

THE WOMEN'S ANNUAL REPORT 2016



the women's
the royal women's hospital

CELEBRATING
160 YEARS

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THE WOMEN'S DECLARATION

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

*IN EVERYTHING WE DO, WE VALUE
COURAGE, PASSION, DISCOVERY AND RESPECT.*

WE WILL
LEAD HEALTH
RESEARCH
FOR WOMEN
AND NEWBORNS

WE WILL
INNOVATE
HEALTHCARE
FOR WOMEN
AND NEWBORNS

WE RECOGNISE
THAT SEX AND
GENDER AFFECT
WOMEN'S HEALTH
AND HEALTHCARE

CHAIR'S & CHIEF EXECUTIVE OFFICER'S MESSAGE

Year in Review

On behalf of the Board, Executive team and staff at the Royal Women's Hospital (the Women's), it is our privilege to present our 2015/16 Annual Report.

Established in 1856, the Women's is Australia's first and largest specialist public hospital dedicated to improving the health and wellbeing of women and newborns. Providing care across two campuses, the Women's provides general maternity and gynaecology care at Parkville and Sandringham, and tertiary care at Parkville for women and newborns who require specialist care. We are a leading teaching hospital and we are internationally recognised for our medical research.

Given that 2016 is our 160th anniversary year, we are particularly proud of the many exciting and world-leading milestones and accomplishments we have achieved over the past twelve months.

A major highlight has been the launch and implementation of our Strategic Plan 2016–2020. Driven by our key goal to put patients and consumers at the heart of everything we do, the plan is our roadmap for the next five years and has been developed and informed by extensive consultation with our people, partners, patients and consumers. Building on our reputation as a high-performing hospital

and a recognised leader in women's and newborn's health, the plan will guide us in addressing the demands of our changing and growing community and ensuring a holistic approach to meeting the needs of women at all stages of life.

In the past year, 9,395 babies were born at the Women's, with a record 36 deliveries in one day at our Parkville campus. We cared for more than 83,000 women, provided in excess of 36,000 inpatient services, had more than 196,500 outpatient visits, and saw just over 28,000 emergency presentations. In total we provided approximately 250,000 episodes of care.

Mirroring Australia's rich and dynamic multi-cultural society, the Women's patients originate from 189 countries, speak 90 different languages and follow 69 religious faiths.

This aligns to our deep-held conviction that we must continue to respond to the changing demands of the diverse community we serve.

Our origins as the first hospital in Australia for women who were pregnant, vulnerable and often destitute, together with our long standing commitment to evidence-based medicine, has created a proud legacy of excellence in care for the most disadvantaged in our community.

As such, we have begun to lead the movement to ensure that healthcare focuses on the gender lens, acknowledging that both sex and gender affect women's health.

IN THE PAST YEAR, 9,392 BABIES WERE BORN AT THE WOMEN'S, WITH A RECORD 36 DELIVERIES IN ONE DAY... WE CARED FOR MORE THAN 83,000 WOMEN, PROVIDED IN EXCESS OF 36,000 INPATIENT SERVICES AND ALMOST 196,500 OUTPATIENT VISITS, AND SAW JUST OVER 28,000 EMERGENCY PRESENTATIONS. IN TOTAL, WE PROVIDED APPROXIMATELY 250,000 EPISODES OF CARE.

Our work on the prevention of violence against women is founded in the knowledge that violence against women is a health issue. Other key areas for us will be women in mid-life and later years, young women and women's mental health.

Our culture has endured more than a century and a half of transformations in health and health care, as well as major changes in the social, economic and legal status of women. We have been very much part of this living history, pioneering and leading the advocacy and advancements of women's health, wellbeing and equity in all its forms, across Victoria and beyond.

We were reminded of this history when 160 babies and their mothers helped us to celebrate our 160th year at a reception at the historic Government House earlier this year. In hosting the event, the Women's patron, the Governor of Victoria, the Honourable Linda Dessau AM, commended the Women's for what it has and will continue to achieve.

An exciting bookend to the year was the opening of the new \$1 billion state-of-the-art VCCC. The Women's is proud to be a partner in the VCCC - together with the Peter MacCallum Cancer Centre and the Royal Melbourne Hospital - which takes to a new level the Parkville precinct's rich concentration of world-renowned educational, research and clinical facilities, and the potential for improved patient outcomes. An immediate benefit to our cancer patients from this world-class facility is through the recent relocation of the Women's day chemotherapy service to the VCCC.

Strategic Plan 2016-2020

The Women's Strategic Plan 2016-2020 sets the goal that our patients and consumers are at the heart of everything we do. We see their intersection with us as a journey, not an event, requiring a holistic approach to achieve the best possible outcomes.

Our strategic plan has been developed in a dynamic and evolving policy environment. We are confident that it is flexible enough to enable us to respond and adapt to shifts and changes as they emerge.

Analysis of the projected population growth, demographic shifts and changes in our environment indicate that over the next five years, demand for our specialist services will grow beyond our current capacity (particularly for maternity services at Parkville) as funding for public hospitals comes under increasing pressure.

Rapid advances in technology and research will impact on our clinical practices and models of care, and we will care for more women and newborns with complex care needs. We will see more women who expect choice, flexibility and active involvement in their healthcare and for services to be tailored to their individual and family needs. These factors will drive changes in our role and how we approach the delivery of our services and our care for women and newborns.

Our plan comprises four strategic directions and four areas of strategic focus. Together these capture the breadth of our work across our clinical streams of neonatal, gynaecology, women's cancer, maternity and associated services at our Parkville and Sandringham campuses.

Our strategic directions are:

- » exceptional patient and consumer experiences that deliver improved health outcomes for women and newborns
- » state-wide leadership in the healthcare of women and newborns
- » research, knowledge translation and innovation to lead and drive better health outcomes for women and newborns
- » investment in our workforce and our systems to meet the changing needs of our patients and consumers.

Seeing services through the eyes of our patients and consumers will set new standards in our person-centred services and care.

Our goal of putting our patients and consumers at the heart of everything we do will drive innovative and flexible approaches to providing care and services, and an exceptional experience of healthcare at the Women's. Part of that plan is to further develop our tertiary services and specialist expertise, balanced with serving our local communities in the inner north and west suburbs of Melbourne and the bayside area.

State-wide leadership

Since our pioneering beginnings in 1856, the Women's has built a proud legacy of advocacy and leadership covering a range of sensitive, complex and challenging women's health issues. We are constantly striving to be exceptional in our leadership.

Our commitment to reducing inequities in healthcare and our care for vulnerable and disadvantaged women and newborns has always been a priority in our leadership. We have continued to advocate and take the lead on sensitive and important matters including violence against women as a major public health issue, and improving access to sexual and reproductive healthcare.

Violence against women

We know that women are more likely to reveal family violence to a health professional than to their closest friend.

This has driven a whole-of-system approach to addressing family violence, led by the Women's in collaboration with Bendigo Health.

Funded by the Victorian Government, the Strengthening Hospital Response to Family Violence (SHRFV) Project has devised a service model which can be adapted by other Victorian health services to improve the identification and responses to women and children at risk of experiencing family violence.

Hosted by the Women's and Bendigo Health, about 200 hospital representatives from throughout Victoria attended a SHRFV forum in May to learn from our experience. This model will drive a cultural shift among Victorian hospitals towards a whole-of-system approach to the complex and sensitive issue of family violence, as recommended by the Royal Commission into Family Violence.

As part of our leading role in addressing family violence, we are the first hospital to establish a health justice partnership that sees us partnering with Inner Melbourne Community Legal.

Increasing sexual and reproductive health capacity in regional Victoria

In partnership with the Centre for Excellence in Rural Sexual Health (CERSH), the Women's has continued to build the capacity of health professionals in regional Victoria.

Our work has included:

- » training and support for 68 health professionals in regional areas
- » conference and forum presentations on increasing access to medical abortion
- » developing information-sharing protocols between regional GPs and the Women's Pregnancy Advisory Service.

In addition to helping build capacity in regional areas, the Women's provided input for the pathway for abortion developed by HealthPathways Melbourne.

This partnership will also be guided and strengthened by findings from our Service Capacity Review – Contraception, Pregnancy Advice and Abortion. This review was commissioned by the DHHS and has been conducted in partnership with Family Planning Victoria and Women's Health Victoria.

The Victorian Perinatal Autopsy Service

The Women's has taken a lead role in the development of the Victorian Perinatal Autopsy Service (VPAS) to provide a coordinated statewide service ensuring consistent standards of practice and expertise for the clinical investigation of perinatal deaths across Victoria.

The Women's has also led the establishment of a Regional Maternal and Perinatal Mortality and Morbidity Committee (RPMMC) in each of the six regions in Victoria.

Improve the health outcomes of Aboriginal and Torres Strait Islanders

We are leading the way and sharing our expertise throughout Victoria with the Maternity Services Education Program which has continued to deliver regional workshops on cultural safety in maternity care. The workshops are facilitated with the Victorian Aboriginal Community Controlled Health Organisation (VACCHO) and include input from Koori Maternity Services, Aboriginal community controlled health services and mainstream services, to ensure the content meets the needs of local health professionals.

Newborn Behavioural Observation

The Centre for Women's Mental Health is leading the integration of Newborn Behavioural Observation (NBO) principles into clinical care, conducting research and training health professionals.

In the past year, we completed a pilot research study on the use of the NBO with premature infants. Further, NBO Australia at the Women's provides training across Australia and New Zealand and in 2015/16, six workshops saw 128 professionals from Australia trained, including the first group of Aboriginal health workers.

Research

Our dedicated research teams are led by internationally recognised experts across nine centres of excellence: Newborn, Infectious Diseases, Gynaecology, Cancer, Pregnancy, Mental Health, Midwifery and Maternity Services, Allied Health and Anaesthetics.

The outstanding quality of our experts and their research is highlighted by our successes in attracting much sought after Federal Government funding.

Collectively, our nine research centres were awarded competitive grants worth \$12.3 million in calendar year 2015. In October 2015, we welcomed the announcement of \$7.4 million in new funding from the National Health and Medical Research Council (NHMRC).

Among the great strengths of our research program is our ability to directly involve patients in research aimed at finding better treatment options. In 2015, more than 3200 patients participated in 62 clinical trials and we are looking forward to increasing this even further given the enormous potential of our VCCC partnership. In addition, our experts published a total of 270 peer-reviewed papers and supervised 41 students to complete their higher education studies.

Research highlights include:

- » Providing neonatal specialists and hospitals with new clinical evidence for safer levels of blood oxygen for babies born before 28 weeks' gestation.
- » Leading clinical human papillomavirus (HPV) vaccine trials in Australia and measuring vaccine effectiveness post the vaccine rollout. Also, taking a principal role in the largest international evaluation of HPV vaccine which has shown the prevalence of infections has dropped by almost 90 per cent worldwide since the program began 10 years ago.
- » In conjunction with the University of Melbourne, the appointment of a joint chair of Family Violence Prevention.

Financial performance

A number of changes have been implemented across the hospital, resulting in an increase in revenue in 2015/16. The hospital recorded an operating surplus of \$0.82 million.

Acknowledgements

We are immensely proud to lead such a strong, vibrant and innovative organisation which includes approximately 2,300 staff and 270 volunteers and auxiliary members.

It is our staff and volunteers who help drive our quest to be exceptional. They exemplify our declaration and values: In everything we do, we value courage, passion, discovery and respect.



Lyn Swinburne

Ms Lyn Swinburne AM
Board Chair
The Royal Women's Hospital

The input of the Community Advisory Committee (CAC), which has representatives from a wide range of backgrounds reflective of the communities we serve helps to keep us grounded and focused on the needs of our patients and consumers. The committee advises the Women's on a range of issues, including the preparation of patient information and education activities, access issues and how best to ensure we meet the needs of our diverse and changing population.

The Women's Foundation raises funds vital to supporting the work of the Women's. They draw upon the wonderful backing of community supporters, donors charitable trusts and patients, past and present, and their families, who understand and appreciate the service provided by our unique hospital. We know our supporters are motivated for different reasons but all have a shared vision for the ongoing success and achievements of the Women's.

On behalf of the Women's Board and Executive, we thank each and every staff member, volunteer and donor for their dedication and unwavering commitment to the goals and objectives of the Women's. We look forward to continuing our work together to action the Women's Strategic Plan 2016-2020 and achieving our common goal of creating an exceptional experience for our patients and consumers.



Sue Matthews

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

REPORT OF OPERATIONS

THIS SECTION INCLUDES DISCLOSURES REQUIRED BY THE *HEALTH SERVICES ACT 1988*, *FINANCIAL MANAGEMENT ACT 1994*. IT ALSO INCLUDES VOLUNTARY DISCLOSURES OF ADDITIONAL REGULATORY COMPLIANCE INFORMATION.

Manner of Establishment and the Relevant Minister

The Royal Women's Hospital (the Women's) is a public health service and is incorporated pursuant to the provisions of the *Health Services Act 1988* (as amended). Now in its 160th year, the Women's has provided health services to women and newborn babies of Victoria and beyond, since 1856.

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 Hon. Jill Hennessy MP was the responsible Minister during the 2015/16 financial year.

Objectives, Functions, Powers and Duties

At the Women's, our core objective is to provide 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* (the Act).

Our other objectives as a public health service are to:

- a) Provide high quality health services to the community, which aim to meet community needs effectively and efficiently;
- b) Integrate care as needed across service boundaries in order to achieve continuity of care and promote the most appropriate level of care to meet the needs of individuals;
- c) Ensure that health services are aimed at improvements in individual health outcomes and population health status by allocating resources according to best practice health care approaches;
- d) Ensure that the hospital strives to continuously improve quality and foster innovation;

- e) Support a broad range of high quality health research to contribute to new knowledge and to take advantage of knowledge gained elsewhere;
- f) Operate in a business-like manner which maximises efficiency, effectiveness and cost effectiveness and ensures the financial viability of the hospital;
- g) Ensure that mechanisms are available to inform consumers and protect their rights and to facilitate consultation with the community;
- h) Operate a public health service as authorised by or under the Act; and
- i) Undertake any other activities that may be conveniently carried out in connection with the operation of a public health service or calculated to make more efficient use of the hospital's assets or activities.

The objectives of the Women's as a public health service are detailed in the by-laws of the Royal Women's Hospital, copies of which are available upon request. The powers and duties of the Royal Women's Hospital are prescribed by the Act.

Nature and Range of Services

The Women's is Australia's first and largest specialist public hospital dedicated to improving the health and wellbeing of all women and newborns.

With campuses at Parkville and Sandringham, the Women's is at the forefront of the advocacy and advancement of women's health and wellbeing. We are a major teaching hospital that is internationally recognised for our research in the areas of women's and newborn health including pregnancy, gynaecological disorders and infertility.

We are committed to a holistic philosophy of health and in 2015/16 we provided specialist women's health services to 83,147 women from 189 countries, who speak 90 different languages and follow 69 separate religious faiths.

Our Parkville campus is a state-wide tertiary hospital for women and newborns with complex needs and a local hospital for those residing in inner north-west Melbourne. The Women's also has responsibility for the maternity and gynaecology services at Sandringham Hospital.

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

- » Maternity Services – includes antenatal, birthing and postnatal care as well as specialist maternity services.
- » Neonatal Services – includes the Neonatal Intensive Care Unit (NICU) nurseries.
- » Gynaecology Services – includes specialist gynaecology, reproductive services and urogynaecology.
- » Termination of pregnancy.
- » Cancer (and pre-cancer) Services – includes breast, dysplasia and gynaecology services.

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

In addition, the Women's provides a range of other services such as clinical, psychosocial, and supportive care. These encompass areas such as women's mental health, social support, Aboriginal women's health, services supporting women who have experienced sexual assault, domestic violence, and care for women in diverse and disadvantaged groups.

Our services are informed by research and are provided within an environment of innovation and education.

As a major teaching hospital, the Women's has academic affiliations with several universities and tertiary educational institutions, notably the University of Melbourne and La Trobe University.

Board of Directors

The Directors serving on the Board of the Women's Hospital during the 2015/16 reporting period were:

Ms Lyn Swinburne AM (Chair),
 Ms Felicity Pantelidis (Deputy Chair),
 Ms Sue Zablud, Dr Nicolas Radford,
 Ms Christina Liosis, Dr Catherine Hutton,
 Mr Michael O'Neill,
 Professor David Copolov AO,
 Ms Helga Svendsen
 (appointed September 2015)

Board Committees

The following committees and board provided advice to the Women's Hospital Board of Directors during the 2015/16 financial year:

Finance, Investment and Information Technology Committee

Chair: Mr Michael O'Neill

Members: Ms Felicity Pantelidis,
 Ms Christina Liosis, Ms Debbie Goodin,
 Ms Christine Wigg, Dr Sue Matthews,
 Mr Zak Gruevski, Ms Lisa Dunlop,
 Mr Sam Garrasi, Mr Denis Clare,
 Associate Professor Carl Kuschel,
 Mr George Cozaris (commenced October 2015),
 Mr Chris Gamble (retired September 2015)

Audit and Corporate Risk Management Committee

Chair: Ms Felicity Pantelidis

Members: Ms Christina Liosis,
 Mr Michael O'Neill, Ms Christine Wigg,
 Dr Sue Matthews, Mr Zak Gruevski,
 Mr Chris Gamble (retired September 2015)

Community Advisory Committee

Chair: Ms Christina Liosis

Members: Ms Deepa Mathews,
 Ms Heather Beanland, Ms Marija Groen,
 Ms Rebecca Harris, Ms Charlene Edwards,
 Ms Alison Soutar, Ms Ivy Wang, Mr Simon Gullery
 (commenced March 2016), Ms Helga Svendsen
 (commenced May 2016), Dr Sue Matthews,
 Ms Tanya Farrell, Ms Tania Angelini (commenced
 January 2016), Ms Jill Butty, Ms Gemma Cooper,
 Ms Jacinta Robertson (resigned February 2016),
 Dr Catherine Hutton (retired June 2016)

Board Research Committee

Chair: Professor David Copolov AO

Members: Dr Nicolas Radford,
 Ms Sue Zablud, Dr Sue Matthews,
 Dr Mark Garwood, Professor Peter Rogers,
 Ms Tania Angelini (commenced January 2016),
 Ms Jan Chisholm (commenced March 2016)

Primary Care and Population Health Advisory Committee

Chair: Dr Catherine Hutton

Members: Professor David Copolov AO,
 Dr Helen McLachlan, Ms Tricia Malowney,
 Dr Adele Murdolo, Associate Professor
 Christopher Carter, Ms Lyn Morgain,
 Professor Kelsey Hegarty (commenced
 March 2016), Ms Karen Field (commenced
 March 2016), Associate Professor Jane Tomnay
 (commenced March 2016), Ms Sue Casey
 (commenced May 2016), Dr Sue Matthews,
 Ms Allison Kenwood, Ms Tanya Farrell,
 Professor Louise Newman, Dr Ines Rio,
 Professor Ann Kavanagh (retired December 2015),
 Ms Patty Kinnersly (retired December 2015)

Quality Committee

Chair: Dr Nicolas Radford

Members: Dr Catherine Hutton,
Ms Lyn Swinburne AM,
Ms Heather Beanland,
Dr Sue Matthews, Ms Lisa Dunlop,
Dr Mark Garwood, Ms Tanya Farrell,
Associate Professor Leslie Reti,
Associate Professor Carl Kuschel,
Ms Cvetka Sedmak, Ms Jenny Ryan,
Ms Jill Butty

Human Resources, Governance and Remuneration Committee

Chair: Ms Sue Zablud

Members: Dr Nicolas Radford,
Ms Simone Hartley-Keane, Dr Sue Matthews,
Ms Tanya Farrell, Ms Allison Kenwood,
Ms Edwynna Wilson,
Mr Chris Gamble (retired September 2015)

Royal Women's Hospital Foundation Board

Chair: Ms Sue Zablud

Members: Ms Lyn Swinburne AM,
Associate Professor Leslie Reti,
Associate Professor John McBain AO,
Ms Lynda Jane Trembath,
Ms Elaine Canty AM (commenced January 2016),
Ms Brigid Robertson (commenced January 2016),
Ms Jan Chisholm (commenced Chief Executive Officer, Royal Women's Hospital Foundation in February 2016), Dr Sue Matthews,
Mr Zak Gruevski, Ms Sue Driscoll (Acting Executive Director, Royal Women's Hospital Foundation, September 2015 to February 2016),
Ms Katrina Wilkins (resigned July 2015),
Ms Nicole Anne Long (resigned October 2015)

Management

Chief Executive Officer:

Dr Sue Matthews

Executive Director, Clinical Operations:

Ms Lisa Dunlop

Executive Director, Finance and Corporate Services:

Mr Zak Gruevski

Executive Director, Nursing and Midwifery:

Ms Tanya Farrell

Executive Director, Strategy and Planning:

Ms Allison Kenwood

Chief Medical Officer:

Dr Mark Garwood

Chief Communications Officer:

Ms Rose Gigliotti (resigned August 2015),
Ms Tania Angelini (commenced January 2016)

Executive Director, Human Resources and Information Technology:

