The Women's Annual Report 2021 

In everything we do, we value:

Courage Passion Discovery Respect

We will be a voice for women's health We are committed to the social model of health

We will care for women from all walks of life We will lead health research for women and newborns

We recognise that sex and gender affect women's health and healthcare

We will innovate healthcare for women and newborns

#### Acknowledgement of Traditional Owners

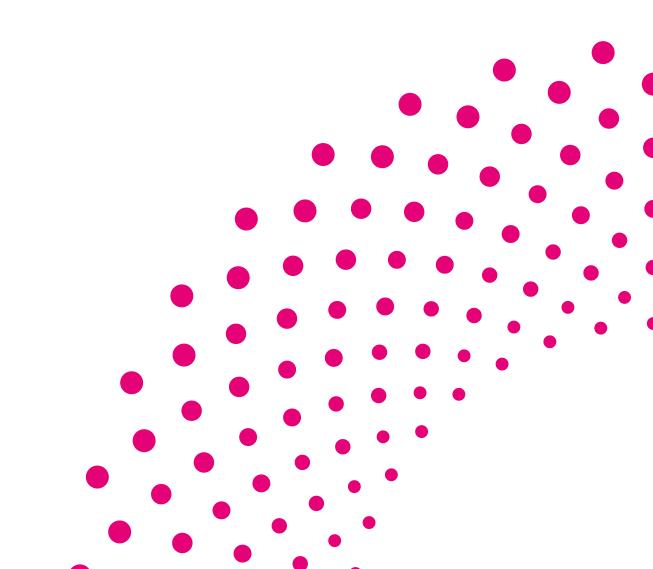
The Royal Women's Hospital acknowledges and pays respect to the peoples of the Kulin Nations, the traditional owners of the country on which our sites at Parkville and Sandringham stand and we pay our respects to their Elders past, present and emerging.

The Women's is committed to improving health equity for Aboriginal and Torres Strait Islander women, children and families and we recognise the fundamental significance of cultural traditions, beliefs and connection to country for the health and wellbeing of Aboriginal and Torres Strait Islander peoples.

We acknowledge the importance of kinship and family structures as a cohesive force that binds Aboriginal and Torres Strait Islander peoples and we recognise their cultures, community connection and self-determination as critical protective factors for wellbeing. 

# Contents

Report from the Board Chair and Chief Executive	4
Report of operations	8
Key financial and service performance reporting	23
Attestations and declarations	30
Financial report 2020-21	34



# Report from the Board Chair and Chief Executive

It's been another extraordinary 12 months. With the COVID-19 pandemic now in its second year and the continued pressure on health services, the workforce and the broader community, our focus has been on maintaining a safe working environment for our people, while continuing to provide safe and effective care for our patients and their families.

During this year, we continued to implement our COVID-19 readiness and response plan, ensuring we had additional systems and resources in place to maintain safety and minimise risks to our patients, their families and our staff and volunteers. Collaboration with our health sector and Department of Health colleagues increased considerably over the last 12 months as Victoria's response to the pandemic matured to include a number of state-wide initiatives including the COVID Quarantine Victoria program, the Healthcare Workers Vaccination Program, the Respiratory Protection Program for frontline staff and the designation of COVID Streaming Hospitals, of which the Women's is one. More information on our COVID response and recovery is provided on page 23.

If last year was about being agile and responsive, this year was about ensuring we had the foundational structures that would support us beyond our initial, and optimistic, COVID-19 expectations. We chose to pursue a strategy of balance during 2020-21, which enabled us to respond to the many challenges and risks presented by the pandemic, without sacrificing our organisation's progress or the pursuit of our ambitious goals. Pleasingly, by ensuring we had the foundations right, we were able to effectively respond to the pandemic demands and pressures in a systematic way, which meant we could progress our other important work, focus on our strategic priorities, pursue our research goals, and continue to innovate and improve our clinical models of care.

Our people are critical to the delivery of our services, the patient experience and the quality of our care. During the past 12 months, the impact of the pandemic, and the challenges it placed, meant that more than ever, we needed to invest in strategies that support health and wellbeing and enhance the experience of our staff and volunteers and our workplace culture.

With an eye to the longer term, this year we also dedicated considerable resources towards understanding the future service and care needs of our community and our role within the state-wide health system. This included a large program of future-focused work to design and analyse new and innovative responses to future population projections, the development of new, customised service models, enhanced patient engagement and the adoption of innovative technologies and other enablers to deliver health benefits way beyond our current expectations.

In addition, during this year we adopted a new approach to strategic philanthropy and donor partnerships, establishing the new Office of Philanthropy and Community Investment. This strategic shift enables us to leverage our considerable profile and reputation as a world-leading tertiary hospital for women and newborn babies, thus enhancing our capacity to support more vulnerable and at-risk women and families. We are now working with a number of visionary philanthropic partners to develop innovative solutions as we work towards tackling some of our community's most challenging health and social issues.

#### Year in review

Of particular note, 2020-21 was the year that we commenced a comprehensive planning and consultation program to develop the Women's new strategic plan. With our current plan extended beyond its original 2020 end date due to the pandemic, consultations and workshops commenced in early February 2021 with the Women's Board, our patients and consumers, senior leaders, staff and volunteers, and stakeholders all actively engaged.

The key strategic planning decisions and directions that we are considering for the next three years are informed by the current context within which the Women's and indeed, all Victorian health services are operating; as well as our organisational purpose and vision, and our ambition to innovate and improve healthcare now and in the future. Consultation is continuing throughout the first half of 2021-22 with completion of the new plan expected by the end of the calendar year.

#### Investing in our people and systems

During 2020-21, we launched our new People Pulse Check, a short survey intended to be a 'point in time' measurement of employee sentiment, wellbeing and engagement. The pulse check regularly provides valuable insights into the health of the organisation, the issues that are front of mind for our people and their level of engagement. In addition, we convened our People Experience and Culture Working Group, chaired by our Chief eXperience Officer, which provides an important avenue for regular consultation, communication and feedback on organisation-wide issues, as well as our Positive Workplace Culture program. We also established our Safe to Speak Up Leadership Committee, chaired by the Chief Executive Officer, with membership comprising clinical and executive leaders. This committee has a strong focus on fostering psychological safety and creating a climate that increases our capacity to adapt to change, learn from mistakes, manage risks and innovate. It is complemented by our new Psychological Safety Program, which is customised to assist teams through open dialogue, mindful listening and a learning approach to feedback.

This year, the Women's was awarded a Health Worker Wellbeing Grant by the Department of Health, enabling us to employ a dedicated Psychological Support Consultant, provide mental health first aid training, establish a mental health first aid network and deliver mental health awareness training. We also appointed a new Employment Assistance Program provider enabling us to expand our offering of specialist counselling and other supports for staff to include family life, legal issues, career development, money management, nutrition and lifestyle. More information on our employee wellbeing program is available on page 17.

## Creating exceptional patient and consumer experiences

During 2020-21, the Women's made significant progress in implementing The Women's Disability Action Plan 2019-2022, which provides a framework for how we increase access and inclusion for people with disability at our hospital. Our Senior Disability Champion continued to lead our work to advance access and inclusion for patients, consumers, staff and volunteers as did our Women's Disability Advisory Group, which includes consumers with lived experience. This year, we established a Staff Working Group to help further drive and deliver our action plan deliverables and we partnered with Women with Disabilities Victoria to pilot a new eLearning tool for staff. Also this year, we participated in a Department of Health and Human Services program, which saw the appointment of a COVID Disability Liaison Officer, a shared role across the Women's, the Royal Children's Hospital and the Peter MacCallum Cancer Centre. We have a partnership with the Australian Network on Disability and have utilised their Comprehensive Access and Inclusion Audit tool to monitor our disability action plan's progress. We also increased our representation of women and girls with disability in our communications, particularly photography, and produced our first 'easy English' documents, providing clear, easy to understand and concise information for people with limited ability to read and write. More information on how we engaged our community to address their needs is on page 24.

The implementation of our Electronic Medical Record has promoted further partnering with patients to support them to access their own health information through a new patient portal, the Health Hub. At time of writing, over 2,000 patients had signed up to the portal enabling them to securely access details about their appointments, some results, non-urgent updates, medication information and more. Engaging patients through a patient portal improves patient experience, increases engagement in one's own health, enhances the patient-provider relationship, and has the potential to improve health outcomes.

#### **Providing state-wide leadership**

Established over five years ago, the Strengthening Hospitals Response to Family Violence (SHRFV) initiative has made a significant contribution to organisational and practice change across Victoria's health services sector. Despite the many difficulties this year in conducting training sessions, forums, practice guidance and regional visits, the Women's made substantial progress in this leadership area. During the past 12 months, the 2-year SAFE Project, which involves a system audit across 18 Victorian health services to evaluate the impact of the SHRFV initiative, continued. We also continued to train health professionals across the state to conduct antenatal family violence screening. In addition, the Women's supported health services to implement the Family Violence Workplace Support Program and supported other hospitals to undertake Family Violence Multi-Agency Risk Assessment and Management Framework (MARAM) alignment and adhere to information sharing legislation.

The Women's Clinical Champions Project continued to build workforce capability and system capacity across the state by working directly (and virtually) with current and potential providers of medical and surgical abortion and long-acting reversible contraception (LARC). Through the project, health professionals in communitybased sexual and reproductive health hubs, primary care providers and other publicly funded health services, have access to training, secondary consultations, clinical guidance and mentorship. The project team works closely with Women's Health Victoria, 1800MyOptions and the Centre for Excellence in Rural Sexual Health. In early 2021 work began to develop an early medical abortion eLearning module that, once completed, will be made publicly and freely available to health professionals. The eLearning module will suit a broad audience to reflect the range of health professionals that are involved in the care of a woman or pregnant person seeking an early medical abortion.

## Improving health outcomes through translational research

The Women's is committed to improving the health and wellbeing of women and newborns through its internationally recognised research and innovation. We have a distinguished track record in medical research, and this is reflected in the breadth of our programs.

As a tertiary-level hospital and one of Australia's major teaching hospitals for graduates and postgraduates in medicine, nursing, midwifery and other health professions, the Women's provides a unique clinical environment where researchers and clinicians can collaborate to swiftly deliver evidence-based innovations and improvement to clinical practice and treatment. Highlights for 2020-21 included:

- The establishment of a national registry to collect data on pregnant women with COVID-19, led by obstetrician and maternal-fetal medicine specialist Dr Clare Whitehead. This ongoing research program is helping us to better understand the effects of the virus on pregnancy outcomes ensuring women and babies impacted are able to receive evidence-based care.
- The appointment of Associate Professor Helena Frawley in the new role of Associate Professor of Allied Health - a joint appointment between the Women's, Mercy Hospital for Women and Melbourne School of Health Sciences at the University of Melbourne. This role aims to increase research capacity and connections across women's health, neonatal and allied health researchers and clinicians.
- The awarding of \$1.6 million funding from the Medical Research Future Fund to explore whether caseload midwifery – continuity of care from a 'known' midwife – for socially disadvantaged and vulnerable women can help reduce their substantially higher risk of preterm births.
- The release of research findings into the experiences of Australian women opting to purchase IVF treatment add-ons, such as acupuncture and herbal medicine, which are often ineffective. Published in the journal *Human Reproduction*, the study included 1,590 Australian women and found 82 per cent had used one or more add-ons when going through IVF in the past four years.
- New evidence from the world-leading Victorian Infant Collaborative Study showing survival rates of extremely premature babies has gone up by nearly 20 per cent since the early 1990s, thanks to advances in clinical practice, research and technology.
- In November, leading researchers from Australia and New Zealand presented at our annual Cool Topics in Neonatology conference. Held online, the conference brought together the best perinatal researchers from around the world to share their work.
- The launch of the Depression and Anxiety Peer Support (DAISY) study, a telephone-based peer support program, pairing new mothers with a trained volunteer who has recovered from postnatal depression or anxiety.

#### **Celebrating our achievements**

Over the past 12 months, we had many reasons to celebrate. Some of the highlights include:

- Our annual Meet a Scientist event in February, which was live streamed to more than 4,500 young people at 167 schools across Australia. Held each year, the event celebrates United Nations' International Day of Women and Girls in Science (11 February).
- The Parkville precinct's Connecting Care, electronic medical record system, reached its sixth month milestone in early February, an opportunity to check-in with staff as well as celebrate early achievements.
- Also in February, the Women's became a member of the Global Green and Healthy Hospitals network and committed to achieving a reduction in waste and an increase in purchasing safer and more sustainable products and materials.
- In early March, we celebrated International Women's Day (8 March) with a special panel discussion hosted by the ABC's Virginia Trioli. A virtual event watched by hundreds of people, the discussion covered thought provoking and important areas of women's health.
- In late March, we launched three projects as part of a major new research program that aims to improve the lives of women and girls with endometriosis and persistent pelvic pain. Funded through a \$3.9 million federal government grant, the three projects will tackle long-standing issues of endometriosis and persistent pelvic pain.
- Our Parkville site was illuminated on 5 May alongside landmarks and monuments across Victoria to remember the women and children who have died as a result of family violence. Our Chief Executive Officer, Dr Sue Matthews, said the vigil was an opportunity to honour the life of each person who has tragically died- and highlight the devastating impacts of family violence, so it can be eradicated.
- National Sorry Day (26 May) and National Reconciliation Week (27 May – 3 June) were acknowledged and promoted with a number of events and activities to mark these important milestones including a special webinar for our staff and volunteers exploring intergenerational trauma, the role of the Women's in the Stolen Generations and the importance of reconciliation and healing.
- For Pregnancy and Infant Loss Remembrance Day (15 October), the hospital was illuminated to promote greater awareness, remembrance and support for families whose lives are forever changed due to the death of their baby.
- We also marked World Prematurity Day (18 November) this year by illuminating our Parkville site and sharing stories of current and former patients impacted by premature birth. We held a public webinar with Professor Shaun Brennecke AO and other international and Australian experts sharing updates on key research in prematurity.

6

- On 25 November, a team from the Women's joined the Walk Against Family Violence to mark both the International Day for Elimination of Violence against Women and the start of the annual 16 Days of Activism against Gender-Based Violence campaign. Our virtual panel discussion highlighted our increasing concern over what has been recognised as a 'shadow pandemic' of violence against women.
- In November we celebrated as the Women's Dr Paddy Moore and Aunty Gina Bundle were officially inducted onto the Victorian Honour Roll of Women.
- In December, we congratulated all staff who were successful in receiving funding through our 'Ideas Tank' program. Successful proposals shared in a pool of donated funds bringing to life thirteen new ideas to improve staff and patient experience.
- Also in December, we launched of our virtual Wall of Gratitude featuring stories and feedback from our patients to highlight the many positive impacts and outcomes – despite a challenging year.

#### **Financial results**

For the year ending 30 June 2021, the Women's recorded an operating surplus of \$6.74 million, an improvement on the \$2.99 million operating surplus recorded in 2019-20 (excluding revenue and expenditure associated with centralised Personal Protective Equipment (PPE)). During the 2020-21 financial year, the Women's Board, management and staff continued to make a concerted effort to implement a number of business improvement strategies to improve the hospital's operating performance, and work towards financial sustainability.

#### Acknowledgements

We are immensely proud to lead such a strong, vibrant and innovative organisation, which includes approximately 2,500 individual staff and 95 volunteers and auxiliary members. The Women's Board and management would like to thank our staff and volunteers for their outstanding dedication and hard work, and their commitment and resilience during an extremely challenging year.

Together, we cared for 66,475 patients who speak 87 different languages and come from 178 different regions across the globe. A total of 8,848 babies were born across our two campuses at Parkville and Sandringham. We provided 32,623 inpatient services and recorded 167,774 outpatient visits of which 65 per cent were for maternity services. The Women's Emergency Care had over 25,552 emergency presentations. In total, we provided 225,949 episodes of care.

Our board directors and members of various board committees have provided invaluable guidance, advice and support and have kept us grounded and focused on quality care, responsible management and sustainable improvement, while always remaining cognisant of our commitment to high-quality services and the needs of our patients and consumers and of our staff and volunteers. We would like to make special mention of the Women's Foundation board and their support during the transition to the new Office of Philanthropy and Community Investment during 2020-21. We thank each one of them for their guidance and support during the transition and their ongoing commitment to the Women's.

To the many donors, charitable trusts, staff, alumni, patients and families who generously supported our hospital during the year, a very deep and heartfelt thanks to all of you. Without your support, so much of what we do would not be possible.

On behalf of the Women's board and executive team, we thank each and every staff member and volunteer for their dedication and unwavering commitment to the vision and goals of the Women's.

We are very pleased to present *The Women's* 2021 Annual Report.



Ms Lyn Swinburne AO Chair, Board of Directors The Royal Women's Hospital



Smatthew ]

Dr Sue Matthews

Chief Executive Officer The Royal Women's Hospital

# **Report of operations**

#### Nature and range of services

Established over 160 years ago, the Women's is Australia's first and largest specialist hospital dedicated to improving and advocating for the health and wellbeing of women and newborns.

The Women's cares for women through all stages of life, with services ranging from maternity, gynaecology, women's cancer services, and women's mental health, as well as specialist care of newborns.

As a tertiary-level hospital and one of Australia's major teaching hospitals, the Women's is committed to excellence and innovation to improve the health and wellbeing of women and newborns. Our work goes beyond acute care with the Women's playing a unique role in Victoria's healthcare system advancing research and practice, and providing state-wide leadership and advocacy.

With campuses at Parkville and Sandringham, the Women's is at the forefront of advancing women's health and wellbeing and the care of newborns. The Women's has academic affiliations with several universities and tertiary educational institutions, notably the University of Melbourne and La Trobe University. It is internationally recognised for its research in the areas of women's and newborn health particularly, neonatal care, pregnancy, gynaecological disorders and infertility.

The Women's clinical services are grouped broadly into five streams of care:

- **maternity** including pregnancy, birthing and postnatal care and specialist maternity services for high-risk women
- **cancer and pre-cancer** including breast, cervical dysplasia and gynae-oncology services in partnership with the Victorian Comprehensive Cancer Centre
- **gynaecology** including specialist gynaecology, reproductive services, contraception and abortion
- **neonatal** including newborn intensive and special care nurseries
- mental health and social support including clinical, psychosocial and supportive care, Aboriginal health, sexual assault and domestic violence support, alcohol and drug dependence, and care for women from diverse and disadvantaged groups.

These streams are supported by Perioperative Services, the Pauline Gandel Women's Imaging Centre, Allied Health and Women's Emergency Care.

The Women's provides public health services in accordance with the principles established as guidelines for the delivery of public hospital services in Victoria, under section 17AA of the *Health Services Act 1988*.

After nine years as part of Women's and Children's Health, the Victorian Parliament passed legislation establishing the Women's as an independent health service with its own Board of Directors from 1 July 2004.

The responsible Ministers during 2020-21 were:

#### From 1 July 2020 to 26 September 2020

Jenny Mikakos MP Minister for Health Minister for Ambulance Services

#### From 26 Sept 2020 to 30 June 2021

The Hon Martin Foley MP Minister for Health Minister for Ambulance Services Minister for Equality

#### From 1 July 2020 to 29 September 2020

The Hon Martin Foley MP Minister for Mental Health

#### From 29 Sept 2020 to 30 June 2021

The Hon James Merlino MP Minister for Mental Health

#### Throughout 202-21

The Hon. Gabrielle Williams MP Minister for Prevention of Family Violence Minister for Women Minister for Aboriginal Affairs.

8

#### Management and governance structure

#### **Board of Directors**

The Directors serving on the Women's board during the 2020-21 reporting period were:

Ms Lyn Swinburne AO (Chair) Ms Cath Bowtell (Deputy Chair) Mr Michael O'Neill Ms Helga Svendsen Ms Mandy Frostick Ms Naomi Johnston Adjunct Professor Alan Lilly Ms Rosie Batty AO Mr Ken Parsons Associate Professor Marie Bismark

#### **Governing committees**

#### **Finance and Information Technology Committee**

Chair: Mr Ken Parsons (from 1 January 2021)

**Directors:** Mr Michael O'Neill (until 30 December 2020), Ms Cath Bowtell, Ms Helga Svendsen (From 1 January 2021)

Member: Mr Peter Williams (from 25 March 2021)

**In attendance:** Dr Sue Matthews, Mr Sam Garrasi, Mr George Cozaris, Ms Lisa Lynch

#### Audit and Corporate Risk Management Committee

Chair: Mr Michael O'Neill

Directors: Ms Naomi Johnston Mr Ken Parsons

**In attendance:** Dr Sue Matthews, Mr Sam Garrasi, Ms Lisa Lynch, Mr Damian Gibney

#### **Community Advisory Committee**

Chair: Ms Naomi Johnston

Director: Ms Mandy Frostick, Ms Rosie Batty AO

**Members:** Ms Charlene Edwards (until 17 September 2020), Ms Alison Soutar\*, Ms Ivy Wang\*, Mr Simon Gullery (until 1 December 2020), Ms Lorraine Parsons (until 26 February 2021), Ms Bronwyn Hogan\*, Ms Lauren Indiveri-Clarke\*, Ms Mija Gwyn\*

In attendance: Ms Sherri Huckstep, Ms Alix Candy

#### **Research Committee**

Chair: Associate Professor Marie Bismark

Directors: Ms Rosie Batty AO

**Member:** Professor Lisa McKenna, Ms Jane Trembath (until 17 May 2021), Professor David Vaux AO, Ms Margaret Lodge\*

**In attendance:** Dr Sue Matthews, Dr Mark Garwood, Professor Peter Rogers, Dr Megan Cock, Ms Lisa Trainor, Ms Laura Bignell (from 30 March 2021)

#### **Board Quality and Safety Committee**

Chair: Adjunct Professor Alan Lilly

**Directors:** Ms Lyn Swinburne AO, Ms Cath Bowtell, Ms Naomi Johnston, Ms Helga Svendsen (until 30 December 2020), Associate Professor Marie Bismark

**Members:** Dr Jack Bergman (until 25 May 2021), Mr Simon Gullery\*, Ms Amelia Jalland\*

**In attendance:** Dr Sue Matthews, Ms Lisa Lynch, Dr Mark Garwood, Ms Sherri Huckstep, Professor Mark Umstad AM, Ms Jenny Ryan, Ms Jill Butty (until August 2020), Ms Bridget Monaco (from August 2020), Ms Sandra Gates, Mr Damian Gibney, Ms Catherine Jones (from 25 May 2021).

