THE WOMEN'S ANNUAL REPORT 2017

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the women's
the royal women's hospital
victoria australia

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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 and Chief Executive Officer's message

Year in review

On behalf of the Board, Executive team and staff at the Royal Women's Hospital, it is our privilege to present the Women's 2016/17 Annual Report.

The Women's prides itself on being a hospital like no other; it is Australia's first and largest specialist hospital dedicated to improving and advocating for the health and wellbeing of women and newborns. Our care and commitment to our patients is at the heart of everything we do.

We fulfil a unique role in the health system through our research and practice, as a health leader and advocate for women, and through our pursuit of equity in all its forms. The Women's is recognised as a leader in its field, a major provider of maternity and neonatal services for Victoria, and is one of the largest public providers of gynaecology services in Australia. As a tertiary hospital and one of Australia's major teaching hospitals, the Women's is internationally recognised for its clinical care, leadership in women's health, reproductive services, neonatology, women's cancers and medical research.

In the past financial year, we cared for 80,863 women and a total of 9,175 babies were born at our two campuses in Parkville and Sandringham. We provided 34,269 inpatient services and had 193,954 outpatient visits of which 99,644 were for maternity services. The Women's Emergency Centre had just over 27,741 emergency presentations. In total, we provided 255,964 episodes of care.

We are committed to a holistic philosophy of health and in 2016/17 we provided specialist women's health services to 80,863 women from 186 countries, who speak 92 different languages and follow 72 separate religious faiths. This aligns with our deeply-held conviction that we must continue to respond and support the changing needs of the diverse community we serve.

Last financial year, the Women's was extremely honoured to have been named the 2016 Premier's Large Health Service of the Year as part of the Victorian Public Healthcare Awards. These annual awards recognise leadership and excellence in the provision of publicly-funded healthcare to the Victorian community.

We are proud of our record of achievement, and look forward to another challenging year as we strive to provide an exceptional experience for each woman and newborn in our care.

Strategic plan 2016–2020

Analysis of projected population growth, demographic shifts and changes in our environment indicate that demand for our specialist services will continue to grow. Advances in technology and research will impact our clinical practices and models of care, and we will need to care for more women and newborns with complex needs. Women will expect greater choice, flexibility and active involvement in their healthcare, and they will want services to be tailored to their individual and family needs. These factors are driving changes in our role and how we approach the delivery of our services and care.

In 2016, we launched the *Women's Strategic Plan 2016–2020*, with the aim of transforming healthcare for women and newborns by putting patients at the heart of everything we do. Our strategic plan positions the Women's to meet current and future demands, embrace opportunities, and deliver exceptional experiences of care that improve health outcomes.

Our plan comprises four strategic directions and four areas of 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, as well as our leadership and advocacy role.

Our strategic directions are:

» We will provide exceptional patient and consumer experiences that deliver improved health outcomes for women and newborns.

» We will provide statewide leadership in the healthcare of women and newborns.

» Our research, knowledge translation and innovation will lead and drive better health outcomes for women and newborns.

» We will invest in our people and our resources to meet the changing needs of our patients and consumers.

We are proud of our history of advocacy and leadership on a range of sensitive, complex and challenging women's health issues, and we remain committed to using a social model of health to reduce inequities in healthcare.

The Women's four areas of focus are the priority areas where we are working to strengthen our current role and raise the profile of relevant issues for women. They include leading work in the prevention of **violence against women**, advocating for **young women** and **women in midlife and later years**, and promoting a prevention and early intervention approach to women and newborn **mental health**.

In the first year, we have made considerable progress in the implementation of our strategic plan, highlights are outlined below.

We are proud of our history of advocacy and leadership on a range of sensitive, complex and challenging women's health issues, and we remain committed to using a social model of health to reduce inequities in healthcare.

Exceptional patient and consumer experiences

In the second half of the financial year, the Board endorsed the *Women's Patient and Consumer Experience Strategy 2016–2020*, which will help us to deliver on the cornerstone priority of our strategic plan. We also invested in a Patient and Consumer Experience Team led by a newly appointed Chief eXperience Officer.

With extensive feedback from our patients and consumers, the Women's developed and adopted five guiding principles that articulate our patients' priorities and expectations. Named the 'RAISE' principles (responsive, accessible, integrated, safe and effective/efficient) they underpin our experience strategy and are being utilised as the framework for several operational and strategic initiatives,

including executive performance plans, leadership core competencies and a balanced performance scorecard for the Women's Board. We have also introduced a quarterly management report that presents the Victorian Health Experience Survey (VHES) results in alignment to the RAISE principles and these are shared with individual departments to analyse and monitor improvement opportunities.

The Women's utilises several other patient feedback mechanisms to drive patient and consumer experience improvement including complaints, compliments and patient stories. Patient stories are shared at the Board and Board committee levels as well as in our 10 hour Creating Exceptional Experiences course which has successfully graduated almost 600 staff. We are now trialling a 'near real time' patient experience measurement program which will allow for a more rapid response to patient and family feedback.

The Women's was very pleased to see our 'overall' performance rating at 94 per cent in our Jan-Mar 2017 VHES results (the most recent results available), which is a 4 per cent increase in the overall experience rating when compared to the same time last year. We believe this result reflects the focused work and investments that have been made over the last year.

State-wide leadership

As a state-wide leader, the Women's is continuously working in partnership with other health services to build capacity across the whole health system so that women and newborns receive the best possible care closer to home.

Our commitment to reducing inequities in healthcare and our care for vulnerable and disadvantaged women and newborns has always been a priority. We continue 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.

Family violence prevention in Victoria's hospital system

As Victoria's leading specialist public hospital for women and newborns, the Women's plays a major role in recognising, responding to and referring women who are experiencing family violence to relevant support and services. This role was acknowledged with the appointment of the Women's Chief Executive Officer to Victoria's Family Violence Steering Committee in April and our continuing role in leading and supporting other hospitals across Victoria on this issue.

During 2016/17, the Women's delivered Stage 3 of the Strengthening Hospital Responses to Family Violence (SHRFV) program which aims to build capacity across Victoria's hospital system. The Women's, along with our partner Bendigo Health, worked with other health services to help them improve their identification and responses to women and children at risk. Stage 3 of the SHRFV program included expanding the program to provide mentoring support to nine metropolitan and five regional hospitals.

> ...the Women's developed and adopted five guiding principles that articulate our patients' priorities and expectations... the 'RAISE' principles (responsive, accessible, integrated, safe and effective/efficient) underpin our experience strategy...

To support this work, the Women's hosted state-wide quarterly forums, where participating hospitals provided progress updates and shared information and lessons learned during the implementation of the program. In addition, the Women's led and produced the fourth edition of the SHRFV toolkit which will be launched at the SHRFV State-wide Forum in August 2017. The updated toolkit includes resources to support the Royal Children's Hospital, Bendigo Health, CASA Forum and St Vincent's.

In March, the Women's was awarded national White Ribbon workplace accreditation, becoming one of only two hospitals in Victoria to satisfy the 15 assessment criteria under the three standards relating to support, structure and tools to prevent and respond to domestic violence experienced by our staff. Accreditation recognises that the Women's is building a supportive and committed culture of prevention.

Leadership on sexual and reproductive health

Equity of access and effective models of care that are appropriate to each woman's needs is an important priority for the Women's. In the last financial year, we provided expert advice and submissions to inform the development of the Victorian Government's *Women's Sexual and Reproductive Health Key Priorities 2017–2020* and we are now providing advice on its implementation. As part of our state-wide role, the Women's signed an MOU with the Centre for Excellence in Rural Sexual Health to support research, clinical networks, service capacity building and advocacy to improve women's access to sexual and reproductive health in regional Victoria.

Helping to improve standards and practice in Victoria

The Women's Maternity Services Education Program (MSEP) is a state-wide education program delivering multidisciplinary education onsite in Victorian maternity services. MSEP workshops are tailored to meet individual health service needs, assisting clinicians to provide woman-centred, high quality, evidence based and culturally safe maternity care. In the last financial year, the Women's delivered a total of 17 maternity and newborn emergency care workshops across the state reaching 315 healthcare professionals.

The Victorian Perinatal Autopsy Service (VPAS) provides a coordinated state-wide service ensuring consistent standards of practice and expertise for the clinical investigation of perinatal deaths across Victoria. During 2016/17, the Women's continued to take a lead role in the development and coordination of VPAS including the implementation of practice guidelines, and provision of numerous educational initiatives. To promote awareness of the state-wide service, and foster high quality investigation of perinatal death, VPAS held a multidisciplinary education seminar at the Women's Conference Centre for 100 delegates from health services across Victoria, and has also provided education seminars within a number of regional health services, as well as education for RANZCOG trainees.

The Women's led the establishment of Regional Maternal and Perinatal Mortality and Morbidity Committees (RMPMMC) in six regions in Victoria during 2016/17. The purpose of this project is to embed a consistent and coordinated regional approach to case review, provide access to independent multidisciplinary clinical expertise, and enhance learning between maternity clinicians to improve maternity care. The project reflects the commitment of the Victorian Government to reduce avoidable harm for mothers and babies and improves transparency and clinical governance at a local and regional level. A RMPMMC project report is underway and will include project evaluation, key learnings and recommendations.

Improving the health outcomes of Aboriginal and Torres Strait Islanders

The Women's is committed to improving health outcomes of Aboriginal and Torres Strait Islander people by establishing culturally safe practices which recognise and respect their cultural identities and safely meets their needs, expectations and rights. The *Baggarrook Yurrongi – Women's Journey* is a National Health and Medical Research Centre funded initiative, led by La Trobe University's Judith Lumley Centre, to improve maternity care and health outcomes for Aboriginal mothers and babies in four maternity hospitals including the Women's. In March 2017, the Women's started recruiting women to this midwifery care program developed for women who identify as Aboriginal or Torres Strait Islander or have a partner who does. An Aboriginal Advisory Group has been established with Aunty Di Kerr as the Chair and midwives have been provided with additional training, resources and support. Interest and engagement has been high; we have had 100 per cent uptake from women with 25 booking into the program so far.

A Koolin Balit funded project to raise awareness and provide information for Aboriginal women about the risks associated with alcohol and drug use, including 'ice', during pregnancy was completed following extensive collaboration with partner agencies and services including Njernda Aboriginal Corporation in Echuca, the Victorian Aboriginal Health Service, and the Victorian Aboriginal Community Controlled Health Organisation. The resource, *You and Your Boorai: Taking Care During Pregnancy* provides positive advice on all aspects of pregnancy health and will be launched during 2017/18.

New models of care in women and infant's mental health

The Women's *Mental Health Enhancement Strategy 2017–2020* was finalised and endorsed by the Board in May. Through this strategy, the Women's will develop and strengthen research and its translation into models of care for the prevention and early intervention of mental illness in women and babies, and sharpen our focus on diagnosis and treatment services, concentrating on those at most risk. Our advocacy and service development will extend our reach into community settings.

In June 2017, the Women's made a submission to the National Children's Commissioner's inquiry into early interventions to decrease the risk profile and trajectory of young parents, improve their capacity for safe and effective parenting, and increase their likelihood of becoming economically secure.

Research, knowledge translation and innovation

During 2016/17, the new Centre for Family Violence Prevention brought the number of research centres at the Women's to a total of 10. The Women's newest research centre, led by Professor Kelsey Hegarty, complements our other 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 success in attracting much sought after Federal Government funding. Collectively, our ten research centres were awarded competitive research grants worth $14.1 million in calendar year 2016.

That year, more than 2,580 patients participated in 59 clinical trials. Our experts published a total of 255 peer-reviewed papers and supervised 82 students to complete their higher education studies.

The Women's hosted the two-day international event 'Cool Topics in Neonatology', Australia's largest international neonatal conference in November, held our inaugural Research Week program, and hosted 190 female students for our inaugural 'meet a scientist' day on International Day of Women and Girls in Science in February.

Our 2016/17 research highlights include:

- Publication in *The Lancet* of a world first study proving the safety of antenatal breast milk expression for women with diabetes.
- An international trial published in the *New England Journal of Medicine* refuting the benefits of fish oil supplements for premature babies.
- Research published in the *Journal of Paediatrics and Child Health* establishing smartphones as an accurate x-ray diagnostic tool for common respiratory conditions in babies.
- Publication in the American Medical Association's *Pediatrics* of an Australian-first longitudinal study into cognitive and developmental delays in premature babies.
- A world-first study, published in the *Archives of Disease and Childhood*, which found that skin-to-skin care for very preterm babies is safe and should be encouraged.
- Research on the long-term mental health of mothers of pre-term babies published in *Pediatrics*.

Financial results

In 2016/17, the Women's recorded an operating deficit of $0.99 million which compares unfavourably with the operating surplus we achieved in 2015/16 of $0.82 million. The Board and Management of the Women's have initiated various strategies to improve the hospital's operating performance, which will be monitored throughout 2017/18 to ensure we continue to be financially sustainable.

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.

The input of our Board, and various Board committees, is invaluable. They help to steer and guide us and keep us grounded and focused on quality care, responsible management and sustainable improvement, while always remaining cognisant of the needs of our patients and consumers.

The Women's Foundation raises funds vital to supporting the work of the Women's. It draws upon the generous backing of community supporters, donors, charitable trusts, patients, past and present, and their families. 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, our partners and donors 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.

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

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). The Women's has provided health services to women and newborn babies of Victoria 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 2016/17 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 ensure 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 women and newborns.

With campuses at Parkville and Sandringham, the Women's is at the forefront in the advocacy and advancement of women's health and wellbeing. We are a major teaching hospital and 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 2016/17 we provided specialist women's health services to 80,863 women from 186 countries, who speak 92 different languages and follow 72 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.
In October 2013, the Women's assumed responsibility for the maternity and gynaecology services at Sandringham Hospital, and in September 2016, the Special Care Nursery was transitioned to the Women's.

We are committed to a holistic philosophy of health and in 2016/17 we provided specialist women's health services to 80,863 women from 186 countries, who speak 92 different languages and follow 72 separate religious faiths.

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

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

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

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 during the 2016/17 reporting period were:

Ms Lyn Swinburne AM (Chair)
Ms Felicity Pantelidis (Deputy Chair)
Ms Sue Zablud
Dr Nicolas Radford AM
Ms Christina Liosis
Mr Michael O'Neill (re-appointed October 2016)
Professor David Copolov AO
Ms Helga Svendsen
Ms Cath Bowtell (appointed July 2016)
Ms Mandy Frostick (appointed July 2016)

Board Committees

The following committees provided advice to the Women's Board of Directors during the 2016/17 financial year:

Finance and Information Technology Committee

Chair: Mr Michael O'Neill (July to December 2016), Ms Felicity Pantelidis (January to June 2017)

Directors: Ms Christina Liosis (July to December 2016), Mr Michael O'Neill, Ms Cath Bowtell

Members: Ms Debbie Goodin, Ms Christine Wigg

In attendance: Dr Sue Matthews, Mr Zak Gruevski, Ms Lisa Dunlop, Mr Sam Garrasi, Associate Professor Carl Kuschel, Mr George Cozaris

Audit and Corporate Risk Management Committee

Chair: Ms Felicity Pantelidis (July to December 2016) Mr Michael O'Neill (January to June 2017)

Directors: Ms Christina Liosis, Mr Michael O'Neill, Ms Helga Svendsen

Member: Ms Christine Wigg

In attendance: Dr Sue Matthews, Mr Zak Gruevski, Mr Sam Garrasi

Community Advisory Committee

Chair: Ms Christina Liosis

Director: Ms Mandy Frostick

Members: Ms Deepa Mathews, Ms Heather Beanland, Ms Marija Groen (July to December 2016) , Ms Rebecca Harris, Ms Charlene Edwards, Ms Alison Soutar, Ms Ivy Wang, Mr Simon Gullery, Ms Lorraine Parsons (commenced January 2017), Ms Aydanur Sabri (commenced May 2017), Ms Heikma Siraj (commenced March 2017)

In attendance: Dr Sue Matthews, Ms Sherri Huckstep (commenced October 2016), Ms Tanya Farrell (July to December 2016), Ms Tania Angelini, Ms Jill Butty (July to December 2016), Ms Gemma Cooper (July 2016 to May 2017), Ms Louise Sampson (commenced June 2017), Ms Kate Barnes

Board Research Committee

Chair: Professor David Copolov AO

Directors: Dr Nicolas Radford AM, Ms Sue Zablud

Member: Professor Lisa McKenna

In attendance: Dr Sue Matthews, Dr Mark Garwood, Professor Peter Rogers, Ms Tania Angelini, Ms Jan Chisholm

Primary Care and Population Health Advisory Committee

Chair: Ms Helga Svendsen

Director: Professor David Copolov AO

Members: Dr Helen McLachlan, Ms Tricia Malowney, Dr Adele Murdolo, Associate Professor Christopher Carter, Ms Lyn Morgain, Professor Kelsey Hegarty, Ms Sue Casey, Ms Karen Field, Associate Professor Jane Tomnay

In attendance: Dr Sue Matthews, Ms Allison Kenwood, Ms Tanya Farrell, Professor Louise Newman, Dr Ines Rio

Quality Committee

Chair: Dr Nicolas Radford AM

Directors: Ms Lyn Swinburne AM, Ms Mandy Frostick, Ms Cath Bowtell

Members: Dr Jack Bergman, Ms Heather Beanland

In attendance: Dr Sue Matthews, Ms Lisa Dunlop, Dr Mark Garwood, Ms Tanya Farrell, Ms Sherri Huckstep (commenced October 2016), Associate Professor Leslie Reti, Associate Professor Carl Kuschel, Professor Mark Umstad, Professor Louise Newman, Ms Cvetka Sedmak, Ms Jenny Ryan, Ms Jill Butty, Ms Sandra Gates

People, Culture and Engagement Committee

Chair: Ms Sue Zablud

Director: Dr Nicolas Radford AM

Members: Ms Simone Hartley-Keane

In attendance: Dr Sue Matthews, Ms Tanya Farrell, Ms Allison Kenwood, Ms Sherri Huckstep (commenced October 2016), Ms Edwyna Wilson

Royal Women's Hospital Foundation Board

Chair: Ms Sue Zablud

Directors: Ms Lyn Swinburne AM, Associate Professor Leslie Reti, Associate Professor John McBain AO, Ms Lynda Jane Trembath, Ms Elaine Canty AM, Ms Brigid Robertson, Ms Gaya Raghavan Byrne, Ms Jan Chisholm, Dr Sue Matthews, Mr Zak Gruevski