Mr Chris Gamble (retired September 2015)

Executive Director, Information Management and Technology:

Mr George Cozaris (commenced October 2015)

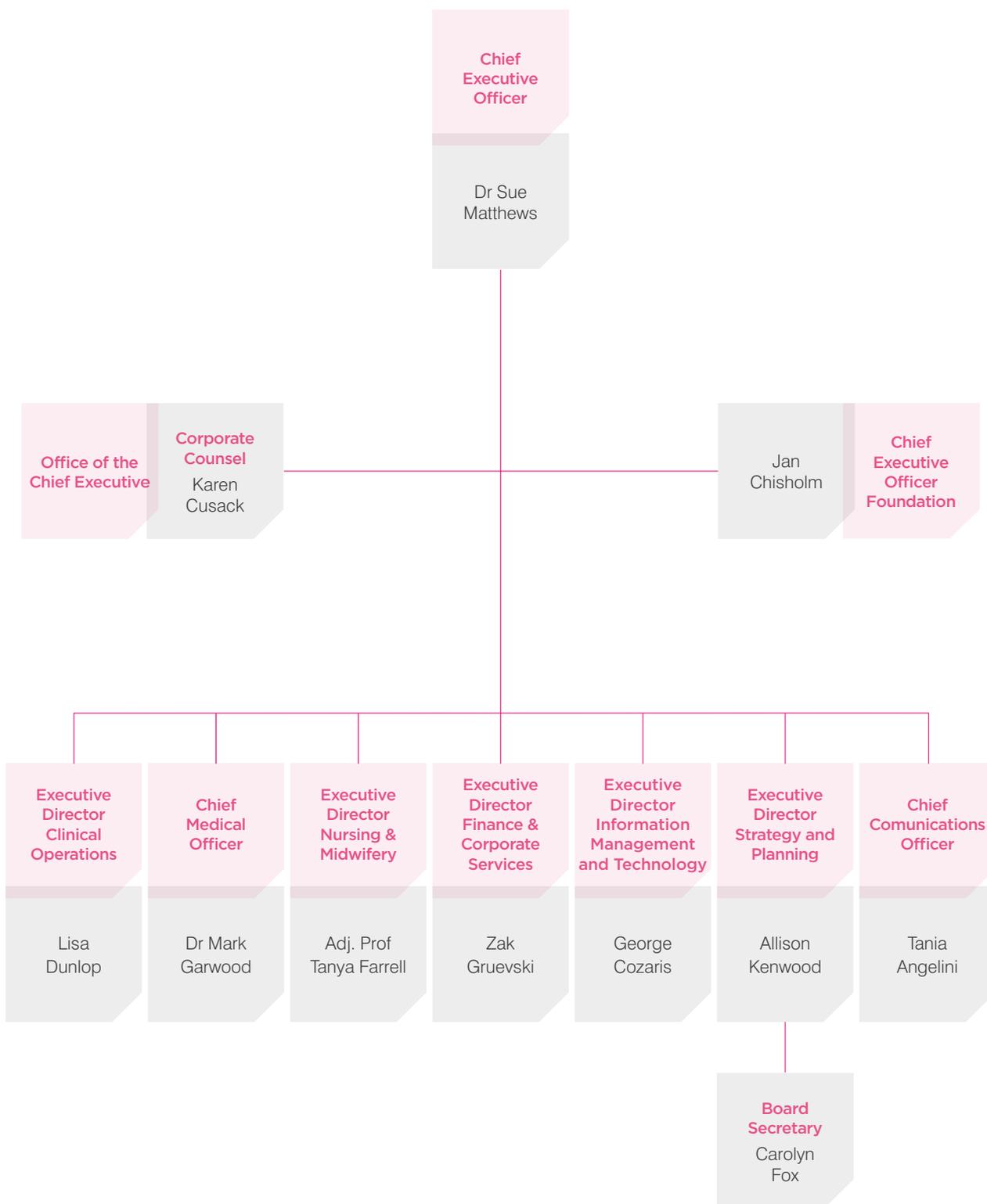
Corporate Counsel:

Ms Karen Cusack

Executive Director, Royal Women's Hospital Foundation:
Ms Katrina Wilkins (resigned July 2015)*

* *This position is no longer part of the Women's management structure.*

Management and Organisational Structure



Workforce Data

Full Time Equivalent (FTE) Employees June 2016

Labour Category	Current Month FTE		Year to Date FTE	
	2015/16	2014/15	2015/16	2014/15
Nursing	725.7	706.4	715.2	703.8
Administration and clerical	282.4	275.1	278.4	269.2
Medical support	90.0	85.8	88.4	87.1
Hotel and Allied Health Services	10.9	10.1	10.5	10.0
Medical officers	27.1	25.5	26.1	26.1
Hospital medical officers	110.6	110.7	107.9	110.3
Sessional clinicians	46.9	50.4	49.4	49.1
Ancillary staff (Allied Health)	64.9	63.2	63.6	62.2
TOTAL	1,358.5	1,327.5	1,339.5	1,317.8

Workforce Data Disclosures

Excludes: overtime and agency FTE
(per FRD 29A)

Subsequent Events

Refer to Note 25: Events Occurring after the Balance Sheet Date.

Disclosure of Ex-gratia Payments

Nil to report for 2015/16.

Operational and Budgetary Objectives and Performance

The Statement of Priorities (SoP) is the hospital's key accountability agreement with the Minister for Health and sets out a number of financial, access and service performance priorities and agreed targets. One of these key measures relates to patient activity targets where the hospital's target was to achieve 100 per cent of its inpatient services target and it finished the year achieving 95.3 per cent of this measure.

The hospital recorded an operating surplus of \$0.82 million.

Summary of Financial Results

Excluding capital payments and controlled entities results, the Women's recorded an operational surplus of \$0.82 million for the year ending 30 June 2016, compared to an operational surplus of \$1.52 million the previous year.

A net deficit of \$5.87 million was recorded after taking into account the impact of capital,

depreciation and net results from its controlled entities, the Royal Women's Hospital Foundation Limited and 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.

Five Year Financial Summary

The Royal Women's Hospital and its Controlled Entities	2015/16 \$'000	2014/15 \$'000	2013/14 \$'000	2012/13 \$'000	2011/12 \$'000
Total Revenue	274,520	264,337	249,172	230,576	225,984
Total Expenses	(280,388)	(270,749)	(258,036)	(239,944)	(236,328)
Net Result for the Year (incl. Capital and Specific items) ⁱ	(5,868)	(6,412)	(8,864)	(9,368)	(10,344)
Retained Surplus/ (Accumulated Deficit) ⁱⁱ	(84,154)	(84,616)	(126,697)	(113,789)	(106,705)
Total Assets	443,194	425,997	435,691	341,936	364,351
Total Liabilities	305,485	300,458	303,377	303,784	308,129
Net Assets	137,709	125,539	132,314	38,152	56,222
Total Equity	137,709	125,539	132,314	38,152	56,222

ⁱ For 2015/16, comprise the net surplus from operations \$815,686, net deficit from capital income, specific items and depreciation expense \$7,123,952 and controlled entities surplus of \$440,398.

ⁱ For 2014/15, comprise the net surplus from operations \$1,522,490, net deficit from capital income, specific items and depreciation expense \$9,490,278 and controlled entities surplus of \$1,556,210.

ⁱⁱ The Royal Women's Hospital has adopted a retrospective change in the disclosure of accumulated deficits, which includes reserves previously disclosed under General Purpose Surplus. Total accumulated deficit balance has been restated for 2014/15.

Privacy

To protect our patients, consumers, staff and organisation, the Women's is committed to ensuring we comply with relevant privacy, confidentiality and security legislation. All new employees are provided with the hospital's Privacy, Confidentiality & Security Agreement and are required to understand their obligations and responsibilities, including what it means to sign the Agreement. The employee retains the signed original of the Agreement and a copy is retained by Human Resources in its employee record file.

Nominated Officer

Privacy Officer: Ms Annette Toohill

Additional Information

Consistent with the requirements of FRD 22G Standard Disclosures in the Report of Operations, 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 the freedom of information requirements, if applicable):

- a) A completed statement of pecuniary interest;
- b) Details of shares held by senior officers as nominee or held beneficially;
- c) Details of publications produced by the Department about the activities of the health service and where they can be obtained;
- d) Details of changes in prices, fees, charges, rates and levies charged by the health service;
- e) Details of any major external reviews carried out on the health service;
- f) Details of major research and development activities undertaken by the health service that are not otherwise covered either in the Report of Operations or in a document that contains the financial statements and Report of Operations;

- g) Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- h) Details of major promotional, public relations and marketing activities undertaken by the health service to develop community awareness of the health service and its services;
- i) Details of assessments and measures undertaken to improve the occupational health and safety of employees;
- j) General statement on industrial relations within the health service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the Report of Operations;
- k) A list of major committees sponsored by the health service, the purposes of each committee and the extent to which those purposes have been achieved;
- l) Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

Application and Operation of Protected Disclosure Act 2012

The *Protected Disclosure Act 2012* commenced operation in August 2013. The *Protected Disclosure Act* was repealed and replaced the *Whistleblowers Protection Act 2001*.

There were no protected disclosures made under the previous Whistleblowers Protection Act for the period up to the commencement of the *Protected Disclosure Act*.

In accordance with the *Protected Disclosure Act 2012* there were no matters referred to the Independent Broad-based Anti-corruption Commission (IBAC).

Employment and Conduct Principles (Application of Merit and Workplace Equity 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 dealing with grievances such as discrimination, sexual harassment and workplace bullying are consistent, fair and equitable. The Women's Respectful Workplace Behaviours Policy continues to be implemented and our managers are trained in the policy and its practical implications. A program of peer support contact officers has been implemented as part of the policy. An internal expression of interest and interview process was undertaken to ensure that a balanced representation of the professional groups across the hospital were appointed. Twelve contact officers have been appointed and provided with training from the Human Rights and Equal Opportunity Commission on the role of a contact officer as part of their substantive role within the Women's. Human Resources will continue to provide support to the contact officers and has established a network group that will meet regularly.

Child Safe Standards

The Royal Women's Hospital is committed to child safety through a zero tolerance for child abuse. We are committed to acting in the best interests of children, keeping them safe, and actively working to empower them.

Occupational Health and Safety

During the 2015/16 financial year, the Women's Occupational Health and Safety (OH&S) Program focused on several key areas.

Enhancement of the Women's Smart Move Program

Over the past 12 months the Women's has strengthened the patient-related manual-handling Smart Move Program through the purchase of new patient manual-handling equipment, and the implementation of a training program for the Smart Move trainers. We have also enhanced our quarterly reporting to the Women's Executive on health, safety and wellbeing which includes the manual-handling program.

Workforce Initiative – Prevention and Management of Aggression

During the year the Women's received funding through the Department of Health and Human Services to enhance our security system. The funding was for the installation of a swipe card access system to the doors in the Day Surgery waiting room to reduce unauthorised entry of people into the operating suite and recovery areas.

A refreshed Code Grey training program has been rolled out for senior clinicians across the hospital. The training focuses on prevention of aggression through the use of planned Code Grey/environmental design principles. The training also covers de-escalation strategies that can be used by senior clinicians leading the Code Grey.

The Women's Wellbeing Program

Several wellbeing initiatives were rolled out during the year under review.

The Women's held its inaugural Health and Wellbeing Week for staff in August 2015. A highlight was the launch of the new staff health and wellbeing intranet pages.

A pilot six-week wellbeing program, 'Happy Body at Work', was rolled out to 100 staff who are predominantly in sedentary roles. It is anticipated that the program will be extended to clinical staff in a new pilot for active workers in 2016/17.

The sit/stand workstation initiative for staff has expanded significantly in the past 12 months with 38 workstations installed across the hospital. An evaluation of the program is scheduled for the second half of 2016.

The Women's also implemented a new training program for managers to help create a mentally healthy work environment and support staff with mental health issues. The training program will continue over the next 12 months.

The annual Million Steps in May event was a great success with more than 30 teams participating.

WorkCover Performance

The hospital's WorkCover performance rating remains better than the industry standard and compares favourably with other comparable Victorian health services. Our three-year performance rating is 19 per cent better than the average for the rest of the industry.

The main focus of the Women's safety program for 2016/17 will include working closely on the development and commencement of the hospital's new, four-year Workforce Strategy; preparation for the hospital's accreditation in early 2017; and implementing further initiatives for the Smart Move, Respectful Workplace Behaviours, aggression management and staff wellbeing programs.

Occupational Violence

Occupational violence statistics	2015/16
1. Number of WorkCover accepted claims with an occupational violence ¹ cause per 100 FTE	0
2. Number of accepted WorkCover claims ² with lost time ³ injury with an occupational violence cause per 1,000,000 hours worked.	0
3. Number of occupational violence incidents ⁴ reported	21
4. Number of occupational violence incidents reported per 100 FTE	1.57
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition	4.8%

¹ Occupational violence – any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment.

² Accepted WorkCover claims – accepted WorkCover claims that were lodged in 2015/16.

³ Lost time – is defined as greater than one day.

⁴ Incidents – occupational health and safety incidents reported in the health service incident reporting system. Code Grey reporting is not included.

Victorian Industry Participation Policy Disclosures

In accordance with the Victorian *Industry Participation Policy Act 2003*, there was a 'nil' return for the Royal Women's Hospital. No contracts commenced and/or were completed in the financial year.

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 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.

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.

Reporting of Office-based Environmental Impacts

The Women's Environmental Management Committee continuously seeks opportunities from staff, contractors and suppliers to increase the rate of recycling and identify new recycling waste streams.

Environmental specifications are incorporated into key service contracts, including cleaning. Waste trolleys have three separate bags to assist staff with segregation of general waste, paper and co-mingled waste.

The Melbourne Health Supply and Logistics Department ensures major tender documents refer to environmental impacts.

Environmental Performance

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

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

A new initiative this year was the PVC recycling trial in the hospital's Perioperative and Day Surgery area, as well as staff education. Ending in June, the trial was a great success with all staff engaging in PVC recycling. Staff feedback was also considered as to where our recycling points should be located to best service the department. Given the success of the trial, we expect to continue recycling a large quantity of PVC materials in the operating suite and plan to roll out the initiative to other departments.

'Greening the Women's' went live on the hospital intranet in late May 2016. The Greening the Women's intranet page satisfies the hospital's Environmental Management Plan by addressing the annual action plan. The Greening the Women's intranet page aims to:

- » build an identifiable brand for the Environmental Management Plan and enable all communications and activities (awareness raising, behavioural change or mandatory activities) to be recognised easily as part of the same broad initiative through consistent use of name and visual branding representation
- » function as a one-stop-shop for information on the Women's Environmental Management Plan and Policy
- » feature initiatives implemented by the Environmental Management Committee
- » feature benchmarking information, external resources linked to priority areas, hints and tips for staff to adopt, and
- » facilitate two-way communication by encouraging staff to provide ideas about environmental-initiatives that could be implemented at the Women's.

Car Parking Fees

The Women's Hospital complies with the DHHS hospital circular on car parking fees effective 1 February 2016. Details of car parking fees and concession benefits can be viewed at: <https://www.thewomens.org.au/search/?keywords=car+parking+fees>

Freedom of Information

The *Victorian Freedom of Information Act 1982* provides 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.

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.

Nominated Officers

Freedom of Information Officer: Mr Neil Goodwin

Medico-legal Officer: Dr Mark Garwood

	2015/16	2014/15	2013/14	2012/13
FOI requests received				
Total	305	287	303	287
FOI request outcomes				
Access (includes partial)	249	230	238	230
No information available	18	17	25	14
Withdrawn	13	16	12	10
Denied in full	1	1	1	0
Incomplete/outstanding	24	23	28	11

Information and Communication Technology (ICT) expenditure

The total ICT expenditure incurred during 2015/16 is \$6.3 million (excluding GST) with the details shown below.

Total ICT expenditure incurred during 2015/16 (ex GST) \$m			
Business as usual (BAU) ICT expenditure	Non-business as usual ICT expenditure	Operational expenditure	Capital expenditure
4.9	1.4	-	1.4

Consultancies

Details of consultancies (under \$10,000)

In 2015/16, there were 12 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2015/16 in relation to these consultancies is \$65,327 (ex GST).

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

In 2015/16, there were three consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2015/16 in relation to these consultancies is \$70,000 (ex GST).

Consultant	Purpose of Consultancy	Start Date	End Date	Total Approved Project Fee (ex GST) \$'000	Expenditure 2015/16 (ex GST) \$'000	Future Expenditure (ex GST) \$'000
The Health Consultancy	Health information review	1/09/2015	31/10/2015	10	10	-
Scaffidi Hugh-Jones	Strategic planning and review work	1/08/2015	30/11/2015	49	49	-
KU Children's Services	Child care centre review	1/12/2015	31/12/2015	11	11	-
				70	70	-

Disclosure of Major Contracts

Nil to report for 2015/16.

Competitive Neutrality/ National Competition Policy

Competitive neutrality is about ensuring that the significant business activities of publicly owned entities compete fairly in the market when it is in the public interest for them to do so.

Competitive neutrality is about transparent cost identification and pricing in a way that removes net cost advantages arising from public ownership. Competitive neutrality does not apply to non-business, non-profit activities of government.

The Government of Victoria is a party to the intergovernmental Competition Principles Agreement (CPA), which is one of three agreements that collectively underpin National Competition Policy. The Victorian Government is committed to the ongoing implementation of the National Competition Policy in a considered and responsible manner.

This means that public interest considerations should be taken into account explicitly in any government decisions on the implementation of this policy.

Summary of Service Statistics	2015/16
Births	9,253
Inpatient stays	36,110 ¹
Outpatient visits	197,005 ¹
Emergency services – attendances	28,032
Triage percentage of Category 1–5 seen within recommended timeframes	79.4%
Percentage of emergency patients with a length of stay less than four hours	88%
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 percentage of transfers within 40 minutes	98.7%

¹ Interim data at 29 July 2016

KEY FINANCIAL AND SERVICE PERFORMANCE REPORTING

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PART A – Strategic Priorities for 2015/16

Domain	Action	The Women's Deliverables	Status as at 30 June 2016	Commentary
Patient experience and outcomes	Drive improved health outcomes through a strong focus on patient-centred care in the planning, delivery and evaluation of services, and the development of new models for putting patients first.	Develop a Patient Experience Plan to improve performance against the eight dimensions of patient centred care, through <ul style="list-style-type: none"> » engaging experts » reviewing data and consumer feedback » building the capacity of staff. 	Achieved	The Women's has developed a Creating Exceptional Experiences Strategy, based on the Picker Principles, and appointed a director to lead this work. Implementation of the strategy has commenced, and includes: <ul style="list-style-type: none"> » Our unique Creating Exceptional Experiences Course provides a platform for strengthening our staff engagement and culture of patient-centred care. The course is delivered by our staff facilitators with 300 staff graduating this year. » Our Leadership Walkarounds, which Executive and Board Directors have reviewed and re-focused to capture staff and patient experiences, as well as safety elements. » Capturing our patient stories to help inform experience- improvement initiatives, clinical education, Board meetings and other forums. In 2015 the Australian Institute For Patients and Family Centred Care conducted a baseline assessment with staff, women and their partners, and found that the Women's is heading in the right direction to improve patient experience and staff satisfaction.

PART A – Strategic Priorities for 2015/16 (continued)

Domain	Action	The Women's Deliverables	Status as at 30 June 2016	Commentary
	<p>Identify service users who are marginalised or vulnerable to poor health, and develop interventions that improve their outcomes relative to other groups, for example, women, Aboriginal people, people affected by mental illness, people at risk of elder abuse, people with disability, homeless people, refugees and asylum seekers, people whose alcohol and other drug use is damaging their health or impacting on their recovery.</p>	<p>Continue to develop education and training modules for clinical staff to better identify and respond to women disclosing family violence recognising that family violence has both long and short-term health impacts on women and their children.</p>	<p>Achieved</p>	<p>The Women's has trained more than 225 health professionals to better identify and respond to women disclosing family violence. This has been achieved through the Strengthening Hospital Responses to Family Violence (SHRFV) Project and Acting on the Warning Signs, our partnership with Inner Melbourne Community Legal.</p> <p>In December 2015, the SHRFV Project published the first edition of a toolkit of resources for hospitals, including two training modules. A second edition, now with three training modules and supporting communication materials (posters, lanyards, palm cards) is in development and on track to be published in August 2016.</p> <p>The toolkit has been strengthened and refined in consultation with hospitals, family violence services and consumers.</p> <p>A successful SHRFV forum in May was opened by the Minister for Health, the Hon. Jill Hennessy MP, with about 200 hospital representatives attending to learn more about the model for building service capacity, health justice partnerships and training for health professionals.</p> <p>The Safe Mothers, Safe Babies Project has begun work to better identify women in the antenatal period who are at risk of family violence, and link them to mental health supports.</p> <p>The Preventing Violence Against Women Reference Group has been established to ensure alignment of projects and activities at the Women's.</p>

PART A – Strategic Priorities for 2015/16 (continued)

Domain	Action	The Women's Deliverables	Status as at 30 June 2016	Commentary
		<p>Use the Newborn Behavioural Observation (NBO) principles to continue to work with vulnerable families to promote secure attachment relationships and to bond with their baby in order to help promote a positive relationship between mothers and babies.</p>	<p>Achieved</p>	<p>The Centre for Women's Mental Health has continued to lead the integration of Newborn Behavioural Observation (NBO) principles into clinical care, conduct research and train health professionals.</p> <p>Highlights include:</p> <ul style="list-style-type: none"> » A pilot research study on the use of the NBO with premature infants has begun. » A clinical research trial of NBO involving 150 parents with anxiety and depression has been funded and will commence in 2016/17. » NBO Australia at the Women's provides NBO training across Australia and New Zealand. Six NBO workshops saw 128 professionals from Australia trained, including the first group of Aboriginal health workers. Survey results show the training has a positive impact on clinical practice with infants and families, specifically where there are concerns about parental depression and anxiety. » Work is underway to develop a high quality video library of NBO material for use in teaching and training.

