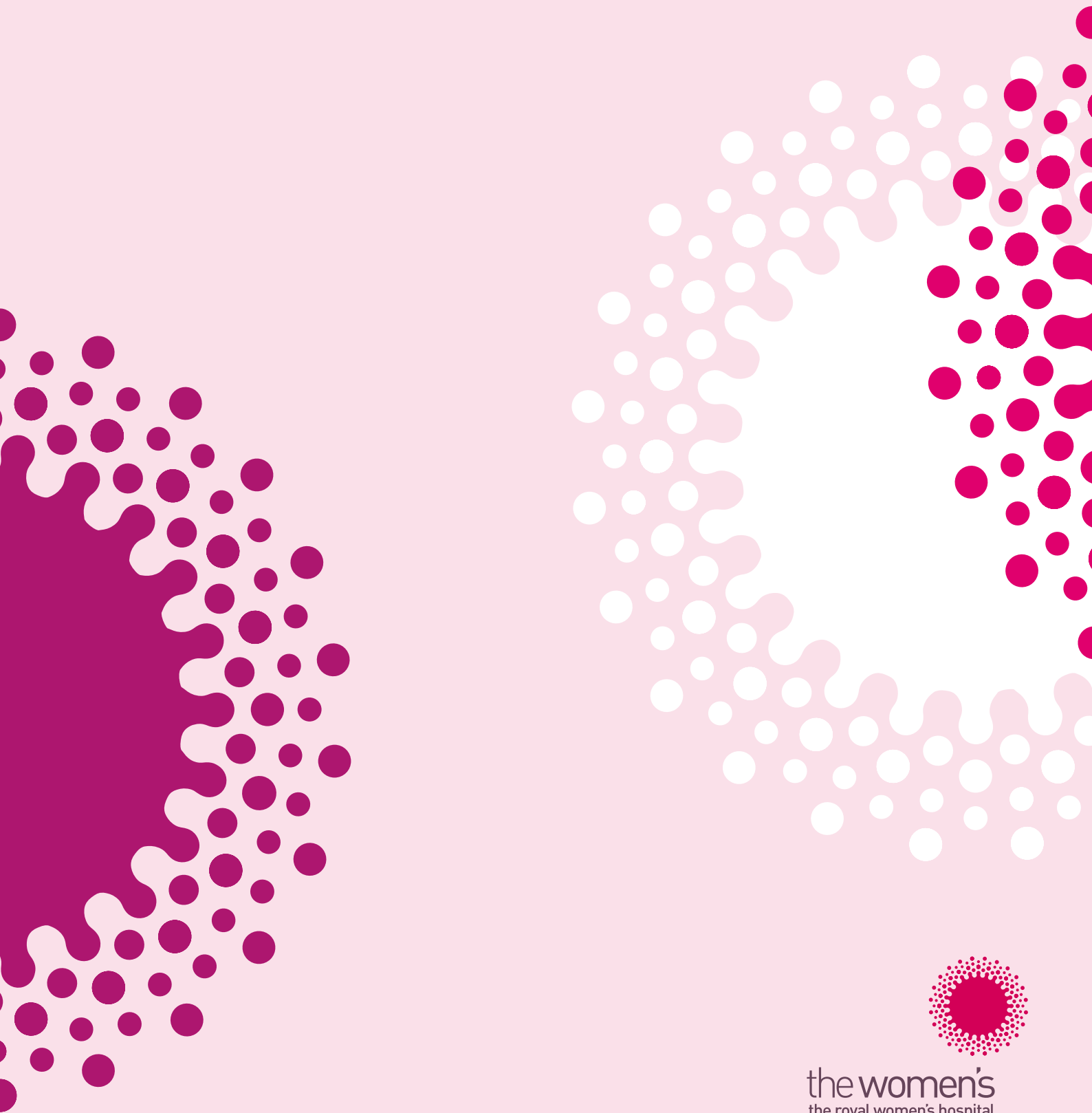


# THE WOMEN'S ANNUAL REPORT 2019



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

# THE WOMEN'S DECLARATION

## Acknowledgement of Traditional Owners

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

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

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

In everything we do, we value **courage**, **passion**, **discovery** and **respect**.

We will be a voice  
for women's health

We are committed  
to the social model  
of health

We will care for  
women from all  
walks of life

We will lead health  
research for women  
and newborns

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

We will innovate  
healthcare for women  
and newborns

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# CHAIR AND CHIEF EXECUTIVE'S REPORT

On behalf of the Board of Directors, the executive team and staff at the Royal Women's Hospital, we are pleased to present *The Women's 2019 Annual Report*.

It's been an extremely productive year. Over the past 12 months the Women's cared for 79,858 patients who speak 89 different languages, follow 71 separate religious faiths, and come from 193 different countries of origin. We had 21,119 requests for interpreter services. A total of 9,154 babies were born across our two campuses at Parkville and Sandringham. We provided 34,923 inpatient services and recorded 183,392 outpatient visits of which (65 per cent) were for maternity services. The Women's Emergency Centre had 26,093 emergency presentations. In total, we provided approximately 244,408 episodes of care.

While we have worked hard to deliver outstanding healthcare and exceptional patient experiences, we have also advanced our advocacy work, delivered our research program and achieved our state-wide leadership goals. In addition, this past year saw the commencement of the Connecting Care EMR program, the largest shared electronic medical record system in Australia, which is being implemented across all four health services in Parkville. The scale and impact of this project requires a significant investment of human effort and financial resources and 2018/19 saw substantial progress in this area.

There were several highlights and achievements worth noting over the past 12 months.

In July, the Women's was pleased to host the Hon Daniel Andrews MP Premier of Victoria and the then Minister for Health, the Hon Jill Hennessy MP, at our hospital to meet our midwives and announce the addition of 600 more nurses and midwives for Victoria.

In August, the Women's successfully delivered the 3rd annual Strengthening Hospital Responses to Family Violence state-wide forum, attended by over 300 professionals and launched by the then Minister for Prevention of Family Violence, the Hon Natalie Hutchins MP. In October, we celebrated the annual Tracy Maund Oration, Medical Student Awards and Rex Betheras Prize with this year's orator, Professor Caroline Homer AO, one of Australia's leading midwifery researchers.

In November, we bid a fond farewell to one of our longest serving medical staff members, Associate Professor John McBain after a distinguished 40-year career at the Women's. A/Professor McBain was part of the team behind Australia's first IVF birth in 1980. Also that month, the Women's hosted the annual Cool Topics in Neonatology conference celebrating the 45-year career of world-leading neonatal researcher and member of the Women's neonatology team, Professor Lex Doyle AO.

Also in November, we hosted a Grand Round panel discussion moderated by media personality Meshel Laurie on the role of health professionals and advocacy for asylum seekers and refugees. The Women's Grand Round events provide an opportunity for all Women's staff to participate in discussions on clinical best practice, ethical issues, research innovation and health equity. This event attracted a large audience from across the Parkville medical precinct.

We welcomed the next generation of young female scientists in February for our annual International Day of Women and Girls in Science. Around 150 students and their teachers from 37 schools across Victoria participated in hands-on workshops and sessions across the hospital helping them to understand the breadth and depth of science and health careers available.

In March our hospital was recognised for the high quality and safety of its care after we were assessed for accreditation by the Australian Council on Healthcare Standards (ACHS). Assessment against all criteria in the second edition of the National Safety and Quality Health Standards (NSQHS) is now required to be completed every three years. The Women's was the first Victorian hospital to be assessed against the new standards and we were very pleased to be awarded full accreditation by the ACHS. The fact that the Women's achieved ACHS accreditation is a strong recognition of the hard work and dedication of our staff across the organisation.

Also that month, we were thrilled to host Melbourne's Lord Mayor Sally Capp as the keynote speaker at our annual International Women's Day breakfast. Pleasingly, we were able to announce at the event a substantial philanthropic grant to the Women's Foundation from The Collier Charitable Fund that will go towards the evaluation of our state-wide hospital family violence program.

In late March we hosted a special Grand Round, Women in Medicine, a hard-hitting panel discussion moderated by journalist Tracey Spicer AM, on gender inequity in health and medicine, the gender pay gap and leadership. In April, an exhibition celebrating the Women's rich history opened at the University of Melbourne's Medical History Museum. The Women's: carers, advocates and reformers exhibition explored our 160-year history as well as notable achievements, clinical advancements and landmark reforms.

The month of May featured our Miracle Mums Appeal, conducted by the Women's Foundation to raise vital funds for life-saving and life-changing services, research and patient support. We ended the financial year in June, with the launch of the Women's research report, a comprehensive publication highlighting the best of the Women's research for 2018.

## Year in review

The *Women's Strategic Plan 2016-2020*, outlines our strategic directions and areas of focus. It captures 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 plan positions the Women's to endeavour to meet current and future demands, embrace opportunities, and deliver exceptional experiences of care that improve health outcomes. The Women's achievements against the priority areas are outlined below.

## Creating exceptional patient and consumer experiences

*The Women's Patient and Consumer Experience (PCX) Strategy 2016-2020* outlines our approach to ensuring patients and consumers are at the heart of everything we do. It outlines the principles of this significant cultural change program and the strategies we are putting in place to transform our hospital.

The focus this year has been on strengthening our partnership with patients and consumers. We have worked hard over the past 12 months to ensure more patients and consumers with lived experience at our hospital are sitting beside our board directors, staff and volunteers, and around our governance and improvement committee tables. This year, we successfully launched our PCX Steering Committee comprising an equal number of staff and volunteers, patients and consumers who are responsible for the implementation of the strategy. Our patient feedback program was co-designed with patients and launched in April 2019. In addition to co-design activities, focus groups and participation on committees, several hundred patients and consumers have partnered with us to provide feedback, insights and opinions throughout the past 12 months. We are very proud of the work we have done in this space and pleased to have attained special mention for our work in this area during the ACHS accreditation in March.

While the Women's continues to improve the systems, structures and processes that enable an exceptional experience, we also continue to ensure that staff and volunteers who partner with patients and consumers do so with respect, care and understanding. We do this by: continuing to share patient experience stories internally; analysing and creating action plans based on the feedback; recruiting staff and volunteers who are aligned with our aims; and continuing to deliver our ten-hour, Creating Exceptional Experiences Program that has been completed by over 800 staff and volunteers. The focus next year will be on extending our work on patient and consumer partnerships with the goal of improving communication and shared decision making.

## Partnering to transform patient care in Parkville

During 2018/19, the Connecting Care electronic medical record (EMR) program was officially launched and the Women's began its journey along with our precinct colleagues Melbourne Health, Peter MacCallum Cancer Centre and the Royal Children's Hospital to put in place this multi-million dollar clinical transformation. From the start, the partners were fully aware the key to the EMR's success was in engaging clinical staff. Over the past 12 months, our teams have mobilised behind this program with clinical staff in key EMR roles and hundreds attending planning, design and build sessions. The Women's has also played a key role in the design and build of the EMR maternity module, the first in Australia using Epic, and contributed to phase 1 of the Connecting Care program, which saw the new system launched at the Royal Melbourne Hospital's emergency department. The Women's led the establishment of the patient experience governance group and is working in partnership with patients and consumers on the design of the patient portal. This coming year we look forward to the critical testing and training phases as we head towards go-live in May 2020 and the important post launch optimisation work.