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 Tania Angelini

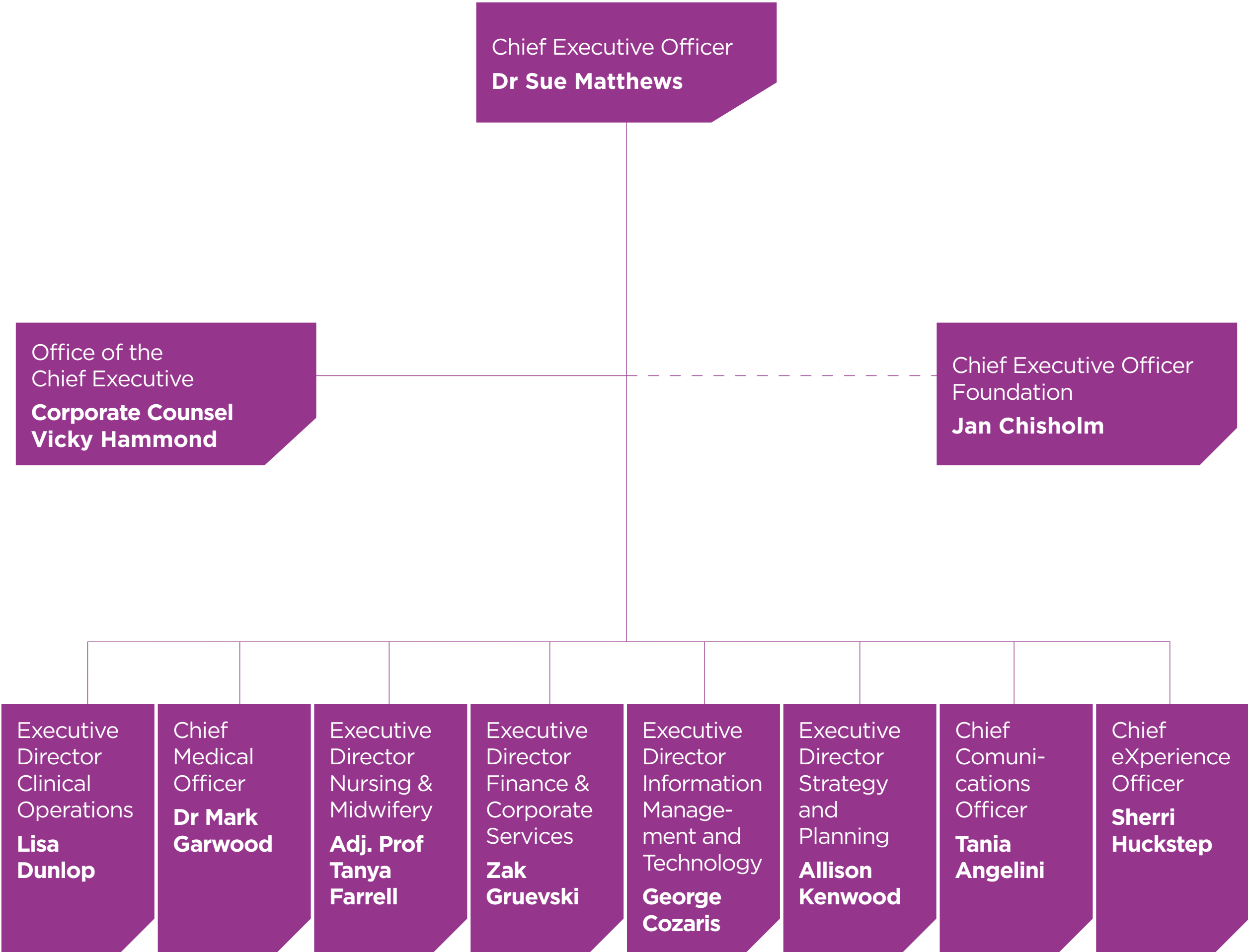
Chief eXperience Officer:
Ms Sherri Huckstep

Executive Director, Information Management and Technology: Mr George Cozaris

Corporate Counsel:
Ms Karen Cusack (resigned February 2017)
Ms Emma Turner (Acting February – May 2017)
Ms Vicky Hammond (commenced June 2017)

Chief Executive Officer, Royal Women's Hospital Foundation:
Ms Jan Chisholm

Management and organisational structure



Workforce data

Full Time Equivalent (FTE) Employees June 2017

Labour Category	Current Month FTE 2016/17	Current Month FTE 2015/16	Year to Date FTE 2016/17	Year to Date FTE 2015/16
Nursing	763.3	725.7	740.2	715.2
Administration and clerical	293.2	282.4	286.5	278.4
Medical support	96.1	90.0	92.5	88.4
Hotel and Allied Health Services	10.7	10.9	10.9	10.5
Medical officers	30.8	27.1	28.8	26.1
Hospital medical officers	111.0	110.6	112.0	107.9
Sessional clinicians	57.4	46.9	50.9	49.4
Ancillary staff (Allied Health)	63.9	64.9	62.7	63.6
TOTAL	**1,426.3**	**1,358.5**	**1,384.4**	**1,339.5**

Workforce data disclosures

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

Subsequent events

Refer to Note 8.9: Events Occurring after the Balance Sheet Date.

Disclosure of ex-gratia payments

Nil to report for 2016/17.

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 97.3 per cent of this measure.

The hospital recorded an operating deficit of $0.99 million.

Summary of financial results

For the year ending 30 June 2017, the Women's recorded a net deficit of $8.86 million after taking into account the impact of capital, depreciation and net results from its controlled entities, The Royal Women's Hospital Foundation Limited and Royal Women's Hospital Foundation Trust Fund.

The Victorian Government provides separately for depreciation costs via capital payments, in response to submissions by health services. Excluding capital payments and controlled entities results, the Women's recorded an operating deficit of $0.99 million compared to an operating surplus of $0.82 million the previous year.

Five year financial summary

The Royal Women's Hospital and its Controlled Entities	2016/17 $'000	2015/16 $'000	2014/15 $'000	2013/14 $'000	2012/13 $'000
Total Revenue	289,151	274,575	264,337	249,172	230,576
Total Expenses	(298,060)	(279,322)	(270,749)	(258,036)	(239,944)
Other Economic Flows Included in Net Result	49	(1,121)	-	-	-
Net Result for the Year	**(8,860)**	**(5,868)**	**(6,412)**	**(8,864)**	**(9,368)**
Operating Result [i]	(990)	816	1,552	226	(70)
Total Assets	445,516	443,194	425,997	435,691	341,936
Total Liabilities	299,570	305,485	300,458	303,377	303,784
Net Assets	**145,946**	**137,709**	**125,539**	**132,314**	**38,152**
Total Equity	**145,946**	**137,709**	**125,539**	**132,314**	**38,152**

[i] *The operating result is the result for which the hospital is monitored in its Statement of Priorities also referred to as the Net Result before capital and specific items.*

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 and 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 People, Culture and Wellbeing in their employee record file.

Nominated Officer

Privacy Officer: Mr Neil Goodwin

Additional information

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

a) A statement of pecuniary interest has been completed;

b) Details of shares held by senior officers as nominee or held beneficially;

c) Details of publications produced by the Department about the activities of the Health Service and where they can be obtained;

d) Details of changes in prices, fees, charges, rates and levies charged by the Health Service;

e) Details of any major external reviews carried out on the 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 continues to evaluate its policy and processes for Respectful Workplace Behaviours.

The Women's successfully undertook White Ribbon accreditation in 2016/17. This accreditation process along with case reviews of grievances raised by our staff led to the enhancement of the policy and guideline to include psychological first aid to our responses of allegations of discrimination bullying and harassment. This enhanced response will be included in the training provided to managers and staff in this area in 2017/18.

Child Safe Standards

The Women's 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 2016/17 financial year, the Women's Occupational Health and Safety 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.

Prevention and Management of Aggression

The Women's was successful in securing funding from DHHS in the second round of the Health Service Violence Prevention Fund. The funding is for three projects including the installation of swipe access at two doors in the Emergency Department, six new duress alarms in pregnancy clinic and four new home visiting personal duress alarms for post natal in the home program at Sandringham.

The Women's Wellbeing Program

The Women's led the pilot of a new wellbeing program for nurses and midwives in July 2017. The Happy People program, devised by ABC Commercial is a program, funded by DHHS, available to approximately 500 nurses and midwives doing shift work, at the Women's, as well as hundreds of other nurses and midwives at several health services including Ballarat Health, Melbourne Health and Peter MacCallum Cancer Centre. Happy People is a team-based wellbeing program, that helps participants build strategies that can positively impact their work and home lives across four key lifestyle areas: energy, mood, stress, and sleep. This pilot is the first of its kind in Australia for nurses and midwives and the Women's has strongly advocated to ensure our involvement.

The Women's also implemented an internal training program for managers as part of our leadership development framework, titled Raising Successful Managers which includes components of OHS, WorkCover and Respectful Workplace Behaviours.

The Women's offers an employee assistance program (EAP) for all staff. A total of 115 employees contacted the EAP for counselling and related services during 2016/17. These were made up of 87 EAP counselling new clients and four managerAssist® new clients. There were also 23 ongoing EAP clients and one managerAssist® client from the 2015/16.

Based on 2,185 employees, the 91 new referrals give the program an annualised utilisation rate of 4.16 per cent for this reporting period. The Women's holistic approach to workplace wellbeing continues to be supported by the EAP program which is well utilised above the healthcare industry average. The majority of presentations were due to personal issues such as family or relationship, legal, financial and psychological.

Detailed below is benchmarking data provided by our EAP provider for the period:

Annual EAP utilisation rate	
RWH	4.16%
Healthcare organisations [1]	3.35%
All organisations [2]	3.31%

[1] *86 organisations with over 102,000 employees*

[2] *Organisations across all industry sectors*

EAP clients overall received an average of 2.72 hours of support during the reporting period. This is within the provider's benchmark guidelines of 2–3 hours of support for short term EAP assistance.

WorkCover Performance

The Women's WorkCover performance rating is currently 6 per cent better than the average for the rest of the health industry. While we are performing better than the industry, there has been a deterioration over the past two years. The number of standard claims being lodged is consistent with the most common type of injury being body stressing. The reason for the deterioration in performance is due to the rise in the cost of our claims.

The main focus of the Women's safety program for 2017/18 will include working on the key priorities outlined in the Safety Management System and Operational Plan, in particular the OHS, Emergency Management and Wellbeing governance and implementing further initiatives for the Smart Move, Respectful Workplace Behaviours, occupational violence and aggression management and staff wellbeing programs.

Occupational violence

Occupational violence statistics	2016/17
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	7
4. Number of occupational violence incidents reported per 100 FTE	0.50
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0

[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 2016/17.*

[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.

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

	2016/17	2015/16	2014/15	2013/14
FOI requests received				
Total	265	305	287	303
FOI request outcomes				
Access (includes partial)	220	249	230	238
No information available	23	18	17	25
Withdrawn	12	13	16	12
Denied in full	3	1	1	1
Incomplete/outstanding	7	24	23	28

Car parking fees

The Royal 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: www.thewomens.org.au/search/?keywords=car+parking+fees

Information and Communication Technology (ICT) expenditure

The total ICT expenditure incurred during 2016/17 is $7.54m (excluding GST) with the detail shown below.

Total ICT expenditure incurred during 2016/17	$m (ex GST)
Business as usual (BAU) ICT expenditure	6.15
Non-business as usual ICT expenditure	1.38
Operational expenditure	0.14
Capital expenditure	1.24

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 innovative recycling projects. The Women's reports its energy and water usage on a monthly basis to the Department of Health and Human Services Victoria.

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

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

'Greening the Women's' focuses on improvement in the areas of:

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

As part of this initiative, a clinical waste audit was completed and a focus of late 2016 was waste disposal, with educational signage rolled out around the hospital as well as on the intranet. In August 2016 a PVC recycling trial in theatre was launched and as a result, recommendations have been made to roll out PVC recycling to other clinical areas. In October 2016 as part of a 'Think before you print' policy, a program to convert scrap paper into notepads, was launched as part of the Women's commitment to reduce waste.

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.

Melbourne Health Procurement's Supply and Logistics department ensures major tender documents refer to environmental impacts.

Consultancies

Details of consultancies (under $10,000)

In 2016/17, there were six consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2016/17 in relation to these consultancies was $30,049 (excl. GST).

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

In 2016/17, there were four consultancies where the total fees payable to the consultants were greater than $10,000. The total expenditure incurred during 2016/17 in relation to these consultancies was $79,656 (excl. GST). Details of individual consultancies can be viewed at www.thewomens.org.au/wm-ar-details

Disclosure of major contracts

Nil to report for 2016/17.

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 [1]

Summary of Service Statistics	2016/17
Births (number of deliveries)	9,064
Inpatient stays	34,269
Outpatient visits	193,954
Emergency services – attendances	27,741
Triage percentage of Category 1–5 seen within recommended timeframes	80.3%
Percentage of emergency patients with a length of stay less than four hours	89.6%
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	98.0%

[1] *Data as at 15 August 2017*

Key Financial and Service Performance reporting

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PART A – Strategic Priorities for 2016/17

Domain	Action	The Women's deliverables	Status and commentary
Quality and safety	Implement systems and processes to recognise and support person-centred end of life care in all settings, with a focus on providing support for people who choose to die at home.	Implement a system to recognise and record women with advanced care plans. Work with Victorian Comprehensive Cancer Centre (VCCC) palliative care services to assist women with cancer who wish to die at home.	**Achieved** The Women's Advanced Care Planning Working Party has reviewed and refined the guidelines and protocols for managing women with advanced care plans to support every patient's right to autonomy, dignity and fully informed consent regarding current and future healthcare treatment. The guideline provides protocols for: » identifying at referral and recording in the medical record if a woman has an advanced care plan (ACP); » identifying women who meet criteria for an ACP and the process to either provide them with information about completing one or to capture this information (and a copy of the ACP) in the medical record; and » auditing compliance with the guideline. The Advanced Care Planning Working Party has liaised with the ACP team at Alfred Health and palliative care services at the VCCC and Peter MacCallum Cancer Centre (PeterMac), which provide the benchmark for our services.
	Advance care planning is included as a parameter in an assessment of outcomes including: mortality and morbidity review reports, patient experience and routine data collection.	Implement a system of recording and reporting women with advanced care plans within gynaecology and cancer services.	**Achieved** The Women's has developed a guideline for advanced care planning that has been promoted to relevant staff in administration, nursing and medical roles, with a focus on gynaecology and cancer services. Questions about ACP's have been added to registration forms and readmission questionnaires for surgery.

PART A – Strategic Priorities for 2016/17 (continued)

Domain	Action	The Women's deliverables	Commentary
Quality and safety	Progress implementation of a whole-of-hospital model for responding to family violence.	Provide state-wide leadership and advocacy on the role of hospitals in responding to family violence. Develop and implement stage 3 of the strengthening hospital responses to family violence project, including supporting nine metropolitan health services and regional coordinators. Develop a research agenda and evaluation framework, and provide state wide leadership and advocacy on the role of hospitals in responding to family violence. Progress implementation of the Women's whole of hospital model for responding to family violence, including in workforce education and primary prevention.	**Achieved** Stage three of the Strengthening Hospital Responses To Family Violence (SHRFV) Program has supported health services with state-wide leadership, model development, evidence development and capacity building across the hospital system. **State-wide leadership** The Women's leads the statewide rollout of stage 3 of the Strengthening Hospital's Response to Family Violence (SHRFV) program providing mentoring support to nine metropolitan and five regional hospitals with our partner Bendigo Health. To support this we have: » hosted state wide quarterly forums, where participating hospitals provide progress updates and share information and learnings in relation to funding recruitment staffing training and implementation; » delivered individual implementation workshops to four metro services; » provided ongoing phone and email support and guidance on a daily basis and collated quarterly reports from all funded hospitals to meet DHHS funding requirements; » begun scoping work on the development of an auditing tool for hospitals to evaluate SHRFV project implementation; and

PART A – Strategic Priorities for 2016/17 (continued)

Domain	Action	The Women's deliverables	Commentary
Quality and safety			» led and produced the fourth edition of the SHRFV toolkit of resources including supporting the Royal Children's Hospital, Bendigo Health, CASA Forum and St Vincent's to develop four new specialist modules on: - Working in a paediatric setting - Working in a regional/rural setting - Responding to sexual assault - Identification and response of elder abuse. The fourth edition of the toolkit and a series of tools, including an evaluation framework for hospitals to use to monitor the implementation of their whole of hospital model, will be launched at the SHRFV Statewide Forum in August. **Development of the whole of hospital model** The Women's has continued to implement and refine the SHRFV model. During 2016/17, the Women's: » undertook comprehensive planning for the rollout of training to our workforce in recognising, responding to and referring patients experiencing family violence in clinical settings; » trained staff in the six steps of sensitive inquiry; since July 2016, over 320 staff have been trained and 20 have gone on to achieve greater competency by completing the intensive two day DV Alert training, provided by Lifeline for front line workers; » introduced the model of sensitive enquiry into our maternity services at Sandringham and working towards antenatal screening in late 2017;

PART A – Strategic Priorities for 2016/17 (continued)

Domain	Action	The Women's deliverables	Commentary
Quality and safety			» introduced a support structure including reflective practice and weekly in-services for staff in our Women's Emergency Centre trained in family violence sensitive inquiry and identification/response; » designed and commenced implementing a Prevention of Violence Against Women Clinical Champions Program to ensure we have skilled staff trained in family violence identification and response in all areas of the hospital; » developed and launched a Family Violence Workplace Support Program with policies and procedures for staff accessing family violence leave, an intranet site with information for staff experiencing family violence and an education program for managers on how to respond to staff who disclose they are experiencing family violence. We have trained 90 managers since November 2016, as well as 40 staff members; and » reviewed and launched a new governance structure to guide and oversee the SHRFV program. In March, the Women's was granted national White Ribbon workplace accreditation. The Women's is one of only two hospitals in Victoria to satisfy the 15 assessment criteria under the three standards relating to support, structure and tools to prevent and respond to domestic violence experienced by our staff. Accreditation recognises that the Women's is building a supportive and committed culture of prevention.

PART A – Strategic Priorities for 2016/17 (continued)

Domain	Action	The Women's deliverables	Commentary
Quality and safety			**Building the evidence base** To strengthen the evidence base for interventions in health, the Women's has: » worked with Professor Kelsey Hegarty, joint Chair in Family Violence Prevention at the University of Melbourne and the Women's, on the research agenda in prevention, early intervention, pathways to safety and new models of health care for women and families for the Centre for Family Violence Prevention at the Women's; and » supported Professor Hegarty's WITH Study, (Women's Input into Trauma informed systems model of care in Health settings). This ANROWS' funded study was launched in May 2017 and is a collaboration with Northern Area Mental Health Services, the Domestic Violence Resource Centre Victoria and the University of NSW. **State-wide capacity building** Between July 2016 and June 2017 the Women's SHRFV program delivered the following capacity building events: » a workshop with Bendigo Health on the SHRFV project, our service model and sensitive practice for DHHS staff with responsibility for implementing the Royal Commission into Family Violence (RCFV) recommendations;

PART A – Strategic Priorities for 2016/17 (continued)

Domain	Action	The Women's deliverables	Commentary
Quality and safety			» an 'Expert Advisers Meeting' for staff responsible for implementing the RCFV recommendations in the Department of Premier and Cabinet and DHHS. International and Australian experts in health system responses to violence presented with input from staff from the Women's and Bendigo Health; » a symposium on the SHRFV project at the Nursing Network on Violence Against Women International Conference in Melbourne; » a special Grand Round on Violence Against Women and Health System Responses with Dr Claudia Garcia-Moreno from the World Health Organisation, in partnership with Australian National Research Organisation for Women's Safety (ANROWS), Latrobe and Melbourne Universities; and » the Health Justice Partnership Learning Network which we co-chair with Inner Melbourne Community Legal. This network is attended by representatives from health and legal services that have established a health justice partnership in Victoria. » coordinating the 2nd annual SHRFV Statewide Forum for Victorian health services in late August 2017.
	Establish a foetal surveillance competency policy and associated procedures for all staff providing maternity care that includes the minimum training requirements, safe staffing arrangements and ongoing compliance monitoring arrangements.	Continue to implement the mandatory competency on the Foetal Surveillance Education Program (FSEP) which determines the level of competency assessment that a staff member must reach, depending on their level of decision making responsibility.	**Achieved** All relevant staff have completed the Foetal Surveillance Education Program and passed.