PART A – Strategic Priorities for 2015/16 (continued)

Domain	Action	The Women's Deliverables	Status as at 30 June 2016	Commentary
	<p>Improve the health outcomes of Aboriginal and Torres Strait Islanders by increasing accessibility and cultural responsiveness of the Victorian health system.</p>	<p>In 2015/16, the Women's will partner with the Victorian Aboriginal Community Controlled Health Organisation (VACCHO) to facilitate Cultural Safety in Maternity Care workshops in four DHHS regions. These multidisciplinary workshops focus on clinical and cultural safety skills, as well as quality improvement activities to improve the cultural responsiveness of the maternity service. At the conclusion of the workshop participants (including clinicians from the birthing service and the Koori Maternity Service team at the local ACCHO) compile an action list to improve cultural safety on individual, organisational and inter-organisational levels.</p>	<p>Achieved</p>	<p>The Maternity Services Education Program has continued to deliver Cultural Safety in Maternity Care workshops in regional areas. The workshops were facilitated with VACCHO and included input from Koori Maternity Services, Aboriginal community controlled health services and mainstream services, to ensure the content is specific to the needs of local health professionals.</p> <p>With the agreement of the DHHS, two workshops were conducted with a total of 51 participants, including a variety of clinicians, students and Aboriginal health liaison officers. A third workshop was scheduled for July 2016.</p> <p>In post evaluation surveys the majority of participants reported the overall structure of the workshop was successful and they would recommend the workshop to their colleagues/networks.</p>

PART A – Strategic Priorities for 2015/16 (continued)

Domain	Action	The Women's Deliverables	Status as at 30 June 2016	Commentary
	Implement/demonstrate an organisational commitment to quality cancer services through engagement with the local integrated cancer service and implementation of the optimal care pathways.	Work collaboratively with the Victorian Comprehensive Cancer Centre (VCCC) partners to implement the Clinical Operating Model.	Achieved	<p>The Clinical Operating Model for the VCCC has been implemented. This will ensure our patients receive a consistent level of care, in the most appropriate location and benefit from the collective expertise of our cancer clinicians across the three precinct sites – The Women's, the Royal Melbourne Hospital and the Peter MacCallum Cancer Centre. The alignment of key clinical policies between the three hospitals has been undertaken to ensure high-quality, safe clinical care.</p> <p>The Precinct Unique Record Number (PURN) project is supporting safe clinical care and continuity of care with the establishment of a precinct-unique record number. The PURN solution has been tested and full implementation is scheduled for early in the new financial year.</p>
		In conjunction with the VCCC and Western and Central Melbourne Integrated Cancer Service (WCMIS) partners, continue to develop cancer 'survivorship' programs and optimal care pathways.	Achieved	<p>In partnership with WCMIS, the Melbourne Primary Care Network and BreaCan, the Endometrial Cancer Survivorship Project for women with early endometrial cancer was successfully piloted. Since February, it has been integrated into the service model at the Women's.</p> <p>This follows on from the successful shared-care model for women who have completed treatment for early breast cancer.</p>

PART A – Strategic Priorities for 2015/16 (continued)

Domain	Action	The Women's Deliverables	Status as at 30 June 2016	Commentary
Governance, leadership and culture	Demonstrate an organisational commitment to Occupational Health and Safety (OHS), including mental health and wellbeing in the workplace. Ensure accessible and affordable support services are available for employees experiencing poor mental health. Work collaboratively with the Department of Health and Human Services and professional bodies to identify and address systemic mental health issues in the medical professions.	As part of the Staff Wellbeing Program, develop a new Mental Health Plan to support the Women's workforce and commence implementation.	Achieved	A Mental Health and Wellbeing Plan has been completed and implementation is monitored by the OHS Committee at its quarterly meetings. A new plan will be developed as part of the Women's Workforce strategy, which will include further initiatives related to mental health and wellbeing.
		Develop and implement a new health and wellbeing intranet site to support staff in relation to mental health and wellbeing. A communication plan will be implemented to ensure staff are aware of the support options available.	Achieved	During the Women's inaugural Health and Wellbeing Week in August 2015, the new health and wellbeing intranet site was launched and promoted to staff. The site features information on mental health and wellbeing, including supports and services available for staff, as required. The site will continue to develop as the health and wellbeing program expands.
		Provide training for managers in workplace mental health and how to support staff who disclose mental health issues.	Achieved	A total of 55 managers attended three training sessions about mental health in the workplace. These sessions have been facilitated by the Women's Employee Assistance Program provider, Davidson Trahaire Corpsych. In addition, managers continue to have access to the Employee Assistance – Manager Assist Program.

PART A – Strategic Priorities for 2015/16 (continued)

Domain	Action	The Women's Deliverables	Status as at 30 June 2016	Commentary
	Monitor and publically report incidents of occupational violence. Work collaboratively with the Department of Health and Human Services to develop systems to prevent the occurrence of occupational violence.	Develop and implement reporting on occupational violence for internal monitoring and reporting through the annual report. Further refine the hospital's Code Grey response system. This will involve further skill enhancement through practical training for our senior clinicians so they can effectively lead a Code Grey response team with the support of security staff.	Achieved	<p>A new template has been endorsed and rolled out to the Women's Executive for occupational health and safety reporting on key performance indicators including occupational violence incidents across the organisation.</p> <p>Data on rates of occupational violence is presented earlier in this annual report.</p> <p>Following a pilot in the Women's Emergency Centre, Code Grey training has been conducted in high risk inpatient and outpatient areas. This training has included a focus on planned Code Grey, where preventative security plans are put in place with patients and their families to reduce the risk of an aggression-related incident occurring. This has resulted in an increase in the use of planned Code Greys – 88 in 2015/2016 compared with 72 the previous year. The number of Code Greys called by staff in response to threatening behaviour has remained almost constant; 52 this year compared with 53 the last year.</p>
		Implement a new security duress system for staff making home visits and monitor the impact of this new duress alarm system.	Achieved	<p>The new security duress alarm system for staff completing home and community visits commenced in November 2015.</p> <p>Twenty eight new security duress alarms have been purchased and procedures developed to support their implementation.</p> <p>There have been nil recorded security incidents for staff completing home visits in the past year and two false duress alarms since the system was rolled out in November 2015.</p>

PART A – Strategic Priorities for 2015/16 (continued)

Domain	Action	The Women's Deliverables	Status as at 30 June 2016	Commentary
	<p>Promote a positive workplace culture and implement strategies to prevent bullying and harassment in the workplace. Monitor trends of complaints of bullying and harassment and identify and address organisational units exhibiting poor workplace culture and morale.</p>	<p>Implement Phase Three of the Women's respectful workplace behaviours program, which includes introduction of contact officers. Training staff in updated procedures relating to bullying and the collection and monitoring of data.</p>	<p>Achieved</p>	<p>Phase three of the Women's Respectful Workplace Behaviours Program began with the launch in August 2015 of the new contact officer program. Twelve contact officers have been appointed following training from the Victorian Human Rights and Equal Opportunity Commission. This program has been promoted through the staff newsletter, training sessions and via the intranet. In June 2016, recruitment for five more contact officers commenced. Respectful Workplace Behaviours training is mandatory and available either face-to-face or online. Compliance is monitored quarterly by the Executive.</p>
	<p>The Women's will continue to monitor complaints and the decreasing trend of staff witnessing bullying and harassment as reported in the annual People Matter Survey.</p>		<p>Achieved</p>	<p>The Women's has introduced a risk management approach to bullying and harassment. This includes enhanced monitoring and reporting of:</p> <ul style="list-style-type: none"> » the causes, prevalence and impact of the alleged incident » trends over time in complaints » early interventions and unsubstantiated complaints » indicators of a positive culture, which is inclusive of diversity, and increased reporting of inappropriate behaviour » broader indicators of workplace morale such as staff turnover, unplanned leave and absenteeism. <p>This is in addition to the Respectful Workplace Behaviours initiative, which is currently in place and includes mandatory training for staff, revised and updated policies and procedures, and the Contact Officer Program.</p>

PART A – Strategic Priorities for 2015/16 (continued)

Domain	Action	The Women's Deliverables	Status as at 30 June 2016	Commentary
	Undertake an annual board assessment to identify and develop board capability to ensure all board members are well equipped to effectively discharge their responsibilities.	Conduct the annual Board assessment in October 2015, and implement strategies to address any areas identified for improvement.	Achieved	The annual Board assessment was completed in October 2015 as scheduled. An action plan is in place to address areas highlighted for improvement. These include improved information flow to Board subcommittees and strengthening the clinical governance skills of Board directors. The Board participated in a clinical governance workshop in April to strengthen its role in achieving high quality care. The workshop was facilitated by Dr Cathy Balding, a leading expert in quality management in Australia.
	Build workforce capability and sustainability by supporting formal and informal clinical education and training for staff and health students, in particular inter-professional learning.	Implement a program of inter-professional learning for all staff and health students, under the governance of the Professional Workforce Education and Training Steering Committee.	Achieved	The Women's has rolled out its calendar of planned professional development, in line with the Department's Best Practice Clinical Learning Environment Framework. This includes presentations to staff forums, grand rounds and the Leadership, Engagement and Development (LEAD) forum for managers, directors and the executive. A program of professional learning that is responsive to strategic and operational priorities is embedded in the annual calendar of education and training for our workforce.

PART A – Strategic Priorities for 2015/16 (continued)

The Women's Deliverables		Status as at 30 June 2016	Commentary
Domain	Action		
Safety and quality	Ensure management plans are in place to prevent, detect and contain carbapenemase-resistant Enterobacteriaceae as outlined in Hospital Circular 02/15 (issued 16 June 2015).	Achieved	The Women's Multi Resistant Organism (MRO) procedure and carbapenemase-producing Enterobacteriaceae (CPE, formerly CRE in Victoria) Guideline is in place to assist staff to identify and instigate appropriate management of patients with suspected and confirmed CPE. Alerts are placed on patient medical records and on IPM to inform staff of isolation requirements. This process is regularly reviewed to ensure it is in line with current guidelines. MRO management is audited and recorded by infection prevention and control staff.
	Ensure carbapenemase-resistant Enterobacteriaceae management plans are updated and in place.	Achieved	
	Implement effective antimicrobial stewardship practices and increase awareness of antimicrobial resistance, its implications and actions to combat it, through effective communication, education, and training.	Achieved	The Women's antimicrobial stewardship program is conducted by a group of multidisciplinary staff who meet bimonthly. Program activities have included: <ul style="list-style-type: none"> » An annual one-day point prevalence survey of all inpatients. This is conducted annually in November. » An updated antibiotic lanyard card distributed to obstetrics and gynaecology medical staff to improve antimicrobial prescribing » The global Antibiotic Awareness Week in November which included education sessions for medical, midwifery and nursing staff, promotional flyers around the hospital and a 'quiz-of-the-day' on the hospital intranet. » Antibiotic recommendations for the sepsis pathway were reviewed and finalised for implementation. » Guidelines and medicine protocols were updated to ensure appropriate prescribing and administration.
	Benchmark antimicrobial prescribing and identify areas for improvement by using the National Antimicrobial Prescribing Survey (NAPS).	Achieved	

PART A – Strategic Priorities for 2015/16 (continued)

Domain	Action	The Women's Deliverables	Status as at 30 June 2016	Commentary
	<p>Ensure that emergency response management plans are in place, regularly exercised and updated, including trigger activation and communication arrangements.</p>	<p>In conjunction with Parkville Precinct Partners develop emergency response plans for the relocation of Peter MacCallum Cancer Centre in mid-2016.</p>	<p>Achieved</p>	<p>An Emergency and Disaster Management Policy has been developed for the Parkville Precinct. The policy aims to ensure that the precinct partners have systems, procedures and resources in place to identify, prevent and manage the consequences of emergency situations. Melbourne Health convenes the Parkville Precinct Emergency Management Committee, which includes a representative from Peter MacCallum Cancer Centre, and meetings are held monthly. Planning is underway to test the emergency response through a Women's-specific mock event, which will be managed by the Hospital Incident Management team, and then a precinct-wide mock emergency event involving the Executive management teams from the Women's, the Peter MacCallum Cancer Centre and Melbourne Health.</p>

PART A – Strategic Priorities for 2015/16 (continued)

Domain	Action	The Women's Deliverables	Status as at 30 June 2016	Commentary
Develop perinatal mortality and morbidity review processes in alignment with the Clinical Practice Guideline for Perinatal Mortality.	Develop an implementation plan for the Victorian Perinatal Autopsy Service (VPAS).	Develop an implementation plan for the Victorian Perinatal Autopsy Service (VPAS).	Achieved	<p>Significant activity has occurred to develop VPAS and includes:</p> <ul style="list-style-type: none"> » the commencement in January of the Medical Head of Unit who has been invited to join the guideline development committee of the Perinatal Society of Australia and New Zealand (PSANZ) » regular monthly meetings of the steering committee and clinical advisory committee » a VPAS webpage has been developed as a resource for all maternity service providers » the first clinical guidelines have been completed, and are available on the VPAS webpage » development of standardised documentation is nearing completion » a business case and reimbursement structure has been developed and submitted to DHHS. <p>In addition to the development of VPAS, the Women's has led the establishment of a Regional Maternal and Perinatal Mortality and Morbidity Committee (RPMCMC) in each of the six regions in Victoria.</p> <p>Members include a broad range of clinicians and service providers from each regional and rural service. All regional committees have established a committee chair and the first round of regional meetings is underway. Meetings are structured to support obstetric and midwifery peer review based on the PSANZ clinical practice guidelines for maternal and perinatal mortality and morbidity review. Following each meeting an action plan including learnings and recommendations is distributed to all service providers.</p>

PART A – Strategic Priorities for 2015/16 (continued)

The Women's Deliverables		Status as at 30 June 2016	Commentary
Domain	Action		
Financial sustainability	<p>Improve cash management processes to ensure that financial obligations are met as they are due.</p> <p>Identify opportunities for efficiency and better value service delivery.</p> <p>Invest in revenue optimisation initiatives to ensure maximisation of revenue from both public and private sources.</p>	<p>Achieved</p> <p>Continue with the implementation of financial sustainability initiatives to improve the hospital's cash position, in line with the Victorian Auditor-General's financial indicators.</p> <p>Review and modify the theatre scheduling process to improve theatre utilisation and efficiency.</p> <p>Explore opportunities to maximise returns from the hospital's property and other assets.</p>	<p>A range of savings and revenue initiatives were implemented as part of the 2015/16 budget process. These, along with previous initiatives, have resulted in the hospital forecasting to record an operating surplus for the full year.</p> <p>A dashboard of key performance indicators, including the percentage of patients seen within the category target and a reduction in the number of patients on waiting lists, has been in place since 1 February 2016.</p> <p>A new theatre template is due to go live from 1 August 2016, based on the principles of optimising access, quality care and improving patient experience.</p> <p>The Surgical Operations Group meets monthly to monitor the dashboard and will oversee the evaluation of the new theatre schedule.</p> <p>A number of changes have been implemented across the hospital, resulting in an increase in revenue in 2015/16. These have included changes to the operation of the car parks, improving processes for the identification of private patient and Medicare ineligible patients, and the implementation of a booking and payment system for training and education courses.</p>

PART A – Strategic Priorities for 2015/16 (continued)

Domain	Action	The Women's Deliverables	Status as at 30 June 2016	Commentary
Access	Implement integrated care approaches across health and community support services to improve access and responses for disadvantaged Victorians.	Continue to build sexual and reproductive health capacity in regional Victoria through education and training of health professionals specifically in relation to access to medical terminations in rural communities.	Achieved	<p>In partnership with the Centre for Excellence in Rural Sexual Health (CERSH), the Women's has continued to build the capacity of health professionals in regional Victoria. This has included:</p> <ul style="list-style-type: none"> » training and support for 68 health professionals in regional areas » conference and forum presentations on increasing access to medical abortion » developing information-sharing protocols between regional GPs and the Women's Pregnancy Advisory Service. <p>In addition to building capacity in regional areas, the Women's provided input for the pathway for abortion developed by HealthPathways Melbourne.</p> <p>Work has commenced with CERSH to formalise the partnership in a memorandum of understanding.</p> <p>This partnership will be guided and strengthened by findings from the Service Capacity Review – Contraception, Pregnancy Advice and Abortion. This review was commissioned by the DHHS and has been conducted in partnership with Family Planning Victoria and Women's Health Victoria.</p>

PART A – Strategic Priorities for 2015/16 (continued)

Domain	Action	The Women's Deliverables	Status as at 30 June 2016	Commentary
	Progress partnerships with other health services to ensure patients can access treatments as close to where they live when it is safe and effective to do so, making the most efficient use of available resources across the system.	Continue to work with Alfred Health on the provision of neonatal services at Sandringham.	Achieved	The Women's and Alfred Health agreed that from early September the Women's would operate and manage the special care nursery at Sandringham. Working groups have been established to manage the implications in relation to the clinical model, human resources, information technology, legal, funding and communications. DHHS has approved capital works to increase capacity from six to eight cots and to increase acuity over time.
		Implement a new clinical viewer that is inter-operable with partners' systems and has the capacity to issue comprehensive and timely discharge summaries to GPs and community health services.	In progress	<p>The plan for the new clinical viewer has been developed and the following activities implemented:</p> <ul style="list-style-type: none"> » configuration of the new clinical viewer environment has been designed » regular meetings of the user group » establishment of all data migration feeds. <p>Delays were due to insufficient information within the functional specifications document, which was part of the original planning.</p>
	Optimise alternatives to hospital admission.	Develop alternative models of care for babies who have lost > 10% of their birth weight or developed jaundice with a view to keeping mothers and babies together in the home.	Achieved	Since December 2015, when the Women's introduced new phototherapy guidelines, there has been a pathway in place and care provided at home, where appropriate, for babies at risk of jaundice. Partnerships with lactation specialists and maternal and child health nurses have strengthened the approach in neonatal services to preventing re-admissions to the nursery for babies at risk of weight loss. This has included fact sheets for parents and guidelines for clinicians to identify babies at risk and provide early interventions.

PART A – Strategic Priorities for 2015/16 (continued)

Domain	Action	The Women's Deliverables	Status as at 30 June 2016	Commentary
	<p>Improve access to mental health and drug and alcohol services by linking in with Aboriginal and Torres Strait Islander organisations and other drug and alcohol service providers.</p>	<p>In collaboration with VACCHO raise awareness and provide information for Aboriginal women about the risks associated with alcohol and drug use, including 'ice', during pregnancy. Focus on developing the capacity of local services to support Aboriginal women, their families and communities to prevent the harms associated with drug and alcohol use and associated stresses during pregnancy.</p>	<p>Achieved</p>	<p>The following work has been undertaken to progress the Koolin Balit Alcohol and Drug Project:</p> <ul style="list-style-type: none"> » A project officer has been appointed and the reference group established. » The Service Agreement, Activity Plan and calendar of training has been developed. » The scoping study, including the literature review and consultations with the sector about best practice and practice gaps, has been completed and submitted to DHHS. » A workshop has been held with local Aboriginal and non-Aboriginal services in the Loddon Mallee region and consultation with the workforce is continuing. » Work has commenced with the Victorian Aboriginal Health Service, the metropolitan partner for the project. A workshop was scheduled for July 2016.