## Delivering value through state-wide leadership

The Women's delivers outstanding value to the community through its work as a state-wide leader, particularly in the areas of tertiary services, training and education, advocacy and governance.

In May 2018, the Women's launched its Sexual and Reproductive Health Clinical Champion Network, a state-wide program that provides training, support, and advice to health professionals and health services across the state. The program aims to improve access and availability for Victorian women to safe and effective medical and surgical abortion and long acting contraception care by increasing capacity within regional hospitals and primary healthcare. Over the past year, the team has visited rural and regional health services to identify and respond to service delivery gaps such as lack of access to clinical support for medical abortion prescribers and the need to increase the capacity of regional hospitals to provide safe and evidence based care.

As state-wide leader of the Strengthening Hospital Responses to Family Violence (SHRFV) program, the Women's has an important role in advocating on family violence issues within the hospital system. Over the past 12 months, the Women's mentored 24 metropolitan hospitals as they implemented their own SHRFV programs and we delivered the third state-wide SHRFV forum, launched by the then Minister for Prevention of Family Violence, the Hon Natalie Hutchins MP. The forum successfully facilitated knowledge sharing around sector-led best practice and research and provided a powerful platform for the voices of victim/survivors. This year we also produced the 4th edition of the SHRFV toolkit, co-designed with the health sector. After a successful pilot at our Sandringham site, we commenced a pilot screening program for pregnant women in antenatal settings for mental health, family violence and drugs and alcohol at our Parkville site. In June 2019, Professor Kelsey Hegarty, joint Chair in Family Violence Prevention at the Women's and the University of Melbourne, hosted international guest speaker Professor Nadine Wathen who presented at a number of family violence forums.

During 2018/19, the Women's continued to lead the Regional Perinatal and Maternal Mortality and Morbidity Committee (RMPMMC). The RMPMMC initiative, resourced by the Department of Health and Human Services, commenced in 2016 and is centrally coordinated by the Women's in partnership with rural and regional health services. The program has established a culture and practice of independent peer review, systematic analysis, and multidisciplinary governance of quality and safety issues in maternal and newborn health across Victoria.

We continued our successful state-wide Maternity Services Education Program (MSEP), which aims to enhance maternity practice across regional and rural Victoria. During 2018/19, this accredited education program presented 23 workshops across Victoria and reached 429 health workers. MSEP also worked with the East Gippsland Community Based Internship program to provide maternity emergency training to interns, midwives and General Practitioners.

## Improving health outcomes through translational research

It was another successful year for translational research at the Women's. Our researchers secured \$13.3 million in National Health and Medical Research Council (NHMRC) grants – more than double the amount received the previous year. In total, the Women's ten research centres were collectively awarded more than \$20 million in competitive grants. We published 231 papers, supervised 95 research students and conducted 58 clinical trials with more than 4,800 patients participating. Our 2018/19 research highlights included our:

- Work as a major contributor to a large global study which identified a 23 per cent reduction in the rates of HPV in Australian women over the past ten years as a result of the national HPV immunisation program and population screening.
- Leadership of the international PLUSS trial (Preventing Lung Disease Using Surfactant and Steroid) that involves over 1,000 babies across Australia, New Zealand and Canada.
- Role in developing and introducing the pre-eclampsia ratio test (PERT), a new blood test to help predict who will and will not develop pre-eclampsia and possibly avoid premature delivery.
- Research partnership with La Trobe University and three other Victorian public hospitals that is giving pregnant Indigenous women greater access to “gold standard” maternity care through the Baggarrook program.
- Participation in the NOMINATOR trial, a unique collaboration investigating the diagnosis and treatment of people with rare cancers. Results from the trial found that one-fifth of rare cancers tested can be matched to an existing drug already proven in another cancer type.
- Leadership of a multi-site study to develop sustainable ways for screening antenatal patients experiencing family violence and providing staff with the skills and tools to address this issue. Results of this study are informing hospital antenatal care across Victoria and NSW.
- Participation in a significant international study published in the *New England Journal of Medicine*, which revealed a lack of evidence to support the effectiveness of endometrial scratching before in vitro fertilisation (IVF).



## Financial results

The Women's recorded an operating deficit in 2018/19 of (\$0.83) million, an improvement on the operating deficit recorded in 2017/18 of (\$1.45) million. During the past financial year, the Women's Board, management and staff have continued to ensure the Women's provides exceptional patient care while implementing a number of initiatives to improve the hospital's operating performance and work towards financial sustainability. Whilst there has been significant effort to deliver a balanced budget, the increasing complexity of women and newborns in our care who require additional and sometimes long-term services and support, coupled with growing demand has put additional pressure on the Women's budget. Significant increases in utility costs during 2018/19 and an increase in workforce costs, such as necessary overtime, the usage of non-permanent staff, and costs associated with various enterprise bargaining agreements have added additional challenges.

## Acknowledgements

We are immensely proud to lead such a strong, vibrant and innovative organisation, which includes approximately 2,400 individual staff and 97 volunteers and auxiliary members. Our people are key to the patient experience and it is their contribution and commitment that sets the Women's apart.

In 2018/19 our volunteers contributed 9,982 hours and we welcomed 19 new volunteers to complement the patient-centred work of the Women's. We received donations from 187 'volunteer crafters' who contributed to over 690 baby bundle gift packages and 487 baby beanie gift packages for new mothers and their babies.

We particularly thank our staff and volunteers for their outstanding dedication and hard work. They exemplify the Women's Declaration and our values: courage, passion, discovery and respect.

Our board directors, and various board committees have provided invaluable guidance, advice and support and have kept us grounded and focused on quality care, responsible management and sustainable improvement, while always remaining cognisant of our commitment to high-quality services and the needs of our patients and consumers.

The Women's Foundation board continued its support, raising funds and supporting the Women's vital work. Drawing on the generous backing of donors, charitable trusts, patients and families and community of supporters, the foundation helps us to serve the community and achieve success.

On behalf of the Women's board and executive team, we thank each and every staff member and 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 in providing exceptional experiences for our patients and consumers, and building a legacy here at the Women's for future generations.



A handwritten signature in black ink that reads "Lyn Swinburne".

**Ms Lyn Swinburne AO**

Chair  
Board of Directors  
The Royal Women's Hospital



A handwritten signature in black ink that reads "Sue Matthews".

**Dr Sue Matthews**

Chief Executive Officer  
The Royal Women's Hospital



# REPORT OF OPERATIONS

## Nature and range of services

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

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

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

The Women's has academic affiliations with several universities and tertiary educational institutions, notably the University of Melbourne and La Trobe University. It is internationally recognised for its research in the areas of women's and newborn health particularly, pregnancy, neonatology and infertility.

With campuses at Parkville and Sandringham, the Women's is at the forefront of advancing women's health and wellbeing and the care of newborns.

The Women's 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 gynaecology services in partnership with the Victorian Comprehensive Cancer Centre
- **gynaecology** including specialist gynaecology, reproductive services, contraception and abortion
- **neonatal** including newborn intensive and special care nurseries
- **women's and infant's mental health;** and **women's social support** including clinical, psychosocial and supportive care, Aboriginal health, 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.

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

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

The responsible Ministers during 2018/19 were as follows:

Jill Hennessy MP, Minister for Health and Minister for Ambulance Services 01/07/2018 - 29/11/2018

Jenny Mikakos MP, Minister for Health and Minister for Ambulance Services 29/11/2018 - 30/06/2019

The Hon. Martin Foley MP, Minister for Mental Health Minister for Equity 01/07/2018 - 30/06/2019

The Hon. Natalie Hutchins MP, Minister for Women and Minister for the Prevention of Family Violence 01/07/2018 - 30/11/2018

The Hon. Gabrielle Williams MP, Minister for Women and Minister for the Prevention of Family Violence 01/12/2018 - 30/06/2019

## Management and governance structure

### Board of Directors and governing committees

#### Board of Directors

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The Directors serving on the Women's board during the 2018/19 reporting period were:

Ms Lyn Swinburne AO (Chair)

Ms Cath Bowtell (Deputy Chair)

Dr Nicolas Radford AM

Ms Christina Liosis

Mr Michael O'Neill

Professor David Copolov AO

Ms Helga Svendsen

Ms Mandy Frostick

Ms Naomi Johnston (from August 2018)

#### Finance and Information Technology Committee

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**Chair:** Ms Cath Bowtell

**Directors:** Mr Michael O'Neill, Ms Naomi Johnston (from August 2018)

**Members:** Debbie Goodin (resigned 1 January 2019), Ms Christine Wigg

**In attendance:** Dr Sue Matthews, Mr Zak Gruevski (until 7 December 2018), Mr Sam Garrasi, Mr George Cozaris, Ms Allison Kenwood, Mr Damian Gibney (until December 2018), Ms Lisa Lynch (from 1 January 2018).

#### Audit and Corporate Risk Management Committee

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**Chair:** Mr Michael O'Neill

**Directors:** Ms Christina Liosis, Ms Helga Svendsen,

**Member:** Ms Christine Wigg

**In attendance:** Dr Sue Matthews, Mr Zak Gruevski (until 7 December 2018), Mr Sam Garrasi, Mr Damian Gibney, Ms Lisa Lynch (from 1 January 2018).

\* Denotes community representative

#### Community Advisory Committee

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**Chair:** Ms Christina Liosis

**Director:** Ms Mandy Frostick

**Members:** Ms Deepa Mathews\*, Ms Heather Beanland\* (resigned May 2019), Ms Rebecca Harris\* (resigned February 2019), Ms Charlene Edwards\*, Ms Alison Soutar\*, Ms Ivy Wang\*, Mr Simon Gullery\*, Ms Lorraine Parsons\*, Ms Heikma Siraj\*

**In attendance:** Dr Sue Matthews, Ms Sherri Huckstep, Ms Louise Sampson, Ms Kate Barnes.

#### Research Committee

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**Chair:** Professor David Copolov AO

**Directors:** Dr Nicolas Radford AM

**Member:** Professor Lisa McKenna, Ms Jane Trembath, Professor David Vaux AO (from March 2019), Ms Margaret Lodge\* (from March 2019)

**In attendance:** Dr Sue Matthews, Dr Mark Garwood, Professor Peter Rogers, Dr Megan Cock, Ms Tania Angelini, Ms Jan Chisholm (resigned January 2019), Ms Sarah Bernard (commenced February 2019).