PART A – Strategic Priorities for 2016/17 (continued)

Domain	Action	The Women's deliverables	Commentary
Quality and safety		All midwifery and obstetric staff, including consultants and junior medical staff of level 2 registrar and above, must complete a full day Royal Australian and New Zealand College of Obstetricians and Gynaecologists (RANZCOG) FSEP course and examination on a two yearly basis, and the online RANZCOG program in the alternate years. A higher level competency (level 3 standard) must be achieved for all obstetricians on call for birth centre or pregnancy day care, all midwives who work in charge of the birth centre and those who are in an education and/or supervisory role.	The Women's FSEP is an ongoing program that requires all midwifery and obstetric staff attend the FSEP study day and complete the FSEP exam every two years. Staff who do not achieve a level 2 score in the exam must undergo a competency assessment or attend another FSEP day, depending on their score. Staff who score level 1 are on restricted duties on the postnatal ward until they have achieved competency. Casual staff are not rostered to work until they attain competency.
	Use patient feedback, including the Victorian Healthcare Experience Survey (VHES) to drive improved health outcomes and experiences through a strong focus on person and family centred care in the planning, delivery and evaluation of services, and the development of new models for putting patients first.	Develop and implement a patient experience plan to improve performance against the eight principles of patient centred care, through engaging experts, reviewing data and consumer feedback, and building the capacity of staff.	**Achieved** The Board endorsed the Women's *Patient and Consumer Experience Strategy 2016–2020* which was developed to deliver on the cornerstone of the strategic plan which commits the organisation to "provide an exceptional patient and consumer experience that delivers improved health outcomes for women and newborns". The Women's has invested in a Patient and Consumer Experience team led by a newly appointed Chief eXperience Officer to deliver on this strategic direction.

PART A – Strategic Priorities for 2016/17 (continued)

Domain	Action	The Women's deliverables	Commentary
Quality and safety			With feedback from our patients and consumers, the Women's has developed and adopted five principles that have been articulated using their voices. These RAISE (responsive, accessible, integrated, safe and effective/efficient) principles underpin the strategy and are being utilised as the framework for several different initiatives including executive performance plans, leadership core competencies and the Board balanced scorecard (which includes four VHES experience indicators). As measurement and analysis are key enablers to our success, a quarterly management report has been created that presents the VHES results in alignment with the RAISE principles. This report is generated at the organisation and departmental levels and each quarter, the Patient Experience team meets with the relevant program area to discuss the results, celebrate success, and develop improvement plans where opportunities exist. The Women's utilises several other patient feedback mechanisms to drive improvement including complaints, compliments and patient stories. Patient stories are shared at the Board and Board Committee levels as well as in our ten hour Creating Exceptional Experiences course which has now successfully graduated 570 staff. We have also designed and are trialling a Near Real Time Patient Experience Measurement Program which will allow for a more rapid response to what patients tell us is important to them.

PART A – Strategic Priorities for 2016/17 (continued)

Domain	Action	The Women's deliverables	Commentary
Quality and safety			The Women's was very pleased to see our overall VHES performance rating at 94 per cent in the Jan–Mar 2017 quarter, which is a 4 per cent increase in our overall experience rating compared to the same time last year. We believe this result reflects the focused work and investments that have been made over the past 12 months.
	Develop a whole of hospital approach to reduce the use of restrictive practices for patients, including seclusion and restraint.	Further refine the hospital's code grey response systems. This will involve further skill enhancement through practical training for our senior clinicians, with the support of the security staff, to reduce the need for restraints.	**Achieved** The Women's mechanical restraint guideline is currently being reviewed by a multidisciplinary group, including our security service and our Centre for Women's Mental Health, to ensure it reflects best practice for minimising the use of restraint. Training for clinical staff includes information on mechanical restraint and our approaches to minimising its use. Security staff complete annual training to ensure they can safely perform a restraint, including techniques for a pregnant woman if required. In the rare event that mechanical restraint is used, security staff engage the services of Melbourne Health Security. The Women's has no seclusion facilities; we have protocols for transfers to other mental health units for acute care. In 2016/17 there was one mechanical restraint procedure completed.

PART A – Strategic Priorities for 2016/17 (continued)

Domain	Action	The Women's deliverables	Commentary
Access and timeliness	Ensure the development and implementation of a plan in specialist clinics to: 1. optimise referral management processes and improve patient flow through to ensure patients are seen in turn and within time; and 2. ensure Victorian Integrated Non-Admitted Health data (VINAH) accurately reflects the status of waiting patients.	Develop triage guidelines and an escalation process for referrals to gynaecology services as part of the enhanced gynaecology model of care. Continue to work with General Practitioners (GPs) in communicating referral requirements as part of the Health Pathways initiative. Develop and implement VINAH error reports and a process for improvement. Provide further staff training and education to ensure timely and accurate VINAH compliant data is captured. Establish a specialist clinic operations group to regularly review and monitor KPIs and waiting lists.	**Achieved** New triage guidelines for the Pelvic Floor Service have been agreed as part of the enhanced Gynaecology Model of Care and the working group is continuing to meet to develop new pathways. We are continuing to work with the North West Melbourne Primary Care Network on the development of health pathways for GP referrals to the Women's and to promote compliance with these protocols. This includes the Women's requirement that GPs make referrals using the Health Pathways form; referrals that do not meet the criteria in the pathway are returned to the GP for completion. VINAH audits are being conducted regularly and error reports are sent weekly to data entry users and managers for correction and to educate on correct process. A VINAH training program has been established. A Clinic Operations Group chaired by the Director of Gynaecology Services has been established with multidisciplinary membership. This group meets monthly to monitor and review waiting lists and key performance indicators.

PART A – Strategic Priorities for 2016/17 (continued)

Domain	Action	The Women's deliverables	Commentary
Access and timeliness	Ensure the implementation of a range of strategies (including processes and service models) to improve patient flow, transfer times and efficiency in the emergency department, with particular focus on patients who did not wait for treatment and/or patients that re-presented within 48 hours.	Develop a 'fast track' process to improve patient flow, including improved time to treatment of analgesia. Develop an electronic emergency department journey board to better monitor patient flow, transfer times and efficiency. Develop and implement a sexual assault and mental health pathway in liaison with the Royal Melbourne Hospital to ensure patients receive the most appropriate care in the most appropriate environment. Review guidelines for the management of neonatal jaundice with the aim of reducing the incidence of families representing to Women's Emergency Centre (WEC).	**Achieved** The Women's Emergency Centre (WEC) has successfully introduced a fast track process that identifies patients at the point of triage who are appropriate for rapid assessment and delivery of interventions, with benefits for reducing waiting times and improving patient flow. The electronic journey board is operational and working well, resulting in improved management of waiting times, treatment and transfers to meet key performance indicators. Pathways for patients presenting to the WEC after sexual assault or needing a referral to mental health services at the Royal Melbourne have been reviewed, refined and implemented, with positive feedback from all parties. The guidelines for the management of babies being referred to WEC for assessment of jaundice are in place. Guidelines on the management of neonatal jaundice were reviewed. In addition, a submission to Better Care Victoria has been prepared seeking funding to develop and trial point-of-care, hand-held monitors so that midwives providing post natal care in the home can screen babies for serious jaundice, collect blood and develop a pathway for the test results to be shared with the treating clinician before admission for treatment. Options for conducting the assessment and education of parents for suitability for home based phototherapy treatment will also be investigated. This approach aims to reduce the number of parents who present to WEC for assessment.

PART A – Strategic Priorities for 2016/17 (continued)

Domain	Action	The Women's deliverables	Commentary
Access and timeliness	Identify opportunities and implement pathways to aid prevention and increase care outside hospital walls by optimising appropriate use of existing programs (ie. the Health Independence Program or telemedicine).	Continue to develop alternative models of care for women with a miscarriage to enable them to have medical management at home rather than a surgical procedure. Support improved equity of access to reproductive health services, with a focus on medical abortion and long acting, reversible contraception.	**Achieved** The Women's has expanded the Early Pregnancy Assessment Service to offer women who are experiencing a miscarriage the option for medical management in the comfort of their own home. The new service has been up and running since February 2017. Advice on women's sexual and reproductive health was provided to DHHS in September 2016. The Women's provided expert input from a range of clinicians to DHHS' consultations on improving access to reproductive services to inform the government's work on women's health. The Women's has met with DHHS to provide information and advice on implementation of the Victorian Government's strategy: *Women's sexual and reproductive health: key priorities 2017–2020* which was released in March 2017. The Women's has signed an MOU with the Centre for Excellence in Rural Sexual Health to support research, clinical networks, service capacity building and advocacy and to improve women's access to sexual and reproductive health in regional Victoria.
	Increase the proportion of patients (locally and across the state) who receive treatment within the clinically recommended time for surgery and implement ongoing processes to ensure patients are treated in turn and within clinically recommended timeframes.	Establish an ambulatory gynaecology surgical centre for women requiring procedures that could be performed in an outpatient setting rather than in the operating theatres, freeing up surgical time for more complex patients.	**Achieved** The Women's Ambulatory Gynaecology Service has been operational since May 2017. Women who attend the service are asked to complete a healthcare experience survey; 100 per cent of women who completed the survey gave the highest possible experience rating and would recommend the service to a friend.

PART A – Strategic Priorities for 2016/17 (continued)

Domain	Action	The Women's deliverables	Commentary
Access and timeliness	Develop and implement a strategy to ensure the preparedness of the organisation for the National Disability and Insurance Scheme (NDIS) and Home and Community Care (HACC) program transition and reform, with particular consideration to service access, service expectations, workforce and financial management.	Consult with providers and Parkville precinct partners to develop guidelines to identify and make referrals to HACC and NDIS services. Through the Women's Women with Individual Needs program, identify pregnant women who may be eligible for and/or receiving care via NDIS and work with providers accordingly.	**Achieved** The Women's has updated its patient registration form to include the ability to identify a patient as NDIS eligible. Relevant staff have been informed about how the NDIS operates and educated about referrals. This information is consistent across the precinct. Discussions are continuing with the Aged Care Assessment Service regarding HACC services.
Supporting healthy populations	Support shared population health and wellbeing planning at a local level – aligning with the Local Government Municipal Public Health and Wellbeing Plan and working with other local agencies and Primary Health Networks.	Use the HealthPathways program to assist GPs and specialists in referring and prioritising the care of women with complex and high-risk health needs who require tertiary care.	**Achieved** Work with the North West Melbourne Primary Health Network (NWMPHN) is ongoing to develop women's health pathways. To date, the Women's has worked with the NWMPHN on ten new pathways for specialist gynaecology. These are now available on the Melbourne HealthPathways portal. The pathways include the Women's requirement that GPs make referrals using the HealthPathways form. To ensure we prioritise the care of women with complex and high-risk health needs, GP referrals that do not meet the criteria in the pathway are returned and GPs are supported to ensure their appropriate completion.

PART A – Strategic Priorities for 2016/17 (continued)

Domain	Action	The Women's deliverables	Commentary
Supporting healthy populations	Focus on primary prevention, including suicide prevention activities, and aim to impact on large numbers of people in the places where they spend their time adopting a place-based, whole of population approach to tackle the multiple risk factors of poor health.	In collaboration with the Victorian Aboriginal Community Controlled Health Organisation (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.	**Achieved** The Koolin Balit funded project to raise awareness and provide information for Aboriginal women about the risks associated with alcohol and drug use, including 'ice', during pregnancy was completed. The resource, *You and Your Boorai: Taking Care During Pregnancy* provides positive advice on all aspects of pregnancy health and will be launched during 2017/18. This innovative resource reflects input from partner agencies and services including Njernda Aboriginal Corporation in Echuca, the Victorian Aboriginal Health Service and VACCHO in Melbourne, and the Koori Maternity Services.
	Develop and implement strategies that encourage cultural diversity such as partnering with culturally diverse communities, reflecting the diversity of our community in organisational governance, and having culturally sensitive, safe, and inclusive practices.	Implement a new clinical service pathway for providing timely access to tertiary level, gynaecology care for women who are homeless, have had experience of sexual assault and/or violence, Indigenous women, and women who experience difficulty accessing mainstream health services due to significant social disadvantage.	**Achieved** The new Rapid Access Service at the Women's has been formally established and operational since June 2017 with an agreed intake criteria, referral pathway and case management resource. This follows a joint planning day with internal and external stakeholders in May. The service provides women experiencing homelessness with case management services in collaboration with partners in the homelessness and community health sectors. Eight women accessed this service in the first month of operation.

PART A – Strategic Priorities for 2016/17 (continued)

Domain	Action	The Women's deliverables	Commentary
Supporting healthy populations	Improve the health outcomes of Aboriginal and Torres Strait Islander people by establishing culturally safe practices which recognise and respect their cultural identities and safely meets their needs, expectations and rights.	In partnership with VACCHO, the Mercy Hospital for Women, Sunshine Hospital and Goulburn Valley Health, examine the effect of continuity of midwifery care in pregnancy, labour, birth, and the postnatal period on perinatal outcomes for Aboriginal women and their infants.	**Achieved** The *Baggarrook Yurrongi – Women's Journey* is a NHMRC research project initiative to improve maternity care and health outcomes for Aboriginal mothers and babies in four maternity hospitals including the Women's. In March 2017, the Women's started recruiting women to this midwifery care program developed for women or their partner who identify as Aboriginal or Torres Strait Islander. An Aboriginal Advisory Group has been established with Aunty Di Kerr as the Chair and midwives have been provided with additional training, resources and support. Interest and engagement has been high; we have had 100 per cent uptake from women and 25 women have booked into the program.
	Drive improvements to Victoria's mental health system through focus and engagement in activity delivering on *Victoria's 10-Year Mental Health Plan* and active input into consultations on the *Design, Service and Infrastructure Plan for Victoria's Clinical Mental Health System.*	Develop a Mental Health Enhancement Strategy 2016–2020 that includes advocacy and liaison with DHHS about service models to support early intervention and preventive mental health programs for improving maternal and neonatal outcomes and reducing the risk of children developing mental disorders.	**Achieved** *The Women's Mental Health Enhancement Strategy 2017–2020* has been finalised and endorsed by the Board. Through this strategy, the Women's will develop and strengthen research and its translation into models of care for the prevention and early intervention of mental illness in mothers and babies. Our Centre for Women's Mental Health undertakes work in diagnosis and treatment services for our patients which will focus on those at most risk. Our advocacy and service development will extend our reach into community settings.

PART A – Strategic Priorities for 2016/17 (continued)

Domain	Action	The Women's deliverables	Commentary
Supporting healthy populations			In June 2017, the Women's made a submission to the National Children's Commissioner's inquiry into early interventions to decrease the risk profile and trajectory of young parents, improve their capacity for safe and effective parenting, and increase their likelihood of becoming economically secure.
	Using the Government's *Rainbow eQuality* Guide, identify and adopt 'actions for inclusive practices' and be more responsive to the health and wellbeing of lesbian, gay, bisexual, transgender and intersex individuals and communities.	Consult with the lesbian, bisexual, gay, transgender and intersex community about engaging the community in strengthening our services, ensuring the Women's is a welcoming environment and that staff are trained in inclusive clinical practice.	**Achieved** The Women's core values support a culture of responsiveness, respect and equity in our care for women and babies. These values are reinforced through training in the Respectful Workplace Behaviours program, which is an annual mandatory requirement for all staff. The Women's Community Advisory Committee includes a member from the queer community, and continues to ensure a focus on inclusive service delivery that is welcoming, safe and easy to access. This approach is further reflected in our community engagement consultations which are responsive to diverse communities, ensuring broad engagement and multiple voices inform our strategic planning and feedback processes. All material provided within the hospital uses appropriate language inclusive of all our communities.

PART A – Strategic Priorities for 2016/17 (continued)

Domain	Action	The Women's deliverables	Commentary
Supporting healthy populations			Through our partnership with Drummond St Services, we have incorporated their tip sheet on *Inclusive Language For Child Birth Educators* into our resources for child birth education services. This step was in response to concerns that the language used by educators was not inclusive of the diversity of families in our community. The Women's is incorporating the *Inclusive Language Guide: respecting people of intersex, trans and gender diverse experience*, developed by the National LGBTI Health Alliance into the development and quality assurance process for our consumer health information.
	Further engagement with relevant academic institutions and other partners to increase participation in clinical trials.	Strengthen the Women's model for supporting researchers to conduct clinical trials through: directly funding researchers who are conducting clinical trials; streamlining our ethics and consent processes; and providing in-kind support to researchers conducting clinical trials. Continue to support the development of the Melbourne Academic Centre for Health, including through the Women's CEO's role as a Director of the Board.	**Achieved** In June, the Women's released its *2016 Research Report: changing outcomes, changing lives*. This report highlights achievements in research in 2016 including: » 59 clinical trials, with 2,580 patients recruited at the Women's » $14.1m in research grants, with $4.9m spent at the Women's » 82 research students, with 26 completed or passed. Through the Women's role on the Melbourne Academic Centre for Health, and in partnership with Mercy Hospital for Women, women's health has been approved as one of six research themes for the Centre.

PART A – Strategic Priorities for 2016/17 (continued)

Domain	Action	The Women's deliverables	Commentary
Governance and leadership	Demonstrate implementation of the Victorian Clinical Governance Policy Framework: Governance for the provision of safe, quality healthcare at each level of the organisation, with clearly documented and understood roles and responsibilities. Ensure effective integrated systems, processes and leadership are in place to support the provision of safe, quality, accountable and person centred healthcare. It is an expectation that health services implement to best meet their employees' and community's needs, and that clinical governance arrangements undergo frequent and formal review, evaluation and amendment to drive continuous improvement.	Develop a new clinical governance framework, with monitoring and reporting mechanisms in line with the recommendations following the review of the governance of quality and safety in Victorian Health Services and the Victorian Clinical Governance Policy. Framework clinical indicators that will be collected and monitored including medication safety, emergency department indicators, Medical Emergency Team (MET) calls and observation chart responses, patient-initiated MET calls and day procedures. All indicator data is already reported monthly on the RISE dashboard and through to the Board quality committee. Clinical governance processes will be put in place and monitored for VCCC precinct incidents where more than one health service is involved. In order to ensure an objective view, all serious incidents and sentinel event investigations will include an external reviewer as part of the review panel. Recommendations from reviews will be recorded and monitored via the quality and safety committee.	**Achieved** The Victorian Clinical Governance Policy Framework was released in June. After reviewing all the indicators, we collect and report internally and to the Board. The Women's has prepared draft proposals relating to the key elements of the framework for the Board to consider. The Operational Management Committee for the VCCC precinct partners is chaired by the Women's. It identifies and investigates incidents and transfer issues and oversees the clinical risk register. In 2016/17 there were two sentinel events. In each case, an external reviewer has been appointed to the review panel.