#### People, Culture and Engagement Committee

Chair: Ms Mandy Frostick

**Directors:** Adjunct Professor Alan Lilly, Mr Ken Parsons (until 30 December 2020), Ms Helga Svendsen, Mr Michael O'Neill (from 1 January 2021)

Member: Ms Charlene Edwards\* Ms Amanda Bingham \*

**In attendance:** Dr Sue Matthews, Ms Sherri Huckstep, Dr Mark Garwood, Ms Sandra Gates, Ms Laura Bignell, Ms Alix Candy, Ms Robin Copeland

#### **Remuneration Committee**

Chair: Ms Lyn Swinburne AO

Directors: Ms Cath Bowtell, Mr Michael O'Neill

In attendance: Dr Sue Matthews

## Primary Care and Population Health Committee (reconvened 11 May 2021)

Chair: Ms Helga Svendsen

**Directors:** Adjunct Professor Alan Lilly, Associate Professor Marie Bismark

In attendance: Dr Sue Matthews, Ms Sandy Bell

9

#### The Royal Women's Hospital Foundation Board

(dissolved on 17 May 2021)

Chair: Ms Lynda Jane Trembath

**Directors:** Ms Lyn Swinburne AO, Associate Professor John McBain AO, Ms Elaine Canty AM, Ms Brigid Robertson, Ms Gaya Raghavan Byrne, Ms Elisa Robinson, A/Prof Orla McNally, Ms Cassy Liberman

In attendance: Dr Sue Matthews, Ms Tania Angelini, Ms Lisa Trainor

#### **Philanthropy and Community Investment Committee** (convened 30 November 2020)

Chair: Ms Cath Bowtell

Directors: Ms Lyn Swinburne AO, Ms Rosie Batty AO

Members: Ms Jane Trembath, Dr Penelope Foster

**In attendance:** Dr Sue Matthews, Ms Tania Angelini, Ms Lisa Trainor, Mr Sam Garrasi, Mr Jason Smith (from 6 May 2021)

\* Denotes community representative

#### **Senior officers**

Chief Executive Officer: Dr Sue Matthews

Chief Operating Officer: Ms Lisa Lynch

Executive Director, Clinical Excellence and Systems Improvement: Mr Damian Gibney

Chief Financial Officer: Mr Sam Garrasi

Chief Midwifery and Nursing Officer: Ms Laura Bignell

Chief Medical Officer: Dr Mark Garwood

Chief Communications Officer: Ms Tania Angelini

Chief eXperience Officer: Ms Sherri Huckstep

Executive Director, Information Management and Technology: Mr George Cozaris

General Counsel: Ms Leanne Dillon

Executive Director, Philanthropy and Community Investment: Mr Jason Smith (commenced 12 April 2021)

#### **Organisational chart**

			<b>xecutive</b> 1atthews			
	<mark>General C</mark> Ms Leanne		<b>Directo</b> Ms San	or Strategy and Pla dy Bell	anning	9
Chief Operating Office Ms Lisa Lynch	er Chief Medical C Dr Mark Garwoo		<b>Chief Fina</b> Mr Sam G	ancial Officer arrasi	Info Man and	<b>cutive Director,</b> rmation agement Technology George Cozaris
Women's Health Service Maternity Services; Neonatal Services; Women's Mental Health Hospital Access and After Hours Manageme Allied Health and Clinic Support Services; Allied Health Education Leadership Developme and Professional Practi Business Intelligence and Analytics; VCCC; Women's at Sandringhe EMR Operations	University Relati Medical Workfor h; Medico Legal; M Education; Lead ent; Development ar cal Professional Pra EMR Training n, ent ice; nd	onships; rce; edical ership id	Compliand Planning, Managem Managem	Governance and ce; Financial Policy and Risk ent; Budget ent; Business ent; Revenue ent	IMT Elec Reco Engi	Services; Strategy; tronic Medical ord; Biomedical ineering; Health rmation Services
<b>Chief Midwifery and Nursing Officer</b> Ms Laura Bignell	Executive Director, Clinical Excellence and Systems Improvement Mr Damian Gibney	Chief Commun Officer Ms Tania		Chief Experienc Officer Ms Sherri Hucks		Executive Director, Philanthropy and Community Investment Mr Jason Smith
Nursing and Midwifery Education; Leadership Development and Professional Practice; EMR Training	Quality and Safety; Risk and Compliance; Service and Operational Redesign; Enterprise Projects; EMR Patient Safety Service Planning	External Commun Digital Commun Reputatic Managem Media and Affairs Advocacy	ications ications on nent d Public	People and patie Experience; People Culture a Wellbeing; Patient and Visit Services; Switchboard and Reception; Hospital Support Program; Volunteers; Consumer Healtl Information; Health Hub (Pati Portal); Telehealth	nd or t	Philanthropy and Community Investment Program; Donor Relations and Stewardship; Fundraising and Major Gifts.

#### Workforce information

		Equivalent (FTE) June 2021	Average monthly FTE	
Labour category	2020	2021	2020	2021
Nursing and midwifery	783.0	772.0	759.7	768.3
Administration and clerical	321.8	318.0	317.3	317.6
Medical support	80.8	76.7	80.8	77.9
Hotel and allied health services	10.5	7.9	11.1	9.8
Medical officers	25.8	26.8	26.2	27.4
Hospital medical officers	139.6	130.4	133.2	133.0
Sessional clinicians	60.7	64.9	57.2	62.6
Ancillary staff (Allied health)	83.0	84.2	76.5	81.6
TOTAL	1,505.2	1,480.9	1,462.0	1,478.2

The FTE figures in the table exclude overtime and do not include contracted staff (e.g. Agency nurses, fee-forservice visiting medical officers) who are not regarded as employees for this purpose.

#### **Employment and conduct principles**

The Women's is committed to the public sector values and workplace equity principles. This includes equal opportunity, creating and maintaining a work environment where all employees are treated with dignity and respect, where there is freedom from all forms of discrimination, and where diversity and human rights are valued.

It is the hospital's objective to ensure that its procedures and approach to dealing with workplace grievances on the grounds of discrimination, sexual harassment, bullying and harassment is consistent, fair and equitable. The Women's continues to evaluate and develop its policy and procedures in relation to Respectful Workplace Behaviours.

#### **Summary of financial results**

For the year ending 30 June 2021, the Women's recorded a net operating surplus of \$1.36 million after taking into account the impact of capital, depreciation and net results from its controlled entities, the Royal Women's Hospital Foundation Limited and The Royal Women's Hospital Foundation Trust Fund.

The Victorian Government provides separately for depreciation costs via capital payments, in response to submissions by health services. Excluding capital payments and controlled entities results, the Women's recorded an operating surplus of \$6.74 million (excluding revenue and expenditure associated with the Centralised PPE).

#### Subsequent Events

The COVID-19 pandemic has created unprecedented economic uncertainty. It is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on the Women's, its operations, future results and financial position.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the Royal Women's Hospital, the results of the operations or the state of affairs of the Royal Women's Hospital in the future financial years.

Comparative results for the preceding four financial years are provided below.

	2021 \$000	2020 \$000	2019 \$000	2018 \$000	2017 \$000
Consolidated					
Total revenue	350,021	332,381	311,478	311,560	289,151
Total expenses	(348,658)	(329,398)	(311,434)	(291,860)	(298,060)
Net result from transactions	1,363	2,983	44	19,700	(8,909)
Total other economic flows	8,553	670	1,786	12,759	49
Net result	9,916	3,653	1,830	32,459	(8,860)
Total assets	545,494	544,146	545,989	508,621	445,516
Total liabilities	(280,467)	(289,035)	(292,351)	(286,922)	(299,570)
Net assets / Total equity	265,027	255,111	253,638	221,699	145,946

	2021 \$000
Parent Net Operating Result	6,737
Capital purpose income	18,359
Specific income	n/a
COVID-19 State Supply Arrangements	
<ul> <li>State Supply items received free of charge or for nil consideration under the State Supply Arrangements</li> </ul>	324
<ul> <li>State supply items consumed up to 30 June 2021</li> </ul>	(679)
– Assets received free of charge or for nil consideration under the State Supply Arrangements	19
Assets provided free of charge or for nil consideration	n/a
Assets received free of charge or for nil consideration	n/a
Expenditure for capital purpose	(1,011)
Depreciation and amortisation	(16,708)
Impairment of non-financial assets	n/a
Finance costs (other)	(24)
Net result from transactions - Controlled Entities (excluding depreciation and capital distribution)	(5,191)
Net result from transactions - Joint Arrangements (excluding depreciation)	(463)
Net Result from Transactions	1,363

The net operating result is the result for which the Royal Women's Hospital is monitored in its Statement of Priorities.

#### **Consultancies (under \$10,000)**

In 2020-21 there was one consultancy where the total fee payable to the consultants was less than \$10,000. The total expenditure incurred during 2020-21 in relation to this consultancy was \$4,000 (excl. GST).

Details are provided in the table below:

Consultant	Purpose	Start date	End date	Total approved project fee \$'000 (excluding GST	Expenditure 2020/21 \$'000 (excluding GST)	Future expenditure \$'000 (excluding GST)
RM2 Rogers Milne Marshall	Valuation advice, Carlton assets	March 2021	March 2021	4	4	-

#### Consultancies (\$10,000 or greater)

In 2020-21, there were two consultancies where the total fee payable to the consultants was greater than \$10,000. The total expenditure incurred during 2020-21 in relation to these consultancies was \$74,529 (excl. GST).

Details are provided in the table below:

Consultant	Purpose	Start date	End date	Total approved project fee \$'000 (excluding GST	Expenditure 2019/20 \$'000 (excluding GST)	Future expenditure \$'000 (excluding GST)
Baenziger Coles Pty Ltd	Feasibility Study - Carpark development	March 2021	June 2021	59	59	-
W Hamill Consulting Pty Ltd	Carpark Review - tender preparation, management and contract preparation	June 2021	June 2021	15	15	-

# Information and communication technology expenditure

The total information and communication technology (ICT) expenditure incurred during 2020-21 was \$30.59 million (excluding GST) with the detail shown below.

Business as usual ICT expenditure	Non-Business as usua	Non-Business as usual ICT expenditure				
Total (excl. GST)	Total = Operational Expenditure and Capital Expenditure (excl. GST) (a) + (b)	Operational expenditure (excl. GST) (a)	Capital expenditure (excl. GST) (b)			
\$15.99 million	\$14.59 million	\$0 million	\$14.59 million			

#### **Disclosure of major contracts**

Nil to report for 2020-21.

#### **Car parking fees**

The Royal Women's Hospital complies with the Department of Health hospital circular on car parking fees and details of car parking fees and concession benefits can be viewed at:

#### www.thewomens.org.au/ search/?keywords=car+parking+fees

Concession benefits can be viewed at: www.thewomens. org.au/news/concession-parking-fees-at-the-womens

#### **Occupational health and safety**

The Women's is committed to providing a safe and healthy workplace. To achieve this, the hospital's Safety Management System is based on a continuous improvement model of planning, implementing, monitoring and reviewing health, safety and wellbeing related prevention, promotion and response activities.

The Women's approaches health and safety holistically including the work system factors that contribute to and acknowledge the physical and non-physical hazards (psychosocial) in the workplace.

Over the past 12 months, the hospital has focused on key risks related to manual handling, slips trips and falls, occupational violence and aggression, COVID-19 and psychological wellbeing. Improvements included progressing actions from the internal workplace health and safety audit conducted in June 2020 such as the development of a Health, Safety and Wellbeing eLearning package, scoping of a new OHS briefing format for the Board, and developing a plan to improve incident reporting documentation in the Victorian Health Incident Management System Other enhancements included: the development of a new Psychological Wellbeing eLearning program, a review and major update of the Women's External Disaster Code Brown procedures and a review and major update to the Women's Working from Home guidelines.

#### **Manual handling**

Over the past 12 months, the Women's has focused on improving the clinical and non-clinical components of its manual handling program, including improvements to ergonomics such as workstation assessments, worksite assessments, and the trial and purchase of new equipment, such as patient transferring devices.

The Women's has also worked towards eliminating and reducing a number of hazardous manual handling activities including the development of safety videos for the birth centre.

During 2020-21, manual handling related incident reporting increased slightly, along with a slight reduction in lost time injury. This points to a successful effort in communicating the importance of reporting as well as an effective implementation of strategies to reduce injury.

#### **Occupational violence and aggression**

The Women's occupational violence and aggression (OVA) framework includes a number of preventative and responsive hazard controls such as code grey and black procedures, behavioural emergencies procedures, safety inspection checklists, behavioural contracts, controlled access and signage, fixed and portable duress alarms, education and training, and a multi-disciplinary OVA working group. Key actions over the last 12 months to prevent and manage OVA included:

- Raising awareness with staff, consumers, patients and their families that violence and aggression against our people is unacceptable and will not be tolerated
- The development of educational videos on warning signs, de-escalation techniques, what to expect in a code grey and a code black and the application of mechanical restraints
- Review and update of the code grey and code black procedures with the OVA working group and the Women's Emergency Planning committee
- Education and training for staff, supervisors and members of the code grey response team

Occupational violence statistics	2021
Number of accepted WorkCover claims with an occupational violence cause per 100 FTE	0
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0
Number of occupational violence incidents reported	29
Number of occupational violence incidents reported per 100 FTE	1.9
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0

# Keeping our workplace safe during the COVID-19 pandemic

During the COVID-19 pandemic, the Women's implemented a number of risk control strategies to manage the occupational risks, both physical and psychological for our staff. Controls included:

- protecting our healthcare workers by ensuring we have an adequate and appropriate supply of personal protective equipment (PPE)
- providing staff with the knowledge and skills to work safely
- fit testing staff for N95 respirators as part of the larger Respiratory Protection Program
- provision of the COVID-19 vaccine
- implementing measures to meet physical distancing requirements
- focusing on wellbeing of our workforce and dealing with the sense of uncertainty caused by the pandemic
- ensuring staff felt supported and had access to our Employee Assistance Program.

In February 2021, WorkSafe Victoria attended the Women's to complete a COVIDSafe visit. WorkSafe was satisfied with the Women's safe system of work associated with controlling the risk of employees contracting Coronavirus.

#### **Respiratory Protection Program**

The Women's Respiratory Protection Program was established in August 2020 to prevent staff exposure to airborne hazards. A key component of the program is to ensure that staff have access to an appropriately sized N95 mask that has been 'fit tested' to ensure their protection.

The Women's was one of the first health services to adopt quantitative fit testing and has a dedicated Respiratory Protection Program team that ensures that all relevant new staff are fit tested and that existing staff are up to date. The team also ensures that guidelines in place related the use of Personal Protective Equipment are communicated and followed, that training is available and that records and mask supplies are current.

#### Wellbeing

The Women's Psychological Wellbeing Framework takes an integrated approach to developing and maintaining psychological wellbeing and a positive workplace culture.

A broad range of initiatives were implemented over 2020-21 to support staff wellbeing including resilience workshops, wide promotion of the Women's new Employee Assistance Program, psychological safety training, a new psychological wellbeing eLearning tool and resources to help managers support their teams.

In partnership with Southwest Healthcare, the Women's was awarded a grant through the Department of Health for the "Create and sustain a psychologically healthy workplace" project. As part of this funding, the Women's has employed a Psychological Wellbeing Consultant and commenced implementation of an extensive Peer Support Program. This program has a strong focus on Mental Health First Aid training and works alongside our Respectful Workplace Behaviours Program.

The Women's continues to provide a safe and inclusive workplace for our diverse employees with significant progress against the Disability Action Plan and Aboriginal Employment Plan. Key achievements include the development of the Women's Staff Diversity and Inclusion Policy, the establishment of the Aboriginal Employment Plan working group and the implementation of Cultural Awareness Training, which has been made available to all staff.

#### **Respectful workplace behaviours**

The Respectful Workplace Behaviours Program and associated policies, guidelines and procedures define the desired positive culture and behaviours expected of the Women's staff and volunteers, as well as the process for addressing incidents of zero-tolerance behaviours. This period saw the conclusion of the Department of Health's funded Independent Facilitator trial program in September 2020, which provided staff and volunteers with access to confidential and expert information to support resolution for concerns raised. The learnings from the trial have led to the enhancement of our holistic Respectful Workplace Behaviours including:

- Establishment of the Safe to Speak up Leadership Committee (chaired by the CEO); and the People Experience and Culture Working Group (chaired by the Chief Experience Officer). Both groups provide advice and make recommendations regarding positive workplace culture initiatives.
- Review of the hospital's Respectful Workplace Behaviours policy to incorporate a stronger focus on early resolution of concerns using alternative dispute resolution approaches.
- Implementation of a Feedback with Dignity and Psychological Safety education program that builds a consistent language and approach to raising concerns early and respectfully.
- A review of all indicators related to the reporting of respectful workplace behaviours with the aim of monitoring and reporting on lead and lag indicators to relevant management and Board committees.

#### **Incident reporting**

The Women's occupational health and safety (OHS) incident reporting rate has increased slightly over the past 12 months. OHS incidents are reviewed by the Women's Health, Safety and Wellbeing team and the relevant department manager. During 2020-21 a number of controls and treatments were implemented in response to these reports.

	2021	2020	2019
The number of reported hazards/ incidents per 100 FTE	27.0	22.7	23.7

#### **Injury reporting**

#### Lost time injuries (all)

The Women's has seen an increase in work related lost time injuries during 2020-21, this was due to a number of COVID-19 related claims.

#### Lost time injury frequency rate

	2021	2020	2019
The number of 'lost time' injuries (1 day or more) reported per million hours worked	13	7.6	3.6

As at 30 June 2021

#### Lost time injury claims (standard)

The Women's Standard Claims (where over 10 working days were lost) increased during the 2020-21 period. This was due to a number of COVID-19 related claims.

#### Lost time injury rate

	2021	2020	2019
'Lost time' injury rate The number of lost time standard claims per 100 FTE	1.31	0.42	0.56

As at 30 June 2021

#### WorkCover performance rating

The Women's WorkCover performance rating for the 2020-21 premium period performed 45 per cent better than the hospital industry rate.

	2021	2020	2019
Average cost of claims per premium period	\$78,387	\$41,177	\$55,031

#### As at 30 June 2021

#### Focus for 2021-22

The Women's is committed to improving the health, safety and wellbeing of all its employees and volunteers, in partnership with the individuals themselves. This is why in 2021-22, the Women's will continue to consult and collaborate with staff and volunteers to ensure it understands and appreciates the elements of occupational health, safety and wellbeing that are important to them. Working together to establish priorities and develop strategies to continuously improve, the Women's will:

- continue to optimise the Women's Respiratory Protection Program
- implement a bespoke musculoskeletal disorder injury prevention program in 'hot spot' departments
- develop the Positive Workplace Culture Project
- continue with the Women's leadership development program
- embed its Safe to Speak up culture
- deliver ongoing development and promotion of the organisation's holistic wellbeing program, including Psychological Wellbeing
- deliver the Peer Support Program.

A key focus will be on enhancing the resources, information and development opportunities it provides to staff to support a psychologically safe workplace and psychological wellbeing.

#### Definitions

**Occupational violence –** any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment.

**Incident -** an event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity 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 2020-21.

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.

#### Legislation and compliance

#### Compliance with Freedom of Information Act 1982

The *Freedom of Information Act 1982* gives members of the public the right to apply for access to information held by the Women's.

The Women's has obstetric medical records from 1960 onwards and gynaecology records from 1968 onwards. Prior to 1960, minimal birth details (for example time of birth, weight and length) are available from birth registers. Adoption records are not held by the Women's; these are available through the website www. findandconnect.gov.au/

The majority of applications under Freedom of Information (FOI) are requests by patients for access to their own personal medical records. In line with the Women's commitment to protecting patient privacy, all care is taken to ensure information is released only to the individual to whom it pertains or to a recognised guardian.

During 2020-21, the Women's received requests from individuals, solicitors, WorkSafe agents, insurance companies and the Transport Accident Commission.

FOI requests received	2021	2020	2019	2018
Total	301	244	269	315
FOI request outcomes	2021	2020	2019	2018
Access ( includes partial)	255	212	240	277
No information available	3	3	6	15
Withdrawn	12	12	7	2
Denied in full	0	2	2	3
Incomplete /outstanding	31	15	14	18

#### **Making FOI requests**

Requests for information may include:

- Copies of medical records
- Summaries of medical records
- Time of birth
- Blood group

All requests must be received with completed application forms and must include appropriate identification. Charges associated with requests include:

- \$29.60 Standard Application Fee
- \$22.20 Search Fee
- 20 cents per page photocopying charge
- Microfilm/microfiche (Records between 1968 1995 are either on microfilm/microfiche)
  - 55 cents per page printed
  - All other external costs associated with retrieving, handling and processing requests are provided with an estimation after receiving an application and a deposit may be payable before proceeding

The standard FOI application fee will be waived for applicants who can provide a photocopy of their certified Department of Social Services card (ie. Pensioner Concession Card or Health Care Card). This is not applicable for time of birth or blood group requests.

Following the requirements of the FOI Act, requests will receive attention as soon as possible but no later than 30 days upon acceptance of a valid application. In some cases, this time may be extended.

The Women's FOI Application Form is available for download on the Women's website – www.thewomens. org.au/patients-visitors/health-record-requests

Other information can be found at the Office of the Victorian Information Commissioner's website ovic.vic.gov.au/.

The *FOI Act 1982* can be found at www.legislation.gov. au/Details/C2018C00016

Information on accessing adoption records in Victoria can be found on the Birth Deaths and Marriages Victoria website www.bdm.vic.gov.au/births/adoptions/adoptioninformation-sevrices

#### FOI officer

The Women's FOI and Privacy Officer Ms Angela Mayhew can be contacted as follows:

Freedom of Information Officer Health Information Services The Royal Women's Hospital Locked Bag 300 Parkville VIC 3052

P: (+61 3) 8345 2610 F: (+61 3) 8345 2642 E: foi@thewomens.org.au

#### Compliance with Building Act 1993

The Occupancy Permit for the hospital's Parkville building was issued in March 2008 and commissioned for use in June 2008. The hospital was built under the Victorian Government's 'Partnership Victoria' policy with the contract requiring the State's private sector partner, the Royal Women's Health Partnership (RWHP), to design, build and maintain the new building to the commissioning standards for a period of 25 years. Ongoing maintenance is the responsibility of Cushman and Wakefield (formerly DTZ), through its contractual obligations with RWHP.

Performance is monitored via a suite of extensive key performance indicators, regular meeting updates as well as organised hospital inspections. An annual written report is required under the contract to confirm the following information:

- i. The facility complies with the minimum requirements of all relevant building and emergency services legislation relating to fire safety.
- ii. Procedures, including emergency procedures and contingency plans, (as these relate to the fire safety policies in the Emergency Procedures Manual), comply with the minimum requirements of all relevant building and emergency services legislation relating to fire safety.
- iii. Current status of fire certification The Royal Women's Hospital has been inspected, tested and maintained in accordance with the *Building Act 1993* and the Building Regulations 2018. The required inspections and tests are completed as per the occupancy permit as outlined by the building surveyor.

During 2018-19, the original building owner replaced external cladding at the Women's Parkville building. The building is now compliant with the National Construction Code of Australia.

#### Public Interest Disclosure Act 2012

A public interest disclosure is a disclosure made in line with the *Public Interest Disclosures Act 2012* (this act replaced the *Protected Disclosures Act 2012*). The Women's is not prescribed under the *Public Interest Disclosure Act* to receive a public interest disclosure.

Information about the procedures established by the Women's under Part 9 of the *Public Interest* 

*Disclosure Act 2012* can be found on the Women's website at www.thewomens.org.au

#### **National Competition Policy**

The Women's complies with the Victorian government's competitive neutrality policy and complies with the National Competition Policy in relevant business activities.

#### **Carers Recognition Act 2012**

The *Carers Recognition Act 2012* recognises, promotes and values the role of carers. The Act formally acknowledges the important contribution that people in care relationships make to the community and the unique knowledge that carers hold about the person in their care.

The Women's understands that patients and consumers, their families and carers, all play an important and active role in their own healthcare, and in helping the Women's improve the quality and safety of its services.

The Women's takes all practicable measures to ensure its employees and agents have an awareness and understanding of care relationship principles, and this is reflected in its commitment to a patient-centric model of care, as outlined in *The Women's Patient and Consumer Experience Strategy 2016-2020.* 

#### Local Jobs First Act 2003

The *Local Jobs First Act 2003* requires the Women's to consider competitive local suppliers, including small to medium enterprises, when awarding contracts valued at \$43 million or more. The Women's factors this into any tender evaluation conducted. There were no relevant contracts awarded or commenced in 2020-21.

#### Gender Equality Act 2020

The Gender Equality Act 2020 requires the Women's to take positive action towards achieving workplace gender equality; it requires our organisation to consider and promote gender equality in our policies, programs and services. The Act came into effect on 31 March 2021 with compliance required within 12 months.

During 2020-21, the Women's established a Gender Equality Working Group with three key areas of focus:

• A Workplace Gender Audit - an essential part in helping the Women's understand how it is performing in regard to the systems, structures, policies and practices that promote workplace gender equality.