#### Quality Committee

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**Chair:** Dr Nicolas Radford AM

**Directors:** Ms Lyn Swinburne AO, Ms Cath Bowtell, Ms Naomi Johnston (from August 2018)

**Members:** Dr Jack Bergman, Mr Simon Gullery\* (commenced August 2018), Ms Amelia Jalland\* (commenced February 2019)

**In attendance:** Dr Sue Matthews, Dr Mark Garwood, Ms Tanya Farrell (resigned July 2018), Ms Sherri Huckstep, Ms Allison Kenwood, Associate Professor Leslie Reti AM, Associate Professor Carl Kuschel, Professor Mark Umstad AM, Professor Louise Newman AM, Ms Cvetka Sedmak (resigned January 2019), Ms Jenny Ryan, Ms Jill Butty, Ms Sandra Gates, Mr Damian Gibney.

## Primary Care and Population Health Committee

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**Chair:** Ms Helga Svendsen

**Directors:** Professor David Copolov AO

**Members:** Ms Sue Casey, Dr Adele Murdolo, Ms Lyn Morgain, Associate Professor Chris Carter, Ms Karen Field, Professor Kelsey Hegarty, Professor Rhonda Small, Professor Helen McLachlan

**In attendance:** Dr Sue Matthews, Ms Allison Kenwood, Professor Louise Newman.

## People, Culture and Engagement Committee

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**Chair:** Ms Mandy Frostick

**Directors:** Dr Nicolas Radford AM (until August 2018), Ms Naomi Johnston (from August 2018)

**Member:** Ms Simone Hartley-Keane

**In attendance:** Dr Sue Matthews, Ms Juliette Long (resigned May 2019), Ms Allison Kenwood, Ms Sherri Huckstep, Ms Edwyna Wilson, Dr Mark Garwood.

## Remuneration Committee

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**Chair:** Ms Lyn Swinburne AO

**Directors:** Ms Cath Bowtell, Mr Michael O'Neill (from July 2019)

**In attendance:** Dr Sue Matthews.

## Royal Women's Hospital Foundation Board

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**Chair:** Ms Lynda Jane Trembath

**Directors:** Ms Lyn Swinburne AO, Associate Professor Leslie Reti AO (resigned November 2018), Associate Professor John McBain AO, Ms Elaine Canty AM, Ms Brigid Robertson, Ms Gaya Raghavan Byrne, Ms Elisa Robinson, A/Prof Orla McNally, Ms Cassy Liberman

**In attendance:** Ms Jan Chisholm (resigned January 2019), Dr Sue Matthews, Mr Zak Gruevski (until December 2018), Ms Tania Angelini, Ms Lisa Trainor (from March 2019), Ms Sarah Bernard (from February 2019).

## Senior officers

Chief Executive Officer: Dr Sue Matthews

Chief Operating Officer: Ms Lisa Lynch (commenced January 2019)

Executive Director, Clinical Operations: Mr Damian Gibney (May 2018 – January 2019)

Executive Director, Clinical Excellence and Systems Improvement: Mr Damian Gibney (commenced January 2019)

Executive Director, Finance and Corporate Services: Mr Zak Gruevski (until December 2018)

Executive Director, Nursing and Midwifery: Ms Tanya Farrell (resigned July 2019)

Chief Midwifery and Nursing Officer: Ms Laura Bignell (commenced October 2018)

Executive Director, Strategy, Planning and Performance: 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 Vicky Hammond

Executive Director, People, Culture and Wellbeing: Ms Juliette Long (October 2018 - May 2019)

Chief Executive Officer Royal Women's Hospital Foundation: Ms Jan Chisholm (resigned January 2019).

## Organisational chart



Note: as at 30 June 2019

## Workforce information

Labour category	Current FTE Full Time Equivalent (FTE) Employees June 2019		Average monthly FTE	
	2018/19	2017-18	2018/19	2017-18
Nursing and Midwifery	759.6	757.4	748.8	753.5
Administration and clerical	315.5	303.9	310.9	301.5
Medical support	77.3	76.1	77.7	80.3
Hotel and Allied Health Services	11.0	11.6	11.2	11.1
Medical officers	25.9	26.5	27.1	27.2
Hospital medical officers	129.1	120.9	125.9	116.5
Sessional clinicians	55.4	53.5	54.9	53.3
Ancillary staff (Allied Health)	74.8	70.7	72.8	69.3
<b>TOTAL</b>	<b>1,448.6</b>	<b>1,420.6</b>	<b>1,429.3</b>	<b>1,412.7</b>

## Employment and conduct principles

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

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

## Summary of financial results

For the year ending 30 June 2019, the Women's recorded an operating deficit of (\$0.83) 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.

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

	2018/19 \$'000s	2017/18 \$'000s	2016/17 \$'000s	2015/16 \$'000s	2014/15 \$'000s
<b>Operating result</b>					
Total revenue	311,478	311,560	289,151	274,575	264,337
Total expenses	(311,434)	(291,860)	(298,060)	(279,322)	(270,749)
<b>Net result from transactions</b>	<b>44</b>	<b>19,700</b>	<b>(8,909)</b>	<b>(4,747)</b>	<b>(6,412)</b>
Total other economic flows	1,786	12,759	49	(1,121)	-
<b>Net result</b>	<b>1,830</b>	<b>32,459</b>	<b>(8,860)</b>	<b>(5,868)</b>	<b>(6,412)</b>
Total assets	545,989	508,621	445,516	443,194	425,997
Total liabilities	(292,351)	(286,922)	(299,570)	(305,485)	(300,458)
<b>Net assets/Total equity</b>	<b>253,638</b>	<b>221,699</b>	<b>145,946</b>	<b>137,709</b>	<b>125,539</b>

\* The Operating result is the result for which the health service is monitored in its Statement of Priorities.

	2018/19 \$'000s
<b>Net operating result</b>	
Parent Net operating result	(833)
Capital and specific items	30,605
Expenditure for capital purpose	(18,628)
Depreciation and amortisation	(11,157)
Net result of Controlled Entities	252
Net result of Joint Venture	(195)
<b>Net result from transactions</b>	<b>44</b>

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

## Consultancies (under \$10,000)

In 2018/19, there were four consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2018/19 in relation to these consultancies was \$36,866 (excl. GST).

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

In 2018/19, there was one consultancies where the total fees payable to the consultants were greater than \$10,000. The total expenditure incurred during 2018/19 in relation to these consultancies was \$26,000 (excl. GST). Details of individual consultancies can be viewed at [www.thewomens.org.au/about/reports-publications/annual-report-details/](http://www.thewomens.org.au/about/reports-publications/annual-report-details/)



## Information and communication technology expenditure

The total information and communication technology (ICT) expenditure incurred during 2018/19 was \$14.96m (excluding GST) with the detail shown below.

Business As Usual (BAU) ICT expenditure		Non-Business As Usual (BAU) ICT expenditure	
Total (excl. GST)	Total = Operational Expenditure and Capital Expenditure (excl. GST) (a) + (b)	Operational expenditure (excl. GST) (a)	Capital expenditure (excl. GST) (b)
\$7.55 million	\$7.41 million	\$0 million	\$7.41 million

## Disclosure of major contracts

Nil to report for 2018/19.

## 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 can be viewed at: <https://www.thewomens.org.au/search/?keywords=car+parking+fees>

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

## Occupational health and safety

The Women's is committed to providing a safe and healthy workplace. To achieve this, the Women's Safety Management System is based upon a continuous improvement model of planning, implementing, monitoring and reviewing health, safety and wellbeing related prevention, promotion and response activities. The system takes into account the Women's holistic approach to health and safety including the work system factors that contribute to good health and wellbeing. The Women's safety system acknowledges the non-physical hazards (psychosocial) in the workplace that can strongly influence health and safety.

The Women's focus for 2018/19 remained on key occupational health and safety risks related to manual handling, slips, trips and falls, occupational violence and aggression and psychological safety.

### Manual handling

Over the past 12 months the Women's has had a strong focus on improving the clinical and non-clinical components of its manual handling program.

Significant work has been undertaken in refining the Women's Smart Move clinical manual handling program including the development of additional procedures, resources and videos for higher risk areas. A review of incidents and injuries resulting from patient transferring tasks saw an increase in incident reporting and decrease in injury severity. The Women's is currently participating in a research project led by WorkSafe Victoria with the aim of testing and refining a patient handling injury investigation tool.

The Women's non-clinical manual handling program including ergonomics and self-care has continued with a number of workstation assessments and physical self-care education sessions.

## Occupational violence and aggression

The Women's Occupational Violence and Aggression (OVA) Prevention and Management Program underwent an extensive review during 2018/19. In early 2018 the Women's established the OVA Working Group to monitor performance and recommend improvements in the prevention and management of violence and aggression. The group developed a comprehensive action plan with a number of improvements to identify and mitigate situations that may precipitate aggression. These included updating the Women's Code Grey and Code Black responses, developing and implementing an OVA audit tool for all patient facing departments, updating all OVA related procedures. The working group also improved the Women's risk assessment and alert systems to flag patients with a history of Code Grey responses or aggressive behaviour, tailored behavioural management strategies, provided education for patient facing staff, and improved post incident review processes and support.

Occupational violence statistics	2018/19
Number of WorkCover accepted claims with an occupational violence cause per 100 FTE	0
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0
Number of occupational violence incidents reported	48
Number of occupational violence incidents reported per 100 FTE	3.4
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0

## Slips, trips and falls

During the 2018/19 period, the Women's made a number of improvements in relation to mitigating slips, trips and falls risk. These included a thorough review of three years of incident data to identify trends and treatments. Strategies implemented included improvements to cleaning practices across the hospital such as the move from traditional mopping techniques to microfibre, new floor scrubbers, signage and amendments to cleaning schedules. Pleasingly, there has been a reduction in injuries associated with slips, trips and falls over the past 12 months compared to the previous reporting period.

## Wellbeing

The Women's is focused on supporting and encouraging its people to improve their physical and mental health. Over the past 12 months, the Women's has provided a number of events, resources and support tools to promote health and wellbeing. Some examples include a new wellbeing resources page on the Women's intranet, exercise challenges, wellbeing seminars, staff benefit offerings and progression of the Women's Psychological Wellbeing Framework.

Utilisation of the Women's Staff Support Program, which provides confidential coaching and support utilisation, has decreased marginally by 0.3 per cent from the previous annual reporting period sitting at 3.9 per cent, which is higher than the healthcare average of 3.0 per cent. Seventy-two per cent of individual cases accessed the program for personal reasons and 28 per cent for work-related issues.