Part B – Performance Priorities

Key Performance Indicator	Target	2015/16 Results
---------------------------	--------	-----------------

Safety and quality performance

Compliance with NSQHS Standards accreditation	Full compliance	Full compliance
Compliance with the Hand Hygiene Australia program	80%	80.8%
Percentage of healthcare workers immunised for influenza	75%	80.3% ¹

Cleaning standard measure	AQL target	Outcome
Overall compliance with cleaning standards	Full compliance	Achieved (97.5%)
Very high risk (Category A)	90 points	Achieved (97.5%)
High risk (Category B)	85 points	Achieved (97.3%)
Moderate risk (Category C)	85 points	Achieved (97.8%)

Key Performance Indicator	Target	2015/16 Results
---------------------------	--------	-----------------

Patient experience and outcomes performance

Victorian Health Experience Survey – data submission	Full compliance	Achieved
Victorian Healthcare Experience Survey – patient experience Quarter 1	95% positive experience	94.5%
Victorian Healthcare Experience Survey – patient experience Quarter 2	95% positive experience	93.2%
Victorian Healthcare Experience Survey – patient experience Quarter 3	95% positive experience	91.4%
Number of patients with surgical site infection	No outliers	Achieved ²

Part B – Performance Priorities (continued)

Key Performance Indicator	Target	2015/16 Results
Patient experience and outcomes performance (continued)		
SAB rate per occupied bed days ³	< 2/10,000	Achieved ² (<0/10,000)
Maternity – Percentage of women with prearranged postnatal home care	100%	100%
Governance, leadership and culture performance		
People Matter Survey – percentage of staff with a positive response to safety culture questions	80	92% ¹
Financial sustainability performance		
Finance		
Operating Result	\$0.50m	\$0.82m
Trade creditors	< 60 days	51 days
Patient fee debtors	< 60 days	57 days
Public & private WIES performance to target ⁴	100%	95.3%
Asset management		
Asset management plan	Full compliance	Compliant
Adjusted Current asset ratio	0.7	0.55
Days of available cash	14 days	5.5

¹ The calculation and reporting of this data is based on business rules from the 2015/16 Performance Monitoring Framework which details that the reporting on these indicators is lagged due to data consolidation.

² For the period 1 April 2015 – 31 December 2015.

³ SAB is staphylococcus aureus bacteraemia.

⁴ WIES is a Weighted Inlier Equivalent Separation.

Part B – Performance Priorities (continued)

Key Performance Indicator	Target	2015/16 Results
Access performance		
Emergency care		
Percentage of ambulance patients transferred within 40 minutes	90%	98.7%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended times	80%	79.4%
Percentage of emergency patients with a length of stay less than four hours	81%	88%
Number of patients with a length of stay in the emergency greater than 24 hours department	0	0
Elective surgery		
Percentage of elective patients removed within clinically recommended timeframes	94%	99.7%
Percentage of Urgency Category 1 elective patients removed within 30 days	100%	100%
10% longest waiting Category 2 and 3 removals from the elective surgery waiting list	100%	100%
Number of patients on the elective surgery waiting list ¹	606	593
Number of hospital initiated postponements per 100 scheduled admissions	≤8/100	4.5
Number of patients admitted from the elective surgery waiting list – annual total	4500	4,432
Critical care		
Neonatal ICU number of days below the agreed standard and flexible operating capacity ^{2,3}	0	31

¹ The target shown is the number of patients on the elective surgery waiting list as at 30 June 2016.

² The standard operating capacity and flex capacity is 22–24 (July–September 2015/16) and 22–25 (October–June 2015/16).

³ The 31 instances of neonatal ICU being below 22 cots and closed equates to 43.5 hours or 0.5% of operating time.

Part C – Activity and Funding

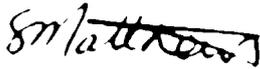
Funding Type	2015/16 Activity Achievement
Acute Admitted	
WIES Public	28,147
WIES Private	2,788
Total WIES (Public and Private)	30,935
WIES DVA	2
WIES TAC	16
WIES Total	30,953

Interim data as at 29 July 2016

Compliance with DataVic Access Policy

The Women's complies with the DataVic Access Policy issued by the Victorian Government in 2012.

All data included in the Annual Report goes to the Department of Health and Human Service to publish, which is made available online at <http://www.data.vic.gov.au/>.



Dr Sue Matthews
Chief Executive Officer
The Royal Women's Hospital
19 August 2016

Responsible Bodies Declaration

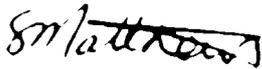
In accordance with the *Financial Management Act 1994*, I am pleased to present the Report of Operations for the Royal Women's' Hospital for the year ending 30 June 2016.



Ms Lyn Swinburne
Board Chair
The Royal Women's Hospital
19 August 2016

Attestation on Data Integrity

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 reasonably reflects actual performance. The Royal Women's Hospital has critically reviewed these controls and processes during the year.



Dr Sue Matthews
Chief Executive Officer
The Royal Women's Hospital
19 August 2016

Attestation for Compliance with the Ministerial Standing Direction 4.5.5 – Risk Management Framework and Processes

I, Dr Sue Matthews, certify that the Royal Women's Hospital has complied with Ministerial Direction 4.5.5 – Risk Management Framework and Processes. The Royal Women's Hospital Audit Committee has verified this.



Dr Sue Matthews
Chief Executive Officer
The Royal Women's Hospital
19 August 2016

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.

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the women's
the royal women's hospital

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Board member's, Chief Executive Officer's and Executive Director, Finance & Corporate Services' Declaration

The attached financial statements for the Royal Women's Hospital and its Controlled Entities have been prepared in accordance with Direction 4.2 of the Standing Directions of the Minister for Finance 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 2016 and the financial position of the Royal Women's Hospital and its Controlled Entities as at 30 June 2016.

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 19 August 2016.

Ms Lyn Swinburne AM
Board Chair
The Royal Women's Hospital
Melbourne
19 August 2016

Dr Sue Matthews
Chief Executive Officer
The Royal Women's Hospital
Melbourne
19 August 2016

Zak Gruevski
Executive Director
Finance & Corporate Services
The Royal Women's Hospital
Melbourne
19 August 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board Members, The Royal Women's Hospital

The Financial Report

I have audited the accompanying financial report for the year ended 30 June 2016 of The Royal Women's Hospital which comprises Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Board member's, Chief Executive Officer's and Executive Director, Finance & Corporate Services' Declaration of The Royal Women's Hospital and the consolidated entity. The consolidated entity comprises The Royal Women's Hospital and the entities it controlled at the year's end or from time to time during the financial year as disclosed in note 26 to the financial statements.

The Board Members' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)*Independence*

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

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of The Royal Women's Hospital and the consolidated entity as at 30 June 2016 and their financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
22 August 2016


Dr Peter Frost
Acting Auditor-General

Comprehensive Operating Statement for the Year Ended 30 June 2016

	Note	Parent Entity 2016 \$'000	Parent Entity 2015 \$'000	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Revenue from Operating Activities	2	244,399	234,695	245,822	236,651
Revenue from Non-Operating Activities	2	1,200	1,009	1,319	1,472
Employee Expenses	3	(161,406)	(154,379)	(161,860)	(154,886)
Non Salary Labour Costs	3	(6,565)	(5,685)	(6,574)	(5,699)
Supplies and Consumables	3	(23,584)	(22,644)	(23,584)	(22,649)
Other Expenses	3	(51,830)	(50,036)	(51,937)	(50,192)
Finance Costs - Self Funded Activity	3,5	(1,398)	(1,438)	(1,398)	(1,438)
Net Result Before Capital & Specific Items		816	1,522	1,788	3,259
Capital Purpose Income	2	27,822	26,385	27,379	26,214
Impairment of Financial Assets	3	-	(109)	(87)	(115)
Depreciation and Amortisation	3,4	(15,095)	(15,679)	(15,097)	(15,683)
Finance Costs	3,5	(19,567)	(19,856)	(19,567)	(19,856)
Expenditure using Capital Purpose Income	3	(284)	(231)	(284)	(231)
NET RESULT FOR THE YEAR		(6,308)	(7,968)	(5,868)	(6,412)
Other Comprehensive Income Items that will not be reclassified to Net Result					
Changes in Property Plant and Equipment Revaluation Surplus	18a	24,874	-	24,874	-
Items that may be reclassified subsequently to Net Result					
Changes to Financial Assets Available-for-Sale Revaluation Surplus	18a	(454)	51	(510)	38
Total Other Comprehensive Income		24,420	51	24,364	38
COMPREHENSIVE RESULT FOR THE YEAR		18,112	(7,917)	18,496	(6,374)

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

Balance Sheet as at 30 June 2016

	Note	Parent Entity 2016 \$'000	Parent Entity 2015 \$'000	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Current Assets					
Cash and Cash Equivalents	6	10,291	2,569	12,326	4,272
Receivables	7	6,515	6,962	6,468	6,953
Investments and Other Financial Assets	8	1,500	1,500	1,500	1,500
Inventories	9	164	176	164	176
Non-Financial Physical Assets Classified as Held For Sale	10	-	6,400	-	6,400
Prepayments and Other Assets	11	1,082	320	1,086	324
Total Current Assets		19,552	17,927	21,544	19,625
Non-Current Assets					
Receivables	7	6,798	4,884	6,798	4,884
Investments and Other Financial Assets	8	9,446	9,045	12,316	11,778
Property, Plant and Equipment	12	384,429	371,310	384,440	371,325
Intangible Assets	13	18,058	18,347	18,059	18,348
Prepayments and Other Assets	11	37	37	37	37
Total Non-Current Assets		418,768	403,623	421,650	406,372
TOTAL ASSETS		438,320	421,550	443,194	425,997
Current Liabilities					
Payables	14	18,724	13,157	18,782	13,224
Borrowings	15	6,001	5,473	6,001	5,473
Provisions	16	36,920	33,363	36,975	33,440
Total Current Liabilities		61,645	51,993	61,758	52,137
Non-Current Liabilities					
Borrowings	15	235,844	241,845	235,844	241,845
Provisions	16	7,873	6,464	7,883	6,476
Total Non-Current Liabilities		243,717	248,309	243,727	248,321
TOTAL LIABILITIES		305,362	300,302	305,485	300,458
NET ASSETS		132,958	121,248	137,709	125,539
EQUITY					
Property, Plant and Equipment Revaluation Surplus	18a	145,144	127,308	145,144	127,308
Financial Assets Available-for-Sale Revaluation Surplus	18a	490	944	578	998
Restricted Specific Purpose Surplus	18a	5,540	5,972	8,718	8,026
Contributed Capital	18b	67,423	73,823	67,423	73,823
Accumulated Deficits *	18c	(85,639)	(86,799)	(84,154)	(84,616)
TOTAL EQUITY	18d	132,958	121,248	137,709	125,539

* Accumulated Deficits include reserves previously disclosed under General Purpose Surplus.

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

Statement of Changes in Equity for the Year Ended 30 June 2016

Consolidated	Note	Property, Plant and Equipment Revaluation Surplus \$'000	Financial Assets Available-for-Sale Revaluation Surplus \$'000	Restricted Specific Purpose Surplus \$'000	Contribution by Owners \$'000	Accumulated Deficits * \$'000	Total \$'000
Balance at 1 July 2014		127,308	1,345	7,453	73,823	(77,615)	132,314
Net result for the year		-	-	-	-	(6,412)	(6,412)
Other comprehensive income for the year	18a	-	(347)	-	-	-	(347)
Transfer to accumulated deficits	18a,c	-	-	573	-	(573)	-
Share of decrement in Joint Venture Membership	18c	-	-	-	-	(16)	(16)
Balance at 30 June 2015		127,308	998	8,026	73,823	(84,616)	125,539
Net result for the year		-	-	-	-	(5,868)	(5,868)
Other comprehensive income for the year	18a	24,874	(420)	-	-	-	24,454
Transfer to accumulated deficits	18a,c	(7,038)	-	692	-	6,346	-
Return of contributed capital	18b	-	-	-	(6,400)	-	(6,400)
Share of decrement in Joint Venture Membership	18c	-	-	-	-	(16)	(16)
Balance at 30 June 2016		145,144	578	8,718	67,423	(84,154)	137,709

Parent		Property, Plant and Equipment Revaluation Surplus \$'000	Financial Assets Available-for-Sale Revaluation Surplus \$'000	Restricted Specific Purpose Surplus \$'000	Contribution by Owners \$'000	Accumulated Deficits * \$'000	Total \$'000
Balance at 1 July 2014		127,308	932	6,386	73,823	(79,248)	129,201
Net result for the year		-	-	-	-	(7,968)	(7,968)
Other comprehensive income for the year		-	12	-	-	-	12
Transfer to accumulated deficits		-	-	(414)	-	414	-
Balance at 30 June 2015		127,308	944	5,972	73,823	(86,799)	121,248
Net result for the year		-	-	-	-	(6,308)	(6,308)
Other comprehensive income for the year		24,874	(454)	-	-	-	24,420
Transfer to accumulated deficits		(7,038)	-	(432)	-	7,470	-
Return of contributed capital		-	-	-	(6,400)	-	(6,400)
Balance at 30 June 2016		145,144	490	5,540	67,423	(85,639)	132,958

* Accumulated Deficits include reserves previously disclosed under General Purpose Surplus.

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

Cash Flow Statement for the Year Ended 30 June 2016

Note	Parent Entity 2016 \$'000	Parent Entity 2015 \$'000	Consol'd 2016 \$'000	Consol'd 2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
	187,876	179,306	187,876	179,305
	2,858	1,963	2,858	1,963
	11,353	10,902	11,354	10,902
	2,058	2,679	2,058	2,679
	590	480	1,817	1,995
	443	141	-	-
	3,199	3,621	3,184	3,636
	344	557	375	1,021
	8,866	8,191	8,866	8,191
	19,306	17,858	19,602	17,842
	150	40	150	40
Total Receipts	237,043	225,738	238,140	227,574
	(160,468)	(157,194)	(160,952)	(157,718)
	(23,072)	(27,054)	(23,073)	(27,058)
	(12,518)	(12,502)	(12,518)	(12,502)
	(3,265)	(3,469)	(3,279)	(3,472)
	(1,398)	(1,438)	(1,398)	(1,438)
	(24,507)	(22,850)	(24,648)	(23,029)
Total Payments	(225,228)	(224,507)	(225,868)	(225,217)
NET CASH FLOW FROM OPERATING ACTIVITIES	11,815	1,231	12,272	2,357
CASH FLOWS FROM INVESTING ACTIVITIES				
	-	-	(125)	(1,280)
	(2,427)	(1,113)	(2,427)	(1,115)
	(1,068)	(488)	(1,068)	(488)
	19	54	19	54
NET CASH FLOW USED IN INVESTING ACTIVITIES	(3,476)	(1,547)	(3,601)	(2,829)
CASH FLOWS FROM FINANCING ACTIVITIES				
	(617)	(578)	(617)	(578)
NET CASH FLOW USED IN FINANCING ACTIVITIES	(617)	(578)	(617)	(578)
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD				
	7,722	(894)	8,054	(1,050)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,569	3,463	4,272	5,322
CASH AND CASH EQUIVALENTS AT END OF YEAR	10,291	2,569	12,326	4,272

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

Notes to the Financial Statements 30 June 2016

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Note 1: Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for the Royal Women's Hospital for the year ended 30 June 2016. The report provides users with information about the Royal Women's Hospital's stewardship of resources entrusted to it.

(a) Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AASs), 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, and relevant Standing Directions (SDs) authorised by the Minister for Finance.

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

The annual financial statements were authorised for issue by the Board of the Royal Women's Hospital on 19 August 2016.

(b) Basis of Accounting Preparation and Measurement

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016, and the comparative information presented in these financial statements for the year ended 30 June 2015.

The financial statements are prepared on a going concern basis. The Department of Health and Human Services has provided confirmation that it will continue to provide the Royal Women's Hospital adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to September 2017 (refer to Note 28 Financial Dependency).

These financial statements are presented in Australian dollars, the functional and presentation currency of the Royal Women's Hospital.

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

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

- Non-current physical assets, which subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made and are reassessed when the indices are published by the Valuer General to ensure that the carrying amounts do not materially differ from their fair values;
- Available-for-Sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised;
- The fair value of assets other than land is generally based on their depreciated replacement value.

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

- The fair value of land, buildings and plant and equipment (refer to Note 1(k));
- Superannuation expense (refer to Note 1(h)); and,
- Actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1(l)).
- Managed investment funds classified at level 3 of the fair value hierarchy.

Consistent with AASB 13 *Fair Value Measurement*, the Royal Women's Hospital determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment and financial instruments, in accordance with the requirements of AASB 13 and the relevant FRDs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

Note 1: Summary of Significant Accounting Policies (continued)

For the purpose of fair value disclosures, the Royal Women's Hospital has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability 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.

The Valuer-General Victoria (VGV) is the Royal Women's Hospital's independent valuation agency for land and buildings. The Royal Women's Hospital, in conjunction with VGV monitors the changes in the fair value through relevant data sources to determine whether revaluation is required. For cultural assets, Menzies Fine Art Auctioneers & Valuers is the Royal Women's Hospital's independent valuer. The revaluation process is described in Note 1(k) Assets 'revaluation of non-current physical assets'.

For all other plant and equipment, the Royal Women's Hospital's valuation techniques and inputs used to determine fair value are disclosed in Note 12 Property, Plant and Equipment.

The Royal Women's Hospital's available-for-sale financial assets fair value measurement is described in Note 20(f) Financial Instruments.

(c) 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.

Objectives and Funding

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. These services are informed by research and are provided within an environment of innovation, education and advocacy. The contributions of our employees, consumers, diverse communities and other agencies that share our goals are fundamental to our success. Our resources are committed to health services that are ethically, socially and financially responsible.

The Royal Women's Hospital is predominantly funded by accrual based grant funding for the provision of outputs.

(d) Principles of Consolidation

In accordance with AASB 10 *Consolidated Financial Statements*:

- The consolidated financial statements of the Royal Women's Hospital includes all reporting entities controlled by the Royal Women's Hospital as at 30 June 2016.
- Control exists when 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 presently are exercisable are taken into account. The consolidated financial statements include the audited financial statements of the controlled entities listed in Note 26.

Where control of an entity is obtained during the financial period, its results are included in the Comprehensive Operating Statement from the date on which control commenced. Where control ceases during a financial period, the entity's results are included for that part of the period in which control existed. Where entities adopt dissimilar accounting policies and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

Entities consolidated into the Royal Women's Hospital reporting entity include:

- The Royal Women's Hospital Foundation Trust Fund is a controlled entity of the Royal Women's Hospital by virtue of the existence of congruent objectives, exposure to variable returns and significant management control over the Trust Fund.
- The Royal Women's Hospital Foundation Limited is a controlled entity of the Royal Women's Hospital by virtue of the existence of congruent objectives, exposure to variable returns and significant management control over the Company.

Intersegment Transactions

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.

Jointly Controlled Operation

Interests in jointly controlled operations are accounted for in accordance with the policy outlined in Note 1(k) Assets.

(e) Scope and Presentation of Financial Statements

Fund Accounting

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 activities conducted solely in respect of these funds.

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

Activities classified as *Services Supported by Health Services Agreement (HSA)* are substantially funded by the Department of Health and Human Services and are also funded from other sources such as the Commonwealth and patients, while *Services Supported by Hospital and Community Initiatives (H&CI)* are funded by the Royal Women's Hospital's own activities, local initiatives and the Commonwealth.

Comprehensive Operating Statement

The Comprehensive Operating Statement includes the subtotal entitled 'Net Result Before Capital & Specific Items' to enhance the understanding of the financial performance of the Royal Women's Hospital. This subtotal reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, expenditure using capital purpose income and items of an unusual nature and amount such as specific income and expenses. The exclusion of these items is made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services. The 'Net Result Before Capital & Specific Items' is used by the management of the Royal Women's Hospital, the Department of Health and Human Services and the Victorian Government to measure the ongoing performance of Health Services.

Capital and specific items, which are excluded from this sub-total, comprise:

- Capital purpose income, which comprises tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works, plant and equipment or intangible assets. It also includes donations of plant and equipment (refer Note 1 (g)). Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided.
- Specific income/expense, comprises the following items, where material:
 - Non-current asset revaluation increments/decrements
 - Impairment of investments
- Impairment of financial and non financial assets, includes all impairment losses (and reversal of previous impairment losses), which have been recognised in accordance with Note 1(i) and (k).
- Depreciation and amortisation, as described in Note 1(h).
- Assets provided or received free of charge (refer to Note 1(g) and Note 1(h)).
- Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold (Refer to Note 1 (h)), or does not meet asset recognition criteria and therefore does not result in the recognition of an asset in the Balance Sheet, where funding for that expenditure is from capital purpose income.

Other economic flows; are changes arising from market re-measurements. They include:

- Gains and losses from disposals of non-financial assets;
- Revaluations and impairments of non-financial physical and intangible assets; and
- Fair value changes of financial instruments.

Balance Sheet

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

Statement of Changes in Equity

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

Cash Flow Statement

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

Rounding

All amounts shown in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated.

Minor discrepancies in tables between totals and sum of components are due to rounding.

Comparative Information

General Purpose Surplus in the prior year has been transferred to Accumulated Deficits to reflect the nature of the transaction. The reclassification only affects equity (Note 18 Equity).

(f) Change in Accounting Policies

There have been no changes to accounting policy during the year.

(g) Income from Transactions

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

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

Government Grants and Other Transfers of Income (other than contributions by owners)

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

Contributions are deferred as income in advance when the Royal Women's Hospital has a present obligation to repay them and the present obligation can be reliably measured.

Indirect Contributions from the Department of Health and Human Services

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

Note 1: Summary of Significant Accounting Policies (continued)

Patient Fees

Patient fees are recognised as revenue on an accrual basis.