- Gender Equality Action Plan strategies and measures to improve gender equality in the workplace based on the results of the Workplace Gender Audit.
- Embedding Gender Impact Assessments applying a gender lens to our work when developing policies, programs and delivering services that directly and significantly impact our patients and the community

The Women's is on track to meet its obligations under these areas of focus.

#### **Environmental performance**

The Women's has comprehensive recycling programs and initiatives in place, and actively encourages staff to participate, identify and investigate innovative recycling projects. The Women's reports its energy and water usage on a monthly basis to Department of Health and Sustainability Victoria.

The hospital's Environmental Management Plan is reviewed annually and the Environmental Management Committee oversees the implementation of action plan and acts as a forum to identify new initiatives

The Women's initiated 'Greening the Women's' in 2016, an initiative guided by the Women's Environmental Management Plan to encourage adoption of the strategic objectives within it. Greening the Women's focuses on improvement in the areas of:

- energy management
- water management
- waste management
- procurement
- air, noise and soil contamination

Many departments throughout the hospital receive 100 per cent fresh air. These include nurseries, operating theatres, day surgery, recovery, the sterile processing service, birthing suites, the Women's Emergency Centre and patient wards. As part of the Women's COVID-19 management plan, the amount of fresh air delivered to other departments including outpatient clinics and women's social support services on the ground floor was increased.

The ongoing replacement of the hospital lighting system with energy saving light globes continues. Of 32,000 lights, the Women's replaced 20 per cent, an increase of five per cent over the past 12 months. Unfortunately, the replacement program was affected during pandemic restrictions, which required the hospital to limit contractor access at various points throughout the year to essential maintenance contractors only.

Polyvinyl chloride (PVC) recycling is now normal practice in the Women's Perioperative Services, Women's Emergency Care, the Neonatal Intensive Care Unit and on Ward 5 North. Staff are working hard to increase the amount of PVC that is recycled. Cardboard and paper recycling has increased from 6,820kgs in May 2020 to 8,342kgs in May 2021. Annual environmental and clinical waste audits were conducted and these help to inform staff education programs to improve waste collection and recycling in the following year.

#### **Reporting of office-based environmental impacts**

Total greenhouse gas emissions (tonnes CO2e)	2019	2020	2021
Scope 1	131	130	98
Scope 2	10,831	10,971	9,616
Total	10,962	11,101	9,714
Normalised greenhouse gas emissions	2019	2020	2021
Emissions per unit of floor space (kgCO2e/m2)	103.21	104.52	91.46
Emissions per unit of Separations (kgCO2e/Separations)	359.09	364.47	374.91
Emissions per unit of bed-day (LOS+Aged Care OBD) (kgCO2e/ OBD)	130.59	136.12	137.43
STATIONARY ENERGY			
Total stationary energy purchased by energy type (GJ)	2019	2020	2021
Cogen electricity	17,073	16,968	15,345
Electricity	24,658	25,232	23,041
Natural gas	1,783	1,893	1,905
Steam	0	0	0
Total	43,514	44,093	40,291
Normalised stationary energy consumption	2019	2020	2021
Energy per unit of floor space (GJ/m2)	0.41	0.42	0.38
Energy per unit of Separations (GJ/Separations)	1.43	1.45	1.56
Energy per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)	0.52	0.54	0.57
WATER			
Total water consumption by type (kL)	2019	2020	2021
Class A Recycled Water	N/A	N/A	N/A
Potable Water	78,617	79,690	76,829
Reclaimed Water	N/A	N/A	N/A
Total	78,617	79,690	76,829
Normalised water consumption (Potable + Class A)	2019	2020	2021
Water per unit of floor space (kL/m2)	0.74	0.75	0.72
Water per unit of Separations (kL/Separations)	2.58	2.62	2.97
Water per unit of bed-day (LOS+Aged Care OBD) (kL/OBD)	0.94	0.98	1.09
Water re-use and recycling	2019	2020	2021
Re-use or recycling rate % (Class A + Reclaimed/Potable + Class A + Reclaimed)	N/A	N/A	N/A

#### WASTE AND RECYCLING

Waste	2019	2020	2021
Total waste generated (kg clinical waste+kg general waste+kg recycling waste)	496,719	506,301	158,654
Total waste to landfill generated (kg clinical waste+kg general waste)	453,491	467,730	126,650
Total waste to landfill per patient treated ((kg clinical waste+kg general waste)/PPT)	3.23	3.40	1.06
Recycling rate % (kg recycling/(kg general waste+kg recycling))	11.28	10.04	10.0

#### **Additional information**

Consistent with the requirements of FRD 22I Standard Disclosures in the Report of Operations, details in respect of the items listed below have been retained by the Women's and are available to the relevant Ministers, Members of Parliament and the public on request (subject to FOI requirements, if applicable):

Declarations of pecuniary interests have been duly completed by all relevant officers;

- Details of shares held by senior officers as nominee or held beneficially;
- Details of publications produced by the entity about itself, including annual Aboriginal cultural safety reports and plans, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by the Health Service;
- Details of any major external reviews carried out on the Health Service;
- Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations;
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services;
- Details of assessments and measures undertaken to improve the occupational health and safety of employees;

A general statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations.

# Key financial and service performance reporting

# Reporting against the Statement of Priorities – Part A

The *Services Act 1988* allows that post 1 October of each financial year the Minister for Health makes a Statement of Priorities which is provided to health services.

For financial year 2020-21 there have been no individual deliverables that constitute SoP Part A due to the COVID-19 pandemic. This year, the Minister for Health requires an outline of work undertaken by the Women's against specific deliverables as follows:

#### Maintaining our COVID readiness and response

Throughout 2020-21, the Women's has been relentless in ensuring it makes a significant contribution to Victoria's COVID-19 readiness and response efforts. As an employer, it introduced processes and systems to ensure the provision and maintenance of a safe and healthy working environment for all employees. As a health service, it developed new policies, resources and strategies to ensure it continued to deliver safe, effective and compassionate care. And as a critical part of Victoria's health system, it actively participated in statewide programs and initiatives to maintain the quality and performance of all health services, uphold public confidence in the health system, and protect the health and safety of our community.

The Women's COVID Safe Leadership Team was formed in March 2020 as part of the hospital's initial pandemic response and since then, it has developed into a robust governance and leadership function that continues to lead the hospital's COVID-19 response and recovery plan. During this financial year, the hospital sought to consolidate its COVID Safe Plan, working very closely with the Department of Health and other health services in a volatile and uncertain environment. During this period, the Women's undertook a review to adapt and redesign its pandemic readiness and response processes and systems, shifting many of them to a systematic and sustainable, business as usual framework. Of particular note this year the Women's:

- Participated in the Department of Health's COVID-19 streaming hospitals program establishing the processes and systems required to make the Women's a designated COVID-19 streaming hospital for women in the COVID-19 Quarantine Victoria (CQV) hotel quarantine program who require maternity or gynaecological care. Working closely with CQV, the department and other designated COVID-19 streaming health services, the Women's made a significant contribution by providing COVID positive and COVID suspected women with safe and effective care.
- Was one of the first hospitals to implement a comprehensive Respiratory Protection Program (N95 mask fit testing) which is now embedded within the Occupational Health and Safety function as a continuing annual program.
- Actively encouraged and facilitated all employees and volunteers to access the Royal Melbourne Hospital's COVID-19 healthcare workers vaccination program or one of the many public vaccination hubs.
- Developed and implemented the systems and processes required for the Asymptomatic Staff COVID-19 Surveillance Testing Program, which ensures employees who provide care to patients from a quarantine hotel or any other designated high risk site, are regularly tested. Delivered in partnership with the Royal Melbourne Hospital, employees participating in the program are required to undertake repeat COVID-19 surveillance testing, for a specified period.
- Refined its employee and visitor screening processes with daily attestations of fitness to work for staff, volunteers and contractors. A comprehensive review of the hospital's entry screening program was undertaken, which included optimising the workforce, pedestrian traffic flows and infrastructure. This led to the creation of the Hospital Support Program comprising a team of trained customer service officers to deliver a more people-centred business as usual service.
- Established systems and protocols to ensure active compliance with all Department of Health and Victorian Government directives and guidelines, including changes to elective surgery, personal protective equipment (PPE) requirements, visitor restrictions, remote working initiatives, and clinical guidelines.

#### Engaging with the community and addressing their needs

Partnering with patients, consumers, carers and community members is fundamental to the Women's approach. Staff and patients collaborate and make shared decisions in a number of ways; from individual patient plans, through to helping to shape and improve the future experiences and care for other patients and consumers.

Over the past year, the Women's has partnered with thousands of patients and consumers in all kinds of ways, including through focus groups, surveys, working groups, committees and other initiatives to help further improve our systems, processes, services and quality of care. As a result, consumer representation across governance, committees and working groups has risen substantially.

Throughout 2020-21, the Women's continued to meet virtually with consumer committees and reference groups and significant work was undertaken to ensure the Women's continued to engage with the community to address the needs of patients and consumers, especially vulnerable Victorians whose care may have been affected by the pandemic. For example, this year the Women's:

- Developed policies and protocols to ensure patient care was not disrupted and all patients had access to high quality, safe and effective care, including through telehealth, where clinically appropriate. Additional clinics, appointments and elective surgery lists were established during periods of light restrictions to ensure care was not unnecessarily delayed.
- Hospital visitor policies were compliant with government directives at all times, while ensuring patients were always able to access an appropriate level of family or carer support. Additional exemption processes were introduced, which included customised care, protocols and support for individuals and families with special needs or experiencing exceptional circumstances, including bereavement and loss, disability, mental health issues, drug and alcohol use, and women requiring cultural safety and support.
- Communicated and promoted expert COVID-19 health information for patients and consumers, including pregnant and breastfeeding women, and women planning pregnancy; as well as broader positive vaccination messages through the media, social media, printed information and verbally during clinic appointments.
- Offered Childbirth and Early Parenting education for patients using video live streaming. This replaced our pre-pandemic face to face sessions and provided women and their partner or support person with expert education and advice from the hospital's professional childbirth educators. Delivered in English as well as community languages, these sessions enable women to access support and ask questions in the comfort of their own home

#### Royal Commission into Victoria's Mental Health System

In March 2021, the Women's welcomed the release of the Final Report of the Royal Commission into Victoria's Mental Health System and supported its 65 recommendations. The hospital's submission and subsequent appearance at the hearings highlighted specific areas of importance including antenatal mental health screening and early intervention, the need for improved access to Mother Baby Psychiatric Units, and the enhancement of psychological services within public hospitals for women experiencing high levels of depression and anxiety resulting from cancer, gynaecological pain, pregnancy and birth.

Since the release of the Commission's report, the Women's conducted a review of its Women's Mental Health Centre to identify ways to improve the coordination of care provided to vulnerable women. In late 2020-21, the Women's created a new Social Model of Health Division, bringing together a number of services and programs including specialist women's mental health, social support, alcohol and drugs and sexual assault services within the one model. This division is responsible for ensuring care takes into account all factors that affect a woman's health, including cultural, psychosocial, economic, and environmental factors and that care is coordinated, aligned, and leveraged to provide wrap around services for the women who need it most.

#### Fostering local partnerships with Aboriginal communities and services

The Women's is committed to improving health equity for Aboriginal and Torres Strait Islander women, children and families and recognises the fundamental significance of cultural traditions, beliefs and connection to Country for the health and wellbeing of Aboriginal and Torres Strait Islander peoples. Key to this commitment is the hospital's work in promoting Reconciliation by building relationships, respect and trust between the Women's and Aboriginal and Torres Strait Islander peoples and partnering with community controlled health, and other Aboriginal organisations.

The COVID-19 pandemic proved no barrier to this commitment with the Women's making excellent progress towards the development of strong partnerships with organisations and individuals. Much of this work is driven by the hospital's *Reflect* Reconciliation Action Plan (2020-2021), which was developed in consultation with Aboriginal and non-Aboriginal employees, volunteers, patients, consumers, communities and organisations. The Women's *Reflect* Reconciliation Action Plan was successfully implemented between February 2020 and May 2021. Despite significant workplace disruption and challenges during the COVID-19 pandemic, the Women's Reconciliation Working Group and sub working groups maintained a strong focus on progressing and successfully achieving all deliverables in the plan and Reconciliation Australia formally endorsed the closure of the Women's *Reflect* Reconciliation Action Plan in July 2021.

Key achievements for 2020-21 included:

- The launch of four Cultural Awareness Training e-learning modules developed in partnership with Aboriginal Community Controlled Health Organisations that aim to improve cultural awareness and response and increase organisational understanding of cultural traditions, beliefs and connection to Country (completed by over 450 staff).
- Successful implementation of the *Women's Aboriginal Employment Plan (2019-2021)* to enhance recruitment and selection processes, build employee capability and ensure ongoing engagement and retention of Aboriginal and Torres Strait Islander employees.
- Development of guidance for employees outlining principles and actions to enable effective and culturally respectful engagement, consultation and collaboration with Aboriginal health organisations, services and communities.
- The establishment of the Kareeta Networking and Mentoring group for the hospital's Aboriginal and Torres Strait Islander staff to create stronger community, connection and support networks, provide professional development opportunities, and address workplace issues.
- Recruitment of 100 staff from across the hospital as Cultural Safety Champions who participated in intensive cultural competency training and will support the cultural safety capability of their colleagues.
- Creation of an action plan to deliver the Strengthening Cultural Safety of Family Violence Services Project that includes development of an Aboriginal and Torres Strait Islander family violence and sexual assault action plan.
- Significant virtual celebrations for National Reconciliation Week and NAIDOC Week and the development of a plan to create a more welcoming and culturally safe physical environment in the hospital's clinical and public areas.
- Improvements to the identification and documentation of Aboriginal and Torres Strait Islander patients at the Women's to improve access to special programs and support services and improve health outcomes against Close the Gap targets.
- An addition to the hospital's COVID-19 visitor exemption policy allowing visitors to accompany both inpatients and outpatients to provide cultural safety and support to Aboriginal and Torres Strait Islander women.

During 2020-21, work on the Women's *Innovate Reconciliation Action Plan (2021-2023)* commenced. Through this plan, the Women's looks forward to:

- Strengthening its existing relationships and partnerships with Aboriginal and Torres Strait Islander patients, consumers, staff, volunteers, organisations and stakeholders to inform the expansion of our existing Aboriginal and Torres Strait Islander specific programs and explore opportunities for further collaboration.
- Expanding its promotion of culturally safe practices across the hospital to ensure Aboriginal and Torres Strait Islander people receive high quality, accessible, and culturally appropriate care and experiences.
- Increasing and improving Aboriginal and Torres Strait Islander employment opportunities and improving the Women's as a culturally safe workplace for Aboriginal and Torres Strait Islander staff and volunteers.
- Improving our collective understanding of Aboriginal and Torres Strait Islander histories, cultures, customs, and identities.

#### Notes

There were no Victorian Healthcare Experience Surveys conducted during 2020-21 so there is no data to report.

The People Matter Survey data was not compulsory during 2020-21 so there is no data to report.

#### **Reporting against the Statement of Priorities - Part B**

#### High quality and safe care

Key performance measure	Target	2021 Results
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	83%	80.4%
Percentage of healthcare workers immunised for influenza*	83%	79.7%
Healthcare associated infections (HAI's)		
Rates of patients with surgical site infection	No outliers	Quarter 1 - no outliers Quarter 2 - Caesarean Section Surgical Site Infection outlier Risk Index 0: 1.2/100 Quarter 3 - Hysterectomy Surgical Site Infection outlier Risk Index 2/3: 5.5/100 procedures. Quarter 4 - no outliers
Rate of patients with SAB per 10,000 occupied bed days	≤ 1/10,000	0.5
Maternity and Newborn		
Rate of singleton term infants without birth anomalies with Apgar score <7 at 5 minutes	1.4%	1.3%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	28.6%	25.0%
Proportion of urgent maternity patients referred for obstetric care to a level 4, 5 or 6 maternity service who were booked for a specialist clinic appointment within 30 days of accepted referral	100%	95.5%

\*As at September 2021

#### Timely access to care

Key performance measure	Target	2021 Results
Emergency care		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	100%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	82.7%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours		
Number of patients with a length of stay in the emergency department greater than 24 hours		

Elective surgery		
Percentage of urgency category 1 elective surgery patients admitted within 30 days	100%	100%
Percentage of urgency category 1, 2 and 3 elective surgery patients admitted within clinically recommended time	94%	59.7%
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5% or 15% proportional improvement from prior year	33.6%
Number of patients on the elective surgery waiting list as at 30 June 2021	1,526	1,467
Number of hospital-initiated postponements per 100 scheduled elective surgery admissions	≤ 7 /100	1.7 / 100
Number of patients admitted from the elective surgery waiting list	3,630	3,466
Specialist clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	95.5%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	99.3%

Emergency indicators are reported at the campus level, elective indicators at an entity level.

Elective surgery waiting list is reported as at 30 June 2021.

#### Effective financial management

Key performance indicator	Target	2021 Results
Finance		
Net Result from SOP transactions* - Net Operating Balance (\$m)	\$-	\$6.74
Average number of days to pay Trade Creditors	60 days	26 days
Average number of days to receive Patient Fee Debtors	60 days	50 days
Public and Private WIES activity performance to target	100%	95.03%
Adjusted Current Asset Ratio	0.7 or 3% improvement from health service base target	Not Achieved
Actual number of days of available cash (based on last day of each month)	14 days	Achieved
Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June (\$m)	Variances < \$250,000	0.34

\*Excludes revenue and expenditure associated with centralised PPE.

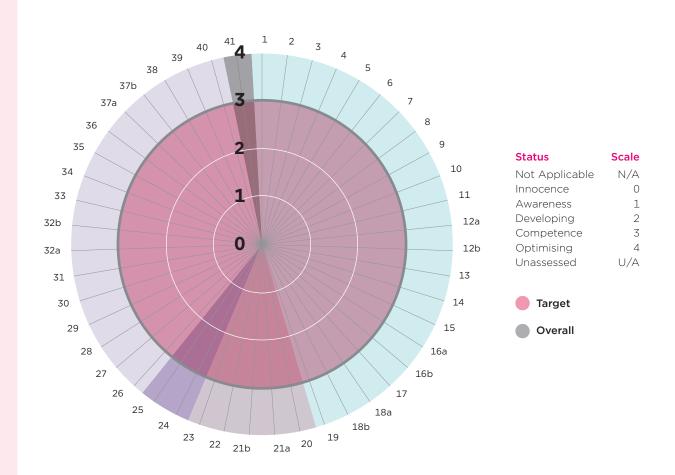
#### Asset Management Accountability Framework maturity assessment

The Asset Management Accountability Framework (AMAF) replaces Victoria's existing asset management framework, *Sustaining Our Assets* and the related asset management series. The AMAF assists Victorian Public Sector agencies to manage their asset portfolios and provide better services for Victorians.

The following sections summarise the Women's assessment of maturity against the requirements of the AMAF.

The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements. These requirements can be found on the DTF website (www.dtf.vic.gov. au/infrastructure-investment/asset-managementaccountability-framework).

The Women's target maturity rating is 'competence', meaning systems and processes are fully in place, consistently applied and systematically meet the AMAF requirement, including a continuous improvement process to expand system performance above AMAF minimum requirements.



#### Leadership and Accountability (requirements 1 - 19)

The Women's has met or exceeded its target maturity level under all requirements in this category.

#### Planning (requirements 20 - 23)

The Women's has met or exceeded its target maturity level under all requirements in this category.

#### **Operation (requirements 26 - 40)**

The Women's has met or exceeded its target maturity level under all requirements in this category.

#### Disposal (requirement 41)

The Women's has met or exceeded its target maturity level under all requirements in this category.

#### **Reporting against the Statement of Priorities - Part C:**

#### Activity and funding

Funding Type	2021 Activity Achievement*
Acute Admitted	
WIES Public	30,965
WIES Private	178
Total WIES (Public and Private)	31,143
WIES TAC	0
Specialist Clinics	98,698

\*As at 30 June 2021

#### Summary of service statistics

	2021
Births (number of babies born)	8,879
Inpatient stays	32,623
Outpatient visits	167,774
Emergency services – attendances	25,552
Triage category 1-5 seen within recommended timeframes	82.7%
Percentage of emergency patients with a length of stay of less than four hours	82.1%
Number of patients with length of stay in the emergency department greater than 24 hours	0
Percentage of triage category 1 emergency patients seen immediately	100%
Ambulance transfers within 40 mins	100%

# **Attestations and declarations**

#### **Responsible bodies declaration**

In accordance with the *Financial Management Act 1994*, I am pleased to present the report of operations for the Royal Women's Hospital for the year ending 30 June 2021.

Lyns Swinburne

Ms Lyn Swinburne AO Chair, Board of Directors The Royal Women's Hospital 17 September 2021

# Financial management compliance attestation

I, Lyn Swinburne AO, on behalf of the Responsible Body, certify that the Royal Women's Hospital has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act* 1994 and Instructions.

Lyns Swinburne

Ms Lyn Swinburne AO Chair, Board of Directors The Royal Women's Hospital 17 September 2021

#### Asset Management Accountability Framework

I, Lyn Swinburne AO, on behalf of the Responsible Body, certify that the Royal Women's Hospital complies with the mandatory requirements of the Asset Management Accountability Framework (AMAF).

Lyn Swinburne

Ms Lyn Swinburne AO Chair, Board of Directors The Royal Women's Hospital 17 September 2021

#### **Data integrity declaration**

I, Dr Sue Matthews, certify that the Royal Women's Hospital has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. The Royal Women's Hospital has critically reviewed these controls and processes during the year.

Smatther

Dr Sue Matthews Chief Executive Officer The Royal Women's Hospital 17 September 2021

#### **Conflict of interest declaration**

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

Smatthews

Dr Sue Matthews Chief Executive Officer The Royal Women's Hospital 17 September 2021

#### Integrity, fraud and corruption declaration

I, Dr Sue Matthews, certify that the Royal Women's Hospital has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at the Women's during the year.

8Matthew

Dr Sue Matthews Chief Executive Officer The Royal Women's Hospital 17 September 2021

#### Safe Patient Care Act 2015

The Women's has no matters to report in relation to its obligations under Section 40 of the *Safe Patient Care Act 2015.* 

#### **Disclosure index**

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

Legislation	Requirement	Page Reference
Ministerial D Report of op		
Charter and	purpose	
FRD 22I	Manner of establishment and the relevant Ministers	8
FRD 22I	Purpose, functions, powers and duties	8
FRD 22I	Nature and range of services provided	8
FRD 22I	Activities, programs and achievements for the reporting period	4
FRD 22I	Significant changes in key initiatives and expectations for the future	4
Managemen	t and structure	
FRD 22I	Organisational structure	11
FRD 22I	Workforce data / employment and conduct principles	12
FRD 22I	Occupational health and safety	16
Financial inf	ormation	
FRD 22I	Summary of the financial results for the year	13
FRD 22I	Significant changes in financial position during the year	13
FRD 22I	Operational and budgetary objectives and performance against objectives	23
FRD 22I	Subsequent events	13
FRD 22I	Details of consultancies over \$10,000	14
FRD 22I	Details of consultancies under \$10,000	15
FRD 22I	Details of ICT expenditure	15
Legislation		
FRD 22I	Application and operation of Freedom of Information Act 1982	18
FRD 22I	Compliance with building and maintenance provisions of Building Act 1993	19
FRD 22I	Application and operation of Public Interest Disclosure Act (Updated 2020-21)	20
FRD 22I	Statement on National Competition Policy	20
FRD 22I	Application and operation of Carers Recognition Act 2012	20
FRD 22I	Summary of the entity's environmental performance	20
FRD 22I	Additional information available on request	22
Other releva	int reporting directives	
FRD 25D	Local Jobs First Act 2003 disclosures	20

Legislation	Requirement	Page Reference
SD 5.1.4	Financial Management Compliance attestation	30
SD 5.2.3	Declaration in report of operations	7
Attestations		
	Attestation on data integrity	30
	Attestation on managing conflicts of interest	31
	Attestation on Integrity, fraud and corruption	31
Other report	ing requirements	
	Reporting of outcomes from Statement of Priorities 2020-21	23
	Occupational violence reporting	16
	Gender Equality Act	20
	Reporting of compliance regarding car parking fees	15
	Reporting under the Asset Management Accountability Framework (AMAF)	28

# The Royal Women's Hospital Financial Statements 30 June 2021

### **How This Report is Structured**

The Royal Women's Hospital presents its audited general purpose financial statements for the financial year ended 30 June 2021 in the following structure to provide users with the information about the Royal Women's Hospital's stewardship of the resources entrusted to it.