PART A – Strategic Priorities for 2016/17 (continued)

Domain	Action	The Women's deliverables	Commentary
Governance and leadership	Ensure that an anti-bullying and harassment policy exists and includes the identification of appropriate behaviour, internal and external support mechanisms for staff, and a clear process for reporting, investigation, feedback, consequence, and appeal and the policy specifies a regular review schedule.	Develop and strengthen the Women's risk management approach to bullying and harassment, with increased monitoring and reporting to the Executive and Board of reports, investigations, feedback and appeals related to bullying and harassment. Review and strengthen the respectful workplace behaviours policy which is the Women's anti-bullying and harassment policy. Benchmark our procedures for reporting, investigation and feedback processes in collaboration with the department's advisory committee recommendations. Review our current training program for staff and managers. Monitor the Women's culture to promote diversity and equality and to support and reinforce activities to prevent bullying and harassment.	**Achieved** In response to the Victorian Auditor General's Office (VAGO) report into bullying and harassment in the health system handed down in 2016, the Women's reviewed the Respectful Workplace Behaviours Policy and Guideline in March 2017. This policy and guideline incorporates bullying and harassment. The Women's has a number of contact officers who, in addition to their usual role, are appointed by the hospital to assist and support other employees with accessing and understanding information about the Respectful Workplace Behaviours policy and guidelines. In October 2016 there was training for new contact officers and a refresher for the current contact officers was completed in April 2017. Training for managers on family violence now incorporates the prevention of bullying, harassment and discrimination, as part of creating a culture that addresses women's inequality and its relationship to gender based violence.

PART A – Strategic Priorities for 2016/17 (continued)

Domain	Action	The Women's deliverables	Commentary
Governance and leadership	Board and senior management ensure that an organisational wide Occupational Health and Safety (OH&S) risk management approach is in place which includes: 1. a focus on prevention and the strategies used to manage risks, including the regular review of these controls; 2. strategies to improve reporting of OH&S incidents, risks and controls, with a particular focus on prevention of occupational violence and bullying and harassment, throughout all levels of the organisation, including to the board; and 3. mechanisms for consulting with, debriefing and communicating with all staff regarding outcomes of investigations and controls following occupational violence and bullying and harassment incidents.	The new Women's workforce strategy articulates the OH&S goals to improve the health, safety and wellbeing of staff and this is consolidated further in the annual safety and wellbeing plan which focuses on developing and implementing safety prevention strategies. Transition the current operational OH&S risk register onto the Women's central risk register to ensure all strategic and operational risks in OH&S are formally tracked, reviewed and reported to the Board and Executive, as required. Participate as a pilot site for the new Victorian Health Incident Management System 2 upgrade. Develop and implement a new OH&S incident management guideline to improve reporting of incidents by staff and managers and improve follow up and communication of outcomes by managers in order to identify opportunities for prevention and strategies to manage OH&S risks.	**Achieved** Recognising that our workforce is central to achieving our strategic plan, the *Women's People Strategy 2016–2020: Creating an even better place to work, grow and achieve* has four key objectives. The strategy to improve the health, safety and wellbeing of staff is captured in objective 1: 'I work in a positive and supportive environment'. This objective is being implemented through an annual safety and wellbeing plan. The plan for 2016 is complete and the plan for 2017 is currently being developed. The annual safety and wellbeing plan is monitored quarterly by the OH&S service committees. Work has begun on transitioning the OH&S risk register to the central risk register. The Victorian Health Incident Management System upgrade has been delayed while project implementation issues are resolved and project management changes are made in DHHS. The Women's was successful in securing funding from DHHS in the second round of the Health Service Violence Prevention Fund. The funding is for three projects including; » the installation of swipe access on two doors in the Emergency Department: » six new duress alarms in pregnancy clinic; and » four new home visiting personal duress alarms for post natal in the home at Sandringham. Works are currently being undertaken.

PART A – Strategic Priorities for 2016/17 (continued)

Domain	Action	The Women's deliverables	Commentary
Governance and leadership	Implement and monitor workforce plans that: improve industrial relations; promote a learning culture; align with the Best Practice Clinical Learning Environment Framework; promote effective succession planning; increase employment opportunities for Aboriginal and Torres Strait Islander people; ensure the workforce is appropriately qualified and skilled; and support the delivery of high-quality and safe person centred care.	Develop a new workforce strategy with a focus on developing the leadership capability of our staff, meeting future demands in areas of need and skill shortage, and ensuring that the Women's is a safe place for staff to work, where equity and diversity in our workforce is fostered and valued. Provide reward and recognition for staff as part of a positive workplace culture. Under the guidance of the Women's Aboriginal employment plan continue to increase employment opportunities for Aboriginal and Torres Strait Islanders.	**Achieved** The *Women's People Strategy 2016–2020*: *Creating an even better place to work, grow and achieve* was launched in December 2016 with four strategic objectives including a commitment to a positive workplace. The Women's people strategy recognises that wellbeing and work performance are intrinsically linked with improved resilience, stamina and happiness, having a positive impact on morale, and willingness to attend work and workplace engagement. To improve the wellbeing of nurses and midwives working shifts, the Women's is leading the coordination of the Happy People pilot program to 2,500 nurses and midwives from across the Women's, Royal Melbourne, Peter MacCallum Cancer Centre and Ballarat Health. The Happy People Program will provide education, strategies and tools to enable nurses and midwives to take charge of their own health and wellbeing at a time and place, and in a way that suits them. The program includes an app that will support nurses and midwives to improve their health and wellbeing. This program has been funded by DHHS. The Women's conducted workforce and community consultations to inform the development of a new Aboriginal employment plan, including 80 per cent engagement from our Aboriginal employees.

PART A – Strategic Priorities for 2016/17 (continued)

Domain	Action	The Women's deliverables	Commentary
Governance and leadership	Create a workforce culture that: 1. includes staff in decision making; 2. promotes and supports open communication, raising concerns and respectful behaviour across all levels of the organisation; and 3. includes consumers and the community.	Review and update policy and guidelines on incident reporting and open disclosure. Provide education to staff on open disclosure.	**Achieved** The open disclosure procedure has been reviewed, updated and provided to all medical staff at the Women's. Information on open disclosure includes provision of an email with a link to VMIA's video on open disclosure and a presentation from the Medical Director of Djerriwarrh Health Services on open disclosure cultures. Open disclosure is discussed at orientation for new medical and general staff members. Training includes presentation of cases where open disclosure occurred, presentation of information from VMIA, feedback of complaints and incidents to individual units and managers and attendance at the play: "hear me". Templates for root cause analysis and in-depth reviews have been revised to ensure that meetings with families and discussion of treatment are highlighted.

PART A – Strategic Priorities for 2016/17 (continued)

Domain	Action	The Women's deliverables	Commentary
Governance and leadership	Ensure that the Victorian Child Safe Standards are embedded in everyday thinking and practice to better protect children from abuse, which includes the implementation of: strategies to embed an organisational culture of child safety; a child safe policy or statement of commitment to child safety; a code of conduct that establishes clear expectations for appropriate behaviour with children; screening, supervision, training and other human resources practices that reduce the risk of child abuse; processes for responding to and reporting suspected abuse of children; strategies to identify and reduce or remove the risk of abuse and strategies to promote the participation and empowerment of children.	Extend existing strategies to include the development of a hospital wide statement of commitment to child safety and a code of conduct for staff. Implement training for child care centre staff. Review and update procedures in regards to the timely notification to DHHS of children/ babies at risk of harm.	**Achieved** The Women's Statement of Commitment to child safety has been developed and published in our Annual Report, the Quality Account and on the internet. The Victorian Public Service Code of Conduct is provided to all new starters. Training has been provided to all child care staff as part of their annual training competency program. The Child Protection Policy is currently being updated.

PART A – Strategic Priorities for 2016/17 (continued)

Domain	Action	The Women's deliverables	Commentary
Governance and leadership	Implement policies and procedures to ensure patient facing staff have access to vaccination programs and are appropriately vaccinated and/or immunised to protect staff and prevent the transmission of infection to susceptible patients or people in their care.	Review and strengthen procedures to collect the immunisation status of staff on commencement of employment and ongoing. Continue to ensure a confidential record of staff immunisation status is available within the Human Resource (HR) system, to monitor staff immunisation rates and compliance with DHHS guidelines, with an emphasis on pertussis, measles, and Hepatitis B.	**Achieved** The Women's is continuing to strengthen staff immunisation systems by: » requiring evidence of immunisation status on recruitment to the workforce; » introducing sessions on immunisation as part of orientation for staff at Sandringham; » continuing to ensure a confidential record of staff immunisation status is available within the HR system; » reviewing information in the HR database to improve reporting; and » targeting high risk groups, starting in the Emergency Centre and neonatal services, regarding current status, evidence and testing with an emphasis on pertussis, measles, and Hepatitis B. The 2017 Be the InFLUence campaign reached its target of 75 per cent of the workforce being immunised, while aiming to reach 80 per cent for herd immunity by August 2017. Since January, the Women's has been entering information about staff immunisation in the Australian Immunisation Register, where staff and their health care professionals can access their immunisation history.

PART A – Strategic Priorities for 2016/17 (continued)

Domain	Action	The Women's deliverables	Commentary
Financial sustainability	Further enhance cash management strategies to improve cash sustainability and meet financial obligations as they are due.	Continue with the implementation of financial sustainability initiatives to improve the hospital's cash position in line with the VAGO financial indicators. To continue to improve cash sustainability, the Women's has set a target of 0.6 for its liquidity ratio for 2016/17. The target for the VAGO liquidity ratio is 0.7 and the Women's will look to move to this from 2017/18.	**Partly achieved** While the Women's has continued to implement financial sustainability initiatives to improve the hospital's cash position, in line with the VAGO financial indicators, we have not met the target liquidity ratio for the 2016/17 financial year. Initiatives to improve cash sustainability include addressing issues in our staffing mix, reviewing outsourced services and encouraging patients to exercise their choice in the event that they have private health insurance.
	Actively contribute to the implementation of the Victorian Government's policy to be net zero carbon by 2050 and improve environmental sustainability by identifying and implementing projects, including workforce education, to reduce material environmental impacts with particular consideration of procurement and waste management, and publicly reporting environmental performance data, including measureable targets related to reduction of clinical, sharps and landfill waste, water and energy use and improved recycling.	Review and develop a new Environmental Management Plan 2016–2020 that includes performance data against measureable targets regarding the reduction of clinical and general waste, water and energy use and improved recycling, consistent with the aim of net zero carbon by 2050.	**Achieved** The Environmental Management Plan has been updated for 2016–2020 and the annual action plan is being implemented. » The Women's carbon output has been measured and benchmarked, for the plan. » Staff education through posters with prompts about waste separation, resulting in improved recycling and reduced costs for waste treatment. » The Women's has introduced recycling of PVC plastics.

Part B – Performance priorities

Key performance indicator	Target	2016/17 Results
Safety and quality performance		
Compliance with NSQHS Standards accreditation	Full compliance	Full compliance
Compliance with the Hand Hygiene Australia program	80%	85% – updated from Quality reports
Percentage of healthcare workers immunised for influenza	75%	79.06%

Cleaning standard measure	AQL target	Outcome
Overall compliance with cleaning standards	Full compliance	Achieved (98%)
Very high risk (Category A)	90 points	Achieved (95.8%)
High risk (Category B)	85 points	Achieved (97.7%)
Moderate risk (Category C)	85 points	Achieved (99.1%)

Key performance indicator	Target	2016/17 Results
Patient experience and outcomes performance		
Victorian Health Experience Survey – patient data submission	Full compliance	Achieved
Victorian Healthcare Experience Survey – Adult Inpatient experience Quarter 1	95% positive experience	93.9% Achieved (Jul to Sep Result – Taken from Q2 Monitor)
Victorian Healthcare Experience Survey – Adult Inpatient experience Quarter 2	95% positive experience	94.3% Achieved (Oct to Dec Result – Taken from Q3 Monitor)
Victorian Healthcare Experience Survey – Adult Inpatient experience Quarter 3	95% positive experience	96.5% Achieved (Jan to March Result – Taken from Q4 Monitor)
Victorian Healthcare Experience Survey – Adult Inpatient discharge care Quarter 1	75% very positive experience	73% (Jul to Sep Result – Taken from Q2 Monitor)

Key performance indicator	Target	2016/17 Results
Victorian Healthcare Experience Survey – Adult Inpatient discharge care Quarter 2	75% very positive experience	74% (Oct to Dec Result – Taken from Q3 Monitor)
Victorian Healthcare Experience Survey – Adult Inpatient discharge care Quarter 3	75% very positive experience	77% (Jan to March Result – Taken from Q4 Monitor)

Governance, leadership and culture performance

People Matter Survey – percentage of staff with a positive response to safety culture questions	80%	77%

Access performance

Emergency care

Percentage of ambulance patients transferred within 40 minutes	90%	98.0% [1]
Percentage of Triage Category 1 emergency patients seen immediately	100%	100% [1]
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended times	80%	80.3% [1]
Percentage of emergency patients with a length of stay less than four hours	81%	89.6% [1]
Number of patients with a length of stay in the emergency greater than 24 hours department	0	0 [1]

Elective surgery

Percentage of Urgency Category 1, 2 and 3 elective patients admitted within clinically recommended timeframes	94%	98.3% [1]
Percentage of Urgency Category 1 elective patients removed within 30 days	100%	100% [1]
20% longest waiting Category 2 and 3 removals from the elective surgery waiting list	100%	100% [1]
Number of patients on the elective surgery waiting list [2]	606	646 [1]
Number of hospital initiated postponements per 100 scheduled admissions	≤8/100	3.6 [1]
Number of patients admitted from the elective surgery waiting list – annual total	4,600	4,590 [1]

[1] *Data as at 15 August 2017*

[2] *The target shown is the number of patients on the elective surgery waiting list as at 30 June 2017.*

Part B – Performance Priorities (continued)

Key performance indicator	Target	2016/17 Results
Specialist clinics [1]		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	94.6%
Percentage of routine patients referred by a GP or external specialist who attended a first appointment within 365 days	90%	98.6%

Financial sustainability performance

Finance		
Operating Result Surplus/(Deficit)	$0.50m	($0.99m)
Trade creditors	<60 days	50 days
Patient fee debtors	<60 days	63 days
Public & private WIES performance to target [2]	100%	97.3%
Adjusted Current Asset Ratio	0.70	0.70
Days of Available Cash	14 days	21.7 days
Asset management		
Basic asset management plan	Full compliance	Full compliance

[1] *Data as at 15 August 2017*

[2] *WIES is a Weighted Inlier Equivalent Separation.*

Part C: Activity and funding

Funding type	2016/17 Activity Achievement
Acute admitted [1]	
WIES Public	28,425
WIES Private	3,517
Total WIES (Public and Private)	**31,942**
WIES DVA	0
WIES TAC	19
WIES Total	**31,961**
Other	
Health workforce	110

[1] *Interim data as at 7 July 2017*

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 2017.

Ms Felicity Pantelidis
Deputy Board Chair
The Royal Women's Hospital
18 August 2017

Safe Patient Care Act 2015

I, Dr Sue Matthews, certify that the Women's complies with the *Safe Patient Care Act 2015*.

Dr Sue Matthews
Chief Executive Officer
The Royal Women's Hospital
18 August 2017

Attestation for compliance with the Ministerial Standing Direction 3.7.1 – Risk Management Framework and Processes

I, Dr Sue Matthews, certify that the Royal Women's Hospital has complied with Ministerial Direction 3.7.1 – 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
18 August 2017

Attestation on compliance with Health Purchasing Victoria (HPV) Health Purchasing Policies

I, Dr Sue Matthews certify that the Royal Women's Hospital has put in place appropriate internal controls and processes to ensure that it has complied with all requirements set out in the HPV Health Purchasing Policies including mandatory HPV collective agreements as required by the *Health Services Act 1988 (Vic)* and has critically reviewed these controls and processes during the year.

Dr Sue Matthews
Chief Executive Officer
The Royal Women's Hospital
18 August 2017

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 5.2 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 2017 and the financial position of the Royal Women's Hospital and its Controlled Entities as at 30 June 2017.

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 18 August 2017.

Ms Felicity Pantelidis
Deputy Board Chair
The Royal Women's Hospital
Melbourne
18 August 2017

Dr Sue Matthews
Chief Executive Officer
The Royal Women's Hospital
Melbourne
18 August 2017

Zak Gruevski
Executive Director
Finance & Corporate Services
The Royal Women's Hospital
Melbourne
18 August 2017

Independent Auditor's Report

VAGO
Victorian Auditor-General's Office

To the Board of the Royal Women's Hospital

Opinion	I have audited the consolidated financial report of the Royal Women's Hospital (the health service) and its controlled entities (together the consolidated entity), which comprises the: • consolidated entity and health service balance sheets as at 30 June 2017 • consolidated entity and health service comprehensive operating statements for the year then ended • consolidated entity and health service statements of changes in equity for the year then ended • consolidated entity and health service cash flow statements for the year then ended • notes to the financial statements, including a summary of significant accounting policies • board member's, chief executive officer's and executive director, finance & corporate services' declaration. In my opinion, the financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the health service as at 30 June 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. My responsibilities under that Act and those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975*. My staff and I are independent of the health service and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Board is responsible for assessing the health service and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

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

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

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

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

MELBOURNE
22 August 2017

Charlotte Jeffries
as delegate for the Auditor-General of Victoria

Comprehensive Operating Statement for the Year Ended 30 June 2017

	Note	Parent Entity 2017 $'000	Parent Entity 2016 $'000	Consol'd 2017 $'000	Consol'd 2016 $'000
Revenue from Operating Activities	2.1	258,824	244,399	260,850	245,822
Revenue from Non-Operating Activities	2.1	631	1,200	786	1,319
Employee Expenses	3.1	(171,118)	(161,406)	(171,650)	(161,860)
Non Salary Labour Costs	3.1	(5,800)	(6,565)	(5,824)	(6,574)
Supplies and Consumables	3.1	(23,383)	(23,584)	(23,383)	(23,584)
Other Expenses	3.1	(58,788)	(51,830)	(58,972)	(51,937)
Finance Costs – Self Funded Activity	3.1,3.3	(1,356)	(1,398)	(1,356)	(1,398)
Net Result Before Capital & Specific Items		**(990)**	**816**	**451**	**1,788**
Capital Purpose Income [i]	2.1	27,650	27,877	27,515	27,434
Depreciation [i]	3.1,4.3	(14,467)	(14,116)	(14,470)	(14,118)
Finance Costs	3.1,3.3	(19,619)	(19,567)	(19,619)	(19,567)
Assets Provided Free of Charge	3.1	(61)	-	(61)	-
Expenditure using Capital Purpose Income	3.1	(2,725)	(284)	(2,725)	(284)
Net Result After Capital & Specific Items		**(10,212)**	**(5,274)**	**(8,909)**	**(4,747)**
Other Economic Flows Included in Net Result					
Net Gain/(Loss) on Non-Financial Assets [i]	8.1	(981)	(1,034)	(981)	(1,034)
Net Gain/(Loss) on Financial Instruments [i]	8.1	20	-	42	(87)
Other Gains/(Losses) from Other Economic Flows	8.1	987	-	988	-
Total Other Economic Flows Included in Net Result		**26**	**(1,034)**	**49**	**(1,121)**
NET RESULT FOR THE YEAR		**(10,186)**	**(6,308)**	**(8,860)**	**(5,868)**
Other Comprehensive Income					
Items that will not be reclassified to Net Result					
Changes in Property, Plant and Equipment Revaluation Surplus	8.2a	16,678	24,874	16,678	24,874
Items that may be reclassified subsequently to Net Result					
Changes to Financial Assets Available-for-Sale Revaluation Surplus	8.2a	234	(454)	461	(510)
Total Other Comprehensive Income		**16,912**	**24,420**	**17,139**	**24,364**
COMPREHENSIVE RESULT FOR THE YEAR		**6,726**	**18,112**	**8,279**	**18,496**

i Certain numbers above do not correspond to the 2016 audited financial statements and have been reclassified to reflect the nature of the transaction. Where the individual line item is restated, this is also reflected in the corresponding individual note.