Private Practice Fees

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

Revenue from Commercial Activities

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

Donations and Other Bequests

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

Dividend Revenue

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

Interest Revenue

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

Sale of Investments

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

Fair value of Assets and Services Received Free of Charge or for Nominal Consideration

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

Other Income

Other income includes recoveries for salaries and wages and external services provided.

(h) 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;
- Leave entitlements;
- Termination payments;
- Work cover premiums; and
- Superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

Defined Contribution Superannuation Plans

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

Defined Benefit Superannuation Plans

The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by the Royal Women's Hospital to the superannuation plans in respect of the services of current Royal Women's Hospital 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.

Employees of the Royal Women's Hospital are entitled to receive superannuation benefits and the Royal Women's Hospital contributes to both the defined benefit and defined contribution plans. The defined benefit plans provide benefits based on years of service and final average salary.

The name and details of the major employee superannuation funds and contributions made by the Royal Women's Hospital are disclosed in Note 17 Superannuation.

Depreciation

All buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated. Depreciation begins when the asset is available for use, which is when it is in the location and condition necessary for it to be capable of operating in a manner intended by management.

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

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

	2016	2015
Non PPP Assets		
Buildings	5 to 35 Years	5 to 35 Years
Leasehold Improvements	5 Years	5 Years
Plant and Equipment	5 to 30 Years	5 to 30 Years
Medical Equipment	3 to 25 Years	3 to 25 Years
Computers and Communication Equipment	3 to 9 Years	3 to 9 Years
Furniture and Fittings	7 to 13 Years	7 to 13 Years
Motor Vehicles	10 Years	10 Years
PPP Assets		
Leased Buildings:		
- Structure/Shell/Building Fabric	54 Years	54 Years
- Other (Site Engineering Services and Central Plant, Fit Out, Trunk Reticulated Building Systems)	19 to 34 Years	19 to 34 Years
- Building Leasehold Improvements	54 Years	54 Years
Leased Plant and Equipment	30 Years	30 Years
Leased Audiovisual	30 Years	30 Years
Leased Furniture and Fittings	30 Years	30 Years
Leased Medical Equipment	30 Years	30 Years
Leased Scientific 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.

Amortisation

Amortisation is allocated to intangible produced assets with finite useful lives on a straight-line basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least annually. An assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. Any excess of the carrying amount over the recoverable amount is recognised as an impairment loss.

Intangible assets with finite useful lives are amortised over a 3-25 year period (2015: 3-25 years).

Finance Costs

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

Finance costs include:

- interest on short-term and long-term borrowings (Interest expense is recognised in the period in which it is incurred); and
- finance charges in respect of finance leases are recognised in accordance with AASB 117 *Leases*.

Grants and Other Transfers

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

Note 1: Summary of Significant Accounting Policies (continued)

Other Operating Expenses

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

- Supplies and consumables - Supplies and services costs which are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.
- Bad and doubtful debts - Refer to Note 1(k) Impairment of financial assets.
- Fair Value of Assets, Services and Resources Provided Free of Charge or for Nominal Consideration - Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another agency as a consequence of a restructuring of administrative arrangements. In the latter case, such a transfer will be recognised at its carrying value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.
- Borrowing Costs of Qualifying Assets - In accordance with the paragraphs of AASB 123 *Borrowing Costs* applicable to not-for-profit public sector entities, the Royal Women's Hospital continues to recognise borrowing costs immediately as an expense, to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset.

(i) Other Economic Flows Included in Net Result

Other economic flows are changes in the volume or value of assets or liabilities that do not result from transactions.

Net Gain/(Loss) on Non-Financial Assets

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

Revaluation Gains/(Losses) of Non-Financial Physical Assets

Refer to Note 1(k) Revaluations of non-financial physical assets.

Net Gain/(Loss) on Disposal of Non-Financial Assets

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

Net Gain/(Loss) on Financial Instruments

- Net gain/(loss) on financial instruments includes:
- Realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- Impairment and reversal of impairment for financial instruments at amortised cost (refer to Note 1 (k));
- Disposals of financial assets and derecognition of financial liabilities.

Revaluations of Financial Instrument at Fair Value

Refer to Note 1(j) Financial Instruments.

Share of Net Profits/(Losses) of Associates and Joint Entities, excluding Dividends

Refer to Note 1(d) Principles of Consolidation.

Other Gains/(Losses) from Other Economic Flows

Other gains/(losses) include:

- Transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

(j) Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of 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*. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

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

The following refers to financial instruments unless otherwise stated.

Categories of Non-Derivative Financial Instruments

Loans and Receivables

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

Loans and receivables category includes cash and deposits (refer to Note 1(k)), trade receivables, loans and other receivables, but not statutory receivables.

Available-for-Sale Financial Assets

Available-for-sale financial instrument assets are those designated as available-for-sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair value. Subsequent to initial recognition, gains and losses arising from changes in fair value are recognised in 'Other Comprehensive Income' until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in net result for the period. Fair value is determined in the manner described in Note 20(f).

Financial Liabilities at Amortised Cost

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

Financial instrument liabilities measured at amortised cost include all of the Royal Women's Hospital's contractual payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through the Comprehensive Operating Statement.

(k) Assets

Cash and Cash Equivalents

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

Receivables

Receivables consist of:

- Contractual receivables, which consists of debtors in relation to goods and services and accrued investment income; and
- Statutory receivables, which predominantly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits recoverable.

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

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

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

Investments and Other Financial Assets

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

Investments are classified in the following categories:

- Loans and receivables; and
- Available-for-sale financial assets.

The Royal Women's Hospital classifies its other financial assets between current and non-current assets based on the Board of Management's intention at balance date with respect to the timing of disposal of each asset. The Royal Women's Hospital assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

The Royal Women's Hospital's investments must comply with Standing Direction 4.5.6 - Treasury Risk Management. The investment portfolio of the Royal Women's Hospital is managed by Victorian Funds Management Corporation through specialist fund managers and a Master Custodian. The Master Custodian holds the investments and conducts settlements pursuant to instructions from the specialist fund managers.

The Royal Women's Hospital's controlled entities manage their investments in accordance with their own investment policy as approved by their Board and their investments are consolidated into the Royal Women's Hospital for reporting purposes as it is the ultimate beneficiary of the Royal Women's Hospital Foundation.

The Royal Women's Hospital Foundation is registered under the Australian Charities and Not-for-profits Commission and is not subject to reporting requirements under the *Financial Management Act 1994* or Standing Directions from the Minister for Finance or the directions from the Minister for Health under the *Health Services Act 1988*.

All financial assets, except for those measured at fair value through the Comprehensive Operating Statement are subject to annual review for impairment.

Inventories

Inventories include goods that are either held for sale, consumption or for distribution at no or nominal cost in the ordinary course of business operations.

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

Non-Financial Physical Assets Classified as Held for Sale

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

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

Property, Plant and Equipment

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

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 12 Property, Plant and Equipment.

The initial cost for non-financial physical assets under finance lease (refer to Note 1(m)) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Note 1: Summary of Significant Accounting Policies (continued)

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

Restrictive Nature of Crown Land

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.

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

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

Cultural Assets (Artworks) are recognised initially at cost and subsequently measured at fair value less impairment.

Leasehold Improvements

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.

Revaluations of Non-Current Physical Assets

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

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

Revaluation decrements are recognised in 'Other Comprehensive Income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment.

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

Revaluation surplus is not transferred to accumulated funds on derecognition of the relevant asset, except where an asset is transferred via contributed capital.

In accordance with FRD 103F, the Royal Women's Hospital's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

Intangible Assets

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

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

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

Prepayments

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

Disposal of Non-Financial Assets

Any gain or loss on the sale of non-financial assets is recognised in the Comprehensive Operating Statement. Refer to Note 1(i), except where an asset is transferred via contributed capital.

Impairment of Non-Financial Assets

All non-financial assets except for inventories are assessed annually for indications of impairment.

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

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

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

Investments in Joint Operations

In respect of any interest in joint operations, the Royal Women's Hospital recognises in the financial statements:

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

The Royal Women's Hospital is a Member of the Victorian Comprehensive Cancer Centre Joint Venture and retains joint control over the arrangement, which it has classified as a Joint Operation (refer to Note 27).

Impairment of Financial Assets

At the end of each reporting period, the Royal Women's Hospital assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through the Comprehensive Income Statement, are subject to annual review for impairment.

Receivables are assessed for bad and doubtful debts on a regular basis. Bad debts considered as written off and allowances for doubtful receivables are expensed.

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

In order to determine an appropriate fair value as at 30 June 2016 for its portfolio of financial assets, the Royal Women's Hospital and its controlled entities used the market value of investments held provided by the portfolio managers.

The above valuation process was used to quantify the level of impairment (if any) on the portfolio of financial assets as at year end.

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*.

Net Gain/(Loss) on Financial Instruments

Net gain/(loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through the Comprehensive Operating Statement;
- impairment and reversal of impairment for financial instruments at amortised cost; and
- disposals of financial assets and derecognition of financial liabilities.

Revaluations of Financial Instruments at Fair Value

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

(I) Liabilities

Payables

Payables consist of:

- Contractual payables which consist predominantly of accounts payable representing liabilities for goods and services provided to the Royal Women's Hospital prior to the end of the financial year that are unpaid, and arise when the Royal Women's Hospital becomes obliged to make future payments in respect of the purchase of those goods and services.

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

- Statutory payables, such as goods and services tax and fringe benefits tax payables.

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

Borrowings

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs (refer Note 1(m) Finance Lease). Subsequent to initial recognition, 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. Fair value is determined in the manner described in Note 20(f).

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. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

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

Note 1: Summary of Significant Accounting Policies (continued)

Employee Benefits

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

Salaries and Wages, Annual Leave and Accrued Days Off

Liabilities for salaries and wages, 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 salaries and wages, annual leave and accrued days off are measured at:

- Undiscounted 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.

The components of this current LSL liability are measured at:

- Undiscounted 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 disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service (currently 10 years). This non current LSL liability is required to be measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction in the operating statement.

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.

The Royal Women's Hospital recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

On-Costs Related to Employee Expense

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

Superannuation Liabilities

The Royal Women's Hospital does not recognise any unfunded defined benefit liability in respect of the superannuation plans because the Royal Women's 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.

(m) Leases

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

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

Finance Leases

Entity as lessor

The Royal Women's Hospital does not hold any finance lease arrangements with other parties.

Entity as lessee

Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease 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. Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the Comprehensive Operating Statement. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

The State of Victoria is obliged to fund monthly service payments for the site at Flemington Road, due under the Project Agreement for the life of that Agreement, a period of up to 25 years. The Royal Women's Hospital expects that it will continue to operate and control the hospital at the expiry of the lease. On this basis the building is being amortised over its estimated useful life of 54 years.

Operating Leases

Entity as lessor

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

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

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

Entity as lessee

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

Leasehold Improvements

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

(n) Equity

Contributed Capital

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

Transfers of net assets arising from administrative restructurings are treated as contributions by owners. Transfers of net liabilities arising from administrative restructures are to go through the Comprehensive Operating Statement.

Property, Plant and Equipment

Revaluation Surplus

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

Financial Assets Available-for-Sale

Revaluation Surplus

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

Specific Restricted Purpose Surplus

The Specific Restricted Purpose Surplus 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.

(o) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 21) at their nominal value and are inclusive of the goods and services tax ("GST") payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the Balance Sheet.

(p) Contingent Assets and Contingent Liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of note (refer to Note 22) and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

(q) Goods and Services Tax (GST)

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

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

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

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

(r) Events after the Reporting Period

Refer to Note 25 Events Occurring after the Balance Sheet Date.

Note 1: Summary of Significant Accounting Policies (continued)

(s) AASs issued that are not yet effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2016 reporting period. Department of Treasury and Finance assesses the impact of all these new standards and advises the Royal Women's Hospital of their applicability and early adoption where applicable.

As at 30 June 2016, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. The Royal Women's Hospital has not and does not intend to adopt these standards early.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on the Royal Women's Hospital's Financial Statements
AASB 9 Financial Instruments	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: <ul style="list-style-type: none"> • The change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and • Other fair value changes are presented in profit and loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. 	1 Jan 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. Changes in own credit risk in respect of liabilities designated at fair value through profit and loss will now be presented within other comprehensive income (OCI). Hedge accounting will be more closely aligned with common risk management practices making it easier to have an effective hedge. For entities with significant lending activities, an overhaul of related systems and processes may be needed.
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.
AASB15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on the Royal Women's Hospital's Financial Statements
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	<p>Amends the measurement of trade receivables and the recognition of dividends.</p> <p>Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at initial recognition.</p> <p>Dividends are recognised in the profit and loss only when:</p> <ul style="list-style-type: none"> • the entity's right to receive payment of the dividend is established; • it is probable that the economic benefits associated with the dividend will flow to the entity; and • the amount can be measured reliably. 	1 Jan 2017, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.
AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15	This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 Jan 2018	This amending standard will defer the application period of AASB 15 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15	<p>This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require:</p> <ul style="list-style-type: none"> • A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; • For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and • For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access). 	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector, other than the impact identified in AASB 15.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1 Jan 2019	<p>The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase.</p> <p>Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus.</p> <p>The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement.</p> <p>No change for lessors.</p>

Note 1: Summary of Significant Accounting Policies (continued)

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on the Royal Women's Hospital's Financial Statements
AASB 2014 4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & AASB 138]	<p>Amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to:</p> <ul style="list-style-type: none"> • establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; • prohibit the use of revenue based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset. 	1 Jan 2016	The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation.
AASB 2015 6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]	The Amendments extend the scope of AASB 124 Related Party Disclosures to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities.	1 Jan 2016	The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.

In addition to the the new standards on pages 68–70, the AASB has issued a list of amending standards that are not effective for the 2015/16 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

- AASB 1057 Application of Australian Accounting Standards.
- AASB 2014 3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11].
- AASB 2015 2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049].
- AASB 2015-9 Amendments to Australian Accounting Standards – Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057].
- AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128.
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107.

(t) Category Groups

The Royal Women's Hospital has used the following category groups for reporting purposes for the current and previous financial years.

Admitted Patient Services (Admitted Patients) comprises all acute and subacute admitted patient services, where services are delivered in public hospitals.

Mental Health Services (Mental Health) comprises all specialised mental health services providing a range of inpatient and ambulatory services which treat and support people with a mental illness and their families and carers. These services aim to identify mental illness early, and seek to reduce its impact through providing timely acute care services and support for those living with a mental illness.

Non Admitted Services comprises acute and subacute non admitted services, where services are delivered in public hospital clinics and provide models of integrated community care, which significantly reduces the demand for hospital beds and supports the transition from hospital to home in a safe and timely manner.

Emergency Department Services (EDs) comprises all emergency department services.

Primary and Community Health comprises services for Community Health including health promotion and counselling and physiotherapy.

Other Services excluded from National Health Care Agreement (NHCA) (Other) comprises services not separately classified above, including: sexually transmitted infections clinical services, Koori liaison officers, immunisation and screening services, drugs services and community care programs including sexual assault support, early parenting services and parenting assessment and skills development.

Note 2: Analysis of Revenue by Source

	Admitted Patients 2016 \$'000	Non-Admitted 2016 \$'000	EDs 2016 \$'000	Mental Health 2016 \$'000	Primary Health 2016 \$'000	Other * 2016 \$'000	Total 2016 \$'000
Consolidated							
Government Grants	154,543	38,598	2,984	687	2,685	3,302	202,799
Indirect Contributions by Department of Health and Human Services	1,979	10	4	1	1	5	2,000
Patient Fees	8,899	1,648	591	-	-	314	11,452
Commercial Activities and Special Purpose Funds	516	155	12	2	6	22,032	22,723
Other Revenue from Operating Activities	2,326	779	87	34	29	3,593	6,848
Total Revenue from Operating Activities	168,263	41,190	3,678	724	2,721	29,246	245,822
Interest and Dividends	912	142	50	9	12	194	1,319
Total Revenue from Non-Operating Activities	912	142	50	9	12	194	1,319
Government Grants	-	-	-	-	-	27,285	27,285
Capital Purpose Income (excluding Interest)	-	-	-	-	-	94	94
Total Capital Purpose Income	-	-	-	-	-	27,379	27,379
Total Revenue	169,175	41,332	3,728	733	2,733	56,819	274,520
	Admitted Patients 2015 \$'000	Non-Admitted 2015 \$'000	EDs 2015 \$'000	Mental Health 2015 \$'000	Primary Health 2015 \$'000	Other * 2015 \$'000	Total 2015 \$'000
Consolidated							
Government Grants	145,970	37,109	5,091	602	2,445	2,797	194,014
Indirect Contributions by Department of Health and Human Services	2,404	11	4	1	1	4	2,425
Patient Fees	9,155	2,086	-	-	-	306	11,547
Commercial Activities and Special Purpose Funds	437	140	10	2	4	20,787	21,380
Other Revenue from Operating Activities	2,287	824	92	117	44	3,921	7,285
Total Revenue from Operating Activities	160,253	40,170	5,197	722	2,494	27,815	236,651
Interest and Dividends	773	119	43	8	12	517	1,472
Total Revenue from Non-Operating Activities	773	119	43	8	12	517	1,472
Government Grants	-	-	-	-	-	26,209	26,209
Capital Purpose Income (excluding Interest)	-	-	-	-	-	5	5
Total Capital Purpose Income	-	-	-	-	-	26,214	26,214
Total Revenue	161,026	40,289	5,240	730	2,506	54,546	264,337

* Other Programs include Commercial Activities, Special Purpose Funds and Capital. In the prior year, capital purpose income was allocated across department programs however, due to the nature of these transactions it is more appropriate to collectively disclose capital income under other programs.

Revenue has been classified across programs as defined in the Agency Information Management System (AIMS) guidelines. For clinical support, infrastructure and corporate and diagnostic laboratory and medical services, FTE has been used to allocate revenue across the programs.

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

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

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Proceeds from Disposal of Non-Financial Assets		
Plant and Equipment	16	-
Medical Equipment	3	43
Motor Vehicles	-	4
Computers and Communication Equipment	-	7
Total Proceeds from Disposal of Non-Financial Assets	19	54
Less: Written Down Value of Non-Financial Assets Sold		
Medical Equipment	(73)	(64)
Furniture and Fittings	(1)	-
Motor Vehicles	-	(12)
Computers and Communication Equipment	-	(13)
Total Written Down Value of Non-Financial Assets Sold	(74)	(89)
Net Gains/(Losses) on Disposal of Non-Financial Assets	(55)	(35)

Note 3: Analysis of Expenses by Source

	Admitted Patients 2016 \$'000	Non-Admitted 2016 \$'000	EDs 2016 \$'000	Mental Health 2016 \$'000	Primary Health 2016 \$'000	Other * 2016 \$'000	Total 2016 \$'000
Consolidated							
Employee Expenses	121,947	20,377	6,908	1,744	1,286	9,598	161,860
Non Salary Labour Costs	3,905	982	90	529	25	1,043	6,574
Supplies and Consumables	18,008	2,826	786	113	144	1,707	23,584
Public Private Partnership Operating Expenses	12,449	1,941	688	124	158	1,021	16,381
Medical Indemnity Insurance	11,380	-	-	-	-	-	11,380
Fuel, Light, Power and Water	1,791	279	99	18	23	655	2,865
Repairs and Maintenance	1,926	350	104	20	26	573	2,999
Other Expenses	14,231	1,385	517	73	112	1,994	18,312
Finance Costs - Self Funded Activity (refer Note 5)	-	-	-	-	-	1,398	1,398
Total Expenditure from Operating Activities	185,637	28,140	9,192	2,621	1,774	17,989	245,353
Expenditure for Capital Purposes	-	-	-	-	-	284	284
Impairment of Financial Assets	-	-	-	-	-	87	87
Depreciation and Amortisation (refer Note 4)	-	-	-	-	-	15,097	15,097
Finance Costs (refer Note 5)	-	-	-	-	-	19,567	19,567
Total Other Expenses	-	-	-	-	-	35,035	35,035
Total Expenses	185,637	28,140	9,192	2,621	1,774	53,024	280,388

	Admitted Patients 2015 \$'000	Non-Admitted 2015 \$'000	EDs 2015 \$'000	Mental Health 2015 \$'000	Primary Health 2015 \$'000	Other * 2015 \$'000	Total 2015 \$'000
Consolidated							
Employee Expenses	117,452	19,394	6,384	1,693	1,541	8,422	154,886
Non Salary Labour Costs	3,663	886	101	417	30	601	5,699
Supplies and Consumables	17,582	2,705	778	118	178	1,288	22,649
Public Private Partnership Operating Expenses	11,690	1,794	647	126	188	806	15,251
Medical Indemnity Insurance	11,366	-	-	-	-	-	11,366
Fuel, Light, Power and Water	1,511	232	84	16	24	602	2,469
Repairs and Maintenance	1,835	323	99	19	28	576	2,880
Other Expenses	14,238	1,375	501	72	139	1,901	18,226
Finance Costs - Self Funded Activity (refer Note 5)	-	-	-	-	-	1,438	1,438
Total Expenditure from Operating Activities	179,337	26,709	8,594	2,461	2,129	15,634	234,864
Expenditure for Capital Purposes	-	-	-	-	-	231	231
Impairment of Financial Assets	-	-	-	-	-	115	115
Depreciation and Amortisation (refer Note 4)	-	-	-	-	-	15,683	15,683
Finance Costs (refer Note 5)	-	-	-	-	-	19,856	19,856
Total Other Expenses	-	-	-	-	-	35,885	35,885
Total Expenses	179,337	26,709	8,594	2,461	2,129	51,519	270,749

* Other Programs include Commercial Activities, Special Purpose Funds and Capital. In the prior year, capital expenditure was allocated across department programs however, due to the nature of these transactions it is more appropriate to collectively disclose capital expenditure under other programs.