## **Table of Contents**

Board Me	nber's, Chief Executive Officer's and Chief Financial Officer's Declaration	37
Victorian Auditor-General's Report Comprehensive Operating Statement		38 40
Statement of Changes in Equity		42
Cash Flow	Statement	43
Notes to t	he Financial Statements	54
Note 1	Basis of Preparation	44
Note 1.1	Basis of Preparation of the Financial Statements	45
Note 1.2	Impact of COVID-19 Pandemic	45
Note 1.3	Abbreviations and Terminology Used in the Financial Statements	46
Note 1.4	Principles of Consolidation	46
Note 1.5	Joint Arrangements	46
Note 1.6	Key Accounting Estimates and Judgements	46
Note 1.7	Accounting Standards Issued but not yet Effective	47
Note 1.8	Goods and Services Tax (GST)	47
Note 1.9	Reporting Entity	47
Note 1.10	Comparatives	47
Note 2	Funding Delivery of Our Services	48
Note 2.1	Revenue and Income from Transactions	50
Note 2.2	Fair Value of Assets and Services Received Free of Charge or For Nominal Consideration	52
Note 2.3	Other Income	53
Note 2.4	Commitments for Operating Lease Income	54
Note 3	The Cost of Delivering Our Services	56
Note 3.1	Expenses from Transactions	58
Note 3.2	Employee Benefits in the Balance Sheet	60
Note 3.3	Superannuation	63
Note 3.4	Other Economic Flows included in Net Result	64

Note 4	Key Assets to Support Service Delivery	66
Note 4.1	Investments and Other Financial Assets	69
Note 4.2	Property, Plant and Equipment	70
Note 4.3	Intangible Assets	80
Note 4.4	Depreciation and Amortisation	82
Note 4.5	Investment Properties	84
Note 5	Other Assets and Liabilities	86
Note 5.1	Receivables and Contract Assets	88
Note 5.2	Payables and Contract Liabilities	90
Note 6	How We Finance Our Operations	92
Note 6.1	Borrowings	94
Note 6.2	Cash and Cash Equivalents	98
Note 6.3	Commitments for Expenditure	99
Note 7	Risks, Contingencies and Valuation Uncertainties	100
Note 7.1	Financial Instruments	101
Note 7.2	Financial Risk Management Objectives and Policies	104
Note 7.3	Contingent Assets and Contingent Liabilities	108
Note 8	Other Disclosures	110
Note 8.1	Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities	111
Note 8.2	Responsible Persons	112
Note 8.3	Remuneration of Executives	114
Note 8.4	Related Parties	115
Note 8.5	Remuneration of Auditors	118
Note 8.6	Events Occurring after the Balance Sheet Date	118
Note 8.7	Controlled Entities	119
Note 8.8	Joint Arrangements	122
Note 8.9	Equity	124
Note 8.10	Economic Dependency	124

Note 8.10 Economic Dependency



### **Board Member's, Chief Executive Officer's** and Chief Financial Officer's Declaration

The attached financial statements for the Royal Women's Hospital have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2021 and the financial position of the Royal Women's Hospital at 30 June 2021.

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

We authorise the attached financial statements for issue on 16 September 2021.

yn Swinburne Smatthews

Ms Lyn Swinburne AO Chair, Board of Directors The Royal Women's Hospital

Melbourne 16 September 2021

**Dr Sue Matthews** Chief Executive Officer The Royal Women's Hospital

Melbourne 16 September 2021

1 alex

Mr Sam Garrasi Chief Financial Officer The Royal Women's Hospital

Melbourne 16 September 2021

## **Victorian Auditor-General's Report**

To the Board o	Victorian Auditor-General's Office o the Board of the The Royal Women's Hospital				
Opinion	I have audited the consolidated financial report of the The Royal Women's Hospital (the health service) and its controlled entities (together the consolidated entity), which comprises the:				
	<ul> <li>balance sheet as at 30 June 2021</li> <li>comprehensive operating statement for the year then ended</li> <li>statement of changes in equity for the year then ended</li> <li>cash flow statement for the year then ended</li> <li>notes to the financial statements, including significant accounting policies</li> <li>board member's, chief executive officer's and chief financial officer's declaration.</li> </ul>				
	In my opinion, the financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the health service as at 30 June 2021 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.				
Basis for Opinion	I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.				
	My independence is established by the <i>Constitution Act 1975</i> . My staff and I are independent of the health service and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for</i> <i>Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.				
	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 and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i> , and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.				
	In preparing the financial report, the Board is responsible for assessing the health service and the consolidated entity'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.				

Level 31 / 35 Collins Street, Melbourne Vic 3000 T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au 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 and the consolidated entity'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 and the consolidated entity'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 and the consolidated entity 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
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the health service and consolidated entity to express an opinion on the financial report. I remain responsible for the direction, supervision and performance of the audit of the health service and the consolidated entity. I remain solely responsible for my audit opinion.

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.

Skyan

Dominika Ryan as delegate for the Auditor-General of Victoria

MELBOURNE 8 October 2021

### The Royal Women's Hospital Comprehensive Operating Statement For the Financial Year Ended 30 June 2021

	Note	Total 2021 \$'000	Total 2020 \$'000
Revenue and Income from Transactions			
Operating Activities	2.1	347,656	329,124
Non-Operating Activities	2.1	2,365	3,257
Total Revenue and Income from Transactions		350,021	332,381
Expenses from Transactions			
Employee Expenses	3.1	(221,499)	(209,885)
Supplies and Consumables	3.1	(27,113)	(27,228)
Finance Costs	3.1	(14,741)	(15,455)
Public Private Partnership Operating Expenses	3.1	(23,220)	(22,010)
Other Administrative Expenses	3.1	(11,519)	(12,527)
Other Operating Expenses	3.1	(33,858)	(28,311)
Depreciation and Amortisation	3.1, 4.4	(16,708)	(13,982)
Total Expenses from Transactions		(348,658)	(329,398)
Net Result from Transactions - Net Operating Balance		1,363	2,983
Other Economic Flows Included in Net Result			
Net Gain on Non-Financial Assets	3.4	3,626	3,762
Net Gain/(Loss) on Financial Instruments	3.4	877	(1,522)
Other Gain/(Losses) from Other Economic Flows	3.4	4,050	(1,570)
Total Other Economic Flows Included in Net Result		8,553	670
NET RESULT FOR THE YEAR		9,916	3,653
Other Comprehensive Income		-	-
COMPREHENSIVE RESULT FOR THE YEAR	_	9,916	3,653

## The Royal Women's Hospital Balance Sheet As at 30 June 2021

		Total	Total
	Note	2021 \$'000	2020 \$'000
Current Assets			
Cash and Cash Equivalents	6.2	7,089	9,324
Receivables and Contract Assets	5.1	5,636	8,049
Investments and Other Financial Assets	4.1	-	450
Inventories		192	530
Prepaid Expenses		2,030	1,811
Total Current Assets		14,947	20,164
Non-Current Assets			
Receivables and Contract Assets	5.1	12,048	11,141
Investments and Other Financial Assets	4.1	19,031	17,910
Property, Plant and Equipment	4.2	348,027	358,306
Intangible Assets	4.3	38,101	28,108
Investment Properties	4.5	113,340	108,517
Total Non-Current Assets		530,547	523,982
TOTAL ASSETS		545,494	544,146
Current Liabilities			
Payables and Contract Liabilities	5.2	22,778	24,708
Borrowings	6.1	11,146	10,051
Employee Benefits	3.2	52,791	50,321
Total Current Liabilities		86,715	85,080
Non-Current Liabilities			
Payables and Contract Liabilities	5.2	140	210
Borrowings	6.1	185,178	194,959
Employee Benefits	3.2	8,434	8,786
Total Non-Current Liabilities		193,752	203,955
TOTAL LIABILITIES		280,467	289,035
NET ASSETS		265,027	255,111
Equity			
Property, Plant and Equipment Revaluation Surplus	4.2 (f)	178,115	178,115
Restricted Specific Purpose Surplus		7,471	7,351
Contributed Capital		67,423	67,423
Accumulated Surplus/(Deficits)		12,018	2,222
TOTAL EQUITY		265,027	255,111

## The Royal Women's Hospital Statement of Changes in Equity For the Financial Year Ended 30 June 2021

	Property, Plant and Equipment Revaluation Surplus \$'000	Restricted Specific Purpose Surplus \$'000	Contributed Capital \$'000	Accumulated Surplus / (Deficits) \$'000	Total \$'000
Balance at 1 July 2019	178,115	7,581	67,423	519	253,638
Effect of Adoption of AASB 1058	-	-	-	(2,178)	(2,178)
Restated balance at 1 July 2019	178,115	7,581	67,423	(1,659)	251,460
Net Result for the Year	-	-	-	3,653	3,653
Transfer from/(to) Accumulated Surplus/(Deficits)	-	(230)	-	230	-
Balance at 30 June 2020	178,115	7,351	67,423	2,222	255,111
Net Result for the Year Transfer from/(to) Accumulated	-	-	-	9,916	9,916
Surplus/(Deficits)	-	120	-	(120)	-
Balance at 30 June 2021	178,115	7,471	67,423	12,018	265,027

### The Royal Women's Hospital Cash Flow Statement For the Financial Year Ended 30 June 2021

Not	Total 2021 e \$'000	Total 2020 \$'000
Cash Flows from Operating Activities		
Operating Grants from Government - State	248,762	239,924
Operating Grants from Government - Commonwealth	1,169	1,086
Capital Grants from Government - State	2,377	1,102
Patient Fees Received	9,583	11,568
Private Practice Fees Received	1,309	2,947
Donations and Bequests Received	2,158	2,608
GST Received from ATO	7,187	7,291
Interest and Investment Income Received	188	407
Car Park Income Received	6,798	8,544
Other Receipts	26,624	27,127
Other Capital Receipts	7,225	3,703
Total Receipts	313,380	306,307
Employee Expenses Paid	(215,630)	(211,884)
Payments for Supplies and Consumables	(29,164)	(35,970)
Payments for Medical Indemnity Insurance	(14,184)	(11,763)
Payments for Repairs and Maintenance	(7,449)	(5,837)
Payments for Low Value or Short-term Lease Payments	(545)	(523)
Finance Costs	(1,192)	(1,233)
GST Paid to ATO	(3,695)	(3,579)
Other Payments	(27,711)	(26,108)
Total Payments	(299,570)	(296,897)
Net Cash Flows from Operating Activities8.	1 <b>13,810</b>	9,410
Cash Flows from Investing Activities		
Purchase of Investments	(4,000)	(110)
Proceeds from Disposal of Investments	5,368	600
Purchase of Property, Plant and Equipment	(967)	(3,323)
Purchase of Intangible Assets	(15,078)	(7,095)
Net Cash Flows used in Investing Activities	(14,677)	(9,928)
Cash Flows from Financing Activities		
Repayment of Borrowings and Leases	(1,368)	(1,055)
Net Cash Flows used in Financing Activities	(1,368)	(1,055)
Net Decrease in Cash and Cash Equivalents Held	(2,235)	(1,573)
Cash and Cash Equivalents at Beginning of Year	9,324	10,897
Cash and Cash Equivalents at End of Year6.	2 <b>7,089</b>	9,324

# **Note 1 Basis of Preparation**

#### Structure Note 1.1 Basis of Preparation of the Financial Statements 45 Note 1.2 Impact of COVID-19 Pandemic 45 Note 1.3 Abbreviations and Terminology 46 Used in the Financial Statements 46 Note 1.4 Principles of Consolidation Note 1.5 Joint Arrangements 46 Note 1.6 Key Accounting Estimates and Judgements 46 Note 1.7 Accounting Standards Issued but not yet Effective 47 Note 1.8 Goods and Services Tax (GST) 47 Note 1.9 Reporting Entity 47 Note 1.10 Comparatives 47

### **Note 1 Basis of Preparation**

These financial statements represent the audited general purpose financial statements for the Royal Women's Hospital for the year ended 30 June 2021. The report provides users with information about the Royal Women's Hospital's stewardship of resources entrusted to it.

This section explains the basis of preparing the financial statements and identifies the key accounting estimates and judgements.

## Note 1.1 Basis of Preparation of the Financial Statements

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

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

The Royal Women's Hospital is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a "not-for-profit" health service under the Australian Accounting Standards. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Apart from the changes in accounting policies, standards and interpretations as noted below, material accounting policies adopted in the preparation of these financial statements are the same as those adopted in the previous period.

The Royal Women's Hospital operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. The Royal Women's Hospital's Capital and Specific Purpose Funds include unspent donations and receipts from fund-raising and research activities conducted solely in respect of these funds. The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements have been prepared on a going concern basis (refer to Note 8.10 Economic Dependency).

The financial statements are 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 the Royal Women's Hospital on 16 September 2021.

### Note 1.2 Impact of COVID-19 Pandemic

In March 2020 a state of emergency was declared in Victoria due to the global pandemic known as COVID-19. Since this date, to contain the spread of COVID-19 and to prioritise the health and safety of our community, the Royal Women's Hospital was required to comply with various directions announced by the Commonwealth and State Governments, which in turn, has continued to impact the way in which the Royal Women's Hospital operates.

The Royal Women's Hospital introduced a range of measures in both the prior and current year, including:

- Introducing restrictions on non-essential visitors;
- Implementing reduced visitor hours;
- Implementing screening of staff and visitors upon entry to the hospital;
- Performing COVID-19 testing for inpatients;
- Greater utilisation of telehealth services;
- Deferring elective surgery and reducing activity; and
- Implementing work from home arrangements, where appropriate.

### Note 1 Basis of Preparation (Continued)

### Note 1.2 Impact of COVID-19 Pandemic (Continued)

As restrictions have eased towards the end of the financial year the Royal Women's Hospital has revised some measures where appropriate including:

- Allowing non-essential visitors on site;
- Increasing visitor hours; and
- Re-commencing elective surgery.

Further information on the impacts of the pandemic are disclosed at:

- Note 2 Funding Delivery of Our Services;
- Note 3 The Cost of Delivering Our Services;
- Note 4 Key Assets to Support Service Delivery;
- Note 5 Other Assets and Liabilities; and
- Note 6 How We Finance Our Operations.

### Note 1.3 Abbreviations and Terminology Used in the Financial Statements

The following table sets out the common abbreviations used throughout the financial statements:

Title
Australian Accounting Standards Board
Australian Accounting Standards, which include Interpretations
Australian Taxation Office
Department of Health
Department of Treasury and Finance
Goods and Services Tax
Financial Management Act 1994
Financial Reporting Direction
Standing Direction
Victorian Auditor General's Office
Weighted Inlier Equivalent Separation
The Royal Women's Hospital

### **Note 1.4 Principles of Consolidation**

The Royal Women's Hospital had control of the following entities:

- The Royal Women's Hospital Foundation Trust Fund; and
- Royal Women's Hospital Foundation Limited.

Royal Women's Hospital Foundation Ltd and The Royal Women's Hospital Foundation Trust Fund were wound up on 7 December 2020 under a voluntary deregistration and all activities were transferred across to the parent entity, The Royal Women's Hospital.

The financial statements include consolidated results and cash flows up to the 7 December 2020. Details are set out in Note 8.7.

An entity is considered to be a controlled entity where the Royal Women's Hospital has the power to govern the financial and operating policies of an organisation so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

The Royal Women's Hospital consolidate the results of its controlled entities from the date on which the Hospital gains control until the date the Hospital ceases to have control. Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

Transactions between segments within the Royal Women's Hospital have been eliminated to reflect the extent of the Royal Women's Hospital's operations as a group.

### **Note 1.5 Joint Arrangements**

Interests in joint arrangements are accounted for by recognising in the Royal Women's Hospital's financial statements, its share of assets and liabilities and any revenue and expenses of such joint arrangements.

The Royal Women's Hospital has the following joint arrangements:

• Victorian Comprehensive Cancer Centre -Joint Operation

Details of the joint arrangements are set out in Note 8.8.

### Note 1.6 Key Accounting Estimates and Judgements

Management make 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 accounting policies and significant management judgements and estimates used, and any changes thereto, are identified at the beginning of each section where applicable and are disclosed in further detail throughout the accounting policies.

### Note 1.7 Accounting Standards Issued but not yet Effective

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to the Royal Women's Hospital and their potential impact when adopted in future periods is outlined below:

Standard	Adoption Date	Impact
AASB 17: Insurance Contracts	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2020-8: Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase 2	Reporting periods on or after 1 January 2021.	Adoption of this standard is not expected to have a material impact.

There are no other accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to the Royal Women's Hospital in future periods.

### Note 1.8 Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except where the GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables in the Balance Sheet are stated inclusive of the amount of GST. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis, except for the GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, which are disclosed as operating cash flows.

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

### **Note 1.9 Reporting Entity**

The financial statements include all the controlled activities of the Royal Women's Hospital.

Its principal address is: Cnr Grattan Street and Flemington Road Parkville, Victoria 3052

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

### **Note 1.10 Comparatives**

Where applicable, the comparative figures have been restated to align with the presentation in the current year. Figures have been restated in the Cash Flow Statement, Note 2.1 Revenue and Income from Transactions, Note 3.2 Employee Benefits in the Balance Sheet, Note 5.1 Receivables and Contract Assets, Note 5.2 Payables and Contract Liabilities, Note 6.3 Commitments for Expenditure, Note 7.1 Financial Instruments and 8.1 Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities.

## Note 2 Funding Delivery of Our Services

The Royal Women's Hospital's overall objective is to provide quality health services that meet the needs of women and newborn babies, especially those requiring specialist care.

The Royal Women's Hospital is predominately funded by grant funding for the provision of outputs and also receives income from the supply of services.

Structure		
Note 2.1	Revenue and Income from Transactions	50
Note 2.2	Fair Value of Assets and Services Received Free of Charge or For Nominal Consideration	52
Note 2.3	Other Income	53
Note 2.4	Commitments for Operating Lease Income	54

### **Telling the COVID-19 Story**

Revenue recognised to fund the delivery of our services increased during the financial year which was partially attributable to the COVID-19 Coronavirus pandemic.

Activity Based Funding decreased as the level of activity agreed in the Statement of Priorities couldn't be delivered due to reductions in the number of patients being treated at various times throughout the financial year.

This was offset by funding provided by the Department of Health to compensate for reductions in revenue and to cover certain direct and indirect COVID-19 related costs. Funding provided included:

- COVID-19 grants to fund commercial activities impacted by the pandemic including the loss of income derived from car parks, reduced training and education courses and decreased rental income;
- Sustainability funding to meet core business as usual operations;
- Additional elective surgery funding to address the backlog in elective surgery procedures as a result of the COVID-19 pandemic; and
- Better @ home funding to support growth in existing home based services.

### **Key Judgements and Estimates**

This section contains the following key judgements and estimates:

Key Judgements and Estimates	Description
Identifying performance obligations	The Royal Women's Hospital applies significant judgment when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations.
	If this criteria is met, the contract/funding agreement is treated as a contract with a customer, requiring the Royal Women's Hospital to recognise revenue as or when the hospital transfers promised goods or services to customers.
	If this criteria is not met, funding is recognised immediately in the net result from operations.
Determining timing of revenue recognition	The Royal Women's Hospital applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.
Determining time of capital grant income recognition	The Royal Women's Hospital applies significant judgement to determine when its obligation to construct an asset is satisfied. Costs incurred is used to measure the hospital's progress as this is deemed to be the most accurate reflection of the stage of completion.

### Note 2.1 Revenue and Income from Transactions

Note	Total 2021 \$'000	Total 2020 \$'000
Operating Activities		
Revenue from Contracts with Customers		
Government Grants (State) - Operating	164,808	163,647
Government Grants (Commonwealth) – Operating	1,169	1,086
Patient Fees	9,849	10,897
Commercial Activities <sup>i</sup>	17,343	20,332
Total Revenue from Contracts with Customers	193,169	195,962
Other Sources of Income		
Government Grants (State) – Operating	123,361	104,634
Government Grants (State) – Capital	11,128	9,712
Other Capital Purpose Income	7,232	5,674
Fair Value of Assets and Services Received Free of Charge or For Nominal Consideration2.2	2,501	3,031
Other Income from Operating Activities	10,265	10,111
Total Other Sources of Income	154,487	133,162
Total Revenue and Income from Operating Activities	347,656	329,124
Non-Operating Activities		
Income from Other Sources		
Interest Income 2.3	57	239
Dividends Received from Investments 2.3	650	919
Other Revenue from Non-Operating Activities 2.3	1,658	2,099
Total Income from Other Sources	2,365	3,257
Total Income from Non-Operating Activities	2,365	3,257
Total Revenue and Income from Transactions	350,021	332,381

<sup>1</sup> Commercial activities represent business activities which the Royal Women's Hospital enter into to support their operations.

### How We Recognise Revenue and Income From Transactions

### **Government Operating Grants**

To recognise revenue, the Royal Women's Hospital assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15 *Revenue from Contracts with Customers*.

When both these conditions are satisfied, the Royal Women's Hospital:

- Identifies each performance obligation relating to the revenue;
- Recognises a contract liability for its obligations under the agreement; and
- Recognises revenue as it satisfies its performance obligations, at the time or over time when services are rendered.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, in accordance with AASB 1058 *Income for not-for-profit entities*, the Royal Women's Hospital:

- Recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example, AASB 9, AASB 16, AASB 116 and AASB 138);
- Recognises related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities from a contract with a customer), and
- Recognises income immediately in the Comprehensive Operating Statement as the difference between the initial carrying amount of the asset and the related amount.

The types of government grants recognised under AASB 15 Revenue from Contracts with Customers includes:

Government Grant	Performance Obligation
Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES) casemix	The performance obligations for ABF are the number and mix of patients admitted to hospital (defined as 'casemix') in accordance with the levels of activity agreed to, with the Department of Health in the annual Statement of Priorities.
	Revenue is recognised at a point in time, which is when a patient is discharged, in accordance with the WIES activity when an episode of care for an admitted patient is completed.
	WIES activity is a cost weight that is adjusted for time spent in hospital, and represents a relative measure of resource use for each episode of care in a diagnosis related group.

### **Patient Fees**

Patient fees are charges that can be levied on patients for some services they receive. Patient fees are recognised at a point in time when the performance obligation, the provision of services, is satisfied.

### **Private Practice Fees**

Private practice fees include recoupments from private practices for the use of hospital facilities. Private practice fees are recognised over time as the performance obligation, and the provision of facilities, is provided to customers.

### **Commercial Activities**

Revenue from commercial activities includes items such as car park income, pharmacy income and childcare fees. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

### **Government Capital Grants**

Where the Royal Women's Hospital receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities arising from a contract with a customer) recognised under other Australian Accounting Standards.

Income is recognised progressively as the asset is constructed which aligns with the Royal Women's Hospital'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.

### Other Income From Operating Activities

Other income includes recoveries for salaries and wages and external services provided. The recoveries are recognised immediately as income in the Comprehensive Operating Statement.