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

Balance Sheet as at 30 June 2017

	Note	Parent Entity 2017 $'000	Parent Entity 2016 $'000	Consol'd 2017 $'000	Consol'd 2016 $'000
Current Assets					
Cash and Cash Equivalents	6.2	4,844	10,291	6,775	12,326
Receivables	5.1	8,818	6,515	8,723	6,468
Investments and Other Financial Assets	4.1	-	1,500	200	1,500
Inventories	5.2	159	164	159	164
Prepayments and Other Assets	5.3	486	1,082	490	1,086
Total Current Assets		**14,307**	**19,552**	**16,347**	**21,544**
Non-Current Assets					
Receivables	5.1	7,620	6,835	7,620	6,835
Investments and Other Financial Assets	4.1	11,588	9,446	15,904	12,316
Property, Plant and Equipment	4.2	389,123	384,429	389,132	384,440
Intangible Assets	4.4	16,513	18,058	16,513	18,059
Total Non-Current Assets		**424,844**	**418,768**	**429,169**	**421,650**
Total Assets		**439,151**	**438,320**	**445,516**	**443,194**
Current Liabilities					
Payables	5.4	17,212	18,724	17,244	18,782
Borrowings	6.1	6,595	6,001	6,595	6,001
Provisions	3.4	38,994	36,920	39,028	36,975
Total Current Liabilities		**62,801**	**61,645**	**62,867**	**61,758**
Non-Current Liabilities					
Borrowings	6.1	229,249	235,844	229,249	235,844
Provisions	3.4	7,437	7,873	7,454	7,883
Total Non-Current Liabilities		**236,686**	**243,717**	**236,703**	**243,727**
Total Liabilities		**299,487**	**305,362**	**299,570**	**305,485**
NET ASSETS		**139,664**	**132,958**	**145,946**	**137,709**
EQUITY					
Property, Plant and Equipment Revaluation Surplus	8.2a	161,822	145,144	161,822	145,144
Financial Assets Available-for-Sale Revaluation Surplus	8.2a	704	490	997	578
Restricted Specific Purpose Surplus	8.2a	5,365	5,540	9,413	8,718
Contributed Capital	8.2b	67,423	67,423	67,423	67,423
Accumulated Deficits	8.2c	(95,650)	(85,639)	(93,709)	(84,154)
TOTAL EQUITY	8.2d	**139,664**	**132,958**	**145,946**	**137,709**

	Note
Commitments	6.3
Contingent Assets and Contingent Liabilities	7.2

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

Statement of Changes in Equity for the Year Ended 30 June 2017

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 2015		**127,308**	**998**	**8,026**	**73,823**	**(84,616)**	**125,539**
Net result for the year	8.2c	-	-	-	-	(5,868)	(5,868)
Other comprehensive income for the year	8.2a	24,874	(420)	-	-	-	24,454
Transfer from/(to) accumulated deficits	8.2a,c	(7,038)	-	692	-	6,346	-
Return of contributed capital	8.2b	-	-	-	(6,400)	-	(6,400)
Share of decrement in Joint Venture Membership	8.2c	-	-	-	-	(16)	(16)
Balance at 30 June 2016		**145,144**	**578**	**8,718**	**67,423**	**(84,154)**	**137,709**
Net result for the year	8.2c	-	-	-	-	(8,860)	(8,860)
Other comprehensive income for the year	8.2a	16,678	419	-	-	-	17,097
Transfer from/(to) accumulated deficits	8.2a,c	-	-	695	-	(695)	-
Balance at 30 June 2017		**161,822**	**997**	**9,413**	**67,423**	**(93,709)**	**145,946**

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 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 from/(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**
Net result for the year	-	-	-	-	(10,186)	(10,186)
Other comprehensive income for the year	16,678	214	-	-	-	16,892
Transfer from/(to) accumulated deficits	-	-	(175)	-	175	-
Balance at 30 June 2017	**161,822**	**704**	**5,365**	**67,423**	**(95,650)**	**139,664**

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

Cash Flow Statement for the Year Ended 30 June 2017

	Note	Parent Entity 2017 $'000	Parent Entity 2016 $'000	Consol'd 2017 $'000	Consol'd 2016 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Grants from Government		195,946	187,876	195,946	187,876
Capital Grants from Government		1,848	2,858	1,848	2,858
Patient Fees Received		12,119	11,353	12,119	11,354
Private Practice Fees Received		2,928	2,058	2,928	2,058
Donations and Bequests Received		647	590	2,100	1,817
Capital Donations and Bequests Received		149	443	14	-
GST Received from/(paid to) ATO		3,977	3,199	3,935	3,184
Interest and Investment Income Received		184	344	202	375
Car Park Income Received		8,842	8,866	8,842	8,866
Other Receipts		18,855	19,306	19,487	19,602
Other Capital Receipts		269	150	269	150
Total Receipts		**245,764**	**237,043**	**247,690**	**238,140**
Employee Expenses Paid		(175,808)	(160,468)	(176,376)	(160,952)
Payments for Supplies and Consumables		(26,540)	(23,072)	(26,540)	(23,073)
Payments for Medical Indemnity Insurance		(12,782)	(12,518)	(12,782)	(12,518)
Payments for Repairs and Maintenance		(5,905)	(3,265)	(5,910)	(3,279)
Finance Costs		(1,356)	(1,398)	(1,356)	(1,398)
Other Payments		(26,220)	(24,507)	(26,377)	(24,648)
Total Payments		**(248,611)**	**(225,228)**	**(249,341)**	**(225,868)**
NET CASH FLOW FROM OPERATING ACTIVITIES	8.3	**(2,847)**	**11,815**	**(1,651)**	**12,272**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Investments		-	-	(1,300)	(125)
Purchase of Non-Financial Assets		(1,896)	(2,427)	(1,896)	(2,427)
Purchase of Intangible Assets		(63)	(1,068)	(63)	(1,068)
Proceeds from Disposal of Non-Financial Assets		19	19	19	19
NET CASH FLOW USED IN INVESTING ACTIVITIES		**(1,940)**	**(3,476)**	**(3,240)**	**(3,601)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of Borrowings		(660)	(617)	(660)	(617)
NET CASH FLOW USED IN FINANCING ACTIVITIES		**(660)**	**(617)**	**(660)**	**(617)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		**(5,447)**	**7,722**	**(5,551)**	**8,054**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**10,291**	**2,569**	**12,326**	**4,272**
CASH AND CASH EQUIVALENTS AT END OF YEAR	6.2	**4,844**	**10,291**	**6,775**	**12,326**

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

Notes to the Financial Statements 30 June 2017

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Note 1: Basis of Preparation

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

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

Consistent with the requirements of AASB 1004 *Contributions* (that is contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Royal Women's Hospital.

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. 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 future periods that are affected by the revision. Judgements and assumptions made by management in applying the application of AASB that have significant effect on the financial statements and estimates are disclosed in the respective notes.

Note 1.1: Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for the Royal Women's Hospital and its controlled entities for the year ended 30 June 2017. 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 AASBs, 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 AASBs.

The annual financial statements were authorised for issue by the Board of the Royal Women's Hospital on 18 August 2017.

(B) 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.

Note 1: Basis of Preparation

Note 1.1: Summary of Significant Accounting Policies (continued)

(C) BASIS OF ACCOUNTING PREPARATION AND MEASUREMENT

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

The accounting policies have been applied in preparing the financial statements for the year ended 30 June 2017, and the comparative information presented in these financial statements for the year ended 30 June 2016.

The financial statements are prepared on a going concern basis (refer to Note 8.12 Financial Dependency).

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

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.

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.

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 AABSs 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 4.2 Property, Plant and Equipment);
- Superannuation expense (refer to Note 3.5 Superannuation);
- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4 Employee Benefits in the Balance Sheet); and
- Managed investment funds classified at level 2 of the fair value hierarchy (refer to Note 7.1(f) Financial Instruments).

GOODS AND SERVICES TAX (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

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

(D) PRINCIPLES OF CONSOLIDATION

These statements are presented on a consolidate basis 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 2017.
- 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 8.10 Controlled Entities.
- The parent entity is not shown separately in the notes.

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 by virtue of the existence of congruent objectives, exposure to variable returns and significant management control include:

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

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

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

In respect of any interest in joint operations, 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 8.11 Jointly Controlled Operations).

Note 2: Funding Delivery of Our Services

Introduction

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.

To enable the Royal Women's Hospital to fulfil its objective it receives income based on parliamentary appropriations. The hospital also receives income from the supply of services.

Structure

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Note 2.1: Analysis of Revenue by Source

2017 Consolidated	Admitted Patients $'000	Non-Admitted $'000	EDs $'000	Mental Health $'000	Primary Health $'000	Other * $'000	Total $'000
Government Grants	164,690	40,080	3,278	716	2,896	3,369	215,029
Indirect Contributions by Department of Health and Human Services	862	10	4	1	1	4	882
Patient Fees	11,105	1,587	607	-	-	315	13,614
Commercial Activities and Special Purpose Funds	469	166	8	2	5	22,002	22,652
Other Revenue from Operating Activities	2,776	789	104	28	28	4,948	8,673
Total Revenue from Operating Activities	**179,902**	**42,632**	**4,001**	**747**	**2,930**	**30,638**	**260,850**
Interest and Dividends	480	77	27	5	5	192	786
Total Revenue from Non-Operating Activities	**480**	**77**	**27**	**5**	**5**	**192**	**786**
Government Grants	-	-	-	-	-	26,808	26,808
Capital Purpose Income (excluding Interest)	-	-	-	-	-	707	707
Total Capital Purpose Income	**-**	**-**	**-**	**-**	**-**	**27,515**	**27,515**
Total Revenue	**180,382**	**42,709**	**4,028**	**752**	**2,935**	**58,345**	**289,151**

2016 Consolidated	Admitted Patients $'000	Non-Admitted $'000	EDs $'000	Mental Health $'000	Primary Health $'000	Other * $'000	Total $'000
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) [i]	-	-	-	-	-	149	149
Total Capital Purpose Income	**-**	**-**	**-**	**-**	**-**	**27,434**	**27,434**
Total Revenue	**169,175**	**41,332**	**3,728**	**733**	**2,733**	**56,874**	**274,575**

* *Other Programs include Commercial Activities, Special Purpose Funds and Capital.*

[i] *Prior year income previously included the net gain/(loss) on non-financial assets which now form part of Other Economic Flows Included in Net Result (refer to Note 8.1).*

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, Full Time Equivalent (FTE) has been used to allocate revenue across the programs.

The 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 2: Funding Delivery of Our Services (continued)

Revenue Recognition

Income is recognised in accordance with AASB 118 *Revenue* and is recognised as to the extent that it is probable that the economic benefits will flow to 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 asasets 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 04/2017.

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.

OTHER INCOME

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

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.

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 3: The Cost of Delivering Services

Introduction

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

Structure

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Note 3: The Cost of Delivering Services (continued)

Note 3.1: Analysis of Expenses by Source

2017 Consolidated	Admitted Patients $'000	Non-Admitted $'000	EDs $'000	Mental Health $'000	Primary Health $'000	Other * $'000	Total $'000
Employee Expenses	129,542	22,014	7,432	1,846	1,309	9,507	171,650
Other Operating Expenses							
Non Salary Labour Costs	3,406	624	133	474	18	1,169	5,824
Supplies and Consumables	18,037	3,206	726	107	116	1,191	23,383
Public Private Partnership Operating Expenses	14,280	2,281	800	148	159	1,094	18,762
Medical Indemnity Insurance	11,620	-	-	-	-	-	11,620
Fuel, Light, Power and Water	1,887	301	106	20	21	644	2,979
Repairs and Maintenance	2,834	474	162	29	34	567	4,100
Other Expenses	15,871	1,601	585	106	105	3,243	21,511
Finance Costs – Self Funded Activity (refer Note 3.3)	-	-	-	-	-	1,356	1,356
Total Expenditure from Operating Activities	**197,477**	**30,501**	**9,944**	**2,730**	**1,762**	**18,771**	**261,185**
Finance Costs (refer Note 3.3)	-	-	-	-	-	19,619	19,619
Other Non-Operating Expenses							
Expenditure for Capital Purposes	-	-	-	-	-	2,725	2,725
Assets Provided Free of Charge	-	-	-	-	-	61	61
Depreciation (refer Note 4.3)	-	-	-	-	-	14,470	14,470
Total Other Expenses	**-**	**-**	**-**	**-**	**-**	**36,875**	**36,875**
Total Expenses	**197,477**	**30,501**	**9,944**	**2,730**	**1,762**	**55,646**	**298,060**

2016 Consolidated	Admitted Patients $'000	Non-Admitted $'000	EDs $'000	Mental Health $'000	Primary Health $'000	Other * $'000	Total $'000
Employee Expenses	121,947	20,377	6,908	1,744	1,286	9,598	161,860
Other Operating Expenses							
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 3.3)	-	-	-	-	-	1,398	1,398
Total Expenditure from Operating Activities	**185,637**	**28,140**	**9,192**	**2,621**	**1,774**	**17,989**	**245,353**
Finance Costs – (refer Note 3.3)	-	-	-	-	-	19,567	19,567
Other Non-Operating Expenses							
Expenditure for Capital Purposes	-	-	-	-	-	284	284
Depreciation (refer Note 4.3) [i]	-	-	-	-	-	14,118	14,118
Total Other Expenses	**-**	**-**	**-**	**-**	**-**	**33,969**	**33,969**
Total Expenses	**185,637**	**28,140**	**9,192**	**2,621**	**1,774**	**51,958**	**279,322**

* *Other Programs include Commercial Activities, Special Purpose Funds and Capital.*

[i] *Prior year charge previously included amortisation of intangible non-produced assets which now form part of Other Economic Flows Included in Net Result (refer to Note 8.1).*

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 3: The Cost of Delivering Services (continued)

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.

GRANTS AND OTHER TRANSFERS

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

OTHER OPERATING EXPENSES

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

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

SHARE OF NET PROFITS/(LOSSES) OF ASSOCIATES AND JOINT ENTITIES, EXCLUDING DIVIDENDS

Refer to Note 1.1(d) Principles of Consolidation.

Note 3.2: Analysis of Expenses and Revenue by Internally Managed and Restricted Specific Purpose Funds

	Expense		Revenue	
	Consol'd 2017 $'000	Consol'd 2016 $'000	Consol'd 2017 $'000	Consol'd 2016 $'000
Commercial Activities				
Private Practice and Other Patient Activities	548	437	432	314
Laboratory Medicine	145	155	306	305
Pharmacy Services	409	293	348	456
Car Park	2,759	2,250	8,595	8,110
Childcare Centre	496	601	425	511
Property	617	607	2,926	2,926
Other Activities				
Education and Training	438	303	423	358
Fundraising and Community Support	590	523	1,515	941
Major Equipment Replacement	-	3	-	3
Research and Scholarship	3,042	3,648	2,705	3,534
Other	446	546	1,082	568
Total	**9,490**	**9,366**	**18,757**	**18,026**

Note 3.3: Finance Costs

	Consol'd 2017 $'000	Consol'd 2016 $'000
Finance Costs – Self Funded Activity	1,356	1,398
Finance Costs – Finance Leases *	19,619	19,567
Total Finance Costs	**20,975**	**20,965**

* *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.*

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.*

Note 3: The Cost of Delivering Services (continued)

Note 3.4: Employee Benefits in the Balance Sheet

	Consol'd 2017 $'000	Consol'd 2016 $'000
Current Provisions		
Employee Benefits [i]		
Accrued Days Off – unconditional and expected to be settled within 12 months [ii]	257	261
Annual leave – unconditional and expected to be settled within 12 months [ii]	10,973	10,404
Annual leave – unconditional and expected to be settled after 12 months [iii]	1,203	1,047
Long Service Leave – unconditional and expected to be settled within 12 months [ii]	2,295	2,120
Long Service Leave – unconditional and expected to be settled after 12 months [iii]	17,264	16,384
	31,992	**30,216**
Provisions related to Employee Benefit On-Costs		
Unconditional and expected to be settled within 12 months [ii]	1,485	1,403
Unconditional and expected to be settled after 12 months [iii]	2,066	1,952
	3,551	**3,355**
Accrued salaries and wages	3,485	3,404
Total Current Provisions	**39,028**	**36,975**
Non-Current Provisions		
Employee Benefits [i]	6,714	7,097
Provisions related to Employee Benefit On-Costs	740	786
Total Non-Current Provisions	**7,454**	**7,883**
Total Provisions	**46,482**	**44,858**

	Consol'd 2017 $'000	Consol'd 2016 $'000
(A) EMPLOYEE BENEFITS AND RELATED ON-COSTS		
Current Employee Benefits and Related On-Costs		
Unconditional long service leave entitlements	21,748	20,577
Annual leave entitlements	13,538	12,704
Accrued salaries and wages	3,485	3,404
Accrued days off	257	290
Non-Current Employee Benefits and Related On-Costs		
Conditional long service leave entitlements [iii]	7,454	7,883
Total Employee Benefits and Related On-Costs	**46,482**	**44,858**

[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.*

	Consol'd 2017 $'000	Consol'd 2016 $'000
(B) MOVEMENT IN PROVISIONS		
Movement in Long Service Leave:		
Balance at start of year	**28,460**	**25,131**
Provision made during the year		
- Revaluations	(1,367)	(313)
- Expense recognising employee service	4,228	5,538
Settlement made during the year	(2,119)	(1,896)
Balance at end of year	**29,202**	**28,460**

Note 3: The Cost of Delivering Services (continued)

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.

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. An unconditional right arises after a qualifying period.

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 followed revaluation of the present value of non current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in estimations e.g. bond rate movements, inflation rate movements and changes in probability factors which are then recognised as other economic flow (Refer to Note 8.1 Other Economic Flows Included in Net Result).

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.

ON-COSTS RELATED TO EMPLOYEE EXPENSE

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

Note 3.5: Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	Consol'd 2017 $'000	Consol'd 2016 $'000	Consol'd 2017 $'000	Consol'd 2016 $'000
Defined Benefit Plans: [i]				
First State Super	266	310	38	47
Defined Contribution Plans:				
First State Super	8,521	7,949	824	932
Hesta	4,239	3,689	439	426
Other	738	615	85	93
Total	**13,764**	**12,563**	**1,386**	**1,498**

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

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 provides benefits based on years of service and final average salary.

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.

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

However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of the Royal Women's Hospital.

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

Note 4: Key Assets to Support Service Delivery

Introduction

The Royal Women's Hospital controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to the hospital to be utilised for delivery of those outputs.