## Respectful workplace behaviours

The Respectful Workplace Behaviours Program and associated policies, guidelines and procedures define the desired positive culture and behaviours expected of the Women's staff and volunteers, as well as the process for addressing incidents of zero-tolerance behaviours. While the Women's bullying and harassment rates are amongst the lowest in the sector, the hospital takes a strong view on bullying

and harassment and undertook significant work in this area during 2018/19. This included campaigns to increase awareness about the issue and ways to access support; the updating of procedures, investment in learning and development initiatives, strengthening of its grievance and support processes, and improved reporting to the board and executive team. In April 2019, the Women's, along with Melbourne Health, commenced a trial program run by Safer Care Victoria that provides an Independent Facilitator service to all staff and volunteers. The facilitator provides confidential and expert information and works with staff to help clarify issues and support them to explore options and avenues for their concerns to be addressed.

## Incident reporting

The Women's occupational health and safety (OHS) incident reporting rate has increased slightly over the past 12 months. A higher incident reporting rate is considered an improvement because it helps to provide us with an accurate representation of safety issues and is a reflection of positive safety awareness. OHS incidents are reviewed by the Women's Health, Safety and Wellbeing team and the relevant department manager. During 2018/19, a number of controls and treatments were implemented in response to these reports.

Incidence rate the number of OHS hazards/incidents reported per 100 FTE	
2018/19	23.7
2017/18	23.41
2016/17	18.88

## Injury reporting

### Lost time injuries (all)

The Women's has seen a decrease in work-related lost time injuries during 2018/19.

Lost time injury (LTI) frequency rate tracked well for 2018/19 and was at 3.6 LTIs per million hours worked (June 2019). This is below the benchmark of 11 LTIs per million hours worked, and lower than the Women's results for the same period in 2017/18.

Lost time injury frequency rate	
The number of lost time injuries (1 day or more) reported per million hours worked	
As at 30/06/2019.	
2018/19	3.6
2017/18	8.6
2016/17	11.0

### Lost time injury claims (standard)

The Women's Standard Claims (where over 10 working days were lost) decreased during the 2018/19 period. This has resulted in a significant premium rate reduction, which can be attributed to effective safety culture, risk mitigation, case management and return to work strategies.

Lost time injury rate	
The number of 'lost time' standard claims per 100 FTE	
As at 30/06/2019.	
2018/19	0.56
2017/18	0.92
2016/17	1.66

The Women's WorkCover performance rating for the 2019/20 premium period is performing 34 per cent better than the hospital industry rate, and 14 per cent better than the 2017/18 premium period, contributing to a significant premium reduction.

### Average cost of claims per premium period

2018/19	\$61,933*
2017/18	\$40,780**
2016/17	\$45,836**

\* As at 30/06/2019

\*\* As at 30/6/2018 (first year of reporting)

## Focus for 2019/20

In 2019/20, the Women's will focus on the key priorities outlined in its Women's Health, Safety and Wellbeing Operational Plan and the People, Culture and Wellbeing business plan. In addition, it will concentrate on change management strategies and supports for staff and volunteers as the organisation heads towards the implementation of the Connecting Care EMR Program. A key focus of the Women's safety program for 2019/20 will be on the implementation of a Psychological Wellbeing Framework, designed to support staff to maintain and promote psychological health.

## Definitions

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

**Incident** – an event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity rating must be included. Code Grey reporting is not included, however, if an incident occurs during the course of a planned or unplanned Code Grey, the incident must be included.

**Accepted Workcover claims** – Accepted Workcover claims that were lodged in 2018/19.

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

**Injury, illness or condition** – This includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

## Legislation and compliance

### 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.

Information on Freedom of information requests from the Women's, including costs and application forms, is available on the Women's public website: <https://www.thewomens.org.au/patients-visitors/health-record-requests/>

Readers can also find out more about privacy and FOIs on the Women's public website: <https://www.thewomens.org.au/patients-visitors/your-privacy>

#### Nominated officers

Freedom of Information Officer: Mr Neil Goodwin

Medico-legal Officer: Dr Mark Garwood

FOI requests received	2018/19	2017/18	2016/17	2015/16
Total	269	315	265	305

FOI request outcomes	2018/19	2017/18	2016/17	2015/16
Access ( includes partial)	240	277	220	249
No information available	6	15	23	18
Withdrawn	7	2	12	13
Denied in full	2	3	3	1
Incomplete /outstanding	14	18	7	24

### Privacy

The Women's is committed to ensuring it complies 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 is required to retain a signed copy of the agreement and a signed copy is retained by People, Culture and Wellbeing in their employee record file.

#### Nominated officer

Privacy Officer: Mr Neil Goodwin

## Compliance with Building Act

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, regular meeting updates as well as organised hospital inspections.

An annual written report is required under the contract to confirm the following information:

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

During 2018/19, external cladding at the Women's Parkville building was replaced by the building owner. The building is now compliant with the National Construction Code of Australia, however final documentation is yet to be received.

## Protected disclosure

The *Protected Disclosure Act 2012* commenced operation in August 2013. The *Protected Disclosure Act* 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).

## National Competition Policy

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

## Carers recognition

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

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

The Women's takes all practicable measures to ensure its employees and agents have an awareness and understanding of care relationship principles, and this is reflected in its commitment to a patient-centric model of care, as outlined in the *Women's Patient and Consumer Experience Strategy 2016-2020*. The *Women's Quality Account*, to be released late 2019, provides details on its services and the efforts to improve patient outcomes and care.

## Local Jobs First

The *Local Jobs First Act 2003* requires the Women's considers competitive local suppliers, including small to medium enterprises, when awarding contracts valued at \$3 million or more in metropolitan Melbourne or for state-wide activities. This is factored into any tender evaluation conducted by the Women's. There were no relevant contracts awarded or commenced in 2018/19.

## Environmental performance

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

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

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.

A car park lighting replacement programme to replace existing lighting with energy-saving light globes was completed in May 2019. In August 2016, PVC recycling was trialled in Perioperative Services and was successful. PVC recycling now continues to be available in Perioperative Services, Women's Emergency Care, Neonatal Intensive Care Unit and Ward 5 North. The Women's Infection Prevention and Control team also regularly conducts an environmental audit in departments that includes appropriate waste segregation and further education for staff if required.



## 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.

## Additional information

Consistent with the requirements of FRD 22G 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.



# KEY FINANCIAL AND SERVICE PERFORMANCE REPORTING

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## Reporting against the Statement of Priorities – Part A

The Statement of Priorities is the key accountability agreement between the Royal Women's Hospital and the Minister for Health. This annual agreement ensures delivery of, or substantial progress towards, the key shared objectives of financial viability, improved access and quality of service provision.

Goals	Strategies	Health service deliverables	Outcome
<b>Better Health</b> <ul style="list-style-type: none"> <li>A system geared to prevention as much as treatment</li> <li>Everyone understands their own health and risks</li> <li>Illness is detected and managed early</li> <li>Healthy neighbourhoods and communities encourage healthy lifestyles</li> </ul>	<b>Better Health</b> <ul style="list-style-type: none"> <li>Reduce state-wide risks</li> <li>Build healthy neighbourhoods</li> <li>Help people to stay healthy</li> <li>Target health gaps</li> </ul>	<p>Improve the early identification of the actual or potential mental health needs of women attending the Women's services at Parkville and Sandringham and improve access to effective mental health assessment, treatment and support services for these women.</p>	<p>In progress.</p> <p>The maternity team at Sandringham Hospital commenced screening pregnant women for family violence concerns/risks in 2017 and this is now standard practice. Clinicians have developed and published a supporting procedure to improve staff capability and patient care.</p> <p>At Parkville, the team has developed a screening tool and supporting process to assess pregnant women in antenatal settings for mental health, family violence and drug and alcohol concerns. Staff training commenced in January 2019 and, after a successful pilot, the tool is being rolled out across all Parkville maternity teams in early July 2019.</p>

Goals	Strategies	Health service deliverables	Outcome
		Provide clinical leadership, education and infrastructure advice to support the effective provision of abortion and contraception services in rural hubs and communities in Victoria.	In progress. A two-year Sexual and Reproductive Health Clinical Champions Program has been developed and is being delivered. This state-wide program aims to improve access and availability for Victorian women to safe and effective medical and surgical abortion and long acting contraception care by increasing capacity within regional hospitals and primary healthcare. Work has commenced to identify and respond to service delivery gaps at rural and regional health services with forums held in the Grampians, Ballarat, West Gippsland and Mallee regions. Evidenced-based education and training, mentoring and secondary consultation was delivered to health professionals. Relationships have been established with each of the eight DHHS funded Sexual and Reproductive Health hubs to support development of their respective service delivery model. A community of practice model has been implemented to support nurses and nurse practitioners working in these hubs. The Women's has commenced a nurse-led telehealth model of care in Swan Hill and Mildura. Review and development of consumer health information and evidence-based clinical guidelines is underway.
		Pilot a telehealth medical abortion service in underserved areas of Victoria and provide state-wide leadership, advice and mentoring as well as develop policy, procedures, protocols, models of care and resources to improve access to these services.	
		Explore potential opportunities to resource and establish an immunisation service that will provide influenza and pertussis vaccinations to women and babies attending the Women's Maternity and Neonatal Services clinics.	Achieved. The Women's is participating in a Better Care Victoria collaborative project that aims to improve maternal vaccination rates. The project commenced in March 2019, with 1,927 vaccines provided between March and June.

Goals	Strategies	Health service deliverables	Outcome
<b>Better Access</b> <ul style="list-style-type: none"> <li>Care is always there when people need it</li> <li>More access to care in the home and community</li> <li>People are connected to the full range of care and support they need</li> <li>There is equal access to care</li> </ul>	<b>Better Access</b> <ul style="list-style-type: none"> <li>Plan and invest</li> <li>Unlock innovation</li> <li>Provide easier access</li> <li>Ensure fair access</li> </ul>	<p>Progress implementation of the Strengthening Hospital Responses to Family Violence (SHRFV) initiative, including:</p> <ul style="list-style-type: none"> <li>Embed the SHRFV whole-of-hospital model for identifying and responding to family violence internally.</li> <li>Implement a Family Violence Workplace Support Program (part of the SHRFV model) to support staff experiencing family violence.</li> <li>Implement screening for family violence in antenatal settings at both the Sandringham and Parkville sites.</li> <li>Provide ongoing state-wide leadership to build Victorian hospitals' capacity to implement the SHRFV model.</li> </ul>	<p>In progress.</p> <p>During 2018/19, the Women's delivered family violence support training to 625 staff via 76 face-to-face training sessions and e-learning as part of the SHRFV initiative. The Family Violence Clinical Champions Network was established with 24 clinical champions comprising staff from across the Women's. The Family Violence Contact Officers program also continued.</p> <p>As part of its state-wide role, the Women's mentored 22 metro hospitals, delivered 5 train-the-trainer workplace support workshops, offered mentoring and support and continued to deliver an online community of practice. The Women's successfully delivered the 3rd state-wide SHRFV forum, and produced the 4th edition of the SHRFV toolkit.</p> <p>In November, the Women's held its 16 Days of Activism campaign with a raft of activities.</p> <p>During 2018/19, 11 training sessions were delivered to 100 staff for psychosocial antenatal screening, which included family violence. The screening pilot was launched with one of the Women's maternity teams in April 2019. This will be introduced across all maternity teams from July 2019.</p> <p>In March 2019, the Women's secured a two-year philanthropic grant to undertake a family violence evaluation project with the University of Melbourne.</p>
		<p>Progress the second phase of the Women's strategy to care for jaundiced babies with phototherapy in their homes. This pathway, piloted at the Women's in early 2018 in partnership with Better Care Victoria, facilitates the clinical assessment and treatment of some jaundiced babies at home. Phase two will see an increased take up of this strategy providing easier access to care in the community for a greater number of babies and their mothers.</p>	<p>Achieved.</p> <p>The second phase of the Women's phototherapy in the home program was piloted in early 2018 in partnership with Better Care Victoria. As a result there has been a reduction in presentation of jaundice babies to the Women's emergency department.</p> <p>The success of the pilot including family satisfaction, means this is now embedded as a business as usual clinical service.</p>