## Note 2.2 Fair Value of Assets and Services Received Free of Charge or For Nominal Consideration

	Note	Total 2021 \$'000	Total 2020 \$'000
Cash Donations and Gifts		2,158	2,620
Plant and Equipment	4.2 (b)	19	-
Personal Protective Equipment		324	411
Total Fair Value of Assets and Services Received Free of Charge or For Nominal Consideration	2.1	2,501	3,031

### How We Recognise the Fair Value of Assets and Services Received Free of Charge or For Nominal Consideration

### **Donations and Bequests**

Donations and bequests are generally recognised as income upon receipt (which is when the Royal Women's Hospital usually obtained control of the asset) as they do not contain sufficiently specific and enforceable performance obligations. Where sufficiently specific and enforceable performance obligations exist, revenue is recorded as and when the performance obligation is satisfied.

### Personal Protective Equipment

In order to meet the State of Victoria's health system supply needs during the COVID-19 pandemic, the purchasing of essential personal protective equipment (PPE) and other essential plant and equipment was centralised.

Generally, the State Supply Arrangement stipulates that Health Purchasing Victoria (trading as HealthShare Victoria) sources, secures and agrees terms for the purchase of PPE. The purchases are funded by the Department of Health, while Monash Health takes delivery and distributes an allocation of the products to health services. The Royal Women's Hospital received these resources free of charge and recognised them as income.

### Contributions

The Royal Women's Hospital may receive assets for nil or nominal consideration to further its objectives. The assets are recognised at their fair value when the Royal Women's Hospital obtains control over the asset, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

On initial recognition of the asset, the Royal Women's Hospital recognises related amounts being contributions by owners, lease liabilities, financial instruments, provisions and revenue or contract liabilities arising from a contract with a customer.

The Royal Women's Hospital recognises income immediately in the Comprehensive Operating Statement as the difference between the initial fair value of the asset and the related amounts.

The exception to this policy is when an asset is received from another government agency or department as a consequence of a restructuring of administrative arrangements, in which case the asset will be recognised at its carrying value in the financial statements of the Royal Women's Hospital as a capital contribution transfer.

### **Voluntary Services**

Contributions by volunteers, in the form of services, are only recognised when fair value can be reliably measured, and the services would have been purchased if they had not been donated. The Royal Women's Hospital has considered the services provided by volunteers and has determined the value of volunteer services cannot be readily determined and therefore it has not recorded any income related to volunteer services.

### Non-cash Contributions from the Department of Health

Supplier	Description
Victorian Managed Insurance Authority	The Department of Health purchases non-medical indemnity insurance for the Royal Women's Hospital 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 the LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health Hospital Circular.
Public Private Partnership (PPP) Consortium	The Department of Health purchases lease arrangements and services which are paid directly to the Public Private Partnership Consortium. To record this contribution, such payments are recognised as income offset by operating expenses and interest expense in the net result from transactions, in accordance with the nature and timing of the monthly payment.
	Such PPP's are not accounted for as a Service Concession Arrangement as the public service criterion is not satisfied.

### Note 2.3 Other Income

Note	Total 2021 \$'000	Total 2020 \$'000
Interest Income	57	239
Dividends Received from Investments	650	919
Rental Income - Investment Properties	1,658	2,099
Total Other Income2.1	2,365	3,257

### How We Recognise Other Income

### Interest Income

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

### **Dividends Income**

Dividend income is recognised when the right to receive payment is established. Dividends represent the income arising from the Royal Women's Hospital's investments in financial assets.

### **Rental Income**

Rental income from investment properties is recognised on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the pattern of use of the underlying asset.

Where a lease incentive is provided to a lessee, this is considered an integral part of the net consideration agreed for the use of the lease asset and therefore the incentive is recognised as a reduction of rental income over the period to which it relates.

Operating leases relate to the investment properties owned by the Royal Women's Hospital with lease terms between one and two years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The risks associated with rights that the Royal Women's Hospital retains in underlying assets are not considered to be significant.

### Note 2.4 Commitments for Operating Lease Income

The following table discloses the maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	Total 2021 \$'000	Total 2020 \$'000
Non-Cancellable Operating Lease Receivables <sup>1</sup>		
Within One Year	4,640	4,371
Within One to Two Years	3,895	4,193
Within Two to Three Years	3,414	3,630
Within Three to Four Years	3,446	3,186
Within Four to Five Years	3,522	3,179
After Five Years	46,893	43,122
Total Non-Cancellable Operating Lease Receivables (Inclusive of GST)	65,810	61,681

<sup>i</sup> Operating lease receivables include rental income from owned and investment properties.

Lease contracts vary from one to twenty years with some leases containing an option to renew the lease after the current lease period has expired. Notes to the Financial Statements For the Financial Year Ended 30 June 2021

# Note 3 The Cost of Delivering Our Services

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

Structure		
Note 3.1	Expenses from Transactions	58
Note 3.2	Employee Benefits in the Balance Sheet	60
Note 3.3	Superannuation	63
Note 3.4	Other Economic Flows included in Net Result	64

### **Telling the COVID-19 Story**

Expenses incurred to deliver our services increased during the financial year which was partially attributable to the COVID-19 Coronavirus pandemic.

Additional costs were incurred to:

- Establish facilities within the Royal Women's Hospital for the treatment of suspected and admitted COVID-19 patients resulting in an increase in employee costs and additional equipment purchases;
- Implement COVID-19 safe practices throughout the Royal Women's Hospital including increased cleaning, increased security and consumption of personal protective equipment provided as resources free of charge; and
- Increased employee costs relating to operational and clinical oversight, a comprehensive screening program and incident management administration costs.

### **Key Judgements and Estimates**

This section contains the following key judgements and estimates:

Key Judgements and Estimates	Description
Measuring and classifying employee benefit liabilities	The Royal Women's Hospital applies significant judgment when measuring and classifying its employee benefit liabilities.
	Employee benefit liabilities are classified as a current liability if the Royal Women's Hospital does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category.
	Employee benefit liabilities are classified as a non-current liability if the Royal Women's Hospital has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category.
	The Royal Women's Hospital also applies judgement to determine when it expects its employee entitlements to be paid. Historical data is used to determine if the Royal Women's Hospital does not expect entitlements to be paid within 12 months. In this case, the entitlement is measured at its present value. All other entitlements are measured at their nominal value.

### **Note 3.1 Expenses from Transactions**

Note	Total 2021 \$'000	Total 2020 \$'000
Salaries and Wages	175,622	164,757
On-Costs	40,528	38,759
Agency and External Contractor Expenses	3,984	4,787
Fee for Service Medical Officer Expenses	175	250
Workcover Premium	1,190	1,332
Total Employee Expenses	221,499	209,885
Drug Supplies	3,324	3,065
Medical and Surgical Supplies	8,564	7,888
Diagnostic and Radiology Supplies	9,452	10,448
Other Supplies and Consumables	5,773	5,827
Total Supplies and Consumables	27,113	27,228
Finance Costs	1,192	1,233
Finance Costs - Public Private Partnership Arrangements	13,549	14,222
Total Finance Costs	14,741	15,455
Public Private Partnership Operating Expenses	23,220	22,010
Total Public Private Partnership Operating Expenses	23,220	22,010
Other Administrative Expenses	11,519	12,527
Total Other Administrative Expenses	11,519	12,527
	11,010	12,027
Fuel, Light, Power and Water	4,332	4,060
Repairs and Maintenance	1,837	1,595
Maintenance Contracts	5,252	4,301
Medical Indemnity Insurance	12,895	10,694
Expenses Related to Short-term Leases	154	170
Expenses Related to Leases of Low Value Assets	341	305
Outsourced Services	8,036	5,837
Expenditure for Capital Purposes	1,011	1,349
Total Other Operating Expenses	33,858	28,311
Total Operating Expenses	331,950	315,416
Depreciation and Amortisation 4.4	16,708	13,982
Total Depreciation and Amortisation	16,708	13,982
Total Expenses from Transactions	348,658	329,398

### How We Recognise Expenses From Transactions

### **Expense Recognition**

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

### **Employee Expenses**

Employee expenses include:

- Salaries and wages (including leave entitlements, and termination payments);
- On-costs;
- Agency expenses;
- Fee for service medical officer expenses; and
- Work cover premium.

### Supplies and Consumables

Supplies and consumable 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.

### **Finance Costs**

Finance costs include:

- Interest on short-term and long-term borrowings (Interest expense is recognised in the period in which it is incurred);
- Amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- Finance charges in respect of leases which are recognised in accordance with AASB 16 *Leases*.

### **Other Operating Expenses**

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

- Fuel, light, power and water;
- Repairs and maintenance;
- Maintenance contracts;
- Other administrative expenses; and
- Expenditure for capital purposes represents expenditure related to the purchase of assets that are below the capitalisation threshold of \$1,000 (excluding computers) or where expenditure cannot be capitalised as part of capital projects.

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

### Non-Operating Expenses

Non-operating expenses generally represent expenditure for outside the normal operations such as depreciation and amortisation, and assets and services provided free of charge or for nominal consideration.

### Note 3.2 Employee Benefits in the Balance Sheet

Note	Total 2021 \$'000	Total 2020 \$'000
Current Provisions		
Accrued Days Off		
Unconditional and expected to be settled wholly within 12 months <sup>1</sup>	444	390
Annual Leave		
Unconditional and expected to be settled wholly within 12 months <sup>i</sup>	16,126	14,531
Unconditional and expected to be settled wholly after 12 months "	2,553	1,435
Long Service Leave		
Unconditional and expected to be settled wholly within 12 months <sup>i</sup>	3,188	3,083
Unconditional and expected to be settled wholly after 12 months <sup>ii</sup>	24,449	25,862
Provision for Employee Entitlement EBA Estimates	855	-
	47,615	45,301
Provisions related to Employee Benefit On-Costs		
Unconditional and expected to be settled within 12 months <sup>i</sup>	2,168	1,978
Unconditional and expected to be settled after 12 months "	3,008	3,042
	5,176	5,020
Total Current Employee Benefits	52,791	50,321
Non-Current Provisions		
Conditional Long Service Leave "	7,622	7.910
Provisions related to Employee Benefit On-Costs "	812	876
Total Non-Current Employee Benefits	8,434	8,786
Total Employee Benefits     3.2 (a)	61,225	59,107

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

" The amounts disclosed are discounted to present values.

### How We Recognise Employee Benefits

### **Employee Benefits Recognition**

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

### Provisions

Provisions are recognised when the Royal Women's Hospital has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

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

### Annual Leave and Accrued Days Off

Liabilities for annual leave and accrued days off are all recognised in the provision for employee benefits as 'current liabilities' because the Royal Women's Hospital 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 the Royal Women's Hospital expects to wholly settle within 12 months; or
- Present value if the Royal Women's Hospital does not expect to wholly settle within 12 months.

### Long Service Leave

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

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the Royal Women's Hospital 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 Royal Women's Hospital expects to wholly settle within 12 months; or
- Present value if the Royal Women's Hospital does not expect to wholly settle within 12 months.

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

### **Termination Benefits**

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

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

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

### Note 3.2 Employee Benefits in the Balance Sheet (Continued)

### Note 3.2 (a) Employee Benefits and Related On-Costs

Note	Total 2021 \$'000	Total 2020 \$'000
Unconditional Accrued Days Off	444	390
Unconditional Annual Leave Entitlements	20,772	17,758
Unconditional Long Service Leave Entitlements	30,720	32,173
Provision for Employee Entitlement EBA Estimates	855	-
Total Current Employee Benefits and Related On-Costs	52,791	50,321
Conditional Long Service Leave Entitlements Total Non-Current Employee Benefits and Related On-Costs	8,434 <b>8,434</b>	8,786 <b>8,786</b>
	0,101	6,7.00
Total Employee Benefits and Related On-Costs         3.3	2 <b>61,225</b>	59,107
Balance at Beginning of Year	59,107	53,166
Additional Provisions Recognised	20,807	24,466
Amounts Incurred During the Year	(18,689)	(18,525)
Balance at End of Year3.2	2 <b>61,225</b>	59,107

### Note 3.3 Superannuation

		Paid Contribution for the Year		bution at Year End
	Total 2021 \$'000	Total 2020 \$'000	Total 2021 \$'000	Total 2020 \$'000
Defined Benefit Plans: <sup>i</sup>				
Aware Super (formerly First State Super)	139	162	24	27
Defined Contribution Plans:				
Aware Super (formerly First State Super)	8,955	8,989	969	958
Hesta	5,966	5,583	729	660
Other	1,888	1,483	228	176
Total Superannuation	16,948	16,217	1,950	1,821

<sup>1</sup> The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

### How We Recognise Superannuation

Employees of the Royal Women's Hospital are entitled to receive superannuation benefits and it contributes to both defined benefit and defined contribution plans.

### **Defined Benefit Superannuation Plans**

The defined benefit plan provides benefits based on years of service and final average salary. The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by the Royal Women's Hospital to the superannuation plans in respect of the services of current Royal Women's Hospital's staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan and are based upon actuarial advice.

The Royal Women's Hospital does not recognise any unfunded defined benefit liability in respect of the plans because the hospital has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due.

The Department of Treasury and Finance discloses the State's defined benefits liabilities in its disclosure for administered items. However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of the Royal Women's Hospital.

The name, details and amounts that have been expensed in relation to the major employee superannuation funds and contributions made by the Royal Women's Hospital are disclosed above.

### **Defined Contribution Superannuation Plans**

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

The name, details and amounts that have been expensed in relation to the major employee superannuation funds and contributions made by the Royal Women's Hospital are disclosed above.

### Note 3.4 Other Economic Flows included in Net Result

	Note	Total 2021 \$'000	Total 2020 \$'000
Net Loss on Disposal of Property, Plant and Equipment		(36)	(29)
	4.2 (b)		
Net Loss on Disposal of Intangible Assets	4.3 (b)	(181)	(2)
Revaluation of Investment Properties	4.5	4,823	4,773
Amortisation of Non-Produced Intangible Assets	4.3 (b)	(980)	(980)
Total Net Gain on Non-Financial Assets		3,626	3,762
Net Loss on Disposal of Financial Instruments		(56)	(18)
Net Gain/(Loss) on Revaluation of Financial Instruments at Fair Value through Profit or Loss		1,546	(816)
Allowance for Impairment Losses of Contractual Receivables	5.1 (a)	(613)	(688)
Total Net Gain/(Loss) on Financial Instruments at Fair Value		877	(1,522)
Net Gain/(Loss) arising from Revaluation of Long Service Liability		4,050	(1,570)
Total Other Gains/(Losses) from Other Economic Flows		4,050	(1,570)
Total Gains from Other Economic Flows included in Net Result		8,553	670

### How We Recognise Other Economic Flows Included in the Net Result

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions which include:

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

Net gain/(loss) on non-financial assets and liabilities includes:

- Revaluation gain or loss of investment properties (refer to Note 4.5 Investment Properties); and
- Net gain or loss on the disposal of non-financial assets is recognised at the date of the disposal.
- Amortisation of Non-Produced Intangible Assets

Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a systematic basis over the asset's useful life. Amortisation begins when the asset is available for use which is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Intangible non-produced assets with finite useful lives are amortised over a 25 year period (2020: 25 years).

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

Net Gain/(Loss) on financial instruments includes:

- Realised and unrealised gains and losses from revaluation of financial instruments at fair value;
- Disposals of financial assets and derecognition of financial liabilities; and
- Allowance for impairment losses of contractual receivables are classified as other economic flows in the net result. Contractual receivables are written off when there is no reasonable expectation of recovery. Impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

### Other Gains or Losses from Other Economic Flows

The revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

Notes to the Financial Statements For the Financial Year Ended 30 June 2021

# Note 4 Key Assets to Support Service Delivery

The Royal Women's Hospital 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 the Royal Women's Hospital to be utilised for delivery of those outputs.

Structure		
Note 4.1	Investments and Other Financial Assets	69
Note 4.2	Property, Plant and Equipment	70
Note 4.3	Intangible Assets	80
Note 4.4	Depreciation and Amortisation	82
Note 4.5	Investment Properties	84

### **Telling the COVID-19 Story**

Assets used to support the delivery of our services during the financial year were not materially impacted by the COVID-19 Coronavirus pandemic.

### **Key Judgements and Estimates**

This section contains the following key judgements and estimates:

Key Judgements and Estimates	Description		
Measuring fair value of property, plant and equipment and	The Royal Women's Hospital obtains independent valuations for its non- current assets at least once every five years.		
investment properties	If an independent valuation has not been undertaken at balance date, the Royal Women's Hospital estimates possible changes in fair value since the date of the last independent valuation with reference to Valuer- General of Victoria indices.		
	Managerial adjustments are recorded if the assessment concludes a material change in fair value has occurred. Where exceptionally large movements are identified, an interim independent valuation is undertaken.		
Estimating useful life and residual value of property, plant and equipment	The Royal Women's Hospital assigns an estimated useful life to each item of property, plant and equipment, whilst also estimating the residual value of the asset, if any, at the end of the useful life. This is used to calculate depreciation of the asset.		
	The hospital reviews the useful life, residual value and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.		
Estimating useful life of right-of-use assets	The useful life of each right-of-use asset is typically the respective lease term, except where the hospital is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset.		
	The Royal Women's Hospital applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.		
Estimating restoration costs at the end of a lease	Where a lease agreement requires the Royal Women's Hospital to restore a right-of-use asset to its original condition at the end of a lease, the hospital estimates the present value of such restoration costs. This cost is included in the measurement of the right-of-use asset, which is depreciated over the relevant lease term.		
Estimating the useful life of intangible assets	The Royal Women's Hospital assigns an estimated useful life to each intangible asset with a finite useful life, which is used to calculate amortisation of the asset.		

### Key Judgements and Estimates (Continued)

Key Judgements and Estimates	Description
Identifying indicators of impairment	At the end of each year, the Royal Women's Hospital assesses impairment by evaluating the conditions and events specific to the hospital that may be indicative of impairment triggers. Where an indication exists, the hospital tests the asset for impairment.
	The Royal Women's Hospital considers a range of information when performing its assessment, including considering:
	• If an asset's value has declined more than expected based on normal use;
	<ul> <li>If a significant change in technological, market, economic or legal environment which adversely impacts the way the hospital uses an asset;</li> </ul>
	<ul> <li>If an asset is obsolete or damaged;</li> </ul>
	<ul> <li>If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life; and</li> </ul>
	• If the performance of the asset is or will be worse than initially expected.
	Where an impairment trigger exists, the Royal Women's Hospital applies significant judgement and estimate to determine the recoverable amount of the asset.

### Note 4.1 Investments and Other Financial Assets

	Operating Fund		Specific Purpose Fund		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current						
Financial Assets at Amortised Cost						
Term Deposits > 3 Months	-	450	-	-	-	450
Total Current	-	450	-	-	-	450
Non-Current						
Financial Assets at Fair Value through Net Result						
Managed Investment Schemes	9,998	13,388	9,033	4,522	19,031	17,910
Total Non-Current	9,998	13,388	9,033	4,522	19,031	17,910
Total Investments and Other Financial Assets	9,998	13,838	9,033	4,522	19,031	18,360
Represented by:						
Health Service Investments	9,996	8,596	9,033	4,522	19,029	13,118
Foundation Investments	-	4,790	-	-	-	4,790
Joint Arrangement Investments	2	452	-	-	2	452
Total Investments and Other Financial Assets	9,998	13,838	9,033	4,522	19,031	18,360

### How We Recognise Investments and Other Financial Assets

The Royal Women's Hospital's investments and other financial assets are made in accordance with Standing Direction 3.7.2 - Treasury Management, including the Central Banking System.

The Royal Women's Hospital manages its investments and other financial assets in accordance with an investment policy approved by the Board.

Investments are recognised when the Royal Women's Hospital enters into a contract to either purchase or sell the investment (i.e. when it becomes a party to the contractual provisions to the investment). Investments are initially measured at fair value, net of transaction costs. The Royal Women's Hospital classifies its other financial assets between current and non-current assets based on the Board's intention at balance date with respect to the timing of disposal of each asset. Term deposits with original maturity dates of three to twelve months are classified as current, whilst term deposits with original maturity dates in excess of 12 months are classified as non-current.

The Hospital's investments are classified as financial assets at fair value through the Comprehensive Operating Statement.

### Note 4.2 Property, Plant and Equipment

### Note 4.2 (a) Gross Carrying Amount and Accumulated Depreciation

	Total 2021 \$'000	Total 2020 \$'000
Land at Fair Value - Crown	82,876	82,876
Land at Fair Value - Freehold	2,795	2,795
Total Land	85,671	85,671
Buildings at Fair Value	2,480	2,480
Less Accumulated Depreciation	(496)	(248)
Total Buildings at Fair Value	1,984	2,232
Right-of-use Buildings	605	482
Less Accumulated Depreciation	(343)	(153)
Total Right-of-use Buildings	262	329
Leasehold Improvements at Cost	7	-
Less Accumulated Depreciation	(2)	-
Total Leasehold Improvements	5	-
Building Work in Progress at Cost	14	-
Total Buildings	2,265	2,561
Plant and Equipment at Fair Value	2,453	2,452
Less Accumulated Depreciation	(1,724)	(1,720)
Total Plant and Equipment	729	732
Medical Equipment at Fair Value	20,688	20,811
Less Accumulated Depreciation	(16,684)	(16,038)
Total Medical Equipment	4,004	4,773
Computers and Communication Equipment at Fair Value	7.220	7.911
Less Accumulated Depreciation	(3,304)	(4,059)
Total Computers and Communication Equipment	<b>3,916</b>	(4,039) <b>3,852</b>

	Total 2021 \$'000	Total 2020 \$'000
Furniture and Fittings at Fair Value	763	881
Less Accumulated Depreciation	(446)	(524)
Total Furniture and Fittings	317	357
Cultural Assets at Fair Value	147	147
Total Cultural Assets	147	147
Right-of-use Plant, Equipment and Vehicles Less Accumulated Depreciation	1,884 (416)	436 (111)
Total Right-of-use Plant, Equipment and Vehicles	1,468	325
<b>Right-of-use Public Private Partnership (PPP) Assets</b> Right-of-use PPP Building at Fair Value Less Accumulated Depreciation	265,751 (19,358)	265,600 (9,674)
Total Right-of-use PPP Building	246,393	255,926
Right-of-use PPP Plant and Equipment at Fair Value Less Accumulated Depreciation Total Right-of-use PPP Plant and Equipment	5,513 (2,404) <b>3,109</b>	5,513 (2,220) <b>3,293</b>
	5,109	5,295
Total Right-of-use PPP Leased Assets	249,502	259,219
Assets Work In Progress at Cost	8	669
Total Property, Plant and Equipment	348,027	358,306

# Note 4.2 Property, Plant and Equipment (Continued)

# Note 4.2 (b) Reconciliations of the Carrying Amounts of Each Class of Asset

	Note	Land \$'000	Buildings \$'000	Right-of-use Buildings \$'000	Leasehold Improvements \$'000	Building Work In Progress \$'000	Plant & Equipment \$'000	
Balance at 1 July 2019		85,671	2,512	-	-	-	791	
Recognition of Right-of-use Assets on initial application of AASB 16		-	(32)	458	-	-	-	
Adjusted Balance								
at 1 July 2019		85,671	2,480	458	-	-	791	
Additions		-	-	24	-	-	20	
Disposals	3.4	-	-	-	-	-	(1)	
Net Transfers Between Classes		-	-	-	-	-	-	
Depreciation	4.4	-	(248)	(153)	-	-	(78)	
Balance at 30 June 2020		85,671	2,232	329	-	-	732	
Additions		-	-	130	-	2	75	
Disposals	3.4	-	-	-	-	-	(7)	
Assets Received Free of Charge	2.2	-	-	-	-	-	-	
Net Transfers Between Classes		-	-	(6)	6	12	-	
Depreciation	4.4	-	(248)	(191)	(1)	-	(71)	
Balance at 30 June 2021		85,671	1,984	262	5	14	729	

## How We Recognise Property, Plant and Equipment

Property, plant and equipment are tangible items that are used by the Royal Women's Hospital in the supply of goods or services, for rental to others, or for administration purposes, and are expected to be used during more than one financial year.

