contracts with Customers* on the basis that the services have been provided to the patients, who have since been discharged.

Structure

2.1: Revenue and Income from Transactions

Note 2.1: Revenue and Income from Transactions	Note	2026 $'000	2025 $'000
Revenue from Contracts with Customers	2.1(a)	612,445	525,845
Government Grants	2.1(b)	79,178	99,616
Other Sources of Income		9,617	14,008
Right-of-Use Asset Received Free of Charge	2.1(c)	71,000	-
Total Revenue and Income from Transactions		**772,240**	**639,469**

Note 2.1(a): Revenue from Contracts with Customers		
Government Grants (State) - Operating	578,172	494,697
Government Grants (Commonwealth) - Operating	6,661	6,389
Patient Fees	18,429	16,223
Private Practice Fees	3,060	2,902
Commercial Activities	6,123	5,634
Total Revenue from Contracts with Customers	**612,445**	**525,845**

How we recognise revenue and income from contracts with customers

Government grants

Revenue from government operating grants that are enforceable and contain sufficiently specific performance obligations are accounted for as revenue from contracts with customers under AASB 15:

Revenue from Contracts with Customers.

In contracts with customers, the 'customer' is typically a funding body, who is the party that promises funding in exchange for Mercy Hospitals Victoria Ltd.'s goods or services. Mercy Hospitals Victoria Ltd.'s funding bodies often direct that goods or services are to be provided to third party beneficiaries, including individuals or the community at large. In such instances, the customer remains the funding body that has funded the program or activity, however the delivery of goods or services to third party beneficiaries is a characteristic of the promised good or service being transferred to the funding body.

Note 2: Funding Delivery of our Services

The policy applies to each of Mercy Hospitals Victoria Ltd.'s revenue streams, with information detailed below relating to Mercy Hospitals Victoria Ltd.'s significant revenue streams:

Government grant	Performance obligation
Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU)	NWAU is a measure of health service activity expressed as a common unit against which the national efficient price (NEP) is paid. The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity. Revenue is recognised at point in time, which is when a patient is discharged.
Mental Health Inpatient Mental Health Community Emergency Department Sub-Acute NWAU Early Parenting	The Mental Health program supports mental health management services both in hospital and the community with service delivery targets. The Emergency department program supports the in-hospital service available to the urgent medical needs of local community on a 24 hour a day basis. The performance obligations of Sub-Acute NWAU are the number and mix of attendees for Geriatric Evaluation and Mangement, Palliative Care and Rehabilitation services in accordance with the levels of activity agreed to, with the Department of Health in the annual Statement of Priorities. For all of these revenue is recognised over time, as and when the services are delivered.

Note 2.1(b): Government Grants	Note	2026 $'000	2025 $'000
Government Grants (State) – Operating		68,694	93,404
Government Grants (State) – Capital		10,484	6,212
Total Government Grants		**79,178**	**99,616**

Government grants

Mercy Hospitals Victoria Ltd. recognises income of not-for profit entities under AASB 1058 *Income of Not-for Profit Entities* where it has been earned under arrangements that are either non-enforceable or linked to sufficiently specific performance obligations.

Note 2.1: Revenue and Income from Transactions (Continued)

Income from grants without any sufficiently specific performance obligations or that are not enforceable, is recognised when Mercy Hospitals Victoria Ltd. has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, Mercy Hospitals Victoria Ltd. recognises any related contributions by owners, increases in liabilities, decreases in assets or revenue (related amounts) in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- contributions by owners, in accordance with AASB 1004 *Contributions*
- revenue or contract liability arising from a contract with a customer, in accordance with AASB 15 *Revenue from Contracts with Customers*
- a lease liability in accordance with AASB 16 *Leases*
- a financial instrument, in accordance with AASB 9 *Financial Instruments*
- a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Capital Grants

Where Mercy Hospitals Victoria Ltd. receives a capital grant, it recognises a liability equal to the financial asset received, less amounts recognised under other Australian Accounting standards.

Income is recognised in accordance with AASB 1058 *Income of Not-for-Profit Entities* progressively as the asset is constructed which aligns with Mercy Hospitals Victoria Ltd's. obligation to construct the asset. The progressive percentage of costs incurred is used to recognise income, as this most accurately reflects the stage of completion.