Goals	Strategies	Health service deliverables	Outcome
		Facilitate greater access at the Women's to In Vitro Fertilisation for some women, in partnership with service provider.	Achieved. Following a renewed MOU with its service provider, the cost of fertility management fees at the Women's has been reduced per treatment cycle for eligible (public) patients and concession card holders are now bulk billed.
<b>Better Care</b> <ul style="list-style-type: none"> <li>• Target zero avoidable harm</li> <li>• Healthcare that focusses on outcomes</li> <li>• Patients and carers are active partners in care</li> <li>• Care fits together around people's needs</li> </ul>	<b>Better Care</b> <ul style="list-style-type: none"> <li>• Put Quality First</li> <li>• Join up care</li> <li>• Partner with patients</li> <li>• Strengthen the workforce</li> <li>• Embed evidence</li> <li>• Ensure equal care</li> </ul>	Progress the further development and implementation of a revised clinical governance framework at the Women's that is aligned and consistent with the recommendations of Safer Care Victoria and the Department of Health and Human Services (DHHS).	Achieved. The Women's revised Clinical Governance Framework has been approved by the Board of Directors and now guides and underpins clinical governance at the Women's. The framework is aligned and consistent with the recommendations of Safer Care Victoria and DHHS, and with the standards set by the Australian Council on Healthcare Standards. Day-to-day operation of the framework is supported by the following policies, procedures and guidelines: <ul style="list-style-type: none"> <li>• Risk Management Policy</li> <li>• Incident Management Guideline</li> <li>• Open Disclosure Policy</li> <li>• Pressure Injury Prevention and Management guideline</li> <li>• Falls Prevention and Management Guidelines</li> <li>• Infection Prevention and Control Policy.</li> </ul>
		Introduce a Sepsis calculator to enable clinicians to more accurately predict when antibiotics should be ordered and administered to sick babies cared for in both neonatal services and postnatal wards. It is anticipated this will lead to fewer babies receiving antibiotics unnecessarily and fewer babies being separated from their mothers. This should also support the achievement of a reduction in the length of stay for these babies and their mothers.	On track. The Early Onset Sepsis calculator was introduced in February 2019 with the aim of reducing the number of babies being admitted to postnatal wards and treated with antibiotics. The impact of the tool will be assessed after a 6-month period.

Goals	Strategies	Health service deliverables	Outcome
		In a state-wide partnership with the Department of Education and Training and other mental health services, provide education in perinatal and infant mental health to approximately 1800 maternal and child health nurses.	Achieved. Perinatal and infant mental health for maternal and child health nurses has been delivered as planned. A formal evaluation was completed in December 2018 showing very positive outcomes including high acceptability of the training by participants and good outcomes in terms of practice change. The results are currently being prepared for publication.
		Utilise the Women's Partnership with Patients and Consumers Framework to continue to build the capability of the organisation to effectively and meaningfully partner with patients and consumers at the individual, program/service and organisational/governance levels.	Achieved. Consumers were recruited and inducted to a number of Women's board committees and a trial of consumers participating in recruitment panels for senior appointments commenced. Six consumers were interviewed by independent assessors as part of the ACHS accreditation process in March 2019. A core group of eight consumers were recruited to the Connecting Care EMR program and are now engaged across steering committees and working groups including: Privacy and Confidentiality, the Patient Portal and UX Design. Consumers participated in dozens of EMR direction setting and build sessions. Consumers with lived experience of the Women's were engaged as partners for several different change projects including the Maternity Model of Care, the Near-Real Time Patient and Consumer Experience Measurement Program, and Consumer Health Information. Clinical managers continued to review patient feedback such as VHES data and worked to understand the issues and make improvements. In May 2019, the Women's started to report the first data from its self-initiated Near-Real Time Patient and Consumer Experience Measurement Program to managers.



Goals	Strategies	Health service deliverables	Outcome
Specific 2018/19 priorities (mandatory)	<p><b>Disability Action Plans</b></p> <p>Draft disability action plans are completed in 2018/19.</p>	<p>Submit a draft disability action plan to the department by 30 June 2019 outlining the approach to achieving full implementation within three years.</p>	<p>Achieved.</p> <p>The Women's draft Disability Action Plan (DAP) 2019-2021 was co-created with the Women's Disability Advisory Group. The group includes women with a disability and staff who have a disability and a commitment to ensuring the Women's is a safe, inclusive and accessible hospital and workplace. Women with Disabilities Victoria informed the development of the Women's DAP. Findings from the Australian Network on Disability Comprehensive Access and Inclusion Audit also informed the plan and provided a benchmark for the Women's policies, procedures and practices against ten key areas that have the greatest benefits for access and inclusion of people with a disability.</p>
	<p><b>Volunteer engagement</b></p> <p>Ensure that the health service executives have appropriate measures to engage and recognise volunteers.</p>	<p>Develop a Volunteer Involvement data collection and reporting plan by June 2019. The plan will align to National Standards for Volunteer Involvement and to the volunteer benchmarking being managed through the Leaders of Health Volunteer Engagement (LOHVE) network.</p>	<p>Achieved.</p> <p>The volunteer involvement data collection and reporting plan has been developed. The first report is due for release in Q1 2019/20. The aim is to provide the Women's with data to inform decisions regarding volunteering issues, improvements, management and leadership; and make progress towards achieving the National Standards for Volunteer Involvement.</p>
		<p>In alignment with the National Standards, by June 2019, introduce an award for 'Outstanding Volunteer Leadership' that recognises volunteer commitment and leadership in patient experience and the work of the Women's.</p>	<p>Achieved.</p> <p>The process and criteria for a new award that acknowledges staff who demonstrate outstanding volunteer leadership has been developed and was officially approved by the executive team. The award will recognise staff members who demonstrate excellence in volunteer leadership by meeting three criteria: Leadership of volunteers; Support and development; and Volunteer Recognition. The award will be implemented within the Women's suite of staff and volunteer awards in 2020.</p>

Goals	Strategies	Health service deliverables	Outcome
	<p><b>Bullying and harassment</b></p> <p>Actively promote positive workplace behaviours and encourage reporting. Utilise staff surveys, incident reporting data, outcomes of investigations and claims to regularly monitor and identify risks related to bullying and harassment, in particular include as a regular item in Board and Executive meetings. Appropriately investigate all reports of bullying and harassment and ensure there is a feedback mechanism to staff involved and the broader health service staff.</p>	<p>Enhance the Women's framework for managing bullying and harassment by drawing on the results of the People Matters Survey and reviews of incidents including:</p> <ul style="list-style-type: none"> <li>• Upgrade the current education package for staff utilising a new online education program that includes enhancing knowledge and positive workplace culture.</li> <li>• Provide a new education program to the Women's Respectful Workplace Behaviours Contact Officers and line managers.</li> <li>• Improve reporting to the Women's board and executive team in relation to lag and lead indicators relevant to bullying and harassment in the workplace and the progress of strategies to improve positive workplace culture.</li> </ul>	<p>In progress.</p> <p>A review of the Women's Respectful Workplace Behaviours Program commenced during 2018/19 ensuring alignment with the DHHS' Framework for promoting a positive workplace culture: <i>preventing bullying, harassment and discrimination</i>. The program includes policy, procedure, training activity and reporting, along with promotion of, and ensuring adherence to, the Women's Values. This work will be completed by November 2019.</p> <p>As part of this, a review of Respectful Workplace Behaviours training program content also commenced. This work will ensure alignment with the DHHS' <i>Workplace culture and bullying, harassment and discrimination training: guiding principles for Victorian health services</i>.</p> <p>Consideration of data capture and reporting commenced to ensure the People Culture and Wellbeing Board Committee receives regular updates on lead and lag indicators from November 2019.</p> <p>In April 2019, the Women's commenced as a participant in the Safer Care Victoria Independent Facilitator (IF) trial.</p>
	<p><b>Occupational violence</b></p> <p>Ensure all staff who have contact with patients and visitors have undertaken core occupational violence training, annually. Ensure the department's occupational violence and aggression training principles are implemented.</p>	<p>Strengthen the Women's Occupational Violence and Aggression (OVA) management program in line with Worksafe and DHHS principles. This will include a review of the OVA training framework at the Women's against the DHHS learning principles and the consideration of an annual mandatory competency for staff tailored to their role and position in the organisation.</p>	<p>Achieved.</p> <p>The Women's developed a comprehensive OVA action plan and implemented a number of key initiatives.</p> <p>The Women's OVA training framework, which was approved by the Women's executive team in April 2019, is based on the DHHS learning principles and includes an annual core competency for all patient facing staff and volunteers. The framework includes online and face to face training and will be implemented by end 2019/20.</p>

Goals	Strategies	Health service deliverables	Outcome
	<p><b>Environmental Sustainability</b></p> <p>Actively contribute to the development of the Victorian Government's policy to be net zero carbon by 2050 and improve environmental sustainability by identifying and implementing projects, including workforce education, to reduce material environmental impacts with particular consideration of procurement and waste management, and publicly reporting environmental performance data, including measurable targets related to reduction of clinical, sharps and landfill waste, water and energy use and improved recycling.</p>	<p>Continue to implement the hospital's Environmental Management Plan which focuses on a range of initiatives including "Greening the Women's" intranet pages; structured lighting upgrades moving to the use of LED lighting; comprehensive recycling programs for paper, cardboard, plastic, printer cartridges, computers, mobile phones and batteries.</p>	<p>In progress.</p> <p>The Environmental Management Committee meets quarterly and has oversight of the Women's draft Environmental Management Plan. Annual reporting was undertaken in line with government recommendations. A clinical waste audit was completed in August 2018 showing significant improvement in waste segregation from the 2016 audit.</p>