Expenditure has been classified across programs as defined in the Agency Information Management System (AIMS) guidelines. For clinical support, infrastructure and corporate and diagnostic laboratory and medical services, FTE has been used to allocate expenditure across the programs.

Note 3a: Analysis of Expenses and Revenue by Internally Managed and Restricted Specific Purpose Funds

	Expense		Revenue	
	Consol'd 2016 \$'000	Consol'd 2015 \$'000	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Commercial Activities				
Private Practice and Other Patient Activities	437	325	314	266
Laboratory Medicine	155	138	305	304
Pharmacy Services	293	273	456	217
Car Park	2,250	2,261	8,110	7,488
Childcare Centre	601	-	511	-
Property	607	691	2,926	2,795
Other Activities				
Education and Training	303	304	358	324
Fundraising and Community Support	523	554	941	2,088
Major Equipment Replacement	3	-	3	-
Research and Scholarship	3,648	3,025	3,534	2,600
Other	546	443	568	406
Total	9,366	8,014	18,026	16,488

Note 4: Depreciation and Amortisation

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Depreciation		
Buildings	4,366	4,347
Plant and Equipment	97	170
Medical Equipment	1,366	1,421
Computers and Communication Equipment	373	929
Furniture and Fittings	56	123
Motor Vehicles	-	4
Leased Assets ^{i, ii}	7,482	7,487
Total Depreciation	13,740	14,481
Amortisation		
Intangible Assets	1,357	1,202
Total Amortisation	1,357	1,202
Total Depreciation and Amortisation	15,097	15,683

ⁱ Of the balance disclosed under 'Depreciation Leased Assets', \$7.30m (\$7.30m in 2015) relates to leased buildings contracted under the public private partnership (PPP) arrangement.

ⁱⁱ Of the balance disclosed under 'Depreciation Leased Assets', \$0.18m (\$0.19m in 2015) relates to leased other assets contracted under the public private partnership (PPP) arrangement.

Note 5: Finance Costs

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Finance Costs - Self Funded Activity	1,398	1,438
	1,398	1,438
Finance Costs - Finance Leases *	19,567	19,856
	19,567	19,856
Total Finance Costs	20,965	21,294

* Construction and fit out of the Royal Women's Hospital was funded as a Public Private Partnership under a Project Agreement between the State of Victoria and Royal Women's Health Partnership Pty Ltd. This amount represents the interest payments made during the financial year.

Note 6: Cash and Cash Equivalents

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

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Cash on Hand	10	9
Cash at Bank	2,910	2,728
Deposits at Call	7,406	1,535
Short Term Money Market	2,000	-
Total Cash and Cash Equivalents	12,326	4,272
Represented by:		
Cash as per Cash Flow Statement ⁱ	12,326	4,272
Total Cash and Cash Equivalents	12,326	4,272

ⁱ Cash and cash equivalents include salary packaging.

Note 7: Receivables

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Current		
Contractual		
Inter Hospital Debtors	383	465
Trade Debtors	1,263	1,320
Patient Fees	2,241	1,894
Accrued Revenue - Other	2,634	3,209
Less Allowance for Doubtful Debts		
Trade Debtors	(17)	(26)
Patient Fees	(417)	(255)
	6,087	6,607
Statutory		
GST Receivable	381	346
	381	346
Total Current Receivables	6,468	6,953
Non-Current		
Statutory		
Long Service Leave - Department of Health and Human Services	6,798	4,884
Total Non-Current Receivables	6,798	4,884
Total Receivables	13,266	11,837

(a) Movement in the Allowance for Doubtful Debts

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Balance at beginning of year	281	189
Increase/(decrease) in allowance recognised in net result	153	92
Balance at end of year	434	281

(b) Ageing analysis of receivables

Please refer to Note 20(c) for the ageing analysis of contractual receivables.

(c) Nature and extent of risk arising from receivables

Please refer to Note 20(c) for the nature and extent of credit risk arising from contractual receivables.

Note 8: Investments and Other Financial Assets

	Operating Fund		Specific Purpose Fund		Capital Fund		Consol'd	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current								
Available-for-Sale								
Equities and Managed Investment Schemes								
- Managed Investment Schemes	-	-	-	-	1,500	1,500	1,500	1,500
Total Current	-	-	-	-	1,500	1,500	1,500	1,500
Non-Current								
Available-for-Sale								
Equities and Managed Investment Schemes								
- Managed Investment Schemes	7,703	7,189	4,613	4,589	-	-	12,316	11,778
Total Non-Current	7,703	7,189	4,613	4,589	-	-	12,316	11,778
Total Investments and Other Financial Assets	7,703	7,189	4,613	4,589	1,500	1,500	13,816	13,278
Represented by:								
Health Service Investments	4,833	4,456	4,613	4,589	1,500	1,500	10,946	10,545
Foundation Investments	2,870	2,733	-	-	-	-	2,870	2,733
Total Investments and Other Financial Assets	7,703	7,189	4,613	4,589	1,500	1,500	13,816	13,278

(a) Ageing analysis of investments and other financial assets

Please refer to Note 20(c) for the ageing analysis of investments and other financial assets.

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

Please refer to Note 20(c) for the nature and extent of credit risk arising from investments and other financial assets.

Note 9: Inventories

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Pharmaceuticals		
At Cost	164	176
TOTAL INVENTORIES	164	176

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

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
(a) Non-financial physical assets classified as held for sale		
Crown Land	-	6,400
Total Non-Financial Physical Assets Classified as Held For Sale	-	6,400

On the 9th September 2015, the Royal Women's Hospital transferred Crown Land it no longer utilised to the Department of Health and Human Services. The land was transferred for \$6.4m.

(b) Fair value measurement of non-financial physical assets held for sale

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Crown Land	-	6,400
Total Non-Financial Physical Assets Classified as Held For Sale	-	6,400

Crown Land held for sale was carried at fair value less costs to dispose. At 30 June 2015, the fair value of the Crown Land was classified as Level 3 in accordance with the fair value hierarchy, refer Note 1(b).

Ernst & Young performed the valuation for the Clinical Science Block on 29 November 2013. 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 valuation included a Community Service Obligation (CSO) adjustment of 20%.

Note 11: Prepayments and Other Assets

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Current		
Prepayments	1,086	324
Total Current Other Assets	1,086	324
Non-Current		
Deposits	37	37
Total Non-Current Other Assets	37	37
Total Other Assets	1,123	361

Note 12: Property, Plant and Equipment

(a) Gross carrying amount and accumulated depreciation

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Land		
Land at Fair Value		
- Crown	72,041	57,834
- Freehold	51,273	40,606
Total Land	123,314	98,440
Buildings		
Buildings at Fair Value	29,166	29,079
Less Accumulated Depreciation	(8,712)	(4,347)
	20,454	24,732
Leasehold Improvements at Cost	1,040	1,040
Less Accumulated Depreciation	(1,040)	(1,040)
	-	-
Building Work in Progress at Cost	7	1
Total Buildings	20,461	24,733
Plant and Equipment		
Plant and Equipment at Fair Value	4,999	4,927
Less Accumulated Depreciation	(4,560)	(4,473)
Total Plant and Equipment	439	454
Medical Equipment		
Medical Equipment at Fair Value	21,341	29,242
Less Accumulated Depreciation	(16,446)	(23,823)
Total Medical Equipment	4,895	5,419
Computers and Communication Equipment		
Computers and Communication Equipment at Fair Value	7,164	7,597
Less Accumulated Depreciation	(6,221)	(7,074)
Total Computers and Communication Equipment	943	523
Furniture and Fittings		
Furniture and Fittings at Fair Value	801	1,310
Less Accumulated Depreciation	(496)	(955)
Total Furniture and Fittings	305	355

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Cultural Assets		
Cultural Assets at Fair Value	287	287
Total Cultural Assets	287	287
Leased Assets Contracted under PPP Agreement		
Leased Buildings at Valuation	244,338	244,199
Less Accumulated Depreciation	(14,594)	(7,297)
	229,744	236,902
Building Leasehold Work in Progress at Cost	24	-
	229,768	236,902
Plant and Equipment at Fair Value	1,034	1,034
Less Accumulated Depreciation	(279)	(244)
	755	790
Audiovisual Equipment at Fair Value	31	31
Less Accumulated Depreciation	(8)	(7)
	23	24
Furniture and Fittings at Fair Value	2,144	2,144
Less Accumulated Depreciation	(578)	(506)
	1,566	1,638
Medical Equipment at Fair Value	1,835	1,835
Less Accumulated Depreciation	(494)	(433)
	1,341	1,402
Scientific Equipment at Fair Value	469	469
Less Accumulated Depreciation	(126)	(111)
	343	358
Total Leased Assets	233,796	241,114
Total Property, Plant and Equipment	384,440	371,325

Note 12: Property, Plant and Equipment (Continued)

(b) Reconciliations of the carrying amounts of each class of asset

Consolidated	Land \$'000	Buildings \$'000	Plant & Equipment ¹ \$'000	Medical Equipment ¹ \$'000	Computers & Commnctn Equipment ¹ \$'000	Furniture & Fittings ¹ \$'000	Motor Vehicles \$'000	Cultural Assets \$'000	Leased Assets ¹ \$'000	Total \$'000
Balance at 1 July 2014	104,840	29,031	206	4,783	607	409	17	287	248,984	389,164
Retrospective change in accounting policy ¹	-	-	421	546	785	67	-	-	(382)	1,437
Restated Balance at 1 July 2014	104,840	29,031	627	5,329	1,394	475	17	287	248,601	390,601
Additions	-	49	(3)	1,575	71	3	-	-	-	1,695
Disposals	-	-	-	(65)	(13)	-	(12)	-	-	(89)
Classified as Held For Sale (refer Note 10)	(6,400)	-	-	-	-	-	-	-	-	(6,400)
Depreciation and Amortisation (refer Note 4)	-	(4,347)	(170)	(1,421)	(929)	(123)	(4)	-	(7,487)	(14,481)
Balance at 1 July 2015	98,440	24,733	454	5,419	523	355	-	287	241,114	371,325
Additions	-	94	83	918	793	4	-	-	164	2,055
Disposals	-	-	(1)	(74)	-	-	-	-	-	(74)
Revaluation increments/ (decrements)	24,874	-	-	-	-	-	-	-	-	24,874
Net Transfers between classes	-	-	-	(2)	-	2	-	-	-	-
Depreciation and Amortisation (refer Note 4)	-	(4,366)	(97)	(1,366)	(373)	(56)	-	-	(7,482)	(13,740)
Balance at 30 June 2016	123,314	20,461	439	4,895	943	305	-	287	233,796	384,440

¹ The Royal Women's Hospital adopted a retrospective change in accounting policy, which caused a restatement of Property, Plant and Equipment as at 30 June 2014. For assets where there was no lifecycle payment as part of the PPP agreement, those assets have been transferred from leased assets to owned assets with no change to the asset useful lives. For assets where the PPP agreement included a lifecycle payment, those asset useful lives have been changed.

Land and Buildings and Leased Assets Carried at Valuation

The Valuer-General Victoria undertook to re-value all of the Royal Women's Hospital's owned and leased land and buildings to determine their fair value. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation is 30 June 2014.

In compliance with FRD 103F, in the year ended 30 June 2016, the Royal Women's Hospital's management conducted an annual assessment of the fair value of land and buildings and leased

buildings. To facilitate this, management obtained from the Department of Treasury and Finance the Valuer General Victoria indices for the financial year ended 30 June 2016 and applied these indices to the individual assets' 2014 valuation. The indexed value was then compared to individual assets written down book value as at 30 June 2016 to determine the change in their fair values.

The movement in land fair value as indicated by the compounded impact of the VGV indices, triggered a managerial revaluation in the current year. The Department of Health and Human Services approved a managerial revaluation of the land asset class of \$24.9m.

There was no material financial impact on change in fair value of buildings and leased buildings.

(c) Fair value measurement hierarchy for assets

	Consol'd Carrying Amount as at 30 June 2016 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 ⁱ	Level 2 ⁱ	Level 3 ⁱ
		2016 \$'000	2016 \$'000	2016 \$'000
Land at Fair Value				
- Non-Specialised Land	13,284	-	13,284	-
- Specialised Land	110,030	-	-	110,030
Total of Land at Fair Value	123,314	-	13,284	110,030
Buildings at Fair Value				
- Non-Specialised Buildings	20,461	-	20,461	-
Total of Building at Fair Value	20,461	-	20,461	-
Plant and Equipment at Fair Value	439	-	-	439
Medical Equipment at Fair Value	4,895	-	-	4,895
Computers and Communication Equipment at Fair Value	943	-	-	943
Furniture and Fittings at Fair Value	305	-	-	305
Cultural Assets at Fair Value	287	-	287	-
Leased Assets at Fair Value				
- Specialised Leased Buildings at Valuation	229,768	-	-	229,768
- Plant and Equipment at Fair Value	755	-	-	755
- Audiovisual Equipment at Fair Value	23	-	-	23
- Furniture and Fittings at Fair Value	1,566	-	-	1,566
- Medical Equipment at Fair Value	1,341	-	-	1,341
- Scientific Equipment at Fair Value	343	-	-	343
Total of Leased Assets at Fair Value	233,796	-	-	233,796
Total Property, Plant and Equipment	384,440	-	34,032	350,408

Note 12: Property, Plant and Equipment (Continued)

(c) Fair value measurement hierarchy for assets (continued)

	Consol'd Carrying Amount as at 30 June 2015 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 ⁱ	Level 2 ⁱ	Level 3 ⁱ
		2015 \$'000	2015 \$'000	2015 \$'000
Land at Fair Value				
- Non-Specialised Land	13,284	-	13,284	-
- Specialised Land	85,156	-	-	85,156
Total of Land at Fair Value	98,440	-	13,284	85,156
Buildings at Fair Value				
- Non-Specialised Buildings	24,733	-	24,733	-
Total of Building at Fair Value	24,733	-	24,733	-
Plant and Equipment at Fair Value	454	-	-	454
Medical Equipment at Fair Value	5,419	-	-	5,419
Computers and Communication Equipment at Fair Value	523	-	-	523
Furniture and Fittings at Fair Value	355	-	-	355
Cultural Assets at Fair Value	287	-	287	-
Leased Assets at Fair Value				
- Specialised Leased Buildings at Valuation	236,902	-	-	236,902
- Plant and Equipment at Fair Value	790	-	-	790
- Audiovisual Equipment at Fair Value	24	-	-	24
- Furniture and Fittings at Fair Value	1,638	-	-	1,638
- Medical Equipment at Fair Value	1,402	-	-	1,402
- Scientific Equipment at Fair Value	358	-	-	358
Total of Leased Assets at Fair Value	241,114	-	-	241,114
Total Property, Plant and Equipment	371,325	-	38,304	333,021

ⁱ Classified in accordance with the fair value hierarchy, refer Note 1(b).

There have been no transfers between levels during the period.

(d) Reconciliation of Level 3 Fair Value ⁱ

Consolidated	Land \$'000	Plant & Equipment \$'000	Medical Equipment \$'000	Computers & Commnctn Equipment \$'000	Furniture & Fittings \$'000	Leased Assets \$'000
Balance at 1 July 2015	85,156	454	5,419	523	355	241,114
Additions (Disposals)	-	82	844	793	4	164
Net Transfers between Classes	-	-	(2)	-	2	-
Gains or (Losses) recognised in Net Result						
- Depreciation and Amortisation	-	(97)	(1,366)	(373)	(56)	(7,482)
Items recognised in Other Comprehensive Income						
- Revaluation	24,874	-	-	-	-	-
Balance at 30 June 2016	110,030	439	4,895	943	305	233,796
Consolidated	Land \$'000	Plant & Equipment \$'000	Medical Equipment \$'000	Computers & Commnctn Equipment \$'000	Furniture & Fittings \$'000	Leased Assets \$'000
Balance at 1 July 2014	91,556	206	4,783	607	409	248,984
Retrospective change in accounting policy ⁱⁱ	-	421	546	785	67	(382)
Restated Balance at 1 July 2014	91,556	627	5,329	1,394	475	248,601
Additions (Disposals)	-	(3)	1,511	58	3	-
Classified as Held For Sale	(6,400)	-	-	-	-	-
Gains or (Losses) recognised in Net Result						
- Depreciation and Amortisation	-	(170)	(1,421)	(929)	(123)	(7,487)
Balance at 30 June 2015	85,156	454	5,419	523	355	241,114

ⁱ Classified in accordance with the fair value hierarchy, refer Note 1(b).

ⁱⁱ The Royal Women's Hospital adopted a retrospective change in accounting policy, which caused a restatement of Property, Plant and Equipment as at 30 June 2014. For assets where there was no lifecycle payment as part of the PPP agreement, those assets have been transferred from leased assets to owned assets with no change to the asset useful lives. For assets where the PPP agreement included a lifecycle payment, those asset useful lives have been changed.

Note 12: Property, Plant and Equipment (Continued)

(e) Description of significant unobservable inputs to Level 3 valuations:

	Valuation technique	Significant unobservable inputs	Sensitivity of fair value measurement to changes in significant unobservable inputs
Specialised Land			
Crown Land	Market approach	Community Service Obligation (CSO) adjustment *	A significant increase (decrease) in the CSO adjustment would result in a significantly lower (higher) fair value.
Freehold Land	Market approach	Community Service Obligation (CSO) adjustment *	A significant increase (decrease) in the CSO adjustment would result in a significantly lower (higher) fair value.
Specialised Buildings			
Leased	Depreciated replacement cost	Cost per sqm	A significant increase (decrease) in cost per sqm would result in a significantly higher (lower) fair value.
		Useful life of specialised buildings	A significant increase (decrease) in the estimated useful life of the asset would result in a significantly higher (lower) valuation.
Plant and Equipment at Fair Value			
	Depreciated replacement cost	Cost per unit	A significant increase (decrease) in gross replacement cost would result in a significantly higher (lower) fair value.
		Useful life of Plant and Equipment	A significant increase (decrease) in useful life would result in a significantly higher (lower) fair value.
Medical Equipment at Fair Value			
	Depreciated replacement cost	Cost per unit	A significant increase (decrease) in gross replacement cost would result in a significantly higher (lower) fair value.
		Useful life of Medical Equipment	A significant increase (decrease) in useful life would result in a significantly higher (lower) fair value.
Computers and Communication Equipment at Fair Value			
	Depreciated replacement cost	Cost per unit	A significant increase (decrease) in gross replacement cost would result in a significantly higher (lower) fair value.
		Useful life of Computers and Communication Equipment	A significant increase (decrease) in useful life would result in a significantly higher (lower) fair value.
Furniture and Fittings at Fair Value			
	Depreciated replacement cost	Cost per unit	A significant increase (decrease) in gross replacement cost would result in a significantly higher (lower) fair value.
		Useful life of Furniture and Fittings	A significant increase (decrease) in useful life would result in a significantly higher (lower) fair value.

	Valuation technique	Significant unobservable inputs	Sensitivity of fair value measurement to changes in significant unobservable inputs
Leased Plant and Equipment at Fair Value	Depreciated replacement cost	Cost per unit	A significant increase (decrease) in gross replacement cost would result in a significantly higher (lower) fair value.
		Useful life of Leased Plant and Equipment	A significant increase (decrease) in useful life would result in a significantly higher (lower) fair value.
Leased Audiovisual Equipment at Fair Value	Depreciated replacement cost	Cost per unit	A significant increase (decrease) in gross replacement cost would result in a significantly higher (lower) fair value.
		Useful life of Leased Audiovisual Equipment	A significant increase (decrease) in useful life would result in a significantly higher (lower) fair value.
Leased Furniture and Fittings at Fair Value	Depreciated replacement cost	Cost per unit	A significant increase (decrease) in gross replacement cost would result in a significantly higher (lower) fair value.
		Useful life of Leased Furniture and Fittings	A significant increase (decrease) in useful life would result in a significantly higher (lower) fair value.
Leased Medical Equipment at Fair Value	Depreciated replacement cost	Cost per unit	A significant increase (decrease) in gross replacement cost would result in a significantly higher (lower) fair value.
		Useful life of Leased Medical Equipment	A significant increase (decrease) in useful life would result in a significantly higher (lower) fair value.
Leased Scientific Equipment at Fair Value	Depreciated replacement cost	Cost per unit	A significant increase (decrease) in gross replacement cost would result in a significantly higher (lower) fair value.
		Useful life of Leased Scientific Equipment	A significant increase (decrease) in useful life would result in a significantly higher (lower) fair value.