Non-cash Contributions from the Department of Health

The Department of Health makes some payments on behalf of Mercy Hospitals Victoria Ltd. as follows:

Supplier	Description
Victorian Managed Insurance Authority	The Department of Health purchases non-medical indemnity insurance for Mercy Hospitals Victoria Ltd. which is paid directly to the Victorian Managed Insurance Authority. To record this contribution, such payments are recognised as income with a matching expense in the net result from transactions.
Department of Health	Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements with the Department of Health.

Note 2.1(c): Right-of-Use Asset Received Free of Charge	2026 $'000	2025 $'000
Assets Received Free of Charge	71,000	-
Total Right-of-Use Asset Received Free of Charge	**71,000**	**-**

How we recognise the fair value of assets and services received free of charge or for nominal consideration

Right-of-use assets received free of charge or for nominal consideration are recognised at their fair value when Mercy Hospitals Victoria Ltd. obtains the right-of-use over the resources, irrespective of whether restrictions or conditions are imposed over the use of the assets.

Note 3: The Cost of Delivering our Services

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

Structure

3.1: Expenses incurred in the Delivery of Services

Note 3.1: Expenses incurred in the Delivery of Services	Note	2026 $'000	2025 $'000
Employee Expenses	3.1(a)	561,603	520,819
Supplies and Consumables	3.1(c)	61,482	58,275
Other Operating Expenses	3.1(d)	101,958	96,926
Total Expenses incurred in the Delivery of Services		**725,043**	**676,020**

The amount recognised in Employee Expenses in relation to superannuation is the Company's contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period.

Note 3.1(a): Employee Expenses

Salaries and Wages	494,314	456,379
Superannuation Expense (1)	52,472	47,290
Agency Expenses	5,954	8,708
Fee for Service Medical Officer Expenses	4,099	5,062
Workcover Premium	4,764	3,380
Total Employee Expenses	**561,603**	**520,819**

(1) Defined contribution superannuation expense and defined benefit contribution expense have been combined.

How we recognise employee expenses

Employee expenses include salaries and wages, superannuation, fringe benefits tax, leave entitlements, termination payments, WorkCover payments and agency expenses.

Note 3.1: Expenses Incurred in the Delivery of Services (Continued)	2026 $'000	2025 $'000

Note 3.1(b): Employee Related Provisions

Current Provisions for Employee Benefits		
Accrued Days Off	819	878
Annual Leave	37,525	34,292
Long Service Leave	57,062	51,709
Provision for On-Costs	17,226	15,137
Total Current Provisions for Employee Benefits	**112,632**	**102,016**
Non-Current Provisions for Employee Benefits		
Long Service Leave	13,608	11,349
Provision for On-Costs	1,682	986
Total Non-Current Provisions for Employee Benefits	**15,290**	**12,335**
Total Provisions for Employee Expenses	**127,922**	**114,351**

How we recognise employee benefits

Employee Benefit Recognition

Employee related provisions are accrued for employees in respect to accrued days off, annual leave and long service leave for services rendered to the reporting date.

No provision has been made for sick leave, as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income as sick leave is taken.

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 Mercy Hospitals Victoria Ltd. 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 Mercy Hospitals Victoria Ltd. expects to wholly settle within 12 months; or
- Present value – if Mercy Hospitals Victoria Ltd. does not expect to wholly settle within 12 months.

Note 3.1: Expenses Incurred in the Delivery of Services (Continued)

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 Mercy Hospitals Victoria Ltd. 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 the health service expects to wholly settle within 12 months; and
- Present value – if the health service does not expect to wholly settle within 12 months.

Conditional LSL is measured at present value and disclosed as a non-current liability. There is a conditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

Provisions

Employment on-costs such as workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred. The on-cost provision is immaterial in 2026.

Note 3.1(c): Supplies and Consumables	2026 $'000	2025 $'000
Drug Supplies	11,101	10,427
Medical and Surgical Supplies (including Prostheses)	23,301	23,021
Diagnostic and Radiology Supplies	23,044	21,406
Other Supplies and Consumables	4,036	3,421
Total Supplies and Consumables	**61,482**	**58,275**

How we recognise supplies and consumables

Supplies and Consumables

Supplies and consumables costs 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.