Goals	Strategies	Health service deliverables	Outcome
	<p><b>LGBTI</b></p> <p>Develop and promulgate service level policies and protocols, in partnership with LGBTI communities, to avoid discrimination against LGBTI patients, ensure appropriate data collection, and actively promote rights to free expression of gender and sexuality in healthcare settings. Where relevant, services should offer leading practice approaches to trans and intersex related interventions.</p>	<p>Continue to deliver the Creating Exceptional Experiences (CEE) program to staff and volunteers. The CEE program places a strong emphasis on individual needs and respecting and responding to the unique and diverse needs of all patients and consumers.</p>	<p>In progress.</p> <p>During this reporting year, a total of 105 staff and volunteers successfully completed the CEE program (10 hours over 5 weeks).</p> <p>Since the program commenced in 2016, 817 staff and volunteers from across the organisation have completed the CEE program.</p>
		<p>In partnership with LGBTI patients/consumers and staff, and guided by the DHHS Rainbow e-Quality Guide – the Women's will conduct a rights-based analysis of hospital practices, policies and protocols and data collection systems to identify areas for improvement.</p>	<p>In progress.</p> <p>The LGBTI current state self-audit has been completed. It was undertaken in consultation with the executive team and analysis of staff and consumer experience data.</p> <p>The process was fully aligned to the DHHS Rainbow e-Quality guide audit tool. Priorities for implementation over coming years are yet to be identified.</p>

## Reporting against the Statement of Priorities – Part B

### High quality and safe care

Key performance indicator	Target	2018/19 Results
<b>Accreditation</b>		
Accreditation against the National Safety and Quality Health Service Standards (NSQHSS)	Accredited	Accredited
<b>Infection prevention and control</b>		
Compliance with the Hand Hygiene Australia program	80%	84.1%*
Percentage of healthcare workers immunised for influenza	80%	Parkville 86.5%** Sandringham 84.2%**
<b>Patient experience</b>		
Victorian Health Experience Survey – monthly patient data submission	Full compliance	Full Compliance
Victorian Healthcare Experience Survey – percentage of positive Adult Inpatient experience - Quarter 1	95%	98%
Victorian Healthcare Experience Survey – percentage of positive Adult Inpatient experience - Quarter 2	95%	97%
Victorian Healthcare Experience Survey – percentage of positive Adult Inpatient experience - Quarter 3	95%	92%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care Adult Inpatient experience - Quarter 1	75%	67.5%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care Adult Inpatient experience - Quarter 2	75%	81.7%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care Adult Inpatient experience - Quarter 3	75%	75%
Victorian Healthcare Experience Survey – Adult Inpatient perception of cleanliness - Quarter 1	70%	71%
Victorian Healthcare Experience Survey – Adult Inpatient perception of cleanliness - Quarter 2	70%	75%
Victorian Healthcare Experience Survey – Adult Inpatient perception of cleanliness - Quarter 3	70%	73%

Key performance indicator	Target	2018/19 Results
<b>Healthcare associated infections</b>		
Number of patients with surgical site infection	No outliers	Not met
Rate of patients with SAB1 per occupied bed day	≤ 1/10,000	0.6
<b>Adverse events</b>		
Sentinel events – root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	Achieved
<b>Maternity and newborn</b>		
Rate of singleton term infants without birth anomalies with Apgar score <7 at 5 minutes	≤ 1.4%	1.7% Parkville 1.6% Sandringham 1.5%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	25.2% Parkville 25.4% Sandringham 42%
Proportion of urgent maternity patients referred for obstetric care to a level 4, 5 or 6 maternity service who were booked for a specialist clinic appointment within 30 days of accepted referral.	100%	Parkville 84% Sandringham 100%

\* As per Victorian Health Service Performance Monitor Q2 2018/19

\*\*As at 2 August 2019

## Strong governance, leadership and culture

Key performance indicator	Target	2018/19 results
<b>Organisational culture</b>		
People matter survey – percentage of staff with an overall positive response to safety and culture questions	80%	90%
People matter survey – percentage of staff with a positive response to the question, “I am encouraged by my colleagues to report any patient safety concerns I may have”	80%	95%
People matter survey – percentage of staff with a positive response to the question, “Patient care errors are handled appropriately in my work area”	80%	93%
People matter survey – percentage of staff with a positive response to the question, “My suggestions about patient safety would be acted upon if I expressed them to my manager”	80%	90%
People matter survey – percentage of staff with a positive response to the question, “The culture in my work area makes it easy to learn from the errors of others”	80%	84%
People matter survey – percentage of staff with a positive response to the question, “Management is driving us to be a safety-centred organisation”	80%	89%
People matter survey – percentage of staff with a positive response to the question, “This health service does a good job of training new and existing staff”	80%	88%
People matter survey – percentage of staff with a positive response to the question, “Trainees in my discipline are adequately supervised”	80%	84%
People matter survey – percentage of staff with a positive response to the question, “I would recommend a friend or relative to be treated as a patient here”	80%	92%

Note: Results have been calculated excluding ‘neither agree or disagree’ and ‘don’t know’ responses from the total responses received so may vary from internal results.

## Access to care

Key performance indicator	(SoP) Target	2018/19
<b>Emergency care (as at 30 June 2019)</b>		
Percentage of ambulance patients transferred within 40 minutes	90%	97.63%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended times	80%	83.66%
Percentage of emergency patients with a length of stay less than four hours	81%	87.6%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	0
<b>Elective surgery (as at 30 June 2019)</b>		
Percentage of urgency category 1, 2 and 3 elective patients admitted within clinically recommended timeframes	94%	97.39%
Percentage of urgency category 1 elective patients admitted within 30 days	100%	100%
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5%	2.61%
Number of patients on the elective surgery waiting list	606	749
Number of hospital initiated postponements per 100 scheduled admissions	≤ 7 /100	3.37%
Number of patients admitted from the elective surgery waiting list	4,700	4,798
<b>Specialist clinics</b>		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	99.7%
Percentage of routine patients referred by a GP or external specialist who attended a first appointment within 365 days	90%	96.6%



## Effective financial management

Key performance indicator	Target	2018/19 Results
<b>Finance</b>		
Net Result from SOP transactions – Net Operating Balance (\$m)	\$0.00m	(\$0.83)
Average number of days to paying Trade Creditors	60 days	50 days
Average number of days to receiving Patient Fee Debtors	60 days	44 days
Public and Private WIES* performance to target	100%	102.80%
Adjusted Current Asset Ratio	0.7 or 3% improvement from health service base target	0.72
Forecast number of days of available cash (based on last day of each month)	14 days	14 days
Actual number of days of available cash (based on on last day of each month)	14 days	Achieved
Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June (\$m)	Variances < \$250,000	\$1.99

\*WIES is a Weighted Inlier Equivalent Separation.

## Reporting against the Statement of Priorities – Part C

### Activity and funding

Funding Type	2018/2019 Activity Achievement
<b>Acute Admitted</b>	
WIES Public	30,477
WIES Private	2,275
Total WIES (Public and Private)	32,752
WIES DVA	1
WIES TAC	7
*WIES TOTAL	32,760
Specialist Clinics - Public	84,676
<b>Other</b>	
Health Workforce	62.7

\*Interim data as at 20 July 2019

### Summary of service statistics

	2018/19 *
Births (number of babies born)	9154
Inpatient stays	39,923
Outpatient visits	182,904
Emergency Services – attendances	26,093
Triage Category 1-5 seen within recommended timeframes	21,830 (83.66%)
Percentage of emergency patients with a length of stay of less than four hours	87.64%
Number of patients with length of stay in the emergency department greater than 24 hours	0
Percentage of triage Category 1 emergency patients seen immediately	100%
Ambulance transfers within 40 mins	97.63%

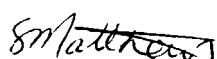
\*Interim data as at 11 July 2019

## Attestations

### Safe Patient Care Act

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

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

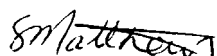


**Dr Sue Matthews**

Chief Executive Officer  
The Royal Women's Hospital  
23 August 2019

### Data integrity

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

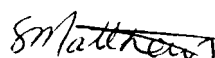


**Dr Sue Matthews**

Chief Executive Officer  
The Royal Women's Hospital  
23 August 2019

## Conflict of interest

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

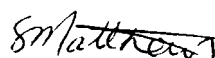


**Dr Sue Matthews**

Chief Executive Officer  
The Royal Women's Hospital  
23 August 2019

## Integrity, fraud and corruption

I, Dr Sue Matthews, certify that the Royal Women's Hospital has put in place appropriate internal controls and processes to ensure that it has complied with the 2018 Standing Directions under the *Financial Management Act 1994* on actual/suspected significant or systemic Fraud, Corruption or Other Losses.

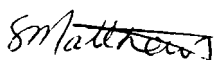


**Dr Sue Matthews**

Chief Executive Officer  
The Royal Women's Hospital  
23 August 2019

## 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  
23 August 2019

## Financial management compliance

I, Ms Lyn Swinburne AO, on behalf of the Responsible Body, certify that the Royal Women's Hospital has complied with the applicable Standing Directions of 2018 under the *Financial Management Act 1994* and Instructions.



### **Ms Lyn Swinburne AO**

Chair  
Board of Directors  
The Royal Women's Hospital  
23 August 2019

## 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 2019.



### **Ms Lyn Swinburne AO**

Chair  
Board of Directors  
The Royal Women's Hospital  
23 August 2019

## Disclosure index

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

Legislation	Requirement	Page Reference
<b>Ministerial Directions</b>		
<b>Charter and purpose</b>		
FRD 22H	Manner of establishment and the relevant Ministers	9
FRD 22H	Purpose, functions, powers and duties	9
FRD 22H	Nature and range of services provided	9
FRD 22H	Activities, programs and achievements for the reporting period	4 - 8
FRD 22H	Significant changes in key initiatives and expectations for the future	4 - 8
<b>Management and structure</b>		
FRD 22H	Organisational structure	12
FRD 22H	Workforce data/ employment and conduct principles	13
FRD 22H	Occupational Health and Safety	17 - 19
<b>Financial information</b>		
FRD 22H	Summary of the financial results for the year	14
FRD 22H	Significant changes in financial position during the year	8
FRD 22H	Operational and budgetary objectives and performance against objectives	14
FRD 22H	Subsequent events	n/a
FRD 22H	Details of consultancies under \$10,000	15
FRD 22H	Details of consultancies over \$10,000	15
FRD 22H	Disclosure of ICT expenditure	16
<b>Legislation</b>		
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	20
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	21
FRD 22H	Application and operation of <i>Protected Disclosure 2012</i>	21
FRD 22H	Statement on National Competition Policy	21
FRD 22H	Application and operation of <i>Carers Recognition Act 2012</i>	21
FRD 22H	Summary of the entity's environmental performance	22 - 23
FRD 22H	Additional information available on request	23

Legislation	Requirement	Page Reference
<b>Other relevant reporting directives</b>		
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SD 5.1.4	Financial Management Compliance attestation	41
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<b>Attestations</b>		
	Attestation on Data Integrity	40
	Attestation on managing Conflicts of Interest	40
	Attestation on Integrity, fraud and corruption	40
<b>Other reporting requirements</b>		
	Reporting of outcomes from Statement of Priorities 2018–19	25 - 39
	Occupational Violence reporting	17
	Reporting of compliance Health Purchasing Victoria policy	41
	Reporting obligations under the <i>Safe Patient Care Act 2015</i>	40
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# FINANCIAL REPORT

## 2018/19

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## THE ROYAL WOMEN'S HOSPITAL AND ITS CONTROLLED ENTITIES

### Board Member's, Chief Executive Officer's and Chief Financial Officers' 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 Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

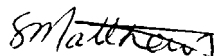
We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2019 and the financial position of the Royal Women's Hospital and its Controlled Entities as at 30 June 2019.