* CSO adjustment of 20% was applied to reduce the market approach value for the Royal Women's Hospital's specialised land.

Note 13: Intangible Assets

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Software	6,392	5,324
Less Accumulated Amortisation	(4,987)	(4,609)
	1,405	715
Revenue Rights Parkville Car Park	24,491	24,490
Less Accumulated Amortisation	(7,837)	(6,857)
	16,654	17,633
Total Intangible Assets	18,059	18,348

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

Consolidated	Software \$'000	Revenue Rights Parkville Car Park \$'000	Total \$'000
Balance at 1 July 2014	450	18,612	19,062
Additions	488	-	488
Amortisation (refer Note 4)	(223)	(979)	(1,202)
Balance at 1 July 2015	715	17,633	18,348
Additions	1,068	-	1,068
Amortisation (refer Note 4)	(378)	(979)	(1,357)
Balance at 30 June 2016	1,405	16,654	18,059

Note 14: Payables

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Current		
Contractual		
Trade Creditors	7,767	2,881
Accrued Expenses	2,762	3,351
Salary Packaging	785	709
Amounts Payable to Governments and Agencies	3,777	3,804
Deposits	21	15
Revenue in Advance	842	1,094
	15,954	11,854
Statutory		
Department of Health and Human Services	2,828	1,370
	2,828	1,370
Total Current Payables	18,782	13,224
Total Payables	18,782	13,224

(a) Maturity analysis of payables

Please refer to Note 20(d) for the ageing analysis of contractual payables.

(b) Nature and extent of risk arising from payables

Please refer to Note 20(d) for the nature and extent of risks arising from contractual payables.

Note 15: Borrowings

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Current		
Australian Dollar Borrowings		
– Finance Lease Liability *	5,341	4,856
– Loan from Treasury Corporation Victoria	660	617
Total Australian Dollars Borrowings	6,001	5,473
Total Current Borrowings	6,001	5,473
Non-Current		
Australian Dollar Borrowings		
– Finance Lease Liability *	215,878	221,219
– Loan from Treasury Corporation Victoria	19,966	20,626
Total Australian Dollars Borrowings	235,844	241,845
Total Non-Current Borrowings	235,844	241,845
Total Borrowings	241,845	247,318

(a) Maturity analysis of borrowings

Please refer to Note 20(d) for the ageing analysis of borrowings.

(b) Nature and extent of risk arising from borrowings

Please refer to Note 20(d) for the nature and extent of risks arising from borrowings.

(c) Defaults and breaches

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

* (d) Finance Lease Repayments

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Finance Leases		
Repayments in relation to finance leases are payable as follows:		
Not later than one year	25,185	24,523
Later than 1 year and not later than 5 years	105,893	104,130
Later than 5 years	350,200	377,149
Minimum lease payments	481,278	505,802
Less future finance charges	(260,059)	(279,727)
Total	221,219	226,075
Included in the financial statements as:		
Current borrowings finance lease liability (Note 15)	5,341	4,856
Non-current borrowings finance lease liability (Note 15)	215,878	221,219
Total	222,219	226,075

The weighted average interest rate implicit in the finance lease is 9.79% (2014/15: 9.79%).

The State of Victoria is obliged to fund Monthly Service Payments due under the Project Agreement for the life of that Agreement, a period of up to 25 years. The Royal Women's Hospital expects that it will continue to operate and control the hospital at the expiry of the lease. The building has been componentised into 4 major asset classes, of which their estimated useful lives are between 19 to 54 years.

Note 16: Provisions

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Current Provisions		
Employee Benefits ⁱ		
Accrued Days Off – unconditional and expected to be settled within 12 months ⁱⁱ	261	247
Annual leave – unconditional and expected to be settled within 12 months ⁱⁱ	10,404	9,409
Annual leave – unconditional and expected to be settled after 12 months ⁱⁱⁱ	1,047	1,570
Long Service Leave – unconditional and expected to be settled within 12 months ⁱⁱ	2,120	2,125
Long Service Leave – unconditional and expected to be settled after 12 months ⁱⁱⁱ	16,384	14,688
	30,216	28,039
Provisions related to Employee Benefit On-Costs		
Unconditional and expected to be settled within 12 months ⁱⁱ	1,403	1,248
Unconditional and expected to be settled after 12 months ⁱⁱⁱ	1,952	1,773
	3,355	3,021
Accrued salaries and wages	3,404	2,380
Total Current Provisions	36,975	33,440
Non-Current Provisions		
Employee Benefits ⁱ	7,097	5,837
Provisions related to Employee Benefit On-Costs	786	639
Total Non-Current Provisions	7,883	6,476
Total Provisions	44,858	39,916
(a) Employee Benefits and Related On-Costs		
Current Employee Benefits and Related On-Costs		
Unconditional long service leave entitlements	20,577	18,655
Annual leave entitlements	12,704	12,131
Accrued salaries and wages	3,404	2,380
Accrued days off	290	274
Non-Current Employee Benefits and Related On-Costs		
Conditional long service leave entitlements ⁱⁱⁱ	7,883	6,476
Total Employee Benefits and Related On-Costs	44,858	39,916

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

ⁱⁱ The amounts disclosed are nominal amounts.

ⁱⁱⁱ The amounts disclosed are discounted to present values.

Note 16: Provisions (continued)

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
(b) Movement in Provisions		
Movement in Long Service Leave:		
Balance at start of year	25,131	21,595
Provision made during the year		
- Revaluations	(313)	1,901
- Expense recognising employee service	5,538	3,443
Settlement made during the year	(1,896)	(1,808)
Balance at end of year	28,460	25,131

Note 17: 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. The defined benefit plan(s) provides benefits based on years of service and final average salary.

The Royal Women's Hospital does not recognise any defined benefit liability in respect of the plan(s) 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 as follows:

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	Consol'd 2016 \$'000	Consol'd 2015 \$'000	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Defined Benefit Plans: ⁱ				
First State Super	310	355	47	63
Defined Contribution Plans:				
First State Super	7,949	7,855	932	883
Hesta	3,689	3,299	426	393
Other	615	615	93	71
Total	12,563	12,124	1,498	1,410

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

Note 18: Equity

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
(a) Surpluses		
Property, Plant and Equipment Revaluation Surplus ⁱ		
Balance at the beginning of the reporting period	127,308	127,308
Transfer to Accumulated Deficits		
- Land	(7,038)	-
Revaluation Increment		
- Land (refer Note 12b)	24,874	-
Balance at the end of the reporting period *	145,144	127,308
* Represented by:		
- Land	71,637	53,801
- Buildings	6,872	6,872
- Leased Building	66,457	66,457
- Cultural Assets	178	178
	145,144	127,308
Financial Assets Available-for-Sale Revaluation Surplus ⁱⁱ		
Balance at the beginning of the reporting period	998	1,345
Valuation gain/(loss) recognised	(510)	38
Cumulative (gain)/loss transferred to Comprehensive Operating Statement on sale of financial assets	3	(500)
Cumulative loss transferred to Comprehensive Operating Statement on impairment of financial assets	87	115
Balance at the end of the reporting period	578	998
Restricted Specific Purpose Surplus		
Balance at the beginning of the reporting period	8,026	7,453
Transfer from/(to) Accumulated Surplus/Deficit	692	573
Balance at the end of the reporting period	8,718	8,026
Total Surpluses	154,440	136,332

Note 18: Equity (continued)

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
(b) Contributed Capital ⁱⁱⁱ		
Balance at the beginning of the reporting period	73,823	73,823
Return of Contributed Capital	(6,400)	-
Balance at the end of the reporting period	67,423	73,823
(c) Accumulated Deficits [*]		
Balance at the beginning of the reporting period	(84,616)	(77,615)
Net Result for the Year	(5,868)	(6,412)
Transfers from/(to) Restricted Specific Purpose Surplus	(692)	(573)
Transfers from Property, Plant and Equipment Revaluation Surplus	7,038	-
Share of decrement in Joint Venture Membership	(16)	(16)
Balance at the end of the reporting period	(84,154)	(84,616)
(d) Total Equity at End of Year	137,709	125,539

* Accumulated Deficits include reserves previously disclosed under General Purpose Surplus.

ⁱ Represents the revaluation of Property, Plant and Equipment. The Crown Land previously classified as held for sale has been transferred to the Department of Health and Human Services in accordance with FRD 103F.

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

ⁱⁱⁱ Crown Land has been transferred to the Department of Health and Human Services on the 9 September 2015. The value of the land was \$6.4m.

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

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Net Result for the Year	(5,868)	(6,412)
Non-Cash Movements:		
Depreciation and Amortisation	15,097	15,683
Impairment of Financial Assets	87	115
Net movement in Finance Lease *	(4,856)	(4,390)
Provision for Doubtful Debts	153	92
Income from Managed Funds Reinvested	(945)	(501)
Management Fees for Managed Investments	23	9
Assets Received Free of Charge	-	(31)
Resources Received Free of Charge	3	-
Movements included in Investing and Financing Activities:		
Net (Gain)/Loss from Disposal of Non Financial Physical Assets	55	35
Net (Gain)/Loss from Disposal of Financial Assets	3	(500)
Movements in Assets and Liabilities:		
Change in Operating Assets and Liabilities		
- (Increase)/Decrease in Receivables	(1,585)	(3,123)
- (Increase)/Decrease in Prepayments	(762)	(95)
- Increase/(Decrease) in Payables	5,929	(786)
- Increase/(Decrease) in Provisions	4,942	2,286
- Change in Inventories	12	(9)
- Change in membership Jointly Controlled Operations	(16)	(16)
Net Cash Inflow from Operating Activities	12,272	2,357

* Funded by and payments made by the Department of Health and Human Services to Royal Women's Health Partnership Pty Ltd.

Note 20: Financial Instruments

(a) Financial Risk Management Objectives and Policies

The Royal Women's Hospital principal financial instruments comprise:

- Cash Assets
- Receivables (excluding statutory receivables)
- Investments in Managed Investments Schemes
- Payables (excluding statutory payables)
- Finance Lease Payables
- Borrowings

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

The Royal Women's Hospital's main financial risks include credit risk, liquidity risk, interest rate risk and equity price risk. The 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 management. The Board Finance and Board Investment Committees of the hospital are responsible for ensuring the appropriate risk frameworks are in place and for overseeing the effective implementation of these frameworks.

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

Categorisation of financial instruments

Consolidated	Contractual Financial Assets – Loans and Receivables \$'000	Contractual Financial Assets – Available for Sale \$'000	Contractual Financial Liabilities at Amortised Cost \$'000	Total \$'000
2016				
Contractual Financial Assets				
Cash and Cash Equivalents	12,326	-	-	12,326
Loans and Receivable				
- Trade Debtors	3,453	-	-	3,453
- Other Receivables	2,634	-	-	2,634
Available-for-Sale				
- Managed Investment Schemes	-	13,816	-	13,816
Total Financial Assetsⁱ	18,413	13,816	-	32,229
Financial Liabilities				
Payables	-	-	15,112	15,112
Borrowings	-	-	241,845	241,845
Total Financial Liabilitiesⁱ	-	-	256,957	256,957

Consolidated	Contractual Financial Assets – Loans and Receivables \$'000	Contractual Financial Assets – Available for Sale \$'000	Contractual Financial Liabilities at Amortised Cost \$'000	Total \$'000
2015				
Contractual Financial Assets				
Cash and Cash Equivalents	4,272	-	-	4,272
Loans and Receivable				
- Trade Debtors	3,398	-	-	3,398
- Other Receivables	3,209	-	-	3,209
Available-for-Sale				
- Managed Investment Schemes	-	13,278	-	13,278
Total Financial Assetsⁱ	10,879	13,278	-	24,157
Financial Liabilities				
Payables	-	-	10,760	10,760
Borrowings	-	-	247,318	247,318
Total Financial Liabilitiesⁱ	-	-	258,078	258,078

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

Note 20: Financial Instruments (continued)

(b) Net holding gain/(loss) on financial instruments by category

Consolidated	Net Holding Gain/(Loss) \$'000	Total Interest Income/ (Expense) & Dividend Income \$'000	Fee Income/ (Expense) \$'000	Impairment Loss \$'000	Total \$'000
2016					
Financial Assets					
Cash and Cash Equivalents ⁱ	-	303	-	-	303
Available-for-Sale ⁱ	(513)	1,018	(34)	(87)	384
Total Financial Assets	(513)	1,321	(34)	(87)	687
Financial Liabilities					
At Amortised Cost ⁱⁱ	-	(20,965)	-	-	(20,965)
Total Financial Liabilities	-	(20,965)	-	-	(20,965)
2015					
Financial Assets					
Cash and Cash Equivalents ⁱ	-	371	-	-	371
Available-for-Sale ⁱ	539	617	(10)	(115)	1,031
Total Financial Assets	539	988	(10)	(115)	1,402
Financial Liabilities					
At Amortised Cost ⁱⁱ	-	(21,294)	-	-	(21,294)
Total Financial Liabilities	-	(21,294)	-	-	(21,294)

ⁱ For cash and cash equivalents, loans or receivables and financial assets available-for-sale, the net gain or loss is calculated by taking the movement in the fair value of the asset, the interest revenue, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result.

ⁱⁱ For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense measured at amortised cost.

(c) Credit Risk

Credit risk arises from the contractual financial assets of the Royal Women's Hospital, which comprise cash and cash equivalents, non-statutory receivables and available-for-sale contractual financial assets. 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.

The Royal Women's Hospital's maximum exposure to credit risk at balance date in relation to each class of financial asset is the carrying amount of those assets as indicated in the Balance Sheet. The hospital minimises concentrations of credit risk in relation to accounts receivable by undertaking transactions with a large number of customers. However, the majority of customers are concentrated in Australia and the main debtor is the Victorian Government.

Credit risk in trade receivables is managed in the following ways:

- for patient receivables eligibility checks are performed to verify patients prior to commencing treatment
- for certain patients payments are required in advance of treatment
- for non-patient receivables other checks are performed prior to delivering services
- an ageing analysis of all receivables is performed on a monthly basis and this is reviewed by management
- payment terms are 30 days for the Department of Health and Human Services and large corporate clients, 14 days for all others
- debt collection policies and procedures, including use of debt collection agency after 90 days.

The Royal Women's Hospital policy is to only deal with financial institutions with high credit ratings of a minimum BBB rating.

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, default payments and debts which are more than 60 days overdue.

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 without taking account of the value of any collateral obtained.

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

	Financial Institutions (AA- Credit Rating) \$'000	Fund Managers (AAA Credit Rating) \$'000	Fund Managers (Non Rated) \$'000	Total \$'000
2016				
Financial Assets				
Cash and Cash Equivalents	12,326	-	-	12,326
Financial Assets Available-for-Sale	-	10,946	2,870	13,816
Total Financial Assetsⁱ	12,326	10,946	2,870	26,142
2015				
Financial Assets				
Cash and Cash Equivalents	4,272	-	-	4,272
Financial Assets Available-for-Sale	-	10,545	2,733	13,278
Total Financial Assetsⁱ	4,272	10,545	2,733	17,550

ⁱ Loans and receivables have been excluded from total financial assets as the Royal Women's Hospital and its controlled entities do not obtain credit ratings. Credit risk management for trade receivables has been documented above. The loans and receivables balance predominantly relates to patient debtors, sundry debtors and accrued revenue which is too difficult to obtain credit ratings.

Note 20: Financial Instruments (continued)

(c) Credit Risk (continued)

Ageing analysis of financial assets as at 30 June

	Consol'd Carrying Amount \$'000	Not Past Due and Not Impaired \$'000	Past Due But Not Impaired				Impaired Financial Assets \$'000
			Less than 1 Month \$'000	1-3 Months \$'000	3 months -1 Year \$'000	1-5 Years \$'000	
2016							
Financial Assets							
Cash and Cash Equivalents	12,326	12,326	-	-	-	-	-
Loans and Receivables							
- Trade Debtors	3,453	1,418	1,127	524	384	-	-
- Other Receivables	2,634	2,634	-	-	-	-	-
Available-for-Sale							
- Managed Investment Schemes	13,816	13,816	-	-	-	-	-
Total Financial Assets	32,229	30,194	1,127	524	384	-	-
2015							
Financial Assets							
Cash and Cash Equivalents	4,272	4,272	-	-	-	-	-
Loans and Receivables							
- Trade Debtors	3,398	1,623	955	432	388	-	-
- Other Receivables	3,209	3,209	-	-	-	-	-
Available-for-Sale							
- Managed Investment Schemes	13,278	13,278	-	-	-	-	-
Total Financial Assets	24,157	22,382	955	432	388	-	-

Ageing analysis of financial assets excludes statutory receivables (i.e. GST receivable and DHHS receivable).

There are no material financial assets which are individually determined to be impaired. Currently the Royal Women's Hospital does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

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

(d) Liquidity Risk

Liquidity risk is the risk that the Royal Women's Hospital would be unable to meet its financial obligations as and when they fall due. The hospital operates under the Government's fair payments policy of settling financial obligations within 60 days and in the event of a dispute, making payments within 60 days from the date of resolution.

The Royal Women's Hospital's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet.

The Royal Women's Hospital manages its liquidity risk as follows:

Cash Flow Forecast

A full year cash flow forecast is prepared and regularly adjusted to reflect actual and anticipated cash inflows and outflows.

Cash Advances from the Department of Health and Human Services

Cash advances are sought from the Department of Health and Human Services to assist with cash flow.

Withdrawal of Investments

Withdrawal of investments can be made on short notice to meet outflows that are outside the Department of Health and Human Services funding or not part of the current year's budget.

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

Maturity analysis of financial liabilities as at 30 June

	Consol'd Carrying Amount \$'000	Nominal Amount \$'000	Maturity Dates					
			Less than 1 Month \$'000	1-3 Months \$'000	3 Months -1 Year \$'000	1-5 Years \$'000	Over 5 Years \$'000	
2016								
Financial Liabilities:								
At Amortised Cost								
Payables	15,112	15,112	7,222	7,655	235	-	-	
Borrowings *	241,845	241,845	487	971	4,542	30,594	205,251	
Total Financial Liabilities	256,957	256,957	7,709	8,626	4,777	30,594	205,251	
2015								
Financial Liabilities:								
At Amortised Cost								
Payables	10,760	10,760	4,154	6,558	48	-	-	
Borrowings *	247,318	247,318	443	884	4,146	27,833	214,012	
Total Financial Liabilities	258,078	258,078	4,597	7,442	4,194	27,833	214,012	

* PPP Arrangement

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 and Human Services 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 and Human Services.

Ageing analysis of financial liabilities excludes statutory financial liabilities (i.e. Revenue in Advance and DHHS payable).

Note 20: Financial Instruments (continued)

(e) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Since the Royal Women's Hospital does not have any significant transactions in foreign currencies, market risk for the hospital comprises interest rate risk and price risk. While the Royal Women's Hospital holds units in funds which may themselves hold investments in foreign securities, the Royal Women's Hospital does not have any direct foreign currency exposure to these securities.

Interest Rate Risk

The hospital's exposure to interest rate risk and the weighted average effective interest rate are disclosed within the interest rate exposure table. For interest rates applicable to each class of asset or liability refer to the individual notes in the financial statements. Exposure arises predominantly from cash holdings at variable interest rates.

Interest Rate Risk is managed by the hospital maintaining minimum cash balances to meet working capital needs. Excess funds are invested in managed investment schemes where interest rate risk is managed as part of the portfolio investment risk. In addition interest bearing liabilities have fixed interest rates and therefore no interest rate risk.

Other Price Risk (Investments)

The following measures are in place at the Royal Women's Hospital to reduce the impact of price risk on investments.

Finance, Investment and Information Technology Committee Role

The Finance, Investment and Information Technology Committee is a Board Sub-Committee with delegated responsibility from the Board including overseeing the development, monitoring and review of the Royal Women's Hospital investment strategy and policies. It has an agreed Terms of Reference which covers its objectives, membership, term of membership, meeting schedule and related information. The Committee meets on a monthly basis (or more frequently if required).

Investment Principles

The broad direction for the Royal Women's Hospital's investments established by the Committee and endorsed by the Board is to ensure:

- The real value of funds invested is maintained;
- Investments are structured to meet the hospital's short term liquidity requirements for capital and/or operational purposes;
- Investments comply with relevant legislative requirements;
- The value of funds invested grows over time to meet the hospital's long term requirements for capital. Investments are made in a prudent manner that diversifies the spread of risk whilst maximising the potential for capital appreciation and income; and
- Due consideration is given to environmental, social and governance criteria by the Investment Manager in the selection and management of investments.

Role of Victorian Funds Management Corporation

The role of Victorian Funds Management Corporation is to:

- Provide strategic investment advice to the Royal Women's Hospital;
- Provide management and investment services to the hospital in accordance with:
 - Established investment objectives and guidelines;
 - Proper instructions given by the Royal Women's Hospital; and
 - Relevant laws applicable from time to time.