Structure

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Note 4.1: Investments and Other Financial Assets

	Operating Fund		Specific Purpose Fund		Capital Fund		Consol'd	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Current								
Loans and Receivables								
Term deposits								
- Australian Dollar Term Deposits > 3 Months	200	-	-	-	-	-	200	-
Available-for-Sale								
Equities and Managed Investment Schemes								
- Managed Investment Schemes	-	-	-	-	-	1,500	-	1,500
Total Current	**200**	**-**	**-**	**-**	**-**	**1,500**	**200**	**1,500**
Non-Current								
Loans and Receivables								
Term deposits								
- Australian Dollar Term Deposits > 3 Months	100	-	-	-	-	-	100	-
Available-for-Sale								
Equities and Managed Investment Schemes								
- Managed Investment Schemes	10,238	7,703	5,566	4,613	-	-	15,804	12,316
Total Non-Current	**10,338**	**7,703**	**5,566**	**4,613**	**-**	**-**	**15,904**	**12,316**
Total Investments and Other Financial Assets	**10,538**	**7,703**	**5,566**	**4,613**	**-**	**1,500**	**16,104**	**13,816**
Represented by:								
Health Service Investments	6,022	4,833	5,566	4,613	-	1,500	11,588	10,946
Foundation Investments	4,215	2,870	-	-	-	-	4,215	2,870
Jointly Controlled Operations Investments	301	-	-	-	-	-	301	-
Total Investments and Other Financial Assets	**10,538**	**7,703**	**5,566**	**4,613**	**-**	**1,500**	**16,104**	**13,816**

(A) AGEING ANALYSIS OF INVESTMENTS AND OTHER FINANCIAL ASSETS

Please refer to Note 7.1(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 7.1(c) for the nature and extent of credit risk arising from investments and other financial assets.

Note 4: Key Assets to Support Service Delivery (continued)

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 as 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 3.7.2 – Treasury and Investment 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.

DERECOGNITION OF FINANCIAL ASSETS

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

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

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

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.

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 2017 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.

Note 4.2: Property, Plant and Equipment

(A) GROSS CARRYING AMOUNT AND ACCUMULATED DEPRECIATION

	Consol'd 2017 $'000	Consol'd 2016 $'000
Land		
Land at Fair Value		
- Crown	80,899	72,041
- Freehold	59,093	51,273
Total Land	**139,992**	**123,314**
Buildings		
Buildings at Fair Value	29,396	29,166
Less Accumulated Depreciation	(13,099)	(8,712)
	16,297	**20,454**
Leasehold Improvements at Cost	1,040	1,040
Less Accumulated Depreciation	(1,040)	(1,040)
	-	**-**
Building Work in Progress at Cost	-	7
Total Buildings	**16,297**	**20,461**
Plant and Equipment		
Plant and Equipment at Fair Value	2,618	4,999
Less Accumulated Depreciation	(1,872)	(4,560)
Total Plant and Equipment	**746**	**439**
Medical Equipment		
Medical Equipment at Fair Value	20,015	21,341
Less Accumulated Depreciation	(15,557)	(16,446)
Total Medical Equipment	**4,458**	**4,895**
Computers and Communication Equipment		
Computers and Communication Equipment at Fair Value	6,910	7,164
Less Accumulated Depreciation	(6,206)	(6,221)
Total Computers and Communication Equipment	**704**	**943**
Furniture and Fittings		
Furniture and Fittings at Fair Value	820	801
Less Accumulated Depreciation	(516)	(496)
Total Furniture and Fittings	**304**	**305**

Note 4: Key Assets to Support Service Delivery (continued)

Note 4.2: Property, Plant and Equipment (continued)

	Consol'd 2017 $'000	Consol'd 2016 $'000
Cultural Assets		
Cultural Assets at Fair Value	287	287
Total Cultural Assets	**287**	**287**
Leased Assets Contracted under PPP Agreement		
Leased Buildings at Fair Value	244,376	244,338
Less Accumulated Depreciation	(21,895)	(14,594)
	222,481	**229,744**
Building Leasehold Work in Progress at Cost	19	24
	222,500	**229,768**
Plant and Equipment at Fair Value	1,034	1,034
Less Accumulated Depreciation	(313)	(279)
	721	**755**
Audiovisual Equipment at Fair Value	31	31
Less Accumulated Depreciation	(9)	(8)
	22	**23**
Furniture and Fittings at Fair Value	2,144	2,144
Less Accumulated Depreciation	(649)	(578)
	1,495	**1,566**
Medical Equipment at Fair Value	1,835	1,835
Less Accumulated Depreciation	(556)	(494)
	1,279	**1,341**
Scientific Equipment at Fair Value	469	469
Less Accumulated Depreciation	(142)	(126)
	327	**343**
Total Leased Assets	**226,344**	**233,796**
Total Property, Plant and Equipment	**389,132**	**384,440**

(B) RECONCILIATIONS OF THE CARRYING AMOUNTS OF EACH CLASS OF ASSET

Consolidated	Land $'000	Buildings $'000	Plant & Equipment $'000	Medical Equipment $'000	Computers & Comm Equipment $'000	Furniture & Fittings $'000	Cultural Assets $'000	Leased Assets $'000	Total $'000
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 (refer Note 4.3)	-	(4,366)	(97)	(1,366)	(373)	(56)	-	(7,482)	**(13,740)**
Balance at 1 July 2016	**123,314**	**20,461**	**439**	**4,895**	**943**	**305**	**287**	**233,796**	**384,440**
Additions	-	223	380	1,027	220	54	-	33	**1,937**
Disposals	-	-	(6)	(14)	-	-	-	-	**(20)**
Assets provided free of charge	-	-	-	(61)	-	-	-	-	**(61)**
Revaluation increments/ (decrements)	16,678	-	-	-	-	-	-	-	**16,678**
Depreciation (refer Note 4.3)	-	(4,387)	(67)	(1,389)	(459)	(55)	-	(7,485)	**(13,842)**
Balance at 30 June 2017	**139,992**	**16,297**	**746**	**4,458**	**704**	**304**	**287**	**226,344**	**389,132**

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 2017, 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 2017.

The fair value of the land had been adjusted by a managerial revaluation in 2016. The latest indices required a further managerial revaluation in 2017. The indexed value was then compared to individual assets written down book value as at 30 June 2017 to determine the change in their fair values. The Department of Health and Human Services approved a managerial revaluation of the land asset class of $16.7m ($24.9m in 2016).

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

Note 4: Key Assets to Support Service Delivery (continued)

Note 4.2: Property, Plant and Equipment (continued)

(C) FAIR VALUE MEASUREMENT HIERARCHY FOR ASSETS

Balance at 30 June 2017	Consol'd Carrying Amount	Fair value measurement at end of reporting period using:		
		Level 1 [i]	Level 2 [i]	Level 3 [i]
	$'000	$'000	$'000	$'000
Land at Fair Value				
- Non-Specialised Land	19,721	-	19,721	-
- Specialised Land	120,271	-	-	120,271
Total Land at Fair Value	139,992	-	19,721	120,271
Buildings at Fair Value				
- Non-Specialised Buildings	16,297	-	16,297	-
Total of Building at Fair Value	16,297	-	16,297	-
Plant and Equipment at Fair Value	746	-	-	746
Medical Equipment at Fair Value	4,458	-	-	4,458
Computers and Communication Equipment at Fair Value	704	-	-	704
Furniture and Fittings at Fair Value	304	-	-	304
Cultural Assets at Fair Value	287	-	287	-
Leased Assets at Fair Value				
- Specialised Leased Buildings at Fair Value	222,500	-	-	222,500
- Other Leased Assets at Fair Value	3,844	-	-	3,844
Total of Leased Assets at Fair Value	226,344	-	-	226,344
Total Property, Plant and Equipment	**389,132**	**-**	**36,305**	**352,827**

Balance at 30 June 2016	Consol'd Carrying Amount $'000	Fair value measurement at end of reporting period using: Level 1 [i] $'000	Level 2 [i] $'000	Level 3 [i] $'000
Land at Fair Value				
- Non-Specialised Land [ii]	17,015	-	17,015	-
- Specialised Land [ii]	106,299	-	-	106,299
Total of Land at Fair Value	123,314	-	17,015	106,299
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 Fair Value	229,768	-	-	229,768
- Other Leased Assets at Fair Value	4,028	-	-	4,028
Total of Leased Assets at Fair Value	233,796	-	-	233,796
Total Property, Plant and Equipment	**384,440**	**-**	**37,763**	**346,677**

[i] *Classified in accordance with the fair value hierarchy.*

[ii] *There have been no transfers between levels during the period. In the prior year, there is a transfer between non-specialised land and specialised land to reflect the correct fair value as per the managerial revaluation in 2016.*

Note 4: Key Assets to Support Service Delivery (continued)

Note 4.2: Property, Plant and Equipment (Continued)

(D) RECONCILIATION OF LEVEL 3 FAIR VALUE [i]

Consolidated	Land $'000	Plant & Equipment $'000	Medical Equipment $'000	Computers & Comm Equipment $'000	Furniture & Fittings $'000	Leased Assets $'000
Balance at 1 July 2016	**106,299**	**439**	**4,895**	**943**	**305**	**233,796**
Additions/(Disposals)	-	374	1,013	220	54	33
Assets provided free of charge	-	-	(61)	-	-	-
Gains/(Losses) recognised in Net Result						
- Depreciation and Amortisation	-	(67)	(1,389)	(459)	(55)	(7,485)
Items recognised in Other Comprehensive Income						
- Revaluation	13,972	-	-	-	-	-
Balance at 30 June 2017	**120,271**	**746**	**4,458**	**704**	**304**	**226,344**
Consolidated						
Balance at 1 July 2015	**85,156**	**454**	**5,419**	**523**	**355**	**241,114**
Additions (Disposals)	-	82	845	793	4	164
Net Transfers between classes	-	-	(2)	-	2	-
Gains/(Losses) recognised in Net Result						
- Depreciation and Amortisation	-	(97)	(1,366)	(373)	(56)	(7,482)
Items recognised in Other Comprehensive Income						
- Revaluation	21,143	-	-	-	-	-
Balance at 30 June 2016	**106,299**	**439**	**4,895**	**943**	**305**	**233,796**

[i] *Classified in accordance with the fair value hierarchy, refer Note 4.2(c).*

(E) DESCRIPTION OF SIGNIFICANT UNOBSERVABLE INPUTS TO LEVEL 3 VALUATIONS:

	Valuation technique	Significant unobservable inputs
Specialised Land		
Crown Land	Market approach	Community Service Obligation (CSO) adjustment*
Freehold Land	Market approach	Community Service Obligation (CSO) adjustment*
Specialised Buildings		
Leased	Depreciated replacement cost	Cost per sqm Useful life of specialised buildings
Plant and Equipment at Fair Value	Depreciated replacement cost	Cost per unit Useful life of Plant and Equipment
Medical Equipment at Fair Value	Depreciated replacement cost	Cost per unit Useful life of Medical Equipment
Computers and Communication Equipment at Fair Value	Depreciated replacement cost	Cost per unit Useful life of Computers and Communication Equipment
Furniture and Fittings at Fair Value	Depreciated replacement cost	Cost per unit Useful life of Furniture and Fittings
Leased Assets at Fair Value	Depreciated replacement cost	Cost per unit Useful life of Leased Assets

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

There were no changes in valuation techniques throughout the period to 30 June 2017.

Note 4: Key Assets to Support Service Delivery (continued)

INITIAL RECOGNITION

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

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

The initial cost for non-financial physical assets under finance lease (refer to Note 6.1) 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.

SUBSEQUENT MEASUREMENT

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 AASBs 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 4.2(c));

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

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

All property, plant and equipment 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.
- 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 (Refer to 4.2(e)).

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

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

NON-SPECIALISED LAND, NON-SPECIALISED BUILDINGS AND CULTURAL ASSETS

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2014.

In June 2016 and 2017 a managerial valuation was carried out in accordance with FRD 103F to revalue the land to its fair value.

For cultural assets, Menzies Fine Art Auctioneers & Valuers is the Royal Women's Hospital's independent valuer.

SPECIALISED LAND AND SPECIALISED BUILDINGS

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

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

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

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

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

An independent valuation of the Royal Women's Hospital 's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2014.

In June 2016 and 2017 a managerial valuation was carried out in accordance with FRD 103F to revalue the land to its fair value.

PLANT AND EQUIPMENT

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

There were no changes in valuation techniques throughout the period to 30 June 2017.

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

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.

Note 4: Key Assets to Support Service Delivery (continued)

Note 4.3: Depreciation

	Consol'd 2017 $'000	Consol'd 2016 $'000
Depreciation		
Buildings	4,387	4,366
Plant and Equipment	67	97
Medical Equipment	1,389	1,366
Computers and Communication Equipment	459	373
Furniture and Fittings	55	56
Intangible Produced Assets [iii]	628	378
Leased Assets [i, ii]	7,485	7,482
Total Depreciation	**14,470**	**14,118**

[i] *Of the balance disclosed under 'Depreciation Leased Assets', $7.30m ($7.30m in 2016) relates to leased buildings contracted under the public private partnership (PPP) arrangement.*

[ii] *Of the balance disclosed under 'Depreciation Leased Assets', $0.18m ($0.18m in 2016) relates to leased other assets contracted under the public private partnership (PPP) arrangement.*

[iii] *The prior year charge relating to the amortisation of intangible produced assets has been reclassified to depreciation which reflects the nature of the transaction. Previously, the charge was classified as an amortisation expense.*

All buildings, plant and equipment and intangible produced 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.

Intangible produced assets with finite lives are depreciated as an expense on a systematic basis over the asset's useful life.

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

	2017	2016
Non PPP Assets		
Buildings	5 to 35 Years	5 to 35 Years
Leasehold Improvements	5 Years	5 Years
Plant and Equipment	10 to 30 Years	5 to 30 Years
Medical Equipment	6 to 25 Years	3 to 25 Years
Computers and Communication Equipment	3 to 9 Years	3 to 9 Years
Furniture and Fittings	10 to 13 Years	7 to 13 Years
Intangible Produced Assets	3 Years	3 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 Assets	30 Years	30 Years

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

Note 4: Key Assets to Support Service Delivery (continued)

Note 4.4: Intangible Assets

	Consol'd 2017 $'000	Consol'd 2016 $'000
Intangible Produced Assets – Software	6,452	6,392
Less Accumulated Depreciation	(5,613)	(4,987)
	839	**1,405**
Intangible Non-Produced Assets – Revenue Rights Parkville Car Park	24,491	24,491
Less Accumulated Amortisation	(8,817)	(7,837)
	15,674	**16,654**
Total Intangible Assets	**16,513**	**18,059**

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 2015	**715**	**17,633**	**18,348**
Additions	1,068	-	1,068
Depreciation and Amortisation (refer Note 4.3, 8.1)	(378)	(979)	(1,357)
Balance at 1 July 2016	**1,405**	**16,654**	**18,059**
Additions	62	-	62
Depreciation and Amortisation (refer Note 4.3, 8.1)	(628)	(980)	(1,608)
Balance at 30 June 2017	**839**	**15,674**	**16,513**

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.

Note 5: Other Assets and Liabilities

Introduction

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

Structure

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Note 5: Other Assets and Liabilities (continued)

Note 5.1: Receivables

	Consol'd 2017 $'000	Consol'd 2016 $'000
Current		
Contractual		
Inter Hospital Debtors	1,071	383
Trade Debtors	2,083	1,263
Patient Fees	3,496	2,241
Accrued Revenue – Other	2,166	2,634
Less Allowance for Doubtful Debts		
Trade Debtors	(14)	(17)
Patient Fees	(490)	(417)
	8,312	**6,087**
Statutory		
GST Receivable	411	381
	411	**381**
Total Current Receivables	**8,723**	**6,468**
Non-Current		
Contractual		
Other Receivables [i]	24	37
	24	**37**
Statutory		
Long Service Leave – Department of Health and Human Services	7,596	6,798
	7,596	**6,798**
Total Non-Current Receivables	**7,620**	**6,835**
Total Receivables	**16,343**	**13,303**

[i] *Prior year balance was previously disclosed under Non-Current Prepayments and Other Non-Financial Assets.*

(A) MOVEMENT IN THE ALLOWANCE FOR DOUBTFUL DEBTS

	Consol'd 2017 $'000	Consol'd 2016 $'000
Balance at beginning of year	434	281
Increase/(decrease) in allowance recognised in net result	70	153
Balance at end of year	**504**	**434**

(B) AGEING ANALYSIS OF RECEIVABLES

Please refer to Note 7.1(c) for the ageing analysis of contractual receivables.

(C) NATURE AND EXTENT OF RISK ARISING FROM RECEIVABLES

Please refer to Note 7.1(c) for the nature and extent of credit risk arising from contractual 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 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.

Receivables are assessed for bad and doubtful debts on a regular basis. 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.

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

Note 5: Other Assets and Liabilities (continued)

Note 5.2: Inventories

	Consol'd 2017 $'000	Consol'd 2016 $'000
Pharmaceuticals		
At Cost	159	164
Total Inventories	**159**	**164**

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.

Note 5.3: Prepayments and Other Non-Financial Assets

	Consol'd 2017 $'000	Consol'd 2016 $'000
Current		
Prepayments	490	1,086
Total Prepayments and Other Non-Financial Assets	**490**	**1,086**

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.

Note 5.4: Payables

	Consol'd 2017 $'000	Consol'd 2016 $'000
Current		
Contractual		
Trade Creditors	5,895	7,767
Accrued Expenses	2,904	2,762
Salary Packaging	920	785
Amounts Payable to Governments and Agencies	3,986	3,777
Deposits	22	21
Revenue in Advance	1,010	842
	14,737	**15,954**
Statutory		
Department of Health and Human Services	2,507	2,828
	2,507	**2,828**
Total Current Payables	**17,244**	**18,782**
Total Payables	**17,244**	**18,782**

(A) MATURITY ANALYSIS OF PAYABLES

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

(B) NATURE AND EXTENT OF RISK ARISING FROM PAYABLES

Please refer to Note 7.1(d) for the nature and extent of risks arising from contractual 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, which predominantly includes amounts owing to the Victorian Government.

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.

Note 6: How We Finance Our Operations

Introduction

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

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

Structure

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Note 6.1: Borrowings

	Consol'd 2017 $'000	Consol'd 2016 $'000
Current		
Australian Dollar Borrowings		
– Finance Lease Liability *	5,890	5,341
– Loan from Treasury Corporation Victoria	705	660
Total Australian Dollars Borrowings	**6,595**	**6,001**
Total Current Borrowings	**6,595**	**6,001**
Non-Current		
Australian Dollar Borrowings		
– Finance Lease Liability *	209,988	215,878
– Loan from Treasury Corporation Victoria	19,261	19,966
Total Australian Dollars Borrowings	**229,249**	**235,844**
Total Non-Current Borrowings	**229,249**	**235,844**
Total Borrowings	**235,844**	**241,845**

Note 6: How We Finance Our Operations (continued)

Note 6.1: Borrowings (continued)

(A) MATURITY ANALYSIS OF BORROWINGS

Please refer to Note 7.1(d) for the ageing analysis of borrowings.

(B) NATURE AND EXTENT OF RISK ARISING FROM BORROWINGS

Please refer to Note 7.1 (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 2017 $'000	Consol'd 2016 $'000
FINANCE LEASES		
Repayments in relation to finance leases are payable as follows:		
Not later than one year	26,005	25,185
Later than 1 year and not later than 5 years	107,166	105,893
Later than 5 years	322,922	350,200
Minimum lease payments	456,093	481,278
Less future finance charges	(240,215)	(260,059)
Total	**215,878**	**221,219**
Included in the financial statements as:		
Current borrowings finance lease liability	5,890	5,341
Non-current borrowings finance lease liability	209,988	215,878
Total	**215,878**	**221,219**

The weighted average interest rate implicit in the finance lease is 9.79% (2016: 9.79%).