Note 3.1: Expenses Incurred in the Delivery of Services (Continued)

Note 3.1(d): Other Operating Expenses	2026 $'000	2025 $'000
Other Administrative Expenses	64,258	64,399
Fuel, Light, Power and Water	4,240	4,073
Repairs and Maintenance	2,218	2,167
Maintenance Contracts	7,943	6,843
Medical Indemnity Insurance	22,697	19,231
Finance Costs	602	213
Total Other Operating Expenses	**101,958**	**96,926**

How we recognise other operating expenses

Expense recognition

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

Other operating expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

The Department of Health also makes certain payments on behalf of Mercy Hospitals Victoria Ltd. These amounts have been brought to account in determining the operating result for the year by recording them as revenue (Refer note 2.1(b)) and also recording a corresponding expense.

Note 4: Key Assets to Support Service Delivery

Mercy Hospitals Victoria Ltd. 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 Mercy Hospitals Victoria Ltd. to be utilised for delivery of those outputs.

Significant judgement – Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in note 7.3 in connection with how those fair values were determined.

Structure

4.1: Property, Plant and Equipment

4.2: Depreciation

Note 4.1: Property, Plant and Equipment

	Gross Carrying Amount		Accumulated Depreciation		Net Carrying Amount	
	2026	2025	2026	2025	2026	2025
	$'000	$'000	$'000	$'000	$'000	$'000
Land at Fair Value	352	352	-	-	352	352
Buildings at Fair Value	260,075	190,546	23,281	19,946	236,784	170,600
Leasehold Improvements at Fair Value	9,563	9,563	589	289	8,984	9,274
Plant & Equipment at Fair Value	114,509	104,378	90,184	84,170	24,325	20,208
Works in Progress at Cost	18,067	17,265	-	-	18,067	17,265
Total Property, Plant and Equipment	**402,566**	**322,104**	**114,054**	**104,405**	**288,512**	**217,699**

How we recognise property, plant and equipment

Items of property, plant and equipment (excluding right-of-use assets) are initially measured at cost, and are subsequently measured at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, being far below the fair value of the asset, the deemed cost is its fair value at the date of acquisition. Assets transferred as part of an amalgamation or machinery of government change are transferred at their carrying amounts.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads. 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.

Note 4.1: Property Plant & Equipment (Continued)

4.1(a): Reconciliations of the carrying amounts of each class of asset

	Land $'000	Buildings $'000	Leasehold Improvements $'000	Plant, Equipment and Vehicles $'000	Works in Progress $'000	Total $'000
Balance at 1 July 2025	**352**	**170,600**	**9,274**	**20,208**	**17,265**	**217,699**
Additions	-	1,877	-	3,672	7,926	13,475
Asset received free of charge	-	71,000	-	-	-	71,000
Disposals	-	-	-	(17)	-	(17)
Net transfers between classes	-	1,008	-	6,116	(7,124)	-
Depreciation	-	(7,701)	(290)	(5,654)	-	(13,645)
Balance at 30 June 2026	**352**	**236,784**	**8,984**	**24,325**	**18,067**	**288,512**

4.1(b): Right-of-use assets included in property, plant and equipment

The following tables are right-of-use assets included in the property, plant and equipment balance, presented in subsets of land and buildings.

	Gross Carrying Amount		Accumulated Depreciation		Net Carrying Amount	
	2026 $'000	2025 $'000	2026 $'000	2025 $'000	2026 $'000	2025 $'000
Land at Fair Value	352	352	-	-	352	352
Buildings at Fair Value	260,075	190,546	23,281	19,946	236,784	170,600
Vehicles at Fair Value	3,163	-	1,450	-	1,713	-
Total Right-of-use Assets	**263,590**	**190,898**	**24,731**	**19,946**	**238,849**	**170,952**

	Land Right-of-use* $'000	Buildings Right-of-use* $'000	Vehicles Right-of-Use $000	Total $'000
Balance at 1 July 2025	**352**	**170,600**	**-**	**170,952**
Additions	-	1,877	2,306	4,183
Asset Received Free of Charge	-	71,000	-	71,000
Transfers from WIP	-	1,008	-	1,008
Depreciation	-	(7,701)	(593)	(8,294)
Balance at 30 June 2026	**352**	**236,784**	**1,713**	**238,849**

* Amounts have been reclassified from Leasehold Land and Buildings to Right-of-Use Land and Buildings to reflect the underlying lease arrangements associated with these assets.