To mitigate operational risk, Victorian Funds Management Corporation is required to:

- Maintain proper internal control structures and compliance systems;
- Ensure that there is a separation of powers, functions and responsibilities between its officers and staff; and
- Provide annual independent external audits of compliance with, and the effectiveness of, the structures and systems referred to above.

Role of approved Fund Managers

The Royal Women's Hospital does not interact directly with fund managers. Under the arrangements with Victorian Funds Management Corporation, that role is performed by Victorian Funds Management Corporation staff.

Monthly Performance report (Performance v Benchmarks/investment objectives)

Victorian Funds Management Corporation provides monthly and quarterly performance reports which measure performance against industry benchmarks and provide details such as:

- Fund performance;
- Asset allocation, with details of performance of each category; and
- Compliance.

These reports are provided to the Royal Women's Hospital senior management and subsequently to the members of the Investment Committee for review and comment.

In addition, to enable the Royal Women's Hospital to properly account for movements in investments, a monthly reconciliation report is provided which includes details such as:

- The book value of investments;
- The market value of investments;
- Realised gains/losses;
- Unrealised gains/losses; and
- Income earned in the period.

This provides regular (detailed) monitoring of performance of the funds invested.

Controlled Entities

The broad objective for the Royal Women's Hospital Foundation Trust Fund is to invest the Trust Fund's assets to increase the real value of the portfolio over the medium to long term while providing income to meet the liquidity needed to offset operational costs of the Foundation. Risk exposure is limited through prudent financial management and diversification by asset class, sector and security.

Interest rate exposure of financial assets and liabilities as at 30 June

	Weighted Average Effective Interest Rates (%)	Consol'd Carrying Amount \$'000	Interest Rate Exposure		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non Interest Bearing \$'000
2016					
Financial Assets					
Cash and Cash Equivalents	1.94	12,326	2,000	10,316	10
Loans and Receivables ⁱ					
- Trade Debtors		3,453	-	-	3,453
- Other Receivables		2,634	-	-	2,634
Available-for-Sale					
- Managed Investment Schemes	3.43	13,816	1,529	681	11,606
		32,229	3,529	10,997	17,703
Financial Liabilities					
At Amortised Cost					
Payables ⁱ		15,112	-	-	15,112
Borrowings	9.53	241,845	241,845	-	-
		256,957	241,845	-	15,112
2015					
Financial Assets					
Cash and Cash Equivalents	1.97	4,272	-	4,263	9
Loans and Receivables ⁱ					
- Trade Debtors		3,398	-	-	3,398
- Other Receivables		3,209	-	-	3,209
Available-for-Sale					
- Managed Investment Schemes	2.01	13,278	1,270	615	11,393
		24,157	1,270	4,168	18,719
Financial Liabilities					
At Amortised Cost					
Payables ⁱ		10,760	-	-	10,760
Borrowings	9.52	247,318	247,318	-	-
		258,078	247,318	-	10,760

ⁱ The carrying amount excludes statutory financial assets and liabilities (i.e. GST receivable, DHHS receivable, Revenue in Advance and DHHS payable).

Note 20: Financial Instruments (continued)

(e) Market Risk (Continued)

Sensitivity Disclosure Analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Royal Women's Hospital believes the following movements are 'reasonably possible' over the next 12 months (Base rates for Interest Rate Risk and Other Price Risk are sourced from external parties):

- A movement of +0.50% and -0.50% (2015: +0.25% and -0.25%) in market interest rates (AUD);
- A movement of +20% and -20% in managed investment schemes prices.

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

2016	Consol'd Carrying Amount \$'000	Interest Rate Risk				Other Price Risk			
		-0.50%		+0.50%		-20%		+20%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial Assets									
Cash and Cash Equivalents ⁱ	12,326	(52)	(52)	52	52	-	-	-	-
Managed Investment Schemes ⁱ	681	(3)	(3)	3	3	-	-	-	-
Financial Assets Available-for-Sale									
- Managed Investment Schemes	13,135	-	-	-	-	-	(2,321)	-	2,321

2015	Consol'd Carrying Amount \$'000	Interest Rate Risk				Other Price Risk			
		-0.25%		+0.25%		-20%		+20%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial Assets									
Cash and Cash Equivalents ⁱ	4,272	(9)	(9)	9	9	-	-	-	-
Managed Investment Schemes ⁱ	615	(2)	(2)	2	2	-	-	-	-
Financial Assets Available-for-Sale									
- Managed Investment Schemes	12,663	-	-	-	-	-	(2,279)	-	2,279

ⁱ (Carrying Value * Current Weighted Average Interest Rate plus % Movement Interest Rate) - (Carrying Value * Current Weighted Average Interest Rate)

Financial Liabilities

- Sensitivity analysis is not performed for the finance lease liability as it is governed by the Government bond rate.
- Sensitivity analysis is not performed for the borrowings obtained from Treasury Corporation Victoria as the interest rate is fixed.

(f) Fair Value

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

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

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

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

Comparison between carrying amount and fair value

	Consol'd Carrying Amount 2016 \$'000	Fair value 2016 \$'000	Consol'd Carrying Amount 2015 \$'000	Fair value 2015 \$'000
Financial Assets				
Cash and Cash Equivalents	12,326	12,326	4,272	4,272
Loans and Receivables ⁱ				
- Trade Debtors	3,453	3,453	3,398	3,398
- Other Receivables	2,634	2,634	3,209	3,209
Available-for-Sale				
- Managed Investment Schemes	13,816	13,816	13,278	13,278
Total Financial Assets	32,229	32,229	24,157	24,157
Financial Liabilities				
At Amortised Cost				
Payables ⁱ	15,112	15,112	10,760	10,760
Borrowings	241,845	241,845	247,318	247,318
Total Financial Liabilities	256,957	256,957	258,078	258,078

ⁱ The carrying amount excludes statutory financial assets and liabilities (i.e. GST receivable, DHHS receivable, Revenue in Advance and DHHS payable).

Note 20: Financial Instruments (continued)

(f) Fair Value (continued)

Financial assets measured at fair value

	Consol'd Carrying Amount as at 30 June \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000 *	Level 2 \$'000 *	Level 3 \$'000
2016				
Financial Assets at Fair Value through Profit and Loss				
Available-for-Sale				
- Managed Investment Schemes	13,816	2,005	11,811	-
Total Financial Assets	13,816	2,005	11,811	-
2015				
Financial Assets at Fair Value through Profit and Loss				
Available-for-Sale				
- Managed Investment Schemes	13,278	1,876	11,236	166
Total Financial Assets	13,278	1,876	11,236	166

* There is no significant transfer between level 1 and level 2.

The fair value of the financial assets is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate fair value:

Managed Investment Schemes

The Royal Women's Hospital invests in managed funds of which a portion may not be quoted in an active market and which may be subject to restrictions on redemptions. The Royal Women's Hospital obtains from its Fund Managers, the fair value classification for each asset class of funds held within its portfolio. These funds are either Level 1, 2 or 3.

The fair value of unlisted investment is based on the discounted cash flow technique. Significant inputs in applying this technique include growth rates applied for cash flows and discount rates used.

Reconciliation of Level 3 Fair Value Movements

	Available-for-Sale Managed Investment Schemes	
	2016 \$'000	2015 \$'000
Opening Balance	166	-
Transfer to Level 3	-	274
Impairment in Net Result	-	(109)
Closing Balance	166	166
Total Loss for the Period included in Profit or Loss for Assets Held at the End of the Period	-	(109)

Note 21: Commitments

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
(a) Commitments other than Public Private Partnerships		
Capital Expenditure Commitments		
Payable:		
Plant and Equipment	149	783
Intangible Assets	114	823
Total Capital Expenditure Commitments	263	1,606
Lease Commitments		
Commitments in relation to leases contracted for at the reporting date:		
Operating Leases – Cancellable	1,893	2,641
Total Lease Commitments	1,893	2,641
Total Commitments other than Public Private Partnerships (inclusive of GST)	2,156	4,247

All amounts shown in the commitments note are nominal amounts inclusive of GST.

Note 21: Commitments (continued)

(b) Public Private Partnerships ^{i, ii}

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Commissioned Public Private Partnerships – Other Commitments	Nominal Value	Nominal Value
Facilities Management *		
Payable:		
Not later than one year	9,854	15,707
Later than 1 year and not later than 5 years	64,323	55,419
Later than 5 years	233,291	252,049
Total Facilities Management	307,468	323,175
Asset Replacement *		
Payable:		
Not later than one year	8,176	25
Later than 1 year and not later than 5 years	3,227	10,854
Later than 5 years	25,824	26,373
Total Asset Replacement	37,227	37,252
Total Commitments for Public Private Partnerships	344,695	360,427

* Amounts shown are exempt from GST.

ⁱ The present values of the minimum lease payments for commissioned Public Private Partnerships (PPP) are recognised on the balance sheet and are not disclosed as commitments.

ⁱⁱ The year on year reduction in the nominal amounts of the other commitments reflects the payments made.

Basis for calculation of Contingent Rental on Finance Lease

The contract with the Royal Women's Health Partnership Pty Ltd provides for adjustments to the monthly finance lease payments. The adjustments are based upon the movement in the Australian Bureau of Statistics measurement of quarterly price changes. The ABS CPI data series Index Numbers; All groups; Australia - Ref A2325846C is used. The initial base quarter index is December 2004 (146.5). The schedule of future payments (unadjusted) are as at time of financial close (June 2005).

The Australian Bureau of Statistics have re-based their published Consumer Price Index (CPI) back to 100 for the 2011/12 financial year. This has led to the publication of a new adjusted historical CPI series which has been applied to the monthly finance lease payments since November 2012 at 81.56.

The finance lease schedule is broken into three components which reflect the consortium's financing arrangements. One component (fixed bond debt service) is not indexed by any means. The two other components (indexed annuity bonds and the consortium's own costs and provisions) are indexed by ABS data series as above.

The value of the contingent rental recognised as an expense in the operating statement for the period 2015/16 is \$2.70m (2014/15: \$2.55m).

(c) Commitments Payable

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Capital Expenditure Commitments		
Less than 1 year	263	1,606
Total Capital Expenditure Commitments	263	1,606
Lease Commitments Payable		
Less than 1 year	1,164	1,621
Longer than 1 year but not longer than 5 years	729	1,020
Total Lease Commitments	1,893	2,641
Public Private Partnership Commitments (commissioned) *		
Less than 1 year	18,030	15,732
Longer than 1 year but not longer than 5 years	67,550	66,273
5 years or more	259,115	278,422
Total Public Private Partnership Commitments	344,695	360,427
Total Commitments (inclusive of GST)	346,789	364,674
Less GST recoverable from the Australian Tax Office	(190)	(386)
TOTAL COMMITMENTS (exclusive of GST)	346,599	364,288

Future finance lease payments are recognised on the balance sheet, refer to Note 15 Borrowings.

* Amounts shown are exempt from GST.

Lease Receivable Commitments

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Commitments in relation to leases receivable are as follows:		
Not later than one year	3,392	3,333
Later than 1 year and not later than 5 years	4,915	5,628
Total	8,307	8,961
Total Receivable Commitments (inclusive of GST)	8,307	8,961
Less GST payable to the Australian Tax Office	(755)	(815)
Total Receivable Commitments (exclusive of GST)	7,552	8,146

Note 22: Contingent Assets and Contingent Liabilities

Details of maximum estimates for contingent assets or contingent liabilities are as follows:

	Conso'l'd 2016 \$'000	Conso'l'd 2015 \$'000
Contingent Liabilities		
Quantifiable		
Contribution to Parkville facility	11,820	18,220
Total Quantifiable Contingent Liabilities	11,820	18,220

Contribution to Parkville facility

During the year ended 30 June 2008, the Royal Women's Hospital relocated to a new facility. Construction and fit out of the new Royal Women's Hospital was funded as a Public Private Partnership under a Project Agreement between the State of Victoria and Royal Women's Health Partnership Pty Ltd. The hospital has recognised the Leased Assets (Note 12) and associated Borrowings (Note 15). 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.

On the 9th September 2015, the hospital transferred Crown Land it no longer utilised to the Department of Health and Human Services for \$6.40m, reducing the contribution to \$11.82m.

There were no contingent assets for the Royal Women's Hospital or its Controlled Entities as at 30 June 2016 (2014/15: Nil).

Note 23a: Responsible Persons' Disclosures

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

	Period
Responsible Ministers:	
The Honourable Jill Hennessy, Minister for Health and Minister for Ambulance Services	01/07/2015–30/06/2016
The Honourable Martin Foley, Minister for Housing, Disability and Ageing and Minister for Mental Health	01/07/2015–30/06/2016
Governing Boards	
Ms Lyn Swinburne AM (appointed Chair of the Board on 1 July 2015)	01/07/2015– 30/06/2016
Ms Felicity Pantelidis (Deputy Chair)	01/07/2015–30/06/2016
Ms Christina Liosis	01/07/2015– 30/06/2016
Dr Nicolas Radford	01/07/2015– 30/06/2016
Ms Sue Zablud	01/07/2015–30/06/2016
Dr Catherine Hutton	01/07/2015– 30/06/2016
Mr Michael O'Neill	01/07/2015–30/06/2016
Professor David Copolov AO	01/07/2015–30/06/2016
Ms Helga Svendsen	14/09/2015– 30/06/2016
Accountable Officers	
Dr Sue Matthews (Chief Executive Officer)	01/07/2015– 30/06/2016

Remuneration of Responsible Persons

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

Income Band	Consol'd 2016 No.	Consol'd 2015 No.
\$0–\$9,999 *	4	4
\$10,000–\$19,999	1	-
\$20,000–\$29,999	7	8
\$30,000–\$39,999	-	1
\$50,000–\$59,999	1	-
\$390,000–\$399,999	-	1
\$440,000–\$449,999	1	-
Total Numbers	14	14
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	\$683,688	\$616,301

Amounts relating to Responsible Ministers are reported in the financial statements of the Department of Premier and Cabinet. For information regarding related party transactions for Ministers, the register of members' interests is publicly available from: www.parliament.vic.gov.au/publications/register_of_interests.

* Consolidated position includes the Board of Directors of the Royal Women's Hospital Foundation who are not paid for their services. The Chief Executive Officer of the Foundation is paid for their services.

Note 23a: Responsible Persons' Disclosures (continued)

Other Transactions of Responsible Persons and their Related Parties	Conso'd 2016 \$	Conso'd 2015 \$
Mr O'Neill is a Director of CoHealth Ltd which provides premises for hospital pregnancy care clinics on normal commercial terms and conditions.	14,729	12,500

Controlled Entities Related Party Transactions

The Royal Women's Hospital Foundation

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

Ms Sue Zablud is a Director of the Royal Women's Hospital and the Chair of the Royal Women's Hospital Foundation Board.

Associate Professor Leslie Reti is a Clinical Director at the Royal Women's Hospital and is also a Director of the Royal Women's Hospital Foundation.

Associate Professor John McBain AO heads the Reproductive Services Department at the Royal Women's Hospital and is also a Director of the Royal Women's Hospital Foundation.

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.

	2016 \$	2015 \$
Distribution of funds by the Royal Women's Hospital Foundation	1,032,855	651,307
Intercompany receivable at 30 June	65,202	37,053

Note 23b: Executive Officers' Disclosures

Executive Officers' Remuneration

The numbers of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

	Consolidated			
	Total Remuneration		Base Remuneration	
	2016 No.	2015 No.	2016 No.	2015 No.
\$0-\$69,999	2	-	2	-
\$70,000-\$79,999	-	2	-	2
\$80,000-\$89,999	-	-	1	-
\$150,000-\$159,999	1	-	1	-
\$190,000-\$199,999	-	-	-	1
\$210,000-\$219,999	-	1	-	-
\$220,000-\$229,999	-	-	1	1
\$230,000-\$239,999	1	-	1	1
\$240,000-\$249,999	1	2	-	-
\$250,000-\$259,999	1	-	1	2
\$260,000-\$269,999	-	1	-	-
\$270,000-\$279,999	-	1	1	-
\$280,000-\$289,999	1	-	-	-
\$290,000-\$299,999	1	-	-	-
Total	8	7	8	7
Total Annualised Employee Equivalent ⁱ	5.5	5.7	5.5	5.7
Total Remuneration	\$1,612,160	\$1,385,648	\$1,366,167	\$1,309,107

ⁱ Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

Note 24: Remuneration of Auditors

	2016 \$'000	2015 \$'000
Victorian Auditor-General's Office		
Audit and Review of Financial Statements		
Parent		
The Royal Women's Hospital	77	75
Controlled Entities		
The Royal Women's Hospital Foundation Limited	2	1
The Royal Women's Hospital Foundation Trust Fund	4	4
	83	80

Note 25: Events Occurring after the Balance Sheet Date

There are no events occurring after the Balance Sheet Date.

Note 26: Controlled Entities

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

Controlled Entities Contribution to the Consolidated Results

Net Result For The Year	2016 \$'000	2015 \$'000
The Royal Women's Hospital Foundation Limited	-	-
The Royal Women's Hospital Foundation Trust Fund	417	1,526

Note 27: Jointly Controlled Operations

Name of Entity	Principal Activity	Ownership Interest	
		2016 %	2015 %
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%	11.1%

The Royal Women's Hospital interest in the above jointly controlled operations is detailed below. The amounts are included in the consolidated financial statements under their respective categories:

	2016 \$'000 *	2015 \$'000 *
Current Assets		
Cash and Cash Equivalents	257	241
Receivables	4	5
Prepayments	4	4
Total Current Assets	265	250
Non-Current Assets		
Property, Plant and Equipment	5	5
Total Non-Current Assets	5	5
Total Assets	270	255
Current Liabilities		
Payables	44	25
Accrued Expenses	10	27
Provisions	42	38
Total Current Liabilities	96	90
Non-Current Liabilities		
Provisions	6	5
Total Non-Current Liabilities	6	5
Total Liabilities	102	95
Net Assets	168	160
Equity		
Accumulated Surpluses/(Deficits)	168	160
Total Equity	168	160

Note 27: Jointly Controlled Operations (continued)

The Royal Women's Hospital interest in revenues and expenses resulting from jointly controlled operations are detailed below:

	2016 \$'000 *	2015 \$'000 *
Revenue		
Grants	292	340
Other Income	20	10
Interest Income	5	6
Total Revenue	317	356
Expenses		
Employee Benefits	153	151
Other Expenses from Continuing Operations	139	173
Depreciation and Amortisation	1	1
Total Expenses	293	325
Net Result	24	31

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

Contingent Liabilities and Capital Commitments

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

Note 28: Financial Dependency

The Royal Women's Hospital is wholly dependent on the continued financial support of the State Government and in particular, the Department of Health and Human Services.

The Department of Health and Human Services has provided confirmation that it will continue to provide the Royal Women's Hospital adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to September 2017.

The hospital's current asset ratio continues to be below an adequate short term position (2016: 0.32 and 2015: 0.34) while cash generated from operations has improved from (\$0.9m) in 2015 to \$8.4m in 2016. A letter confirming adequate cash flow was also provided in the previous financial year. On that basis the financial statements have been prepared on a going concern basis.

Note 29: Alternative Presentation of Comprehensive Operating Statement

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Interest	1,222	870
Dividends and Income Tax Equivalent and Rate Equivalent Revenue	99	101
Fair Value of Assets and Services Received Free of Charge or For Nominal Consideration	3	-
Sales of Goods and Services	31,535	29,658
Grants	232,085	222,650
Other Current Revenue	9,633	10,593
Total Revenue	274,577	263,872
Employee Expenses	(162,277)	(153,048)
Fair Value of Assets and Services Received Free of Charge or For Nominal Consideration	(3)	-
Depreciation	(15,097)	(15,683)
Interest Expense	(20,966)	(21,294)
Other Operating Expenses	(81,945)	(78,616)
Total Expenses	(280,288)	(268,641)
Net Result from Transactions – Net Operating Balance	(5,711)	(4,769)
Net Gain/(Loss) on Sale of Non-Financial Assets	(55)	(35)
Net Gain/(Loss) on Financial Instruments at Fair Value	(89)	386
Other Gain/(Loss) from Other Economic Flows	(13)	(1,994)
Total Other Economic Flows Included in Net Result	(157)	(1,643)
Items that Will Not Be Reclassified to Net Result		
Changes in Property Plant and Equipment Revaluation Surplus	24,874	-
Items that May Be Reclassified Subsequently to Net Result		
Changes to Financial Assets Available-For-Sale Revaluation Surplus	(510)	38
Net Result	18,496	(6,374)

This alternative presentation reflects the format required for reporting to the Department of Treasury and Finance, which differs to the disclosures of certain transactions, in particular revenue and expenses, in the hospital's annual report.

Cover design

The canyon imagery featured on the cover is part of the Women's brand and represents the Women's quest for discovery and innovation. The idea originated from the notion that we offer a unique service to women; one that has been shaped by women's voices and needs and one that continues to evolve over time.

Acknowledgement of Traditional Owners

The Royal Women's Hospital acknowledges and pays respect to the Kulin Nations, the traditional owners of the country on which our sites at Parkville and Sandringham stand.



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