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, in the manner described in Note 6.3 Commitments.

FINANCE LEASES

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 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.

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.

BORROWINGS

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. 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 7.1(f).

Note 6.2: Cash and Cash Equivalents

	Consol'd 2017 $'000	Consol'd 2016 $'000
Cash on Hand	10	10
Cash at Bank	3,152	2,910
Deposits at Call	3,613	7,406
Short Term Money Market	-	2,000
Total Cash and Cash Equivalents	**6,775**	**12,326**
Represented by:		
Cash as per Cash Flow Statement [i]	6,775	12,326
Total Cash and Cash Equivalents	**6,775**	**12,326**

[i] *Cash and cash equivalents include salary packaging.*

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

Note 6: How We Finance Our Operations (continued)

Note 6.3: Commitments

(A) COMMITMENTS OTHER THAN PUBLIC PRIVATE PARTNERSHIPS	Consol'd 2017 $'000	Consol'd 2016 $'000
Capital Expenditure Commitments		
Payable:		
Plant and Equipment	553	149
Intangible Assets	-	114
Total Capital Expenditure Commitments	**553**	**263**
Operating Commitments		
Payable:		
Operating Commitments	266	295
Total Operating Commitments	**266**	**295**
Lease Commitments		
Commitments in relation to leases contracted for at the reporting date:		
Operating Leases – Cancellable	1,875	1,893
Total Lease Commitments	**1,875**	**1,893**
Total Commitments other than Public Private Partnerships (inclusive of GST)	**2,694**	**2,451**

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

Commitments for future expenditure include operating and capital commitments arising from contracts. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the Balance Sheet.

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 assets are not recognised in the Balance Sheet.

(B) PUBLIC PRIVATE PARTNERSHIPS [i, ii]	Consol'd 2017 $'000	Consol'd 2016 $'000
Commissioned Public Private Partnerships – Other Commitments	Nominal Value	Nominal Value [iii]
Facilities Management *		
Payable:		
Not later than one year	14,090	15,333
Later than 1 year and not later than 5 years	59,988	58,770
Later than 5 years	219,804	235,111
Total Facilities Management	**293,882**	**309,214**
Asset Replacement *		
Payable:		
Not later than one year	1,772	3,434
Later than 1 year and not later than 5 years	15,427	12,301
Later than 5 years	31,137	36,036
Total Asset Replacement	**48,336**	**51,771**
Total Commitments for Public Private Partnerships	**342,218**	**360,985**

* *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.*

iii *The prior year amounts have been updated to reflect the Department of Treasury and Finance commitments and are now comparable to the current year disclosure.*

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 2017 is $3.24m (2016: $2.70m).

Note 6: How We Finance Our Operations (continued)

Note 6.3: Commitments (continued)

(C) COMMITMENTS PAYABLE	Consol'd 2017 $'000	Consol'd 2016 $'000
Capital Expenditure Commitments		
Less than 1 year	553	263
Total Capital Expenditure Commitments	**553**	**263**
Operating Commitments		
Less than 1 year	266	295
Total Operating Commitments	**266**	**295**
Lease Commitments Payable		
Less than 1 year	1,173	1,164
Longer than 1 year but not longer than 5 years	702	729
Total Lease Commitments	**1,875**	**1,893**
Public Private Partnership Commitments (commissioned) *		
Less than 1 year	15,862	18,767
Longer than 1 year but not longer than 5 years	75,415	71,071
5 years or more	250,941	271,147
Total Public Private Partnership Commitments	**342,218**	**360,985**
Total Commitments (inclusive of GST)	**344,912**	**363,436**
Less GST recoverable from the Australian Tax Office	(245)	(223)
Total Commitments (exclusive of GST)	**344,667**	**363,213**

Future finance lease payments are recognised on the balance sheet, refer to Note 6.1 Borrowings.

* *Amounts shown are exempt from GST.*

LEASE RECEIVABLE COMMITMENTS

	Consol'd 2017 $'000	Consol'd 2016 $'000 [i]
Commitments in relation to leases receivable are as follows:		
Not later than one year	2,299	3,390
Later than 1 year and not later than 5 years	543	2,816
Total	**2,842**	**6,206**
Total Receivable Commitments (inclusive of GST)	**2,842**	**6,206**
Less GST payable to the Australian Tax Office	(258)	(755)
Total Receivable Commitments (exclusive of GST)	**2,584**	**5,451**

[i] *The prior year amounts have been updated and are now comparable to the current year disclosure.*

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.

Note 7: Risks, Contingencies and Valuation Uncertainties

Introduction

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

Structure

Structure	PAGE
7.1 Financial Instruments	111
7.2 Contingent Assets and Contingent Liabilities	124

Note 7.1: Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of 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*.

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.

(A) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Royal Women's Hospital principal financial instruments comprise:

- Cash Assets
- Receivables (excluding statutory receivables)
- Investments in Term Deposits and 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 hospital has minimal exposure to foreign currency risk with ad hoc supplier payments made in foreign currency. There is a relatively short timeframe between commitment and settlement, therefore risk is minimal.

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 and the Finance, Investment and Information Technology Committee 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.

Note 7: Risks, Contingencies and Valuation Uncertainties (continued)

Note 7.1: Financial Instruments (continued)

CATEGORISATION OF FINANCIAL INSTRUMENTS

2017 Consolidated	Contractual Financial Assets – Loans and Receivables $'000	Contractual Financial Assets – Available for Sale $'000	Contractual Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets				
Cash and Cash Equivalents	6,775	-	-	6,775
Receivables				
- Trade Debtors	6,146	-	-	6,146
- Other Receivables	2,190	-	-	2,190
Investments and Other Financial Assets				
- Term Deposits	300	-	-	300
- Managed Investment Schemes	-	15,804	-	15,804
Total Financial Assets [i]	**15,411**	**15,804**	**-**	**31,215**
Financial Liabilities				
Payables	-	-	13,727	13,727
Borrowings	-	-	235,844	235,844
Total Financial Liabilities [i]	**-**	**-**	**249,571**	**249,571**
2016 Consolidated				
Contractual Financial Assets				
Cash and Cash Equivalents	12,326	-	-	12,326
Receivables				
- Trade Debtors	3,453	-	-	3,453
- Other Receivables	2,671	-	-	2,671
Investments and Other Financial Assets				
- Managed Investment Schemes	-	13,816	-	13,816
Total Financial Assets [i]	**18,450**	**13,816**	**-**	**32,266**
Financial Liabilities				
Payables	-	-	15,112	15,112
Borrowings	-	-	241,845	241,845
Total Financial Liabilities [i]	**-**	**-**	**256,957**	**256,957**

[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).*

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, 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 7.1(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.

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.

Note 7: Risks, Contingencies and Valuation Uncertainties (continued)

Note 7.1: Financial Instruments (continued)

(B) NET HOLDING GAIN/(LOSS) ON FINANCIAL INSTRUMENTS BY CATEGORY

2017 Consolidated	Net Holding Gain/(Loss) $'000	Total Interest Income/ (Expense) & Dividend Income $'000	Fee Income/ (Expense) $'000	Impairment Loss $'000	Total $'000
Financial Assets					
Cash and Cash Equivalents [i]	-	197	-	-	197
Financial Assets - Loans and Receivables [i]	-	6	-	-	6
Financial Assets - Available-for-Sale [i]	515	582	(32)	(11)	1,054
Total Financial Assets	**515**	**785**	**(32)**	**(11)**	**1,257**
Financial Liabilities					
Financial Liabilities at Amortised Cost [ii]	-	(20,975)	-	-	(20,975)
Total Financial Liabilities	**-**	**(20,975)**	**-**	**-**	**(20,975)**
2016 Consolidated					
Financial Assets					
Cash and Cash Equivalents [i]	-	303	-	-	303
Financial Assets - Available-for-Sale [i]	(513)	1,018	(34)	(87)	384
Total Financial Assets	**(513)**	**1,321**	**(34)**	**(87)**	**687**
Financial Liabilities					
Financial Liabilities at Amortised Cost [ii]	-	(20,965)	-	-	(20,965)
Total Financial Liabilities	**-**	**(20,965)**	**-**	**-**	**(20,965)**

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

2017	Financial Institutions (AA- Credit Rating) $'000	Victorian Public Corporations (AAA Credit Rating) $'000	Fund Managers (Non Rated) $'000	Total $'000
Financial Assets				
Cash and Cash Equivalents	6,344	431	-	6,775
Investments and Other Financial Assets				
- Term Deposits	300	-	-	300
- Managed Investment Schemes	-	11,588	4,216	15,804
Total Financial Assets [i]	**6,644**	**12,019**	**4,216**	**22,879**
2016				
Financial Assets				
Cash and Cash Equivalents	4,695	7,631	-	12,326
Investments and Other Financial Assets				
- Managed Investment Schemes	-	10,946	2,870	13,816
Total Financial Assets [i]	**4,695**	**18,577**	**2,870**	**26,142**

[i] *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 receivables balance predominantly relates to patient debtors, sundry debtors and accrued revenue which is too difficult to obtain credit ratings.*

Note 7: Risks, Contingencies and Valuation Uncertainties (continued)

Note 7.1: Financial Instruments (continued)

AGEING ANALYSIS OF FINANCIAL ASSETS AS AT 30 JUNE

2017	Consol'd Carrying Amount $'000	Not Past Due and Not Impaired $'000	Past Due But Not Impaired Less than 1 Month $'000	1–3 Months $'000	3 months –1 Year $'000	1–5 Years $'000	Impaired Financial Assets $'000
Financial Assets							
Cash and Cash Equivalents	6,775	6,775	-	-	-	-	-
Receivables							
- Trade Debtors	6,146	2,024	2,510	1,226	386	-	-
- Other Receivables	2,190	2,190	-	-	-	-	-
Investments and Other Financial Assets							
- Term Deposits	300	300	-	-	-	-	-
- Managed Investment Schemes	15,804	15,804	-	-	-	-	-
Total Financial Assets	**31,215**	**27,093**	**2,510**	**1,226**	**386**	**-**	**-**
2016							
Financial Assets							
Cash and Cash Equivalents	12,326	12,326	-	-	-	-	-
Receivables							
- Trade Debtors	3,453	1,418	1,127	524	384	-	-
- Other Receivables	2,671	2,671	-	-	-	-	-
Investments and Other Financial Assets							
- Managed Investment Schemes	13,816	13,816	-	-	-	-	-
Total Financial Assets	**32,266**	**30,231**	**1,127**	**524**	**384**	**-**	**-**

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

			Maturity Dates				
2017	Consol'd Carrying Amount $'000	Nominal Amount $'000	Less than 1 Month $'000	1–3 Months $'000	3 Months –1 Year $'000	1–5 Years $'000	Over 5 Years $'000
Financial Liabilities:							
Payables	13,727	13,727	5,812	7,769	146	-	-
Borrowings *	235,844	235,844	536	1,067	4,992	33,631	195,618
Total Financial Liabilities	**249,571**	**249,571**	**6,348**	**8,836**	**5,138**	**33,631**	**195,618**
2016							
Financial Liabilities:							
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**

* 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).

(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.

Note 7.1: Financial Instruments (continued)

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.

BOARD ROLE

From February 2017 the responsibility for overseeing the development, monitoring and review of the Royal Women's Hospital investment strategy and policies moved from the Finance, Investment and Information Technology Committee to the Royal Women's Hospital Board. The Board has an agreed Terms of Reference which covers its objectives, membership, term of membership, meeting schedule and related information. The Board meets 10 times per year, 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.

Note 7: Risks, Contingencies and Valuation Uncertainties (continued)

Note 7.1: Financial Instruments (continued)

(E) MARKET RISK (CONTINUED)

INTEREST RATE EXPOSURE OF FINANCIAL ASSETS AND LIABILITIES AS AT 30 JUNE

2017	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
Financial Assets					
Cash and Cash Equivalents	1.41	6,775	-	6,765	10
Receivables [i]					
- Trade Debtors		6,146	-	-	6,146
- Other Receivables		2,190	-	-	2,190
Investments and Other Financial Assets					
- Term Deposits	2.73	300	300	-	-
- Managed Investment Schemes	2.01	15,804	1,008	906	13,890
		31,215	**1,308**	**7,671**	**22,236**
Financial Liabilities					
Payables [i]		13,727	-	-	13,727
Borrowings	9.50	235,844	235,844	-	-
		249,571	**235,844**	**-**	**13,727**
2016					
Financial Assets					
Cash and Cash Equivalents	1.94	12,326	2,000	10,316	10
Receivables					
- Trade Debtors		3,453	-	-	3,453
- Other Receivables		2,671	-	-	2,671
Investments and Other Financial Assets					
- Managed Investment Schemes	2.47	13,816	1,529	681	11,606
		32,266	**3,529**	**10,997**	**17,740**
Financial Liabilities					
Payables [i]		15,112	-	-	15,112
Borrowings	9.53	241,845	241,845	-	-
		256,957	**241,845**	**-**	**15,112**

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

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 +0.25% and -0.25% (2016: +0.50% and -0.50%) in market interest rates (AUD);
- A movement of +10% and -10% (2016: +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.

		Interest Rate Risk				Other Price Risk			
	Consol'd Carrying Amount	-0.25%		+0.25%		-10%		+10%	
2017	$'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial Assets									
Cash and Cash Equivalents [i]	6,765	(17)	(17)	17	17	-	-	-	-
Investments and Other Financial Assets									
- Managed Investment Schemes [i]	906	(2)	(2)	2	2	-	-	-	-
- Managed Investment Schemes [i]	14,898	-	-	-	-	-	(1,490)	-	1,490

		Interest Rate Risk				Other Price Risk			
	Consol'd Carrying Amount	-0.50%		+0.50%		-20%		+20%	
2016	$'000	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	-	-	-	-
Investments and Other Financial Assets									
- Managed Investment Schemes [i]	681	(3)	(3)	3	3	-	-	-	-
- Managed Investment Schemes [i]	13,135	-	-	-	-	-	(2,321)	-	2,321

[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.

Note 7: Risks, Contingencies and Valuation Uncertainties (continued)

Note 7.1: Financial Instruments (continued)

(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 2017 $'000	Fair value 2017 $'000	Consol'd Carrying Amount 2016 $'000	Fair value 2016 $'000
Financial Assets				
Cash and Cash Equivalents	6,775	6,775	12,326	12,326
Receivables [i]				
- Trade Debtors	6,146	6,146	3,453	3,453
- Other Receivables	2,190	2,190	2,671	2,671
Investments and Other Financial Assets				
- Term Deposits	300	300	-	-
- Managed Investment Schemes	15,804	15,804	13,816	13,816
Total Financial Assets	**31,215**	**31,215**	**32,266**	**32,266**
Financial Liabilities				
Payables [i]	13,727	13,727	15,112	15,112
Borrowings	235,844	235,844	241,845	241,845
Total Financial Liabilities	**249,571**	**249,571**	**256,957**	**256,957**

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

FINANCIAL ASSETS MEASURED AT FAIR VALUE

2017	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
Financial Assets at Fair Value through Profit and Loss				
Investments and Other Financial Assets				
- Managed Investment Schemes	15,804	2,589	13,215	-
Total Financial Assets	**15,804**	**2,589**	**13,215**	**-**
2016				
Financial Assets at Fair Value through Profit and Loss				
Investments and Other Financial Assets				
- Managed Investment Schemes	13,816	2,005	11,811	-
Total Financial Assets	**13,816**	**2,005**	**11,811**	**-**

* *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 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 or 2.

Note 7: Risks, Contingencies and Valuation Uncertainties (continued)

Note 7.2: Contingent Assets and Contingent Liabilities

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

	Consol'd 2017 $'000	Consol'd 2016 $'000
Contingent Liabilities		
Quantifiable		
Contribution to Parkville facility	11,820	11,820
Total Quantifiable Contingent Liabilities	**11,820**	**11,820**

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

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 (refer to Note 4.2) and associated Borrowings (refer to Note 6.1). The State of Victoria has an expectation that the Royal Women's Hospital will contribute $61.40m (in cash or in kind) from the disposal of properties at the Carlton site to the cost of constructing the Parkville facility. Settlement of the contingent liability is dependent upon the timing and manner of the disposal of certain properties at the Carlton site. Subsequent to 30 June 2008, the contingent liability to the Department of Health and Human Services has reduced to $11.82m.

There were no contingent assets for the Royal Women's Hospital or its Controlled Entities as at 30 June 2017 (2016: Nil).

Note 8: Other Disclosures

Introduction

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

Structure

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Note 8: Other Disclosures (continued)

Note 8.1: Other Economic Flows Included in Net Result

	Consol'd 2017 $'000	Consol'd 2016 $'000
Net Gain/(Loss) on Non-Financial Assets		
Amortisation of Intangible Non-Produced Assets	(980)	(979)
Net Loss on Disposal of Property, Plant and Equipment	(1)	(55)
Total Net Gain/(Loss) on Non-Financial Assets	**(981)**	**(1,034)**
Net Gain/(Loss) on Financial Instruments		
Net Gain/(Loss) on Disposal of Financial Instruments	53	-
Impairment of Available-for-Sale Financial Assets Transferred from Revaluation Surplus	(11)	(87)
Total Net Gain/(Loss) on Financial Instruments	**42**	**(87)**
Other Gains/(losses) from Other Economic Flows		
Net Gain/(Loss) arising from Revalution of Long Service Liability	1,367	-
Bad Debts and Doubtful Debts from Other Economic Flows	(379)	-
Total Other Gains/(losses) from Other Economic Flows	**988**	**-**
Total Other Economic Flows Included in Net Result	**49**	**(1,121)**

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:

- **AMORTISATION OF INTANGIBLE NON-PRODUCED ASSETS**

  Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a systematic basis over the asset's useful life. Amortisation begins when the asset is available for use 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 non-produced assets with finite useful lives are amortised over a 25 year period (2016: 25 years).

- **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 in the Comprehensive Operating Statement, except where an asset is transferred via contributed capital. It is the difference between the proceeds and the carrying value of the asset at that time.

- **REVALUATION GAINS/(LOSSES) OF NON-FINANCIAL PHYSICAL ASSETS**

  Refer to Note 4.2 Property, Plant and Equipment.

- **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.

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 (refer to Note 4.1 Investments and Other Financial Assets);
- Disposals of financial assets and derecognition of financial liabilities; and
- Revaluations of Financial Instruments at Fair Value which excludes dividends or interest earned on financial assets.

OTHER GAINS/(LOSSES) FROM OTHER ECONOMIC FLOWS

Other gains/(losses) include:

- Where the bad debt is written off following a unilateral decision, the bad debt expense is recognised in the net result as an other economic flow. Bad debts not written off, but included in the provision for doubtful debts, are classified as other economic flows in the net result.
- The revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors.

Note 8: Other Disclosures (continued)

CHANGE IN ACCOUNTING POLICY (AASB 101 *PRESENTATION OF FINANCIAL STATEMENTS*)

Other Economic flows are changes in the value of an asset or liability that do not result from transactions. In the current year, the following items have been reclassified from the operating result to other economic flows included in net result to reflect the nature of the item:

- Gains/losses on disposal of financial instruments;
- Bad debts expense where the write off is deemed to be unilateral and
- Doubtful debt expense

Upon adoption of the change in disclosure, no retrospective disclosure is required.