Note 4.1: Property Plant & Equipment (Continued)

How we recognise right-of-use assets

Initial recognition

The right-of-use asset is initially measured at the fair value of the asset by the company at recognition date.

For not-for-profit entities, concessionary (peppercorn) leases may involve lease payments significantly below market value. AASB 16 permits eligible not-for-profit entities to measure the related right-of-use asset at cost, or alternatively, at fair value.

As a not-for-profit entity, Mercy Hospitals Victoria Ltd. has elected to measure right-of-use assets arising from concessionary lease arrangements at fair value, consistent with the measurement basis applied to other assets subject to the same lease. Where a fair value measurement is required, AASB 13 is applied. For specialised hospital facilities held primarily for service delivery purposes, fair value is determined using a current replacement cost approach where no active market exists.

Subsequent measurement

Right-of-use assets are subsequently measured at fair value less accumulated depreciation and impairment.

Further information regarding fair value measurement is disclosed in Note 7.3.

4.1(c): Impairment of Property, Plant and Equipment

The recoverable amount of the primarily non-financial physical assets of Mercy Hospitals Victoria Ltd., which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 *Fair Value Measurement*, with the consequence that AASB 136 *Impairment of Assets* does not apply to such assets that are regularly revalued.

Mercy Hospitals Victoria Ltd. has assessed all right-of-use assets for impairment, and no indicators of impairment are identified as at 30 June 2026.

Note 4.2: Depreciation

How we recognise depreciation

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

Right-of use assets are depreciated over the lease term or useful life of the underlying asset, whichever is shortest. Where a lease transfers ownership of the underlying leased asset or the cost of the right-of-use asset reflects that the health service anticipates exercising a purchase option, the specific right-of-use asset is depreciated over the useful life of the underlying asset.

Note 4.1: Property Plant & Equipment (Continued)

Useful lives of non-current assets

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

	2026	2025
Plant & Equipment	8 to 15 years	8 to 15 years
Medical Equipment	8 to 10 years	8 to 10 years
Computers & Communication	3 to 10 years	3 to 10 years
Other Equipment	10 years	10 years
Furniture & Fittings	6 to 10 years	6 to 10 years
Buildings	10 to 40 years	10 to 40 years
Leased Buildings	6 to 75 years	6 to 75 years

Note 5: Other Assets and Liabilities

This section sets out those assets and liabilities that arose from Mercy Hospitals Victoria Ltd.'s operations.

Structure

5.1: Receivables

5.2: Payables

Note 5.1: Receivables	Note	2026 $'000	2025 $'000
CURRENT RECEIVABLES			
Contractual			
Patient Fees		6,696	6,062
Trade Receivables		1,385	3,104
Allowance for Impairment Losses of Contractual Receivables			
Patient Fees		(3,371)	(1,877)
Sundry Debtors		(57)	(99)
Total Contractual Receivables		**4,653**	**7,190**
Total Current Receivables		**4,653**	**7,190**
NON-CURRENT RECEIVABLES			
Contractual			
Long Service Leave - Department of Health		34,991	28,988
Total Non-Current Receivables		**34,991**	**28,988**
Total Receivables		**39,644**	**36,178**
Financial Assets Classified as Receivables			
Total Receivables		39,644	36,178
Total Financial Assets Classified as Receivables	**7.1**	**39,644**	**36,178**

Note 5.1: Receivables (Continued)

How we recognise Receivables

Receivables consist of contractual receivables, including debtors that relate to goods and services. These receivables are classified as financial instruments and are categorised as 'financial assets at amortised cost'. They are initially recognised at fair value plus any directly attributable transaction costs. Mercy Hospitals Victoria Ltd. holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