# **Initial Recognition**

Items of property, plant and equipment (excluding right-of-use assets) are initially measured at cost. 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/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.

The Royal Women's Hospital has made a decision to classify the land that the Parkville site sits on as owned Crown Land, rather than Right-of-use Land.

The land is currently leased from the State on a 99 year peppercorn lease. The Royal Women's Hospital commenced the process to terminate the lease and for the hospital to be recognised as the Committee of Management in May 2021, and expects to have this process completed in the 2022 financial year.

The current lease requires the Royal Women's Hospital to pay for all costs and assume all responsibilities for the land. The process of terminating the lease and becoming the Committee of Management recognises that the hospital is currently exercising all the legal duties and requirements as though it were the Committee of Management.

Medical Equipment \$'000	Computers & Comm Equipment \$'000	Furniture & Fittings \$'000	Cultural Assets \$'000	Right-of-use Plant, Equip & Vehicles \$'000	Right-of-use PPP Assets \$'000	Assets Work In Progress \$'000	Total \$'000
4,585	431	309	147	-	268,830	3,455	366,731
-	-	-	-	289	-	-	715
4,585	431	309	147	289	268,830	3,455	367,446
1,494	543	62	-	147	247	669	3,206
(28)	-	-	-	-	-	-	(29)
15	3,397	43	-	-	-	(3,455)	-
(1,293)	(519)	(57)	-	(111)	(9,858)	-	(12,317)
4 7 7 7	7.050		4.47	705	050.010		750 700
4,773	3,852	357	147	325	259,219	669	358,306
357	292	29	-	1,476	151	7	2,519
(15)	-	(14)	-	-	-	-	(36)
19	-	-	-	-	-	-	19
	50.4					(0.00)	
62	594	-	-	-	-	(668)	-
(1,192)	(822)	(55)	-	(333)	(9,868)	-	(12,781)
4,004	3,916	317	147	1,468	249,502	8	348,027

The change to Committee of Management ensures that all Crown Land currently recognised in the Royal Women's Hospital accounts is treated in a consistent manner.

### Subsequent Measurement

Items of property, plant and equipment (excluding rightof-use assets) are subsequently measured at fair value less accumulated depreciation and impairment losses where applicable.

Fair value is determined with reference to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset).

Further information regarding fair value measurement is disclosed below.

# Revaluation

Fair value is based on periodic valuations by independent valuers, which normally occur once every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate a material change in fair value has occurred.

Where an independent valuation has not been undertaken at balance date, the Royal Women's Hospital perform a managerial assessment to estimate possible changes in fair value of land and buildings since the date of the last independent valuation with reference to Valuer-General of Victoria (VGV) indices.

An adjustment is recognised if the assessment concludes that the fair value of land and buildings has changed by 10% or more since the last revaluation (whether that be the most recent independent valuation or managerial valuation). Any estimated change in fair value of less than 10% is deemed immaterial to the financial statements and no adjustment is recorded.

# Note 4.2 Property, Plant and Equipment (Continued)

# How We Recognise Property, Plant and Equipment (Continued)

Where the assessment indicates there has been an exceptionally material movement in the fair value of land and buildings since the last independent valuation, being equal to or in excess of 40%, the Royal Women's Hospital would obtain an interim independent valuation prior to the next scheduled independent valuation.

An independent valuation of the Royal Women's Hospital's land and buildings was performed by the VGV on 30 June 2019. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction.

The managerial assessment performed at 30 June 2021 indicated that the cumulative movement was less than 10% for land and buildings since the last revaluation. A managerial revaluation adjustment was not required as at 30 June 2021.

Menzies Fine Art Auctioneers & Valuers revalued the Royal Women's Hospital's cultural assets to determine its fair value. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation is 30 June 2019.

Revaluation increases (increments) arise when an asset's fair value exceeds its carrying amount. In comparison, revaluation decreases (decrements) arise when an asset's fair value is less than its carrying amount. Revaluation increments and revaluation decrements relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation increments are recognised in 'Other Comprehensive Income' and are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, in which case the increment is recognised as income in the net result.

Revaluation decrements are recognised in 'Other Comprehensive Income' to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of property, plant and equipment. Otherwise, the decrement is recognised as an expense in the net result.

The revaluation reserve included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised.

### Impairment

At the end of each financial year, the Royal Women's Hospital assesses if there is any indication that an item of property, plant and equipment may be impaired by considering internal and external sources of information. If an indication exists, the Royal Women's Hospital estimates the recoverable amount of the asset. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised. An impairment loss of a revalued asset is treated as a revaluation decrease as noted above.

The Royal Women's Hospital has concluded that the recoverable amount of property, plant and equipment which are regularly revalued is expected to be materially consistent with the current fair value. As such, there were no indications of property, plant and equipment being impaired at balance date.

### How We Recognise Right-of-use Assets

Where the Royal Women's Hospital enters a contract, which provides the hospital with the right to control the use of an identified asset for a period of time in exchange for payment, this contract is considered to be a lease.

Unless the lease is considered a short-term lease or a lease of a low-value asset (refer to Note 6.1 (a)), the contract gives rise to a right-of-use asset and corresponding lease liability. The Royal Women's Hospital presents its right-of-use assets as part of property, plant and equipment as if the asset was owned by the hospital.

Right-of-use assets and their respective lease terms include:

Class of Right-of-use Asset	Lease Term
Leased Buildings	1 to 3 Years
Leased Plant, Equipment and Vehicles	1 to 5 Years

### Presentation of Right-of-use Assets

The Royal Women's Hospital presents right-of-use assets as 'property plant equipment' unless they meet the definition of investment property, in which case they are disclosed as 'investment property' in the Balance Sheet.

### **Initial Recognition**

When a contract is entered into, the Royal Women's Hospital assesses if the contract contains or is a lease. If a lease is present, a right-of-use asset and corresponding lease liability is recognised. The definition and recognition criteria of a lease is disclosed at Note 6.1 (a).

The right-of-use asset is initially measured at cost and comprises the initial measurement of the corresponding lease liability, adjusted for:

- Any lease payments made at or before the commencement date;
- Any initial direct costs incurred; and
- An estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The Royal Women's Hospital's right-of-use assets include buildings, computer equipment and motor vehicles. The lease agreements do not contain purchase options to exercise at the completion of the lease.

### Subsequent Measurement

Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses where applicable. Right-of-use assets are also adjusted for certain re-measurements of the lease liability (for example, when a variable lease payment based on an index or rate becomes effective).

### Impairment

At the end of each financial year, the Royal Women's Hospital assesses if there is any indication that a right-ofuse asset may be impaired by considering internal and external sources of information. If an indication exists, the Royal Women's Hospital estimates the recoverable amount of the asset. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised.

The Royal Women's Hospital performed an impairment assessment and noted there were no indications of its right-of-use assets being impaired at balance date.

# Note 4.2 Property, Plant and Equipment (Continued)

# Note 4.2 (c) Fair Value Measurement Hierarchy for Assets

		Total Carrying		ent at end using:	
Ν	lote	Amount \$'000	Level 1 <sup>i</sup> \$'000	Level 2 <sup>i</sup> \$'000	Level 3 <sup>†</sup> \$'000
30 June 2021					
Non-Specialised Land		2,795	-	2,795	-
Specialised Land		82,876	-	-	82,876
Total Land at Fair Value4.2	2 (a)	85,671	-	2,795	82,876
Non-Specialised Buildings 4.2	2 (a)	1,984	-	1,984	-
Total Building at Fair Value		1,984	-	1,984	-
Plant and Equipment at Fair Value 4.2	2 (a)	729	-	-	729
Medical Equipment at Fair Value 4.2	2 (a)	4,004	-	-	4,004
Computers and Communication Equipment at Fair Value 4.2	2 (a)	3,916	-	-	3,916
Furniture and Fittings at Fair Value 4.2	2 (a)	317	-	-	317
Cultural Assets at Fair Value 4.2	2 (a)	147	-	147	-
Total Plant, Equipment and Vehicles at Fair Value		9,113	-	147	8,966
Total Property, Plant and Equipment at Fair Value		96,768		4,926	91,842

		Total Carrying	Fair value measurement at end of reporting period using:			
	Note	Amount \$'000	Level 1 <sup>i</sup> \$'000	Level 2 <sup>†</sup> \$'000	Level 3 <sup> i</sup> \$'000	
30 June 2020						
Non-Specialised Land		2,795	-	2,795	-	
Specialised Land		82,876	-	-	82,876	
Total Land at Fair Value	4.2 (a)	85,671	-	2,795	82,876	
Non-Specialised Buildings	4.2 (a)	2,232	-	2,232	-	
Total Building at Fair Value		2,232	-	2,232	-	
Plant and Equipment at Fair Value	4.2 (a)	732	-	-	732	
Medical Equipment at Fair Value	4.2 (a)	4,773	-	-	4,773	
Computers and Communication Equipment at Fair Value	4.2 (a)	3,852	-	-	3,852	
Furniture and Fittings at Fair Value	4.2 (a)	357	-	-	357	
Cultural Assets at Fair Value	4.2 (a)	147	-	147	-	
Total Plant, Equipment and Vehicles at Fair Value		9,861	-	147	9,714	
Total Property, Plant and Equipment at Fair Value		97,764	-	5,174	92,590	

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

	Note	Land \$'000	Plant & Equipment \$'000	Medical Equipment \$'000	Computers & Comm Equipment \$'000	Furniture & Fittings \$'000
Balance at 1 July 2019		82,876	791	4,585	431	309
Additions/(Disposals)	4.2 (b)	-	19	1,466	543	62
Gains/(Losses) recognised in Net Result						
Depreciation and Amortisation	4.4	-	(78)	(1,293)	(519)	(57)
Net Transfers between Classes	4.2 (b)	-	-	15	3,397	43
Balance at 30 June 2020	4.2 (c)	82,876	732	4,773	3,852	357
Additions/(Disposals)	4.2 (b)	-	68	342	292	15
Assets Provided Free of Charge	4.2 (b)	-	-	19	-	-
Gains/(Losses) recognised in Net Result						
Depreciation and Amortisation	4.4	-	(71)	(1,192)	(822)	(55)
Net Transfers between Classes	4.2 (b)	-	-	62	594	-
Balance at 30 June 2021	4.2 (c)	82,876	729	4,004	3,916	317

# Note 4.2 (d) Reconciliation of Level 3 Fair Value Measurement<sup>i</sup>

<sup>i</sup> Classified in accordance with the fair value hierarchy, refer Note 4.2 (c).

# Note 4.2 Property, Plant and Equipment (Continued)

# Note 4.2 (e) Fair Value Determination

Asset Class	Likely Valuation Approach	Significant Inputs (Level 3 only)
Specialised Land		
Crown Land	Market Approach	Community Service Obligation (CSO) Adjustment - 20% was applied to specialised land classified in accordance with the fair value hierarchy.

### **Non-Specialised Land**

Freehold Land	Market Approach	Not Applicable
Non-Specialised Buildings	Market Approach	Not Applicable
Plant and Equipment at Fair Value	Depreciated Replacement Cost	Cost per unit Useful life of Plant and Equipment
Medical Equipment at Fair Value	Depreciated Replacement Cost	Cost per unit Useful life of Medical Equipment
Computers and Communication Equipment at Fair Value	Depreciated Replacement Cost	Cost per unit Useful life of Computers and Communication Equipment
Furniture and Fittings at Fair Value	Depreciated Replacement Cost	Cost per unit Useful life of Furniture and Fittings
Cultural Assets	Market Approach	Not Applicable

# 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.

For the purpose of fair value disclosures, the Royal Women's Hospital has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.

In addition, the Royal Women's Hospital 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.

The Valuer-General Victoria (VGV) is the Royal Women's Hospital's independent valuation agency.

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

### Valuation Hierarchy

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

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets;
- 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.

# Identifying Unobservable Inputs (Level 3) Fair Value Measurements

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

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

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

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

In accordance with AASB 13 *Fair Value Measurement*, the Royal Women's Hospital has assumed the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset. Theoretical opportunities that may be available in relation to the asset(s) are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.

# Non-Specialised Land, Non-Specialised Buildings and Cultural Assets

Non-specialised land, non-specialised buildings and cultural assets are valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2019.

For cultural assets, Menzies Fine Art Auctioneers & Valuers is the Royal Women's Hospital's independent valuer. Cultural assets were revalued as at 30 June 2019.

### Specialised Land and Specialised Buildings

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

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

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

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

For the Royal Women's Hospital, the depreciated replacement cost method is used for the specialised leased PPP building.

An independent valuation of the Royal Women's Hospital's specialised land was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2019.

The Royal Women's Hospital 's specialised buildings were revalued by the Valuer-General Victoria as at 30 June 2019.

### Plant and Equipment and Furniture and Fittings

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

There were no changes in valuation techniques throughout the period to 30 June 2021.

# Note 4.2 Property, Plant and Equipment (Continued)

# Note 4.2 (f) Property, Plant and Equipment Revaluation Surplus

	Total 2021 \$'000	Total 2020 \$'000
Land	54,255	54,255
Right-of-use PPP Buildings	123,822	123,822
Cultural Assets	38	38
Total Property, Plant and Equipment Revaluation Surplus	178,115	178,115

# Note 4.3 Intangible Assets

# Note 4.3 (a) Gross Carrying Amount and Accumulated Amortisation

	Total 2021 \$'000	Total 2020 \$'000
Intangible Produced Assets - Software	36,086	11,381
Less Accumulated Amortisation	(11,180)	(8,689)
Total Intangible Produced Assets - Software	24,906	2,692
Intangible Non-Produced Assets - Revenue Rights Parkville Car Park <sup>i</sup>	24,490	24,490
Less Accumulated Amortisation	(12,735)	(11,755)
Total Intangible Non-Produced Assets - Revenue Rights Parkville Car Park	11,755	12,735
Software Work In Progress	1,440	12,681
Total Intangible Assets	38,101	28,108

<sup>1</sup>The revenue rights represent the right of the hospital to receive future payments for car parking fees generated by the car park.

	Note	Software \$'000	Software Work in Progress \$'000	Revenue Rights Parkville Car Park \$'000	Total \$'000
Balance at 1 July 2019		2,539	7,450	13,715	23,704
Additions		314	6,737	-	7,051
Disposals	3.4	(2)	-	-	(2)
Net Transfers between Classes		1,506	(1,506)	-	-
Amortisation	3.4, 4.4	(1,665)	-	(980)	(2,645)
Balance at 30 June 2020		2,692	12,681	12,735	28,108
Additions		14,336	745	-	15,081
Disposals	3.4	-	(181)	-	(181)
Net Transfers between Classes		11,805	(11,805)	-	-
Amortisation	3.4, 4.4	(3,927)	-	(980)	(4,907)
Balance at 30 June 2021		24,906	1,440	11,755	38,101

# Note 4.3 (b) Reconciliation of the Carrying Amount By Class of Asset

# How We Recognise Intangible Assets

Intangible assets represent identifiable non-monetary assets without physical substance such as computer software and car park revenue recognition rights.

### **Initial Recognition**

Purchased intangible assets are initially recognised at cost.

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

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

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

### Subsequent Measurement

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

### Impairment

Intangible assets which are not yet available for use are tested annually for impairment and whenever there is an indication that the asset may be impaired. Intangible assets with finite useful lives are testing for impairment whenever an indication of impairment is identified.

# **Note 4.4 Depreciation and Amortisation**

		Total 2021	Total 2020
	Note	\$'000	\$'000
Depreciation			
Buildings	4.2 (b)	248	248
Leasehold Improvements	4.2 (b)	1	-
Plant and Equipment	4.2 (b)	71	78
Medical Equipment	4.2 (b)	1,192	1,293
Computers and Communication Equipment	4.2 (b)	822	519
Furniture and Fittings	4.2 (b)	55	57
Right-of-use Buildings	4.2 (b)	191	153
Right-of-use Plant, Equipment and Vehicles	4.2 (b)	333	111
Public Private Partnership (PPP) Assets	4.2 (b)	9,868	9,858
Total Depreciation		12,781	12,317
Amortisation			
Software	4.3	3,927	1,665
Total Amortisation		3,927	1,665
Total Depreciation and Amortisation	3.1	16,708	13,982

# **How We Recognise Depreciation**

All buildings, plant and equipment and other nonfinancial physical assets (excluding items under land and investment properties) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life.

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

# **How We Recognise Amortisation**

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

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

	2021	2020
Non PPP Assets		
Buildings	10 Years	10 Years
Leasehold Improvements	10 Years	n/a
Right-of-use Buildings	1 to 3 Years	2 to 3 Years
Plant and Equipment	8 to 30 Years	10 to 30 Years
Medical Equipment	6 to 25 Years	6 to 25 Years
Computers and Communication Equipment	3 to 10 Years	3 to 9 Years
Furniture and Fittings	6 to 13 Years	6 to 13 Years
Right-of-use Plant, Equipment and Vehicles	1 to 5 Years	1 to 5 Years
Intangible Produced Assets	3 to 10 Years	3 Years
Right-of-use PPP Assets		
Buildings		
Structure, Shell Building Fabric	49 Years	49 Years
Site Engineering Services and Central Plant	29 Years	29 Years
Central Plant		
Fit Out	14 Years	14 Years
Trunk Reticulated Building Systems	19 Years	19 Years
Plant and Equipment	30 Years	30 Years

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

# **Note 4.5 Investment Properties**

# Note 4.5 (a) Movements in Carrying Value for Investment Properties

Note	Total 2021 \$'000	Total 2020 \$'000
Balance at Beginning of Year	108,517	103,721
Additions	-	23
Net Gain from Fair Value Adjustment3.4	4,823	4,773
Balance at End of Year	113,340	108,517

# Note 4.5 (b) Fair Value Measurement Hierarchy for Investment Properties

	Total Fair value measurement at e of reporting period using:			
	Amount \$'000	Level 1 <sup>i</sup> \$'000	Level 2 <sup>†</sup> \$'000	Level 3 <sup>†</sup> \$'000
Balance at 30 June 2021				
Investment Properties	113,340	-	37,576	75,764
Balance at 30 June 2020				
Investment Properties	108,517	-	36,361	72,156

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

# **How We Recognise Investment Properties**

Investment properties represent properties held to earn rentals, for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of the Royal Women's Hospital.

### **Initial Recognition**

Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the Royal Women's Hospital.

### Subsequent Measurement

Subsequent to initial recognition at cost, investment properties are revalued to fair value with changes in the fair vale recognised as other economic flows in the period that they arise. Investment properties are neither depreciated nor tested for impairment. Independent valuations are carried out on a regular basis as required in FRD 107B Investment Properties, or if there are indications that the fair value differs significantly from carrying amount. The last independent valuation was carried out by the Valuer-General Victoria as at 30 June 2019. For the year ended 30 June 2021, the Royal Women's Hospital's management conducted an annual assessment of the fair value of investment properties. To facilitate this, management obtained the Valuer General Victoria indices for the financial year ended 30 June 2021 and applied these cumulative indices to the individual assets' 2019 valuation. The indexed value was then compared to the individual assets fair value as at 30 June 2021 to determine the change in their fair values.

For investment properties measured at fair value, the current use of the asset is considered the highest and best use.

Rental revenue from leasing of investment properties is recognised in the Comprehensive Operating Statement in the periods in which it is receivable on a straight line basis over the lease term.

There have been no transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2021.

# Note 5 Other Assets and Liabilities

This section sets out those assets and liabilities that arose from the Royal Women's Hospital's operations.

Structure		
Note 5.1	Receivables and Contract Assets	88
Note 5.2	Payables and Contract Liabilities	90

# Telling the COVID-19 Story

The measurement of other liabilities were impacted during the financial year which was partially attributable to the COVID-19 Coronavirus pandemic.

The following other liabilities were impacted:

• Contract liabilities have increased due to the delay of specific programs funded by the Department of Health as a result of COVID-19 restrictions. Furthermore, research activities have been affected with delays throughout the year with limitations put in place due to the pandemic. Other assets used to support the delivery of our services during the financial year were not materially impacted by the COVID-19 coronavirus pandemic.

# **Key Judgements and Estimates**

This section contains the following key judgements and estimates:

Key Judgements and Estimates	Description
Estimating the provision for expected credit losses	The Royal Women's Hospital uses a simplified approach to account for the expected credit loss provision. A provision matrix is used, which considers historical experience, external indicators and forward-looking information to determine expected credit loss rates.
Classifying a sub-lease arrangement as either an operating lease	The Royal Women's Hospital applies significant judgement to determine if a sub-lease arrangement, where the hospital is a lessor, meets the definition of an operating lease or finance lease.
or finance lease	The Royal Women's Hospital considers a range of scenarios when classifying a sub-lease. A sub-lease typically meets the definition of a finance lease if:
	<ul> <li>The lease transfers ownership of the asset to the lessee at the end of the term;</li> </ul>
	<ul> <li>The lessee has an option to purchase the asset for a price that is significantly below fair value at the end of the lease term;</li> </ul>
	• The lease term is for the majority of the asset's useful life;
	<ul> <li>The present value of lease payments amount to the approximate fair value of the leased asset; and</li> </ul>
	<ul> <li>The leased asset is of a specialised nature that only the lessee can use without significant modification.</li> </ul>
	All other sub-lease arrangements are classified as an operating lease.
Measuring deferred capital grant income	Where the Royal Women's Hospital has received funding to construct an identifiable non-financial asset, such funding is recognised as deferred capital grant income until the underlying asset is constructed.
	The Royal Women's Hospital applies significant judgement when measuring the deferred capital grant income balance, which references the estimated stage of completion at the end of each financial year.
Measuring contract liabilities	The Royal Women's Hospital applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, the hospital assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer.

# **Note 5.1 Receivables and Contract Assets**

Note	Total 2021 \$'000	Total 2020 \$'000
Current Receivables and Contract Assets		
Contractual		
Inter Hospital Debtors	354	1,512
Trade Debtors	2,141	1,735
Patient Fees	1,482	1,233
Provision for Impairment 5.1 (a)	(1,090)	(630)
Amounts Receivable from Governments and Agencies	1,011	1,510
Accrued Revenue	1,299	2,187
Total Contractual Receivables	5,197	7,547
Statutory		
GST Receivable	439	502
Total Statutory Receivables	439	502
Total Current Receivables and Contract Assets	5,636	8,049
Non-Current Receivables and Contract Assets		
Contractual		
Other Receivables	19	19
Long Service Leave – Department of Health	12,029	11,122
Total Contractual Receivables	12,048	11,141
Total Non-Current Receivables and Contract Assets	12,048	11,141
Total Receivables and Contract Assets	17,684	19,190
(i) Financial Assets Classified as Receivables and Contract Assets		
Total Receivables and Contract Assets	17,684	19,190
Provision for Impairment	1,090	630
GST Receivable	(439)	(502)
Total Financial Assets7.1 (a)	18,335	19,318

# Note 5.1 (a) Movement in the Allowance for Impairment Losses of Contractual Receivables

	Note	Total 2021 \$'000	Total 2020 \$'000
Balance at Beginning of Year		630	485
Increase in Allowance	3.4	613	688
Amounts Written Off During the Year		(153)	(543)
Balance at End of Year 5	i.1, 7.2 (a)	1,090	630

## How We Recognise Receivables and Contract Assets

Receivables consist of:

- Contractual receivables mainly consist of debtors in relation to goods and services. These receivables are classified as financial instruments and categorised as financial assets at amortised cost. They are initially recognised at fair value plus any directly attributable transactions costs. The Royal Women's Hospital 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.
- Statutory receivables include amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits that are recoverable.
   Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The Royal Women's Hospital applies AASB
   9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

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

The Royal Women's Hospital is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers ranging from commercial organisations to individual citizens. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

### Impairment Losses of Contractual Receivables

Refer to note 7.2 (a) for the Royal Women's Hospital's contractual receivable loss allowance.