During the reporting period, the Department of Health and Human Services issued Circulars 3/2016 and 4/2017 which advised that:

As the Department of Health and Human Services is not funded for movements in the LSL liability resulting from changes in estimations, the policy for funding hospitals was changed to align with the Department of Treasury and Finance's treatment.

As a result of this, the Royal Women's Hospital is no longer funded by the Department of Health and Human Services for the impact of the bond rate, inflation rate and probability factor changes on the LSL liability.

The impact of the changes are:

- The Royal Women's Hospital will no longer recognise grant revenue from the Department of Health and Human Services for the impact of changes due to revaluations on long service leave balances; and
- Gains/losses from revaluations will be reported under other the economic flows included in net result.

Upon adoption of the change in policy, no retrospective adjustment is required.

Note 8.2: Equity

(A) SURPLUSES	Consol'd 2017 $'000	Consol'd 2016 $'000
Property, Plant and Equipment Revaluation Surplus [i]		
Balance at the beginning of the reporting period	145,144	127,308
Transfer to Accumulated Deficits		
- Land	-	(7,038)
Revaluation Increment		
- Land (refer Note 4.2b)	16,678	24,874
Balance at the end of the reporting period *	**161,822**	**145,144**
* Represented by:		
- Land	88,315	71,637
- Buildings	6,872	6,872
- Leased Building	66,457	66,457
- Cultural Assets	178	178
	161,822	**145,144**
Financial Assets Available-for-Sale Revaluation Surplus [ii]		
Balance at the beginning of the reporting period	578	998
Valuation gain/(loss) recognised	461	(510)
Cumulative (gain)/loss transferred to Comprehensive Operating Statement on sale of financial assets	(53)	3
Cumulative loss transferred to Comprehensive Operating Statement on impairment of financial assets	11	87
Balance at the end of the reporting period	**997**	**578**
Restricted Specific Purpose Surplus		
Balance at the beginning of the reporting period	8,718	8,026
Transfer from/(to) Accumulated Surplus/Deficit	695	692
Balance at the end of the reporting period	**9,413**	**8,718**
Total Surpluses	**172,232**	**154,440**

(B) CONTRIBUTED CAPITAL [iii]		
Balance at the beginning of the reporting period	67,423	73,823
Return of Contributed Capital	-	(6,400)
Balance at the end of the reporting period	**67,423**	**67,423**

Note 8: Other Disclosures (continued)

Note 8.2: Equity (continued)

(C) ACCUMULATED DEFICITS	Consol'd 2017 $'000	Consol'd 2016 $'000
Balance at the beginning of the reporting period	(84,154)	(84,616)
Net Result for the Year	(8,860)	(5,868)
Transfers from/(to) Restricted Specific Purpose Surplus	(695)	(692)
Transfers from Property, Plant and Equipment Revaluation Surplus	-	7,038
Share of decrement in Joint Venture Membership	-	(16)
Balance at the end of the reporting period	(93,709)	**(84,154)**
(D) TOTAL EQUITY AT END OF YEAR	**145,946**	**137,709**

[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.*

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.

Note 8.3: Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities

	Consol'd 2017 $'000	Consol'd 2016 $'000
Net Result for the Year	(8,860)	(5,868)
Non-Cash Movements:		
Depreciation [i]	14,470	14,118
Amortisation of Intangible Non-Produced Assets [i]	980	979
Impairment of Financial Assets	11	87
Net movement in Finance Lease *	(5,341)	(4,856)
Provision for Doubtful Debts	70	153
Income from Managed Funds Reinvested	(526)	(945)
Management Fees for Managed Investments	27	23
Bequest received in the form of Shares	(30)	-
Assets Received Free of Charge	(38)	-
Assets Provided Free of Charge	61	-
Resources Received Free of Charge	-	3
Movements included in Investing and Financing Activities:		
Net (Gain)/Loss from Disposal of Non-Financial Physical Assets	1	55
Net (Gain)/Loss from Disposal of Financial Assets	(53)	3
Movements in Assets and Liabilities:		
Change in Operating Assets and Liabilities		
- (Increase)/Decrease in Receivables	(3,110)	(1,585)
- (Increase)/Decrease in Prepayments	596	(762)
- Increase/(Decrease) in Payables	(1,538)	5,929
- Increase/(Decrease) in Provisions	1,624	4,942
- Change in Inventories	5	12
- Change in membership Jointly Controlled Operations	-	(16)
Net Cash Inflow from Operating Activities	**(1,651)**	**12,272**

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

[i] *Amortisation of intangible non-produced assets was previously disclosed as depreciation in the prior year.*

Note 8: Other Disclosures (continued)

Note 8.4: Responsible Persons

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

	Period
RESPONSIBLE MINISTERS:	
The Honourable Jill Hennessy, Minister for Health and Minister for Ambulance Services	01/07/2016–30/06/2017
The Honourable Martin Foley, Minister for Housing, Disability and Ageing and Minister for Mental Health	01/07/2016–30/06/2017
GOVERNING BOARDS	
Ms Lyn Swinburne AM (Chair of the Board)	01/07/2016–30/06/2017
Ms Felicity Pantelidis (Deputy Chair)	01/07/2016–30/06/2017
Ms Christina Liosis	01/07/2016–30/06/2017
Dr Nicolas Radford AM	01/07/2016–30/06/2017
Ms Sue Zablud	01/07/2016–30/06/2017
Mr Michael O'Neill (Reappointed 11 October 2016)	11/10/2016–30/06/2017
Professor David Copolov AO	01/07/2016–30/06/2017
Ms Helga Svendsen	01/07/2016–30/06/2017
Ms Cath Bowtell (Appointed 1 July 2016)	01/07/2016–30/06/2017
Ms Mandy Frostick (Appointed 1 July 2016)	01/07/2016–30/06/2017
ACCOUNTABLE OFFICERS	
Dr Sue Matthews (Chief Executive Officer)	01/07/2016– 30/06/2017

REMUNERATION OF RESPONSIBLE PERSONS

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

INCOME BAND	Parent 2017 No.	Parent 2016 No.
$10,000–$19,999	1	1
$20,000–$29,999	8	7
$50,000–$59,999	1	1
$470,000–$479,999	1	1
Total Numbers	**11**	**10**
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**$735,114**	**$718,462**

Amounts relating to the Governing Board Members and Accountable Officer are disclosed in the Royal Women's Hospital's controlled entities financial statements.

Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report as disclosed in Note 8.6 Related Parties.

Note 8.5: Remuneration of Executives

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

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

SHORT-TERM EMPLOYEE BENEFITS

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

POST-EMPLOYMENT BENEFITS

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

OTHER LONG-TERM BENEFITS

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

TERMINATION BENEFITS

Termination of employment payments, such as severance packages.

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

	Parent	
	Total Remuneration	
Remuneration of Executive Officers (including Key Management Personnel Disclosed in Note 8.6)	**2017 $**	**2016 $**
Short-term Benefits	1,872,765	n/a
Post-employment Benefits	170,431	n/a
Other Long-term Benefits	34,848	n/a
Total Remuneration [i ii]	**2,078,044**	**n/a**
Total Number of Executives	8	6
Total Annualised Employee Equivalent [iii]	7.3	4.9

i *No comparatives have been reported because remuneration in the prior year was determined in line with the basis and definition under FRD 21C. Remuneration previously excluded non-monetary benefits and comprised any money, consideration or benefit received or receivable, excluding reimbursement of out-of-pocket expenses, including any amount received or receivable from a related party transaction. Refer to the prior year's financial statements for executive remuneration for the 2015/16 reporting period.*

ii *The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the Royal Women's Hospital under AASB 124 Related Party Disclosures and are also reported within Note 8.6 Relates Parties.*

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

Note 8: Other Disclosures (continued)

Note 8.6: Related Parties

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

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

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

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

Entity	KMPs	Position Title
The Royal Women's Hospital	Ms Lyn Swinburne AM	Chair of the Board
The Royal Women's Hospital	Ms Felicity Pantelidis	Board Member
The Royal Women's Hospital	Ms Christina Liosis	Board Member
The Royal Women's Hospital	Dr Nicolas Radford AM	Board Member
The Royal Women's Hospital	Ms Sue Zablud	Board Member
The Royal Women's Hospital	Mr Michael O'Neill	Board Member
The Royal Women's Hospital	Professor David Copolov AO	Board Member
The Royal Women's Hospital	Ms Helga Svendsen	Board Member
The Royal Women's Hospital	Ms Cath Bowtell	Board Member
The Royal Women's Hospital	Ms Mandy Frostick	Board Member
The Royal Women's Hospital	Ms Debbie Goodin	Board Advisor
The Royal Women's Hospital	Ms Christine Wigg	Board Advisor
The Royal Women's Hospital	Dr Sue Matthews	Chief Executive Officer
The Royal Women's Hospital	Mr Zak Gruevski	Executive Director Finance & Corporate Services
The Royal Women's Hospital	Ms Lisa Dunlop	Executive Director Clinical Operations
The Royal Women's Hospital	Ms Tanya Farrell	Executive Director Nursing & Midwifery
The Royal Women's Hospital	Ms Allison Kenwood	Executive Director Strategy & Planning
The Royal Women's Hospital	Mr George Cozaris	Executive Director Information Management & Technology
The Royal Women's Hospital	Dr Mark Garwood	Chief Medical Officer
The Royal Women's Hospital	Mrs Tania Angelini	Chief Communications Officer
The Royal Women's Hospital	Ms Sherri Huckstep	Chief Experience Officer
The Royal Women's Hospital Foundation	Ms Sue Zablud	Chair of the Board
The Royal Women's Hospital Foundation	Ms Elaine Canty AM	Board Member
The Royal Women's Hospital Foundation	Associate Professor John McBain AO	Board Member
The Royal Women's Hospital Foundation	Ms Brigid Robertson	Board Member
The Royal Women's Hospital Foundation	Associate Professor Leslie Reti	Board Member
The Royal Women's Hospital Foundation	Ms Lyn Swinburne AM	Board Member
The Royal Women's Hospital Foundation	Ms Lynda Jane Trembath	Board Member
The Royal Women's Hospital Foundation	Ms Gaya Raghavan Byrne	Board Member
The Royal Women's Hospital Foundation	Ms Jan Chisholm	Chief Executive Officer

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

	Consol'd 2017 $
Compensation – KMPs	
Short-term Benefits	2,771,837
Post-employment Benefits	229,747
Other Long-term Benefits	34,848
Total [ii]	**3,036,432**

[i] *Total remuneration paid to KMPs employed as a contractor during the reporting period through accounts payable has been reported under short-term employee benefits.*

[ii] *KMPs are also reported in Note 8.4 Resposnsible Persons or Note 8.5 Remuneration of Executives.*

SIGNIFICANT TRANSACTIONS WITH GOVERNMENT RELATED ENTITIES

The Royal Women's Hospital received funding from the Department of Health and Human Services of $241m (2016: $227m) and indirect contributions of $1m (2016: $2m).

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

Professional medical indemnity insurance and other insurance products are obtained from a Victorian Public Financial Corporation.

Treasury Risk Management Directions require the Royal Women's Hospital to hold cash (in excess of working capital) and investments, and source all borrowings from Victorian Public Financial Corporations.

TRANSACTIONS WITH KMPS AND OTHER RELATED PARTIES

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

Outside of normal citizen type transactions with the Department of Health and Human Services, all other related party transactions that involved KMPs and their close family members have been entered into on an arm's length basis. Transactions are disclosed when they are considered material to the users of the financial report in making and evaluation decisions about the allocation of scare resources.

There were no related party transactions with Cabinet Ministers required to be disclosed in 2017. There were no related party transactions required to be disclosed for the Royal Women's Hospital Board of Directors and Executive Directors in 2017.

Except for the transaction listed below, there were no other related party transactions required to be disclosed for the Royal Women's Hospital Foundation Board of Directors in 2017.

During the year Associate Professor John McBain AO generously donated $100,000 to the Royal Women's Hospital Foundation Trust Fund to be used to fund the Royal Women's Hospital Joint Chair of Family Violence Prevention.

Note 8: Other Disclosures (continued)

Note 8.6: Related Parties (continued)

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 the Director of Clinical Governance 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.

	2017 $'000	2016 $'000
Distribution of funds by the Royal Women's Hospital Foundation	782	1,033
Intercompany receivable at 30 June	117	65

Note 8.7: Remuneration of Auditors

	2017 $'000	2016 $'000
Victorian Auditor-General's Office		
Audit and Review of Financial Statements		
Parent		
The Royal Women's Hospital	79	77
Controlled Entities		
The Royal Women's Hospital Foundation Trust Fund	4	4
The Royal Women's Hospital Foundation Limited	2	2
Total Remuneration of Auditors	**85**	**83**

Note 8.8: AASBs Issued that are not yet Effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2017 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 2017, 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 amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. While there will be no significant impact arising from AASB 9, there will be a change to the way financial instruments are disclosed.
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.
AASB 15 *Revenue from Contracts with Customers*	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	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.
AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*	Amends the measurement of trade receivables and the recognition of dividends. Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at initial recognition. Dividends are recognised in the profit and loss only when: • 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.

Note 8: Other Disclosures (continued)

Note 8.8: AASBs Issued that are not yet Effective (continued)

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on the Royal Women's Hospital's Financial Statements
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 for for-profit entities to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*	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: • 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 for AASB 15 above.
AASB 2016-7 *Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities*	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1 Jan 2019	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.
AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*	This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events. The amendments: • require non-contractual receivables arising from statutory requirements (i.e. taxes, rates and fines) to be initially measured and recognised in accordance with AASB 9 as if those receivables are financial instruments; and • clarifies circumstances when a contract with a customer is within the scope of AASB 15.	1 Jan 2019	The assessment has indicated that there will be no significant impact for the public sector, other than the impacts identified for AASB 9 and AASB 15 above.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on the Royal Women's Hospital's Financial Statements
AASB 16 *Leases*	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1 Jan 2019	The assessment has indicated that as most operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase. Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus. No change for lessors.
AASB 2016-4 *Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities*	The standard amends AASB 136 *Impairment of Assets* to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	1 Jan 2017	The assessment has indicated that there is minimal impact. Given the specialised nature and restrictions of public sector assets, the existing use is presumed to be the highest and best use (HBU), hence current replacement cost under AASB 13 *Fair Value Measurement* is the same as the depreciated replacement cost concept under AASB 136.
AASB 1058 *Income of Not-for-Profit Entities*	This standard replaces AASB 1004 *Contributions* and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.	1 Jan 2019	The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2016-17 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 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*
- AASB 2017-2 *Amendments to Australian Accounting Standards – Further Annual Improvements 2014-16 Cycle*

Note 8: Other Disclosures (continued)

Note 8.9: Events Occurring after the Balance Sheet Date

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

Adjustments are made to amounts recognised in the financial statements for events which occur between the end of the reporting period and the date when the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

There are no events occurring after the Balance Sheet Date.

Note 8.10: Controlled Entities

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

CONTROLLED ENTITIES CONTRIBUTION TO THE CONSOLIDATED RESULTS

Net Result For The Year	2017 $'000	2016 $'000
The Royal Women's Hospital Foundation Trust Fund	959	417
The Royal Women's Hospital Foundation Limited	-	-

Note 8.11: Jointly Controlled Operations

NAME OF ENTITY	PRINCIPAL ACTIVITY	Ownership Interest 2017 %	2016 %
Victorian Comprehensive Cancer Centre Limited	The Member Entities have committed to the establishment of a world leading comprehensive cancer centre in Parkville, Victoria, through the Joint Venture, with a view to saving lives through the integration of cancer research, education and training and patient care.	10.0%	10.0%

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

	2017 $'000 *	2016 $'000 *
Current Assets		
Cash and Cash Equivalents	266	257
Receivables	3	4
Investments and Other Financial Assets	200	-
Prepayments	3	4
Total Current Assets	**472**	**265**
Non-Current Assets		
Investments and Other Financial Assets	101	-
Property, Plant and Equipment	3	5
Total Non-Current Assets	**104**	**5**
Total Assets	**576**	**270**
Current Liabilities		
Payables	15	44
Accrued Expenses	10	10
Provisions	8	42
Total Current Liabilities	**33**	**96**
Non-Current Liabilities		
Provisions	7	6
Total Non-Current Liabilities	**7**	**6**
Total Liabilities	**40**	**102**
Net Assets	**536**	**168**
Equity		
Accumulated Surpluses/(Deficits)	536	168
Total Equity	**536**	**168**

Note 8: Other Disclosures (continued)

Note 8.11: Jointly Controlled Operations (continued)

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

	2017 $'000 *	2016 $'000 *
Revenue		
Grants	657	292
Other Income	22	20
Interest Income	9	5
Total Revenue	**688**	**317**
Expenses		
Employee Benefits	142	153
Other Expenses from Continuing Operations	177	139
Depreciation	1	1
Total Expenses	**320**	**293**
Net Result	**368**	**24**

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

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS
There are no known contingent liabilities or capital commitments held by the jointly controlled operations at balance date.

Note 8.12: 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 2018.

The hospital's current asset ratio continues to be below an adequate short term position (2017: 0.23 and 2016: 0.32) while cash generated from operations has deteriorated from a $8.4m surplus in 2016 to a $5.1m deficit in 2017 and cash reserves have moved from $10.3m in 2016 to $4.8m in 2017. A letter confirming adequate cash flow was also provided in the previous financial year.

The financial statements have been prepared on a going concern basis. The State Government and the Department of Health and Human Services have confirmed financial support to settle the Royal Women's Hospital's financial obligations when they fall due.

Note 8.13: Alternative Presentation of Comprehensive Operating Statement

	Consol'd 2017 $'000	Consol'd 2016 $'000
Interest	690	1,222
Dividends and Income Tax Equivalent and Rate Equivalent Revenue	96	99
Fair Value of Assets and Services Received Free of Charge or For Nominal Consideration	38	3
Sales of Goods and Services	34,787	31,535
Grants	242,719	232,085
Other Current Revenue	10,821	9,633
Total Revenue	**289,151**	**274,577**
Employee Expenses	(172,458)	(162,277)
Fair Value of Assets and Services Received Free of Charge or For Nominal Consideration	(61)	(3)
Depreciation	(14,470)	(15,097)
Interest Expense	(20,975)	(20,966)
Other Operating Expenses	(90,096)	(81,945)
Total Expenses	**(298,060)**	**(280,288)**
Net Result from Transactions – Net Operating Balance	**(8,909)**	**(5,711)**
Net Gain/(Loss) on Sale of Non-Financial Assets	(1)	(55)
Net Gain/(Loss) on Financial Instruments at Fair Value	42	(89)
Other Gain/(Loss) from Other Economic Flows	8	(13)
Total Other Economic Flows Included in Net Result	**49**	**(157)**
Items that Will Not Be Reclassified to Net Result		
Changes in Property, Plant and Equipment Revaluation Surplus	16,678	24,874
Items that May Be Reclassified Subsequently to Net Result		
Changes to Financial Assets Available-For-Sale Revaluation Surplus	461	(510)
Net Result	**8,279**	**18,496**

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.

australian made

carbon neutral

mill certified

elemental chlorine free

processed chlorine free

recycled

renewable energy

sustainable forest

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