Note 5.2: Payables	Note	2026 $'000	2025 $'000
CURRENT			
Contractual			
Trade Creditors		10,412	6,333
Accrued Expenses		17,006	17,314
Accrued Salaries and Wages		18,613	14,830
Deferred Capital Grant Income		1,049	-
Amounts Payable to Related Parties		4,601	6,471
Total Contractual Payables		**51,681**	**44,948**
Statutory			
GST Payable		1,009	3,392
Total Statutory Payables		**1,009**	**3,392**
Total Current Payables		**52,690**	**48,340**
Financial Liabilities Classified as Payables			
Total Payables		52,690	48,340
Deferred Capital Grant Income		(1,049)	-
GST Payable		(1,009)	(3,392)
Total Financial Liabilities classified as Payables	**7.1**	**50,632**	**44,948**

How we recognise Payables

Payables consist of:

- **Contractual payables**, including payables that relate to the purchase of goods and services. These payables are classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to Mercy Hospitals Victoria Ltd. prior to the end of the financial year that are unpaid;
- **Statutory payables,** including Goods and Services Tax (GST) payable, are 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 Net 60 days.

Note 6: How we Finance our Operations

This section provides information on the sources of finance utilised by Mercy Hospitals Victoria Ltd. during its operations and other information related to financing activities of Mercy Hospitals Victoria Ltd.

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: Cash and Cash Equivalents

6.2: Commitments for Expenditure

6.3: Financing Arrangements

6.1: Cash and Cash Equivalents	Note	2026 $'000	2025 $'000
Cash on Hand		12	18
Cash at Bank		100	100
Cash on Deposit with Mercy Aged and Community Care Ltd		14,765	22,815
Total Cash and Cash Equivalents	7.1	**14,877**	**22,933**

Note 6.2: Commitments for Expenditure		
Capital Expenditure Commitments		
Less than 1 year	2,611	4,045
Total Capital Expenditure Commitments	**2,611**	**4,045**
Operating Expenditure Commitments		
Less than 1 year	1,540	1,688
Total Operating Expenditure Commitments	**1,540**	**1,688**
Total Commitments for Expenditure (inclusive of GST)	**4,151**	**5,733**
Less GST recoverable from the Australian Tax Office	(377)	(521)
Total Commitments for Expenditure (exclusive of GST)	**3,774**	**5,212**

Note 6.2: Commitments for Expenditure (continued)

How we disclose our commitments

Our commitments relate to expenditure and short term and low value leases.

Expenditure commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. Commitments where no contract currently exists include capital commitments for projects where Mercy Hospitals Victoria Ltd. has received Department of Health funding approval and is in advanced stages of procurement. 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.

Note 6.3: Financing Arrangements

The Company has the following available facilities in place as at 30 June 2026:

	2026 $'000	2025 $'000
Other Facilities	40,000	-
Total Facilities	**40,000**	**-**
Used Facilities	-	-
Unused Facilities	40,000	-
Total Facilities	**40,000**	**-**

Note 7: Risks, Contingencies & Valuation Uncertainties

Mercy Hospitals Victoria Ltd. 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 Financial Instruments

7.2 Contingent Assets and Contingent Liabilities

7.3 Fair Value Determination

Note 7.1: Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Mercy Hospitals Victoria Ltd.'s activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example, taxes, fines and penalties). Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

30 June 2026	Note	Carrying Amount $'000	Net Gain/(Loss) $'000	Total Interest Income/ (Expense) $'000	Fee Income/ (Expense) $'000	Impairment Loss $'000
Financial Assets at Amortised cost						
Cash and Cash Equivalents	6.1	14,877	-	2,860	-	-
Receivables	5.1	39,644	-	-	-	2,020
Total Financial Assets (i)		**54,521**	**-**	**2,860**	**-**	**2,020**
Financial Liabilities at Amortised cost						
Payables	5.2	50,632	-	-	-	-
Borrowings		5,097	-	(602)	-	-
Total Financial Liabilities (i)		**55,729**	-	**(602)**	-	-

(i) The carrying amount excludes statutory receivables (i.e. GST receivable) and statutory payables (i.e. GST payable and deferred capital grant income).