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.

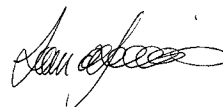
We authorise the attached financial statements for issue on 23 August 2019.



**Ms Lyn Swinburne AO**  
Board Chair  
The Royal Women's Hospital  
  
Melbourne  
23 August 2019



**Dr Sue Matthews**  
Chief Executive Officer  
The Royal Women's Hospital  
  
Melbourne  
23 August 2019



**Mr Sam Garrasi**  
Chief Financial Officer  
The Royal Women's Hospital  
  
Melbourne  
23 August 2019



# Comprehensive Operating Statement

## For the Financial Year Ended 30 June 2019

	Note	Parent Entity 2019 \$'000	Restated Parent Entity 2018 \$'000	Consolidated 2019 \$'000	Restated Consolidated 2018 \$'000
<b>Income from Transactions</b>					
Operating Activities	2.1	308,792	308,648	309,967	310,687
Non-Operating Activities	2.1	1,182	640	1,511	873
<b>Total Income from Transactions</b>		<b>309,974</b>	<b>309,288</b>	<b>311,478</b>	<b>311,560</b>
<b>Expenses from Transactions</b>					
Employee Expenses	3.1	(197,217)	(186,401)	(198,130)	(188,430)
Supplies and Consumables	3.1	(26,933)	(23,768)	(26,936)	(26,075)
Finance Costs	3.1	(16,035)	(13,760)	(16,035)	(10,531)
Depreciation and Amortisation	3.1, 4.4	(11,157)	(10,165)	(11,167)	(10,168)
Other Operating Expenses	3.1	(58,137)	(56,686)	(59,166)	(56,656)
<b>Total Expenses from Transactions</b>		<b>(309,479)</b>	<b>(290,780)</b>	<b>(311,434)</b>	<b>(291,860)</b>
<b>Net Result from Transactions – Net Operating Balance</b>		<b>495</b>	<b>18,508</b>	<b>44</b>	<b>19,700</b>
<b>Other Economic Flows Included in Net Result</b>					
Net Gain/(Loss) on Non-Financial Assets	3.2	5,752	12,977	4,772	12,974
Net Gain/(Loss) on Financial Instruments at Fair Value	3.2	(77)	3	(393)	(224)
Other Gains/(Losses) from Other Economic Flows	3.2	(4,046)	(203)	(2,593)	9
<b>Total Other Economic Flows Included in Net Result</b>		<b>1,629</b>	<b>12,777</b>	<b>1,786</b>	<b>12,759</b>
<b>NET RESULT FOR THE YEAR</b>		<b>2,124</b>	<b>31,285</b>	<b>1,830</b>	<b>32,459</b>
<b>Other Comprehensive Income</b>					
<b>Items that will not be reclassified to Net Result</b>					
Changes in Property, Plant and Equipment Revaluation Surplus	4.2(f)	30,219	41,572	30,219	41,572
<b>Items that may be reclassified subsequently to Net Result</b>					
Changes to Financial Assets Available-for-Sale Revaluation Surplus		-	278	-	447
<b>Total Other Comprehensive Income</b>		<b>30,219</b>	<b>41,850</b>	<b>30,219</b>	<b>42,019</b>
<b>COMPREHENSIVE RESULT FOR THE YEAR</b>		<b>32,343</b>	<b>73,135</b>	<b>32,049</b>	<b>74,478</b>

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

## Balance Sheet

As at 30 June 2019

	Note	Parent Entity 2019 \$'000	Restated Parent Entity 2018 \$'000	Consolidated 2019 \$'000	Restated Consolidated 2018 \$'000
<b>Current Assets</b>					
Cash and Cash Equivalents	6.2	9,392	14,089	10,897	16,207
Receivables	5.1	10,026	9,052	10,044	9,034
Investments and Other Financial Assets	4.1	-	-	950	900
Inventories		149	146	149	146
Prepayments and Other Assets		1,208	853	1,331	953
<b>Total Current Assets</b>		<b>20,775</b>	<b>24,140</b>	<b>23,371</b>	<b>27,240</b>
<b>Non-Current Assets</b>					
Receivables	5.1	10,452	8,707	10,452	8,707
Investments and Other Financial Assets	4.1	12,973	12,266	18,010	16,907
Property, Plant and Equipment	4.2	366,715	338,683	366,731	338,699
Intangible Assets	4.3	23,680	17,216	23,704	17,222
Investment Properties	4.5	103,720	99,846	103,721	99,846
<b>Total Non-Current Assets</b>		<b>517,540</b>	<b>476,718</b>	<b>522,618</b>	<b>481,381</b>
<b>TOTAL ASSETS</b>		<b>538,315</b>	<b>500,858</b>	<b>545,989</b>	<b>508,621</b>
<b>Current Liabilities</b>					
Payables	5.2	25,504	18,824	25,752	18,875
Borrowings	6.1	9,058	8,454	9,058	8,454
Provisions	3.4	44,898	37,888	44,940	37,930
<b>Total Current Liabilities</b>		<b>79,460</b>	<b>65,166</b>	<b>79,750</b>	<b>65,259</b>
<b>Non-Current Liabilities</b>					
Borrowings	6.1	204,374	213,432	204,375	213,432
Provisions	3.4	8,195	8,205	8,226	8,231
<b>Total Non-Current Liabilities</b>		<b>212,569</b>	<b>221,637</b>	<b>212,601</b>	<b>221,663</b>
<b>TOTAL LIABILITIES</b>		<b>292,029</b>	<b>286,803</b>	<b>292,351</b>	<b>286,922</b>
<b>NET ASSETS</b>		<b>246,286</b>	<b>214,055</b>	<b>253,638</b>	<b>221,699</b>
<b>Equity</b>					
Property, Plant and Equipment Revaluation Surplus	4.2f	178,115	147,896	178,115	147,896
Financial Assets Available-for-Sale Revaluation Surplus		-	979	-	1,456
Restricted Specific Purpose Surplus		3,343	4,613	7,581	8,594
Contributed Capital		67,423	67,423	67,423	67,423
Accumulated Surplus/(Deficits)		(2,595)	(6,856)	519	(3,670)
<b>TOTAL EQUITY</b>		<b>246,286</b>	<b>214,055</b>	<b>253,638</b>	<b>221,699</b>
Commitments for Expenditure	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 Financial Year Ended 30 June 2019

Consolidated	Note	Property, Plant and Equipment Revaluation Surplus \$'000	Financial Assets Available- for-Sale Revaluation Surplus \$'000	Restricted Specific Purpose Surplus \$'000	Contributed Capital \$'000	Accumulated Surplus / (Deficits) \$'000	Restated Total \$'000
<b>Balance at 1 July 2017</b>		<b>161,822</b>	<b>997</b>	<b>9,413</b>	<b>67,423</b>	<b>(93,709)</b>	<b>145,946</b>
Correction of Error	8.11	(55,498)	-	-	-	56,702	1,204
<b>Restated Balance at 1 July 2017</b>		<b>106,324</b>	<b>997</b>	<b>9,413</b>	<b>67,423</b>	<b>(37,007)</b>	<b>147,150</b>
Net Result for the Year		-	-	-	-	32,459	32,459
Other Comprehensive Income for the Year		41,572	447	-	-	-	42,019
Transfer from/(to) Accumulated Deficits		-	-	(819)	-	878	59
Net Gain (Loss) on Available for Sale Revaluation Surplus		-	12	-	-	-	12
<b>Balance at 30 June 2018</b>		<b>147,896</b>	<b>1,456</b>	<b>8,594</b>	<b>67,423</b>	<b>(3,670)</b>	<b>221,699</b>
Net Result for the Year		-	-	-	-	1,830	1,830
Other Comprehensive Income for the Year		30,219	-	-	-	-	30,218
Transfer from/(to) Accumulated Deficits		-	-	(1,013)	-	1,013	-
Opening balance adjustment on adoption of AASB 9	8.11	-	(1,456)	-	-	1,346	(110)
<b>Balance at 30 June 2019</b>		<b>178,115</b>	<b>-</b>	<b>7,581</b>	<b>67,423</b>	<b>519</b>	<b>253,638</b>

Parent		Property, Plant and Equipment Revaluation Surplus \$'000	Financial Assets Available- for-Sale Revaluation Surplus \$'000	Restricted Specific Purpose Surplus \$'000	Contributed Capital \$'000	Accumulated Surplus / (Deficits) \$'000	Restated Total \$'000
<b>Balance at 1 July 2017</b>		<b>161,822</b>	<b>704</b>	<b>5,365</b>	<b>67,423</b>	<b>(95,650)</b>	<b>139,664</b>
Correction of Error	8.11	(55,498)	-	-	-	56,702	1,204
<b>Restated Balance at 1 July 2017</b>		<b>106,324</b>	<b>704</b>	<b>5,365</b>	<b>67,423</b>	<b>(38,947)</b>	<b>140,869</b>
Net Result for the Year		-	-	-	-	31,285	31,285
Other Comprehensive Income for the Year		41,572	278	-	-	-	41,850
Transfer from/(to) Accumulated Deficits		-	-	(752)	-	807	55
Net Gain (Loss) on Available for Sale Revaluation Surplus		-	(3)	-	-	-	3
<b>Balance at 30 June 2018</b>		<b>147,896</b>	<b>979</b>	<b>4,613</b>	<b>67,423</b>	<b>(6,856)</b>	<b>214,055</b>
Net Result for the Year		-	-	-	-	2,124	2,124
Other Comprehensive Income for the Year		30,219	-	-	-	-	30,218
Transfer from/(to) Accumulated Deficits		-	-	(1,270)	-	1,270	-
Opening balance adjustment on adoption of AASB 9		-	(979)	-	-	867	(112)
<b>Balance at 30 June 2019</b>		<b>178,115</b>	<b>-</b>	<b>3,343</b>	<b>67,423</b>	<b>(2,595)</b>	<b>246,286</b>