# **Note 5.2 Payables and Contract Liabilities**

	Note	Total 2021 \$'000	Total 2020 \$'000
Current Payables and Contract Liabilities			
Contractual			
Trade Creditors		4,804	2,130
Inter Hospital Creditors		1,075	1,191
Amounts Payable to Governments and Agencies		29	-
Accrued Salaries and Wages		3,693	4,227
Accrued Expenses		5,758	4,334
Salary Packaging		653	518
Deferred Capital Grant Revenue	5.2 (a)	2,100	1,926
Contract Liabilities	5.2 (b)	4,649	3,200
Other Current Liabilities		17	27
Cash Advance - Department of Health		-	7,155
Total Contractual Payables		22,778	24,708
Total Current Payables and Contract Liabilities		22,778	24,708
Non-Current Payables and Contract Liabilities			
Contractual			
Other Payables		140	210
Total Contractual Payables		140	210
Total Non-Current Payables and Contract Liabilities		140	210
Total Payables and Contract Liabilities		22,918	24,918
(i) Financial Liabilities Classified as Developed and Cart with the "			
(i) Financial Liabilities Classified as Payables and Contract Liabili	ties	00.010	04.040
Total Payables and Contract Liabilities		22,918	24,918
Deferred Capital Grant Revenue		(2,100)	(1,926)
Contract Liabilities		(4,649)	(3,200)
Cash Advance - Department of Health		-	(7,155)
Total Financial Liabilities	7.1 (a)	16,169	12,637

# How We Recognise Payables and Contract Liabilities

Payables consist of:

- Contractual payables predominately include payables in relation to 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 the Royal Women's Hospital prior to the end of the financial year that are unpaid.
- Statutory payables include amounts payable to the Victorian Government and Goods and Services Tax (GST) payable. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

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

# Note 5.2 (a) Deferred Capital Grant Revenue

Note	Total 2021 \$'000	Total 2020 \$'000
Balance at Beginning of Year	1,926	2,178
Government Grant (State) Payments Received for Property, Plant and Equipment Not Yet Fulfilled	1,003	963
Government Grant (State) Revenue Recognised for Property, Plant and Equipment Purchased	(829)	(1,215)
Balance at End of Year5.2	2,100	1,926

### How We Recognise Deferred Capital Grant Revenue

Grant consideration was received from the Department of Health. Capital grant revenue is recognised when the asset is purchased, since this is the time when the Royal Women's Hospital satisfies its obligations under the transfer by controlling the asset (Refer to Note 2.1 Revenue and Income from Transactions). As a result, the Royal Women's Hospital has deferred recognition of a portion of the capital grant consideration received as a liability for the outstanding obligations.

# Note 5.2 (b) Contract Liabilities

	Note	Total 2021 \$'000	Total 2020 \$'000
Balance at Beginning of Year		3,200	1,445
Government Grant (State) Payments Received for Performance Obligations Not Yet Fulfilled		1,648	4,694
Government Grant (State) Revenue Recognised for the Completion of a Performance Obligation where Payment was Received in Prior Year		(789)	(3,712)
Payments Received for Performance Obligations Not Yet Fulfilled		2,444	4,385
Revenue Recognised for the Completion of a Performance Obligation where Payment was Received in Prior Year		(1,854)	(3,612)
Balance at End of Year	5.2	4,649	3,200
Represented by:			
Current Contract Liabilities		4,649	3,200

### **How We Recognise Contract Liabilities**

Government grant consideration was received from the Department of Health to fund specific programs to service the needs of the community. Grant income is recognised when the relevant services are provided by the Royal Women's Hospital.

Contract liabilities include consideration received in advance from customers who have enrolled in training courses and events for the following year and where services are being provided over a specified timeframe. Research funding received that runs over more than one financial year is deferred until specific performance obligations are met. Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 2.1 Revenue and Income from Transactions.

# Maturity Analysis of Payables

Refer to note 7.2 (b) for the ageing analysis of payables.

# Note 6 How We Finance Our Operations

This section provides information on the sources of finance utilised by the Royal Women's Hospital during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of the hospital.

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		
Note 6.1	Borrowings	94
Note 6.2	Cash and Cash Equivalents	98
Note 6.3	Commitments for Expenditure	99

# Telling the COVID-19 Story

Our finance and borrowing arrangements were not materially impacted by the COVID-19 coronavirus pandemic because the Royal Women's Hospital's response was funded by the Government.

# **Key Judgements and Estimates**

This section contains the following key judgements and estimates:

Key Judgements and Estimates	Description	
Determining if a contract is or	The Royal Women's Hospital applies significant judgement to determine if a contract is or contains a lease by considering if the hospital:	
contains a lease	<ul> <li>Has the right-to-use an identified asset;</li> </ul>	
	<ul> <li>Has the right to obtain substantially all economic benefits from the use of the leased asset; and</li> </ul>	
	• Can decide how and for what purpose the asset is used throughout the lease.	
Determining if a lease meets the short-	The Royal Women's Hospital applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria.	
term or low value asset lease exemption	The Royal Women's Hospital estimates the fair value of leased assets when acquired. Where the estimated fair value is less than \$10,000, the hospital applies the low-value lease exemption.	
	The Royal Women's Hospital also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the hospital applies the short-term lease exemption.	
Discount rate applied to future lease payments	The Royal Women's Hospital discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for the hospital's lease arrangements, the Royal Women's Hospital uses its incremental borrowing rate, which is the amount the hospital would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.	
Assessing the lease term	The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if the Royal Women's Hospital is reasonably certain to exercise such options.	
	The Royal Women's Hospital determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including:	
	• If there are significant penalties to terminate (or not extend), the hospital is typically reasonably certain to extend (or not terminate) the lease.	
	<ul> <li>If any leasehold improvements are expected to have a significant remaining value, the hospital is typically reasonably certain to extend (or not terminate) the lease.</li> </ul>	
	<ul> <li>The Royal Women's Hospital considers historical lease durations and the costs and business disruption to replace such leased assets.</li> </ul>	

# Note 6.1 Borrowings

	Note	Total 2021 \$'000	Total 2020 \$'000
Current Borrowings			
Treasury Corporation Victoria Loan <sup>i</sup>		920	860
Lease Liabilities "	6.1 (a)	616	266
Public Private Partnerships (PPP) Lease Liability "	6.1 (b)	9,610	8,925
Total Current Borrowings		11,146	10,051
Non-Current Borrowings			
Treasury Corporation Victoria Loan		15,921	16,841
Lease Liabilities "	6.1 (a)	1,119	370
Public Private Partnerships (PPP) Lease Liability "	6.1 (b)	168,138	177,748
Total Non-Current Borrowings		185,178	194,959
Total Borrowings		196,324	205,010

<sup>i</sup> Unsecured loan with a fixed interest rate of 6.67% (2020: 6.67%).

<sup>ii</sup> Secured by the assets leased. Leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

# How We Recognise Borrowings

Borrowings refer to interest bearing liabilities mainly raised from advances from the Treasury Corporation of Victoria (TCV) and other funds raised through lease liabilities, service concession arrangements and other interest-bearing arrangements.

# **Initial Recognition**

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

### Subsequent Measurement

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

# Maturity Analysis

Refer to Note 7.2 (b) for the maturity analysis of borrowings.

### Defaults and Breaches

During the current and prior year, there were no defaults or breaches on the loan or lease liabilities.

The obligation of fulfilling PPP interest and principal payments over the PPP lease term rests with the Department of Health.

# Note 6.1 (a) Lease Liabilities

The Royal Women's Hospital's lease liabilities are summarised below:

	Total 2021 \$'000	Total 2020 \$'000
Total Undiscounted Lease Liabilities	1,786	656
Less Unexpired Finance Expenses	(51)	(20)
Net Lease Liabilities	1,735	636

The following table sets out the maturity analysis of lease liabilities, showing the undiscounted lease payments to be made after the reporting date.

Note	Total 2021 \$'000	Total 2020 \$'000
Not longer than one year	641	278
Longer than one year and not later than five years	1,145	378
Longer than five years	-	-
Minimum Future Lease Liability	1,786	656
Less Unexpired Finance Expenses	(51)	(20)
Present Value of Lease Liability	1,735	636
Represented By:		
Current Liabilities 6.1	616	266
Non-Current Liabilities 6.1	1,119	370
Total Lease Liabilities	1,735	636

The weighted average interest rate implicit in the leases is 1.82% (2020: 2.35%).

# **How We Recognise Lease Liabilities**

A lease is defined as a contract, or part of a contract, that conveys the right for the Royal Women's Hospital to use an asset for a period of time in exchange for payment.

To apply this definition, the Royal Women's Hospital ensures the contract meets the following criteria:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Royal Women's Hospital and for which the supplier does not have substantive substitution rights;
- The Royal Women's Hospital has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and the Royal Women's Hospital has the right to direct the use of the identified asset throughout the period of use; and
- The Royal Women's Hospital has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

The Royal Women's Hospital's lease arrangements consist of the following:

Type of Asset Leased	Lease Term
Leased Buildings	1 to 3 Years
Leased Plant, Equipment and Vehicles	1 to 5 Years

# Note 6.1 Borrowings (Continued)

# Note 6.1 (a) Lease Liabilities (Continued)

All leases are recognised on the Balance Sheet, with the exception of low value leases (less than \$10,000 AUD) and short term leases of less than 12 months. The following low value and short term leases are recognised in the Comprehensive Operating Statement:

Type of Payment	Description of Payment	Type of Leases Captured
Low Value Lease Payments	Leases where the underlying asset's fair value, when new, is no more than \$10,000	Computer equipment.
Short-term Lease Payments	Leases with a term less than 12 months	Motor Vehicles and buildings.
Variable lease payments not based on an index or rate	Payments which are not based on an index or rate	Nil.

## Separation of Lease and Non-lease Components

At inception or on reassessment of a contract that contains a lease component, the Royal Women's Hospital is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

# **Initial Measurement**

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or the Royal Women's Hospital's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments (including in-substance fixed payments);
- Variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- Payments arising from purchase and termination options reasonably certain to be exercised.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Some building leases have extension lease terms from six months to the original term of the lease. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Royal Women's Hospital and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term and lease liability if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

### Subsequent Measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or Comprehensive Operating Statement if the right-of-use asset is already reduced to zero.

# Note 6.1 (b) PPP Lease Liability

The Royal Women's Hospital's PPP lease liability is summarised below:

	Total 2021 \$'000	Total 2020 \$'000
Total Undiscounted PPP Lease Liability	268,648	291,122
Less Unexpired Finance Expenses	(90,900)	(104,449)
Net PPP Lease Liability	177,748	186,673

The following table sets out the maturity analysis of the PPP lease liability, showing the undiscounted PPP lease payments to be made after the reporting date.

Not	Total 2021 e \$'000	Total 2020 \$'000
Not longer than one year	22,474	22,474
Longer than one year and not later than five years	89,895	89,895
Longer than five years	156,279	178,753
Minimum Future PPP Lease Liability	268,648	291,122
Less Unexpired Finance Expenses	(90,900)	(104,449)
Present Value of PPP Lease Liability	177,748	186,673
Represented By:		
Current Liabilities 6.	9,610	8,925
Non-Current Liabilities 6.	1 168,138	177,748
Total PPP Lease Liability	177,748	186,673

The weighted average interest rate implicit in the lease is 7.67% (2020: 7.67%).

# Note 6.1 Borrowings (Continued)

## Note 6.1 (b) PPP Lease Liability (Continued)

# How We Recognise Commissioned Public Private Partnerships (PPP)

The construction and fit out of the Royal Women's Hospital was funded as a PPP contract between the State of Victoria and RW Health Partnership Pty Ltd. The Royal Women's Hospital is responsible for operating the facility and has recognised the leased asset and associated interest bearing liability.

Such PPP's are not accounted for as a Service Concession Arrangement within the scope of AASB 1059 *Service Concession Arrangements: Grantors* as the public service criterion is not satisfied.

The State of Victoria is obligated to fund monthly service payments over the duration of the project agreement up to a period of 25 years.

In relation to the PPP arrangement, although the hospital has assumed the finance assets and liabilities in its accounts, the payments to the private provider are being made directly by the Department of Health on a monthly basis, hence there is no cash flow impact on the Royal Women's Hospital. The Royal Women's Hospital will record the non-cash entries in its accounts in accordance with a financial model that has been developed by the Department of Health.

#### Initial measurement

PPP leases are recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the PPP lease.

### Subsequent Measurement

The lease assets under the PPP arrangement are accounted for as a non-financial physical asset and is depreciated over the term of the lease plus five years except for, the building which is depreciated using the replacement cost method.

Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the Comprehensive Operating Statement.

Contingent rentals associated with leases are recognised as an expense in the period in which they are incurred.

# Note 6.2 Cash and Cash Equivalents

	Total 2021 \$'000	Total 2020 \$'000
Cash on Hand	3	10
Cash at Bank	2,351	1,477
Cash at Bank - CBS <sup>i</sup>	3,596	4,662
Deposits at Call	1,139	3,175
Total Cash and Cash Equivalents	7,089	9,324

<sup>1</sup> The Royal Women's Hospital utilises the Central Banking System (CBS) which is mandatory for government agencies in the Standing Directions issued by the Assistant Treasurer under the *Financial Management Compliance Act 1994*. Cash and cash equivalents include salary packaging.

### How We Recognise Cash and Cash Equivalents

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

# Note 6.3 Commitments for Expenditure

	Total 2021 \$'000	Total 2020 \$'000
Capital Expenditure Commitments		
Not longer than one year	913	8,923
Total Capital Expenditure Commitments	913	8,923
Operating Expenditure Commitments		
Not longer than one year	542	1,160
Longer than one year and not later than five years	349	735
Longer than five years	149	203
Total Operating Expenditure Commitments	1,040	2,098
Non-cancellable Short-term and Low Value Lease Commitments		
Not longer than one year	350	517
Longer than one year and not later than five years	335	604
Total Non-cancellable Short-term and Low Value Lease Commitments	685	1,121
Commissioned Public Private Partnership Commitments		
Not longer than one year	25,687	25,792
Longer than one year and not later than five years	112,130	105,243
Longer than five years	225,430	264,404
Total Public Private Partnership Commitments	363,247	395,439
Total Commitments for Expenditure (inclusive of GST)	365,885	407,581
Less GST recoverable from the Australian Tax Office	(33,262)	(37,053)
Total Commitments for Expenditure (exclusive of GST)	332,623	370,528

<sup>i</sup> The present values of the lease liability for commissioned PPPs are recognised on the Balance Sheet (refer to note 6.1 Borrowings). Amounts disclosed here are for other commitments related to the PPP arrangement.

Future lease payments are recognised on the Balance Sheet, refer to Note 6.1 Borrowings.

<sup>ii</sup> 2020 amount restated to include contingent rental.

### **How We Disclose Our Commitments**

The Royal Women's Hospital's commitments relate to expenditure, Public Private Partnerships (PPP) and short term and low value leases.

### **Expenditure Commitments**

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

### Short-term and Low Value Leases

The Royal Women's Hospital discloses short-term and low value lease commitments which are excluded from the measurement of right-of-use assets and lease liabilities. Refer to Note 6.1 Borrowings for further information.

### **Commissioned Public Private Partnership**

Pursuant to the requirements of the Operating Deed signed by the State of Victoria and RW Health Partnership Pty Ltd on 13 June 2008, the Department of Health agrees to meet all payments (including leasing and operating) for which the State of Victoria is liable and which are associated with the project.

The Royal Women's Hospital has agreed to record and report all of the obligations of the State of Victoria reflecting the Royal Women's Hospital's position as the government agency that controls the assets.

Refer to Note 6.1 Borrowings for further information.

# Note 7 Risks, Contingencies and Valuation Uncertainties

The Royal Women's Hospital 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, as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the hospital is related mainly to fair value determination.

Structure		
Note 7.1	Financial Instruments	101
Note 7.2	Financial Risk Management Objectives and Policies	104
Note 7.3	Contingent Assets and Contingent Liabilities	108

# **Note 7.1 Financial Instruments**

Financial instruments arise out of contractual agreements that give rise to a financial asset in one entity and a financial liability or equity instrument in another entity. Due to the nature of the Royal Women's Hospital's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation.* 

# Note 7.1 (a) Categorisation of Financial Instruments

		Financial Assets at Amortised Cost	Financial Assets at Fair Value Through Net Result	Financial Liabilities at Amortised Cost	Total
	Note	\$'000	\$'000	\$'000	\$'000
30 June 2021					
Financial Assets					
Cash and Cash Equivalents	6.2	7,089	-	-	7,089
Receivables and Contract Assets	5.1	18,335	-	-	18,335
Investments and Other Financial Assets	4.1	-	19,031	-	19,031
Total Financial Assets <sup>i</sup>		25,424	19,031	-	44,455
Financial Liabilities					
Payables and Contract Liabilities	5.2	-	-	16,169	16,169
Borrowings	6.1	-	-	196,324	196,324
Total Financial Liabilities <sup>i</sup>		-	-	212,493	212,493

	Note	Financial Assets at Amortised Cost \$'000	Financial Assets at Fair Value Through Net Result \$'000	Financial Liabilities at Amortised Cost \$'000	Total \$'000
30 June 2020					
Financial Assets					
Cash and Cash Equivalents	6.2	9,324	-	-	9,324
Receivables and Contract Assets	5.1	19,318	-	-	19,318
Investments and Other Financial Assets	4.1	450	17,910	-	18,360
Total Financial Assets <sup>i</sup>		29,092	17,910	-	47,002
Financial Liabilities					
Payables and Contract Liabilities	5.2	-	-	12,637	12,637
Borrowings	6.1	-	-	205,010	205,010
Total Financial Liabilities		-	-	217,647	217,647

<sup>1</sup>The carrying amount excludes statutory receivables (i.e. GST Receivable) and contractual payables

(i.e. Deferred Capital Grant Revenue, Contract Liabilities and DH Cash Advance).

# Note 7.1 Financial Instruments (Continued)

### How We Categorise Financial Instruments

### **Categories of Financial Assets**

Financial assets are recognised when the Royal Women's Hospital becomes party to the contractual provisions of an instrument. For financial assets, this is at the date the Royal Women's Hospital commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through net result, in which case transaction costs are expensed to Comprehensive Operating Statement immediately.

Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.

### **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 the Royal Women's Hospital to solely 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 are subsequently measured at amortised cost using the effective interest method less any impairment.

The Royal Women's Hospital recognises the following assets in this category:

- Cash and Cash Equivalents;
- Receivables (excluding statutory receivables); and
- Term Deposits

### Financial Assets at Fair Value through Net Result

The Royal Women's Hospital designated all of its managed investment schemes as fair value through net result. Other financial assets are required to be measured at fair value through net result unless they are measured at amortised cost or fair value through other comprehensive income.

### **Categories of Financial Liabilities**

Financial liabilities are recognised when the Royal Women's Hospital becomes a party to the contractual provisions of an instrument. Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to Comprehensive Operating Statement immediately.

### **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 Royal Women's Hospital recognises the following liabilities in this category:

- Payables (excluding statutory payables, deferred capital grant revenue and contract liabilities); and
- Borrowings

#### **Offsetting Financial Instruments**

Financial instrument assets and liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Royal Women's Hospital has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Where the Royal Women's Hospital does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

### **Derecognition of Financial Assets**

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

- The rights to receive cash flows from the asset have expired; or
- The Royal Women's Hospital retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- The Royal Women's Hospital 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 the Royal Women's Hospital has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Royal Women's Hospital'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 expired.

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.

### **Reclassification of Financial Instruments**

A financial asset is required to be reclassified between fair value between amortised cost, fair value through net result and fair value through other comprehensive income when, and only when, the Royal Women's Hospital'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 Financial Risk Management Objectives and Policies**

As a whole, the Royal Women's Hospital's financial risk management program seeks to manage the risks and the associated volatility of its financial performance.

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

The Royal Women's Hospital's main financial risks include credit risk, liquidity risk, interest rate risk and equity price risk. The Royal Women's Hospital manages these financial risks in accordance with its financial risk management policy.

The Royal Women's Hospital uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Hospital's Board.

### Note 7.2 (a) Credit Risk

Credit risk refers to the possibility that a customer will default on its financial obligations as and when they fall due. The Royal Women's Hospital's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Royal Women's Hospital. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the Royal Women's Hospital's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, the hospital is exposed to credit risk associated with patient and other debtors.

In addition, the Royal Women's Hospital does not engage in hedging for its contractual financial assets. Where permitted under standing Direction 3.7.2 - Treasury Management, including the Central Banking System, the Royal Women's Hospital's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Royal Women's Hospital will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor and default payments.

Contract financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off by mutual consent is classified as a transaction expense. Bad debt written off following a unilateral decision is recognised as other economic flows in the net result. Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents the Royal Women's Hospital's maximum exposure to credit risk.

There has been no material change to the Royal Women's Hospital's credit risk profile in current financial year.

# Impairment of Financial Assets under AASB 9 *Financial Instruments*

The Royal Women's Hospital records the allowance for expected credit loss for the relevant financial instruments, applying AASB 9 'Expected Credit Loss' approach. Subject to AASB 9, impairment assessment includes the Royal Women's Hospital's contractual receivables.

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9.

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

### **Contractual Receivables at Amortised Cost**

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

On this basis, the Royal Women's Hospital determines the closing loss allowance at end of the financial year as follows:

	Note	Current \$'000	30 days \$'000	60 days \$'000	90 days \$'000	120 days \$'000	150 days \$'000	365+ days <sup>i</sup> \$'000	Total \$'000
30 June 2021									
Patient Debtors									
Expected Loss Rate		2.0%	5.0%	12.0%	7.0%	11.0%	50.0%	100.0%	
Gross Carrying Amount of Contractual Receivables		781	389	150	146	113	351	109	2,039
Loss Allowance	5.1	15	19	18	10	12	175	109	358
		Current \$'000	30 days <sup>i</sup> \$'000	60 days \$'000	90 days \$'000	120 days \$'000	150 days \$'000	365+ days \$'000	Total \$'000
30 June 2021									
Sundry Debtors									
Expected Loss Rate		1.0%	2.0%	5.0%	10.0%	20.0%	60.0%	100.0%	
Gross Carrying Amount of Contractual Receivables		1,590	-	278	230	50	38	646	2,832
Loss Allowance	5.1	16	-	14	23	10	23	646	732
	Note	Current \$'000	30 days \$'000	60 days \$'000	90 days \$'000	120 days \$'000	150 days \$'000	365+ days <sup>i</sup> \$'000	Total \$'000
30 June 2020									
Patient Debtors									
Expected Loss Rate		1.6%	3.8%	5.0%	12.0%	28.7%	75.0%	100.0%	
Gross Carrying Amount of Contractual Receivables		868	715	66	34	38	127	111	1,959
Loss Allowance	5.1	14	27	3	4	11	95	111	265
		Current \$'000	30 days \$'000	60 days \$'000	90 days \$'000	180 days \$'000	360 days \$'000	361+ days \$'000	Total \$'000
30 June 2020									
Sundry Debtors									
Expected Loss Rate		1.0%	2.0%	4.0%	4.0%	9.0%	60.0%	100.0%	
Gross Carrying Amount of Contractual Receivables		1,093	1,145	163	139	380	247	136	3,303
		,	, -	7					

<sup>i</sup> Credits are excluded when calculating the provision.

### **Statutory Receivables**

The Royal Women's Hospital non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments. Statutory receivables are considered to have low credit risk, taking into account the government's credit rating, risk of default and its capacity to meet contractual cash flow obligations in the near term. As the result, no credit loss allowance has been provided in the current financial year (2020: Nil).