Note 7.1: Financial Instruments (Continued)

30 June 2025	Note	Carrying Amount $'000	Net Gain/(Loss) $'000	Total Interest Income/ (Expense) $'000	Fee Income/ (Expense) $'000	Impairment Loss $'000
Financial Assets at Amortised cost						
Cash and Cash Equivalents	6.1	22,933	-	3,958	-	-
Receivables	5.1	36,178	-	-	-	1,598
Total Financial Assets (i)		**59,111**	**-**	**3,958**	**-**	**1,598**
Financial Liabilities at Amortised cost						
Payables	5.2	44,948	-	-	-	-
Borrowings		5,858	-	(213)	-	-
Total Financial Liabilities (i)		**50,806**	-	**(213)**	-	-

(i) The carrying amount excludes statutory receivables (i.e. GST receivable) and statutory payables (i.e. GST payable and deferred capital grant income).

How we categorise financial instruments

Financial assets at amortised cost

Financial assets are measured at amortised cost 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 Mercy Hospitals Victoria Ltd. solely to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates.

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.

Mercy Hospitals Victoria Ltd. recognises the following assets in this category:

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

Note 7.1: Financial Instruments (Continued)

Categories of financial liabilities

Financial liabilities at amortised cost

Financial liabilities are measured at amortised cost using the effective interest method, where they are not held at fair value through net result.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in net result over the relevant period. The effective interest is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Mercy Hospitals Victoria Ltd. recognises the following liabilities in this category:

- payables (excluding statutory payables and contract liabilities); and
- borrowings (including lease liabilities).

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

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

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

Derecognition of financial liabilities

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

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

Note 7.1: Financial Instruments (Continued)

Reclassification of financial instruments

A financial asset is required to be reclassified between amortised cost, fair value through net result and fair value through other comprehensive income when, and only when, Mercy Hospitals Victoria Ltd.'s business model for managing its financial assets has changed such that its previous model would no longer apply.

A financial liability reclassification is not permitted.

Note 7.2: Contingent Assets and Contingent Liabilities

There are no contingent assets or contingent liabilities as at 30 June 2026 (2025: $Nil)

How we measure and disclose contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the health service.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the health service, or
- present obligations that arise from past events but are not recognised because:
    - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations, or
    - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

Note 7.3: Fair Value Determination

How we measure fair value

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

The following assets and liabilities are carried at fair value:

- Property, plant and equipment
- Right-of-use assets.

In addition, the fair value of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure.

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 and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Mercy Hospitals Victoria Ltd. 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. There have been no transfers between levels during the period.

Mercy Hospitals Victoria Ltd. monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

Note 7.3: Fair Value Determination (Continued)

Fair value determination: non-financial physical assets

Non-financial physical assets that are recognised at fair valued are measured based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation.

The last scheduled full independent valuation of all of Mercy Hospitals Victoria Ltd.'s non-financial physical assets was performed by m3 with an effective date of 30 June 2024.

The fair value of right-of-use land and buildings was derived from the current replacement cost as no active market exists due to the specialised nature of the buildings. Right-of-use land and buildings are classified as Level 3.

For all assets measured at fair value, Mercy Hospitals Victoria Ltd. considers the current use as its highest and best use.

Specialised Land and Buildings

Mercy Hospitals Victoria Ltd. uses land and buildings made available by other parties. These significant resources are made available free of charge or for a nominal fee and are not recorded in the assets of Mercy Hospitals Victoria Ltd. Under the occupancy arrangements, Mercy Hospitals Victoria Ltd. is responsible for maintenance of the buildings.

The land and buildings comprising Mercy Hospital for Women, Heidelberg are owned by the Crown and are used by Mercy Hospitals Victoria Ltd. under lease for a nominal fee of $1 per year. The land and buildings comprising Werribee Mercy Hospital are owned by the Department of Health and are made available under the lease.

There were no changes in valuation techniques throughout the period to 30 June 2026.

Note 7.3: Fair Value Determination (continued)

Furniture, fittings, plant and equipment

Furniture, fittings, plant and equipment (including medical equipment, computers and communication equipment) 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 current replacement cost will be materially different from the existing carrying amount.

There were no changes in valuation techniques throughout the period to 30 June 2026.

There have been no transfers between levels during the period.

Significant assumptions

Description of significant assumptions applied to fair value measurement:

Asset class	Valuation Technique	Significant Assumption	Range	Weighted Average [(i)]
Specialised Buildings	Current replacement cost approach	Cost per square metre Useful life	$100 - $7,000/m2 40 years	$6,627m2 40 years
Furniture, Fittings, Plant and Equipment	Current replacement cost approach	Cost per unit Useful life	$1,000 - $10,569,000 3 - 20 years	$23,945 per unit 6 years

[(i)] Illustrations on the valuation techniques and significant assumptions and unobservable inputs are indicative and should not be directly used without consultation with the health services independent valuer.

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: Responsible Persons Disclosure

8.2: Remuneration of Executives

8.3: Related Parties

8.4: Remuneration of Auditors

8.5: Events Occurring after the Balance Sheet Date

8.6: Equity

Note 8.1: Responsible Persons Disclosure

In accordance with *AASB 124 Related Party Disclosures*, the following disclosures are made regarding responsible persons for the reporting period.

Board of Directors		
Ms Virginia Bourke (Chair of the Board)	1-Jul-25	30-Jun-26
Ms Jo Barker	1-Jul-25	30-Jun-26
Mr Martin Day	1-Jul-25	30-Jun-26
Ms Penelope Eden	1-Jul-25	30-Jun-26
Ms Jane Edge	1-Jul-25	30-Jun-26
Dr Colin Feekery	1-Jul-25	30-Jun-26
Dr Jane Fischer	1-Jul-25	30-Jun-26
Mr Timothy O'Leary	1-Jul-25	1-Dec-25
Adjunct Professor Susan Pascoe AM (Deputy Chair)	1-Jul-25	30-Jun-26
Adjunct Professor Francis Sullivan AO	1-Jul-25	30-Jun-26
Sr Kath Tierney RSM, AO	1-Jul-25	30-Jun-26
Accountable Officer		
Ms Angela Nolan	1-Jul-25	30-Jun-26

Remuneration of Responsible Persons

The Board of Directors' remuneration is paid by Mercy Aged and Community Care Ltd. (MACC) and is on-charged as part of the shared administrative services fee.

The remuneration of the Accountable Officer, who is not a member of the Board, is paid by MACC and is on-charged as part of the shared administrative services fee.

Other transactions of Responsible Persons and their Related Parties

The Board of Directors are also board members of MACC.

There were no other transactions between Mercy Hospitals Victoria Ltd. and Responsible Persons.

MACC is the coordinating entity established by the Institute of Sisters of Mercy of Australia and Papua New Guinea to oversee the governance of all of the health entities established as part of their health ministry including Mercy Hospitals Victoria Ltd. On 3 December 2021, Mercy Ministry Companions Ltd became the sole member of Mercy Health Australia, the parent company of MACC. Mercy Ministry Companions Ltd is a company established by the Institute of Sisters of Mercy of Australia and Papua New Guinea, to which canonical and legal responsibility for the ministries of the Institute of Sisters of Mercy of Australia and Papua New Guinea was passed on that date.

Note 8.1: Responsible Persons Disclosure (Continued)

Purchases

Purchases from MACC for shared administrative costs made under normal commercial terms and conditions totalled $37.970M (2025: $37.916M). At reporting date $Nil (2025: $Nil) remains outstanding.

Other purchases by MACC on behalf of Mercy Hospitals Victoria Ltd. under normal commercial terms and conditions totalled $52.463M (2025: $54.187M) and $4.597M (2025: $6.471M) remains outstanding at reporting date.

There were no other transactions between Mercy Hospitals Victoria Ltd. and Responsible Persons.

Other Financial Assets Receivables from Responsible Persons and their Related Parties

MACC operates a central treasury function to maximise interest earnings throughout the health ministry. Short term deposits with the central treasury are characterised as cash on deposit and interest is payable on the balances at money market rates. At reporting date there was $14.765M on deposit with MACC (2025: $22.815M on deposit) giving rise to interest income of $2,860,000 (2025: $3,958,000).

There were no other amounts receivable from or payable to Responsible Persons or their related parties.

Note 8.2: Remuneration of Executives

All executive staff are not remunerated by Mercy Hospitals Victoria Ltd. (2025 $Nil). These staff are employed by MACC and form part of the related party charges and are listed in notes 8.1 and 8.3.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange for services rendered. Accordingly, remuneration is determined on an accrual basis.