# Note 7.2 Financial Risk Management Objectives and Policies (Continued)

# Note 7.2 (b) Liquidity Risk

Liquidity risk arises from being unable to meet financial obligations as they fall due.

The Royal Women's Hospital is exposed to liquidity risk mainly through the financial liabilities as disclosed in the Balance Sheet. The Royal Women's Hospital manages its liquidity risk by:

- Close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements;
- Maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its shortterm obligations;

- Holding investments and other contractual financial assets that are readily tradeable in the financial markets; and
- Careful maturity planning of its financial obligations based on forecasts of future cash flows.

The Royal Women's Hospital's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The following table discloses the contractual maturity analysis for the Royal Women's Hospital's financial liabilities. For interest rates applicable to borrowings refer to Note 6.1.

				Maturity Dates				
	Note	Carrying Amount \$'000	Nominal Amount \$'000	Less than 1 Month \$'000	1-3 Months \$'000	3 Months - 1 Year \$'000	1-5 Years \$'000	Over 5 Years \$'000
30 June 2021								
<b>Financial Liabilities</b>								
At Amortised Cost								
Payables and Contract Liabilities	5.2	16,169	16,169	10,106	5,794	129	140	-
Borrowings	6.1	196,324	196,324	955	1,739	8,451	51,842	133,337
Total Financial Liabilities <sup>i</sup>		212,493	212,493	11,061	7,533	8,580	51,982	133,337
30 June 2020								
<b>Financial Liabilities</b>								
At Amortised Cost								
Payables and Contract Liabilities	5.2	12,637	12,637	7,975	4,352	100	210	-
Borrowings	6.1	205,010	205,010	814	1,605	7,632	47,509	147,450
Total Financial Liabilities <sup>i</sup>		217,647	217,647	8,789	5,957	7,732	47,719	147,450

<sup>1</sup>The ageing analysis of financial liabilities excludes contractual payables (i.e. Deferred Capital Grant Revenue, Contract Liabilities and DH Cash Advance).

#### Note 7.2 (c) Market Risk

The Royal Women's Hospital's exposures to market risk are primarily through interest rate risk, foreign currency risk and equity price risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

#### Sensitivity Disclosure Analysis and Assumptions

The Royal Women's Hospital's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period. The Royal Women's Hospital's fund managers cannot be expected to predict movements in market rates and prices. The following movements are 'reasonably possible' over the next 12 months:

- A change in interest rates of 1% up or down; and
- A change in the top ASX 200 index of 15% up or down.

#### **Interest Rate Risk**

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Royal Women's Hospital does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Royal Women's Hospital has minimal exposure to cash flow interest rate risks through cash and deposits that are at floating rate. The Hospital's loan has a fixed interest rate, therefore no interest rate risk.

#### Foreign Currency Risk

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period.

The Royal Women's Hospital has minimal exposure to foreign currency risk.

#### **Equity Risk**

The Royal Women's Hospital is exposed to equity price risk through its investments in managed investment schemes. Such investments are allocated and traded to match the Hospital's investment objectives.

The Royal Women's Hospital's sensitivity to equity price risk is set out below.

		-15%		-15% 15%		5%
	Carrying Amount \$'000	Net Result \$'000	Fair Value Through OCI Revaluation Reserve \$'000	Net Result \$'000	Fair Value Through OCI Revaluation Reserve \$'000	
30 June 2021						
Investments and Other Financial Assets	19,031	(2,855)	-	2,855	-	
Total Impact	19,031	(2,855)	-	2,855	-	
30 June 2020						
Investments and Other Financial Assets	17,910	(2,687)	-	2,687	-	
Total Impact	17,910	(2,687)	-	2,687	-	

## **Note 7.3 Contingent Assets and Contingent Liabilities**

Details of maximum estimates for contingent assets or contingent liabilities are included in the following table:

	Total 2021 \$'000	Total 2020 \$'000
Contingent Liabilities		
Quantifiable		
Contribution to Parkville Facility	11,820	11,820
Total Quantifiable Contingent Liabilities	11,820	11,820

#### 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 hospital.

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

There were no contingent assets for the Royal Women's Hospital as at 30 June 2021 (2020: Nil).

#### **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 hospital 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.

#### **Contribution to Parkville Facility**

During the year ended 30 June 2008, the Royal Women's Hospital relocated to a new facility. The State of Victoria has an expectation that the Royal Women's Hospital will contribute \$61.40m (in cash or in kind) from the disposal of properties at the Carlton site to the cost of constructing the Parkville facility. Settlement of the contingent liability is dependent upon the timing and manner of the disposal of certain properties at the Carlton site.

Subsequent to 30 June 2008, the contingent liability to the Department of Health has reduced to \$11.82m.

Notes to the Financial Statements For the Financial Year Ended 30 June 2021

# **Note 8 Other Disclosures**

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of these financial statements.

#### Structure Note 8.1 Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities 111 Note 8.2 Responsible Persons 112 Note 8.3 Remuneration of Executives 114 Note 8.4 Related Parties 115 Note 8.5 Remuneration of Auditors 118 Note 8.6 Events Occurring after the Balance Sheet Date 118 Note 8.7 Controlled Entities 119 122 Note 8.8 Joint Arrangements Note 8.9 Equity 124 Note 8.10 Economic Dependency 124

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

No	te	Total 2021 \$'000	Total 2020 \$'000
Net Result for the Year		9,916	3,653
Non-Cash Movements:			
Depreciation and Amortisation of Non-Financial Assets 4	4.4	16,708	13,982
Amortisation of Intangible Non-Produced Assets 3	5.4	980	980
Net Loss from Disposal of Non-Financial Assets 3	5.4	217	31
Net Loss from Disposal of Financial Assets 3	5.4	56	18
Revaluation of Financial Instruments at Fair Value through Profit or Loss 3	5.4	(1,546)	816
Revaluation of Investment Properties 3	5.4	(4,823)	(4,773)
Allowance for Impairment Losses of Contractual Receivables		460	145
Revaluation of Long Service Leave Liability 3	5.4	(4,050)	1,570
Department of Health Non-cash Grants		(907)	(690)
Net movement in PPP Lease Liability <sup>i</sup>		(8,925)	(8,253)
Opening Balance Adjustment on Adoption of AASB 1058		-	(2,178)
Income from Managed Funds Reinvested		(557)	(774)
Management Fees for Managed Investments		8	27
Resources Received Free of Charge (non-cash donations)		-	(12)
Resources Provided Free of Charge (non-cash donations)		-	12
Consumables Received Free of Charge Under State Supply Arrangements 2	2.2	(324)	(411)
Assets Received Free of Charge Under State Supply Arrangements 2	2.2	(19)	-
Consumables Provided Free of Charge Under State Supply Arrangements		679	411
Movements in Assets and Liabilities:			
Change in Operating Assets and Liabilities			
(Increase)/Decrease in Receivables and Contract Assets		1,953	1,851
(Increase)/Decrease in Prepayments		(219)	(480)
Increase/(Decrease) in Payables and Contract Liabilities		(1,948)	(505)
Increase/(Decrease) in Provisions		6,168	4,371
(Increase)/Decrease in Inventories		(17)	(381)
Net Cash Flow from Operating Activities		13,810	9,410

<sup>1</sup> Funded by and payments made by the Department of Health to Royal Women's Health Partnership Pty Ltd.

# Note 8.2 Responsible Persons

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

	Period
The Honourable Martin Foley:	
Minister for Mental Health	1 Jul 2020 - 29 Sep 2020
Minister for Health	26 Sep 2020 - 30 Jun 2021
Minister for Ambulance Services	26 Sep 2020 - 30 Jun 2021
Minister for the Coordination of Health and Human Services: COVID-19	26 Sep 2020 - 9 Nov 2020
The Honourable Jenny Mikakos:	
Minister for Health	1 Jul 2020 - 26 Sep 2020
Minister for Ambulance Services	1 Jul 2020 - 26 Sep 2020
Minister for the Coordination of Health and Human Services: COVID-19	1 Jul 2020 - 26 Sep 2020
The Honourable James Merlino:	
Minister for Mental Health	29 Sep 2020 - 30 Jun 2021
Governing Board	
Ms Lyn Swinburne AO (Chair of the Board)	1 Jul 2020 - 30 Jun 2021
Ms Cath Bowtell	1 Jul 2020 - 30 Jun 2021
Mr Michael O'Neill	1 Jul 2020 - 30 Jun 2021
Ms Helga Svendsen	1 Jul 2020 - 30 Jun 2021
Ms Mandy Frostick	1 Jul 2020 - 30 Jun 2021
Ms Naomi Johnston	1 Jul 2020 - 30 Jun 2021
Ms Rosie Batty AO	1 Jul 2020 - 30 Jun 2021
Professor Alan Lilly	1 Jul 2020 - 30 Jun 2021
Mr Ken Parsons	1 Jul 2020 - 30 Jun 2021
Associate Professor Marie Bismark	1 Jul 2020 - 30 Jun 2021
Accountable Officer	
Dr Sue Matthews (Chief Executive Officer)	1 Jul 2020 - 30 Jun 2021

# **Remuneration of Responsible Persons**

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

	Total 2021 No.	Total 2020 No.
Income Band		
\$20,000 - \$29,999	9	9
\$50,000 - \$59,999	1	1
\$480,000 - \$489,999	1	1
Total	11	11

	Total 2021 \$'000	Total 2020 \$'000
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to	785	772

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

# **Note 8.3 Remuneration of Executives**

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

	Total 2021 \$'000	Total 2020 \$'000
Remuneration of Executive Officers (including Key Management Personnel Disclosed in Note 8.4)		
Short-term Benefits	2,119	2,049
Post-employment Benefits	211	199
Other Long-term Benefits	45	42
Termination Benefits	-	9
Total Remuneration <sup>1</sup>	2,375	2,299
Total Number of Executives	9	9
Total Annualised Employee Equivalent <sup>ii</sup>	8.2	8.2

<sup>i</sup> The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of

the Royal Women's Hospital under AASB 124 Related Party Disclosures and are also reported within Note 8.4 Related Parties.

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

A number of executive officers received bonus payments in the prior year based on the terms of their individual employment contracts. No bonus payments were paid in the current year.

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

#### Short-term Employee Benefits

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

#### **Post-employment Benefits**

Pensions and other retirement benefits (such as superannuation guarantee contributions) paid or payable on a discrete basis when employment has ceased.

#### Other Long-term Benefits

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

#### **Termination Benefits**

Termination of employment payments, such as severance packages.

## **Note 8.4 Related Parties**

The Royal Women's Hospital is a wholly owned and controlled entity of the State of Victoria. Related parties of the hospital include:

- All key management personnel (KMP) and their close family members and personal business interest;
- Cabinet ministers (where applicable) and their close family members;
- Controlled Entities Royal Women's Hospital Foundation Limited and The Royal Women's Hospital Foundation Trust Fund (wound up on 7 December 2020);
- Joint Arrangements A member of the Victorian Comprehensive Cancer Centre Joint Venture; and
- All hospitals and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of the Royal Women's Hospital and its controlled entities, directly or indirectly.

The Board of Directors and the Executive Directors of the Royal Women's Hospital and its controlled entities are deemed to be KMPs.

Entity	KMPs	Position Title
The Royal Women's Hospital	Ms Lyn Swinburne AO	Chair of the Board
The Royal Women's Hospital	Ms Cath Bowtell	Board Member
The Royal Women's Hospital	Mr Michael O'Neill	Board Member
The Royal Women's Hospital	Ms Helga Svendsen	Board Member
The Royal Women's Hospital	Ms Mandy Frostick	Board Member
The Royal Women's Hospital	Ms Naomi Johnston	Board Member
The Royal Women's Hospital	Ms Rosie Batty AO	Board Member
The Royal Women's Hospital	Professor Alan Lilly	Board Member
The Royal Women's Hospital	Mr Ken Parsons	Board Member
The Royal Women's Hospital	Associate Professor Marie Bismark	Board Member
The Royal Women's Hospital	Dr Sue Matthews	Chief Executive Officer
The Royal Women's Hospital	Mr Sam Garrasi	Chief Financial Officer
The Royal Women's Hospital	Ms Lisa Lynch	Chief Operating Officer
The Royal Women's Hospital	Dr Mark Garwood	Chief Medical Officer
The Royal Women's Hospital	Ms Laura Bignell	Chief Midwifery and Nursing Officer
The Royal Women's Hospital	Ms Tania Angelini	Chief Communications Officer
The Royal Women's Hospital	Ms Sherri Huckstep	Chief Experience Officer
The Royal Women's Hospital	Mr Damian Gibney	Executive Director Clinical Excellence and Systems Improvement
The Royal Women's Hospital	Mr George Cozaris	Executive Director Information Management and Technology
The Royal Women's Hospital	Mr Jason Smith	Executive Director Philanthropy and Community Investment

# Note 8.4 Related Parties (Continued)

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

	Total 2021 \$'000	Total 2020 \$'000
Compensation - KMPs		
Short-term Employee Benefits	2,857	2,775
Post-employment Benefits	258	245
Other Long-term Benefits	45	42
Termination Benefits	-	9
Total Compensation <sup>i</sup>	3,160	3,071

<sup>1</sup>KMPs are also reported in Note 8.2 Responsible Persons or Note 8.3 Remuneration of Executives.

# Significant Transactions with Government Related Entities

The Royal Women's Hospital received funding from the Department of Health of \$298m (2020: \$277m) and indirect contributions of \$1m (2020: \$1m). Balance outstanding as at 30 June 2021 is \$0.7m receivable (2020 \$1.5m receivable).

Expenses incurred by the Royal Women's Hospital 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 Victorian Managed Insurance Authority.

The Standing Directions of the Assistant Treasurer require the Royal Women's Hospital to hold cash (in excess of working capital) in accordance with the State's centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victoria unless an exemption has been approved by the Minister for Health and the Treasurer. The Royal Women's Hospital holds investment funds with the Victorian Funds Management Corporation, in accordance with the Standing Directions.

# **Transactions with KMPs and Other Related Parties**

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

Outside of normal citizen type transactions with the Royal Women's Hospital, 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 2021 (2020: nil).

The Executive Director Information Management and Technology of the Royal Women's Hospital has also acted as the Chief Information Officer of Melbourne Health during the 2021 financial year.

The transactions between the two entities are for reimbursement of salary related costs paid to the Royal Women's Hospital. All dealings are in the normal course of business and are on normal commercial terms and conditions.

There were no other related party transactions required to be disclosed for the Royal Women's Hospital Board of Directors and Executive Directors in 2021.

Except for the transaction listed below, there were no other related party transactions required to be disclosed for the Royal Women's Hospital Foundation Limited Board of Directors up to 7 December 2020.

# **Controlled Entities Related Party Transactions**

#### The Royal Women's Hospital Foundation

Ms Lyn Swinburne AO is the Chair of the Royal Women's Hospital Board and was a Director of the Royal Women's Hospital Foundation Limited.

Associate Professor Orla McNally is the Director of Oncology at the Royal Women's Hospital and was also a Director of the Royal Women's Hospital Foundation Limited.

Royal Women's Hospital Foundation Limited and The Royal Women's Hospital Foundation Trust Fund were wound up on 7 December 2020 under a voluntary deregistration and all activities were transferred across to the parent entity, The Royal Women's Hospital. The transactions between the two entities relate to reimbursements made by the Royal Women's Hospital Foundation to the Royal Women's Hospital for goods and services and the transfer of funds by way of distributions made to the hospital. All dealings are in the normal course of business and are on normal commercial terms and conditions.

	2021 \$'000	2020 \$'000
Distribution of funds by the Royal Women's Hospital Foundation Trust Fund during the normal course of business	902	2,463
Distribution of assets by the Royal Women's Hospital Foundation Trust Fund upon wind up	4,804	-
Intercompany receivable at 30 June	-	50

	2021 \$'000
Assets transferred to the Royal Women's Hospital upon wind up:	
Cash and Cash Equivalents	4,747
Accrued Revenue	43
Prepaid Expenses	6
Plant and Equipment	2
Intangible Assets	6
Total Assets Transferred	4,804

There were no liabilities transferred to the Royal Women's Hospital upon wind up.

#### **Joint Arrangements Related Party Transactions**

The CEO of the Royal Women's Hospital is a Director of the Victorian Comprehensive Cancer Centre during the 2021 financial year.

The transactions between the two entities relate to membership fees paid by the Royal Women's Hospital. All dealings are in the normal course of business and are on normal commercial terms and conditions.

	2021 \$'000	2020 \$'000
Payments by the Royal Women's Hospital for membership fees	154	152

# **Note 8.5 Remuneration of Auditors**

	Total 2021 \$'000	Total 2020 \$'000
Victorian Auditor-General's Office		
Audit of Financial Statements	90	91
Total Remuneration of Auditors	90	91

# Note 8.6 Events Occurring after the Balance Sheet Date

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the Royal Women's Hospital at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on the Royal Women's Hospital, its operations, its future results and financial position.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the Royal Women's Hospital, the results of the operations or the state of affairs of the Royal Women's Hospital in the future financial years.

# **Note 8.7 Controlled Entities**

The Royal Women's Hospital's interest in its controlled entities are detailed below.

Name of Entity	Country of Incorporation	Equity Holding
The Royal Women's Hospital Foundation Trust Fund	Australia	n/a
Royal Women's Hospital Foundation Limited	Australia	Limited by Guarantee

Royal Women's Hospital Foundation Limited and The Royal Women's Hospital Foundation Trust Fund were wound up on 7 December 2020 under a voluntary deregistration and all activities were transferred across to the parent entity, The Royal Women's Hospital.

An application to deregister the company and Trustee was made to the Australian Securities and Investment Commission.

The amounts are included in the Royal Women's Hospital's financial statements under their respective categories:

Comprehensive Operating Statement	2021 <sup>†</sup> \$'000	2020 \$'000
Revenue and Income from Transactions		
Other Revenue from Operating Activities	3	88
Assets Received Free of Charge or For Nominal Consideration	372	2,620
Dividends Received From Investments	115	210
Interest Income	-	1
Total Revenue and Income from Transactions	490	2,919
Expenses from Transactions		
Employee Expenses	99	382
Supplies and Consumables	-	1
Other Administrative Expenses	14	119
Other Operating Expenses	45	114
Depreciation and Amortisation	3	7
Total Expenses from Transactions	161	623
Net Result from Transactions - Net Operating Balance	329	2,296
Other Economic Flows Included in Net Result		
Net Gain/(Loss) on Financial Instruments	31	(381)
Other Loss from Other Economic Flows	(1)	(2)
Total Other Economic Flows Included in Net Result	30	(383)
NET RESULT FOR THE YEAR	359	1,913
COMPREHENSIVE RESULT FOR THE YEAR	359	1,913

<sup>i</sup> For the period ended 7 December 2020.

# Note 8.7 Controlled Entities (Continued)

Balance Sheet	2021 <sup>i</sup> \$'000	2020 \$'000
Current Assets		
Cash and Cash Equivalents	-	576
Receivables and Contract Assets	-	61
Prepaid Expenses	-	10
Total Current Assets	-	647
Non-Current Assets		
Investments and Other Financial Assets	-	4,790
Property, Plant and Equipment	-	3
Intangible Assets	-	8
Total Non-Current Assets	-	4,801
TOTAL ASSETS	-	5,448
<b>Current Liabilities</b> Payables and Contract Liabilities Employee Benefits	-	64 18
Total Current Liabilities	-	82
Non-Current Liabilities		
Employee Benefits	-	20
Total Non-Current Liabilities	-	20
TOTAL LIABILITIES	-	102
NET ASSETS	-	5,346
Equity		
Restricted Specific Purpose Surplus	-	4,298
Accumulated Surplus	-	1,048
TOTAL EQUITY	-	5,346

<sup>i</sup> At 7 December 2020.

Assets transferred to the Royal Women's Hospital upon wind up:

	2021 <sup>†</sup> \$'000
Cash and Cash Equivalents	4,747
Accrued Revenue	43
Prepaid Expenses	6
Plant and Equipment	2
Intangible Assets	6
Total Assets Transferred	4,804

<sup>i</sup> At 7 December 2020.

Cash Flow Statement	2021 <sup>†</sup> \$'000	2020 \$'000
Cash Flows from Operating Activities		
Total Receipts	402	2,723
Total Payments	(247)	(697)
Net Cash Flows from Operating Activities	155	2,026
Cash Flows from Investing Activities		
Purchase of Investments	-	(86)
Proceeds from Disposal of Investments	4,918	100
Net Cash Flows from Investing Activities	4,918	14
Net Cash Flows used in Financing Activities	-	-
Net Cash Flows from Discontinued Operations	5,073	2,040

<sup>i</sup> For the period ended 7 December 2020.

# **Note 8.8 Joint Arrangements**

Name of Entity		Ownership Interest	
	Principal Activity	2021 %	<b>2020</b> %
Victorian Comprehensive Cancer Centre Limited	The Member Entities have committed to the establishment of a world leading comprehensive cancer centre in Parkville, Victoria, through the Joint Venture, with a view to saving lives through the integration of cancer research, education and training and patient care.	10.0%	10.0%

The Royal Women's Hospital interest in assets and liabilities of the above joint arrangement are detailed below. The amounts are included in the Royal Women's Hospital financial statements under their respective categories:

	2021 \$'000 <sup>;</sup>	2020 \$'000 <sup>i</sup>
Current Assets		
Cash and Cash Equivalents	559	607
Receivables and Contract Assets	15	33
Investments and Other Financial Assets	-	450
Prepaid Expenses	8	47
Total Current Assets	582	1,137
Non-Current Assets		
Investments and Other Financial Assets	2	2
Property, Plant and Equipment	12	12
Intangible Assets	5	7
Total Non-Current Assets	19	21
TOTAL ASSETS	601	1,158
Current Liabilities		
Payables and Contract Liabilities	60	153
Employee Benefits	39	32
Total Current Liabilities	99	185
Non-Current Liabilities		
Employee Benefits	9	10
Total Non-Current Liabilities	9	10
TOTAL LIABILITIES	108	195
NET ASSETS	493	963
Equity		
Accumulated Surpluses	493	963
TOTAL EQUITY	493	963

The Royal Women's Hospital interest in revenues and expenses of the above joint arrangement are detailed below. The amounts are included in the Royal Women's Hospital financial statements under their respective categories:

	2021 \$'000 <sup>†</sup>	2020 \$'000 <sup>i</sup>
Revenue		
Grants	769	1,024
Other Income	72	93
Interest Income	2	14
Total Revenue	843	1,131
Expenses		
Employee Expenses	450	492
Other Expenses	856	1,124
Depreciation and Amortisation	6	7
Total Expenses	1,312	1,623
NET RESULT FOR THE YEAR	(469)	(492)

<sup>i</sup> Figures obtained from the unaudited Victorian Comprehensive Cancer Centre Joint Venture annual report.

# **Contingent Liabilities and Capital Commitments**

There are no known contingent liabilities and capital commitments held by the joint arrangement at balance date.

Operating commitments of \$0.07m in 2021 (2020: \$0.5m) have been disclosed under Note 6.3 Commitments.

# **Note 8.9 Equity**

#### How We Recognise Equity on the Balance Sheet

#### **Contributed Capital**

Contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Royal Women's Hospital.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

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

# **Restricted Specific Purpose Surplus**

The restricted specific purpose reserve is established where the Royal Women's Hospital has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

# Note 8.10 Economic Dependency

The Royal Women's Hospital is dependent on the Department of Health for the majority of its revenue used to operate the hospital. At the date of this report, the Board of Directors has no reason to believe the Department of Health will not continue to support the Royal Women's Hospital.

**The Royal Women's Hospital** Locked Bag 300 Parkville VIC 3052 Australia

Tel +61 8345 2000 www.thewomens.org.au