Note 8.3: Related Parties

The land and buildings of the two sites which the hospitals operate are owned and controlled by the State of Victoria and Mercy Hospitals Victoria Ltd has been granted the right to operate services via leasing and funding arrangements.

Related parties of the hospital include all key management personnel (KMP) and their close family members and personal business interests.

Note 8.3: Related Parties (continued)

Significant Transactions with Government Related Entities

Expenses incurred by Mercy Hospitals Victoria Ltd. in delivering services and outputs are in accordance with HealthShare 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.

All borrowings are required to be sourced from Treasury Corporation Victoria unless an exemption has been approved by the Minister for Health and the Treasurer.

In 2026 the Health Service repaid borrowings of $626,000 (2025: $608,000). The balance outstanding as at 30 June 2026 is $1,309,000 (2025: $1,935,000).

Key Management personnel

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of Mercy Hospitals Victoria Ltd. directly or indirectly (note 8.3).

The Board of Directors and the Executive Directors of Mercy Hospitals Victoria Ltd. are deemed to be KMPs. This includes the following:

Entity	KMPs	Position/Title
MACC	Ms Virginia Bourke	Chair of the Board
MACC	Ms Jo Barker	Board Member
MACC	Mr Martin Day	Board Member
MACC	Ms Penelope Eden (ceased 31 August 2026)	Board Member
MACC	Ms Jane Edge	Board Member
MACC	Dr Colin Feekery	Board Member
MACC	Dr Jane Fischer	Board Member
MACC	Mr Timothy O'Leary (ceased 1 December 2025)	Board Member
MACC	Adjunct Professor Susan Pascoe AM	Deputy Chair of the Board
MACC	Adjunct Professor Francis Sullivan AO	Board Member
MACC	Sr Kath Tierney RSM AO	Board Member
MACC	Ms Angela Nolan	Group Chief Executive Officer
MACC	Mr Michael Krieg (ceased 11 July 2025)	Chief Executive, Health Services
MACC	Mr Clinton Cummins (commenced 12 July 2025)	Chief Executive, Health Services
MACC	Ms Michelle Wright	Group Chief Financial Officer

Note 8.3: Related Parties (continued)

Remuneration of key management personnel

All executive staff are not remunerated by Mercy Hospitals Victoria Ltd. (2025: $Nil). These staff are employed by MACC and form part of the related party charges.

Transactions with KMPs and Other Related Parties

MACC operates a central treasury function on behalf of Mercy Hospitals Victoria Ltd, refer note 8.1. MACC also provides other administrative services to Mercy Hospitals Victoria Ltd., these are also described in note 8.1.

Outside of normal citizen type transactions with Mercy Hospitals Victoria Ltd., 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 2026 (2025: $Nil).

There were no related party transactions required to be disclosed for Mercy Hospitals Victoria Ltd. Board of Directors, Chief Executive Officer and Executive Directors in 2026 (2025: $Nil).

During the year, the Company entered into a loan agreement with Mercy Palliative Care Ltd., a related party, under which $15,000,000 was advanced to the Company. The loan had a term of three years and accrued interest in accordance with the loan agreement. Subsequently, Mercy Palliative Care Ltd, forgave the outstanding loan balance and all accrued interest. As a result, the Company recognised related party income of $15,247,000, comprising the principal of $15,000,000 million and accrued interest of $247,000.

The Company has entered into a three year loan agreement with Mercy Aged and Community Care Ltd., with $40,000,000 available for drawdown under this facility, subject to the terms and conditions of the agreement. At balance date $nil had been drawn down by the Company.

Note 8.4: Remuneration of Auditors

	2026 $'000	2025 $'000
Victorian Auditor-General's Office		
Audit of financial statements	81	78
Total Remuneration of Auditors	81	78

Note 8.5: Events Occurring after the Balance Sheet Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Note 8.6: Equity

Restricted specific purpose reserves
Restricted specific purpose reserves are funds where Mercy Hospitals Victoria Ltd. has possession or title to the funds, but has no discretion to amend or vary the restriction and/or condition underlying the funds.

Property, plant, and equipment revaluation surplus
The property, plant and equipment revaluation surplus arises on the revaluation of land and buildings. The revaluation surplus is not normally transferred to the accumulated surpluses/(deficits) on derecognition of the relevant asset.