## Cash Flow Statement

For the Financial Year Ended 30 June 2019

Note	Parent Entity 2019 \$'000	Parent Entity 2018 \$'000	Consolidated 2019 \$'000	Consolidated 2018 \$'000
<b>Cash Flows from Operating Activities</b>				
Operating Grants from Government	214,167	202,304	214,167	202,304
Capital Grants from Government	1,211	8,103	1,211	8,103
Patient Fees Received	11,394	12,134	11,394	12,134
Private Practice Fees Received	2,829	2,604	2,829	2,604
Donations and Bequests Received	2,119	1,909	2,750	2,625
Capital Donations and Bequests Received	508	213	-	-
GST Received from/(paid to) ATO	3,078	3,005	2,938	2,900
Interest and Investment Income Received	392	205	458	235
Car Park Income Received	9,371	9,172	9,371	9,172
Other Receipts	21,644	18,731	26,647	20,332
Other Capital Receipts	3,947	11,000	3	11,000
<b>Total Receipts</b>	<b>270,660</b>	<b>269,380</b>	<b>271,768</b>	<b>271,409</b>
Employee Expenses Paid	(191,230)	(181,516)	(192,344)	(182,198)
Payments for Supplies and Consumables	(24,104)	(28,214)	(26,850)	(28,191)
Payments for Medical Indemnity Insurance	(11,845)	(12,049)	(11,845)	(12,049)
Payments for Repairs and Maintenance	(4,813)	(5,025)	(4,867)	(5,047)
Finance Costs	(1,262)	(1,310)	(1,262)	(1,310)
Other Payments	(27,079)	(26,679)	(24,784)	(27,113)
<b>Total Payments</b>	<b>(260,333)</b>	<b>(254,793)</b>	<b>(261,952)</b>	<b>(255,908)</b>
<b>Net Cash Flows from Operating Activities</b>	<b>10,327</b>	<b>14,587</b>	<b>9,816</b>	<b>15,501</b>
<b>Cash Flows from Investing Activities</b>				
Purchase of Investments	-	-	(622)	(710)
Proceeds from Disposal of Investments	-	-	550	-
Purchase of Non-Financial Assets	(5,939)	(2,307)	(5,945)	(2,318)
Purchase of Intangible Assets	(8,344)	(2,349)	(8,367)	(2,355)
Proceeds from Disposal of Non-Financial Assets	13	19	13	19
<b>Net Cash Flows from/(used in) Investing Activities</b>	<b>(14,270)</b>	<b>(4,637)</b>	<b>(14,371)</b>	<b>(5,364)</b>
<b>Cash Flows from Financing Activities</b>				
Repayment of Borrowings	(754)	(705)	(755)	(705)
<b>Net Cash Flows from/(used in) Financing Activities</b>	<b>(754)</b>	<b>(705)</b>	<b>(755)</b>	<b>(705)</b>
<b>Net Increase/(Decrease) in Cash and Cash equivalents Held</b>	<b>(4,697)</b>	<b>9,245</b>	<b>(5,310)</b>	<b>9,432</b>
Cash and Cash Equivalents at Beginning of Year	14,089	4,844	16,207	6,775
<b>Cash and Cash Equivalents at End of Year</b>	<b>6.2</b>	<b>9,392</b>	<b>14,089</b>	<b>10,897</b>
		<b>16,207</b>		

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

# Notes to the Financial Statements

30 June 2019

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## Note 1: Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for the Royal Women's Hospital and its controlled entities for the year ended 30 June 2019. The report provides users with information about the Royal Women's Hospital's stewardship of resources entrusted to it.

### (a) Statement of Compliance

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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 Assistant Treasurer.

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 23 August 2019.

### (b) Reporting Entity

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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.

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

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

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

The financial statements are prepared on a going concern basis (refer to Note 8.10 Economic 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.

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the 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 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);
- The fair value of investment properties (refer to Note 4.5 Investment Properties); and
- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4 Employee Benefits in the Balance Sheet).

### Goods and Services Tax (GST)

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

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

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

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

### (d) Principles of Consolidation

These statements are presented on a consolidated 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 2019.
- 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 8.8 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.

### (e) 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; 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 8.9 Jointly Controlled Operations).

## Note 2: Funding Delivery of Our Services

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

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

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2.1 Income from Transactions	54



## Note 2.1: Income from Transactions

	Consolidated 2019 \$'000	Consolidated 2018 \$'000
Government Grants - Operating	232,761	224,036
Government Grants - Capital	27,019	33,806
Other Capital purpose income (including capital donations)	3	-
Patient Fees	11,783	10,397
Commercial Activities <sup>i</sup>	23,851	32,963
Other Revenue from Operating Activities (including non-capital donations)	14,550	9,485
<b>Total Income from Operating Activities</b>	<b>309,967</b>	<b>310,687</b>
Other Interest	1,511	873
<b>Total Income from Non-Operating Activities</b>	<b>1,511</b>	<b>873</b>
<b>Total Income from Transactions</b>	<b>311,478</b>	<b>311,560</b>

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

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

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

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

---

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

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.

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.

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

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The Department of Health and Human Services makes some payments on behalf of the Royal Women's Hospital as follows:

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the Department of Health and Human Services.
- Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health and Human Services Hospital Circular.
- Public Private Partnership (PPP) lease and service payments are paid directly to the PPP consortium. Revenue and the matching expense are recognised in accordance with the nature and timing of the monthly or quarterly service payments made by the Department of Health and Human Services.

### **Patient Fees**

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Patient fees are recognised as revenue on an accrual basis.

### **Private Practice Fees**

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

### **Revenue from Commercial Activities**

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

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

---

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

### **Other Income**

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

### **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.

### **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.

### **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 purposes surplus.

## Note 3: The Cost of Delivering Services

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

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## Note 3.1: Expenses from Transactions

	Consolidated 2019 \$'000	Restated Consolidated 2018 \$'000
Salaries and Wages	155,920	150,440
On-costs	38,751	35,034
Agency Expenses	1,692	1,366
Fee for Service Medical Officer Expenses	245	221
Workcover Premium	1,522	1,369
<b>Total Employee Expenses</b>	<b>198,130</b>	<b>188,430</b>
Drug Supplies	3,074	3,112
Medical and Surgical Supplies (including Prostheses)	7,737	7,260
Diagnostic and Radiology Supplies	10,041	10,103
Other Supplies and Consumables	6,084	5,600
<b>Total Supplies and Consumables</b>	<b>26,936</b>	<b>26,075</b>
Finance Costs	1,262	1,311
Finance Costs- PPP Arrangements	14,773	9,220
<b>Total Finance Costs</b>	<b>16,035</b>	<b>10,531</b>
Fuel, Light, Power and Water	4,292	3,294
Repairs and Maintenance	1,156	1,177
Maintenance Contracts	3,752	3,288
Public Private Partnership Operating Expenses	19,024	18,967
Medical Indemnity Insurance	10,768	10,954
Other Administrative Expenses	19,878	18,633
Expenditure for Capital Purposes	296	343
<b>Total Other Operating Expenses</b>	<b>59,166</b>	<b>56,656</b>
Depreciation and Amortisation	11,167	10,168
<b>Total Other Non-Operating Expenses</b>	<b>11,167</b>	<b>10,168</b>
<b>Total Expenses from Transactions</b>	<b>311,434</b>	<b>291,860</b>

## Note 3.1: Expenses from Transactions

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

### Employee Expenses

---

Employee expenses include:

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

### Supplies and consumables

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Supplies and services costs which are recognised as an expense in the reporting period in which they are incurred.

### Finance costs

---

Finance costs include:

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

### Other Operating Expenses

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

- Fuel, light power and water;
- Repairs and maintenance; and
- Other administrative expenses
- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold).

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

### Non-operating expenses

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

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

	Consolidated 2019 \$'000	Restated Consolidated 2018 \$'000
Net Gain/(Loss) on sale of property, plant and equipment	(33)	(37)
Impairment of property, plant and equipment	2,006	-
Revaluation of investment properties	3,779	13,992
Amortisation of non-produced intangible assets	(980)	(980)
<b>Total Net Gain/(Loss) on Non-Financial Assets</b>	<b>4,772</b>	<b>12,975</b>
Net Gain/(Loss) on sale of financial instruments	(28)	46
Net Gain/(Loss) on revaluation of financial instruments	112	(58)
Impairment/reversal of impairment of financial instruments at amortised cost	(477)	(212)
<b>Total Net Gain/(Loss) on Financial Instruments at Fair Value</b>	<b>(393)</b>	<b>(224)</b>
Net Gain/(Loss) on revaluation of long service liability	(2,593)	9
<b>Total Other Gains/(Losses) from Other Economic Flows</b>	<b>(2,593)</b>	<b>9</b>
<b>Total Gains/(Losses) from Other Economic Flows included in Net Result</b>	<b>1,786</b>	<b>12,760</b>

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 from revaluation on disposal of non-financial assets. Any gain or loss on the disposal of non-financial assets is recognised at the date of the disposal;
- Impairment and reversal of impairment for financial instruments at amortised costs (Refer to Note 4.1 Investments and other financial assets); and
- Amortisation of non-produced intangible assets. Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a systematic basis over the asset's useful life. Amortisation begins when the asset is available for use, that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Intangible non-produced assets with finite useful lives are amortised over a 25 year period (2018: 25 years).

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

Net Gain/(Loss) on financial instruments includes:

- Realised and unrealised gains and losses from revaluation of financial instruments at fair value;
- Impairment and reversal of impairment for financial instruments at amortised costs (Refer to Note 4.1 Investments and other financial assets); and
- Disposals of financial assets and derecognition of financial liabilities.
- 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.

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

Other gains/(losses) include:

- The revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors.

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

	Expense		Revenue	
	Consolidated 2019 \$'000	Consolidated 2018 \$'000	Consolidated 2019 \$'000	Consolidated 2018 \$'000
<b>Commercial Activities</b>				
Private Practice and Other Patient Activities	607	600	508	452
Laboratory Medicine	121	129	276	328
Pharmacy Services	378	442	601	533
Car Park	2,978	2,993	8,569	7,921
Childcare Centre	576	494	580	425
Property	656	553	3,024	2,923
<b>Total Commercial Activities</b>	<b>5,316</b>	<b>5,211</b>	<b>13,558</b>	<b>12,582</b>
<b>Other Activities</b>				
Education and Training	509	538	359	377
Fundraising and Community Support	868	780	785	860
Research and Scholarship	4,460	4,047	3,876	3,709
Other	1,387	584	1,136	1,659
<b>Total Other Activities</b>	<b>7,224</b>	<b>5,949</b>	<b>6,156</b>	<b>6,605</b>
<b>Total Commercial and Other Activities</b>	<b>12,540</b>	<b>11,160</b>	<b>19,714</b>	<b>19,187</b>

## Note 3.4: Employee Benefits in the Balance Sheet

	Consolidated 2019 \$'000	Consolidated 2018 \$'000
<b>Current Provisions</b>		
Employee Benefits <sup>i</sup>		
<i>Accrued Days Off</i>		
Unconditional and expected to be settled wholly within 12 months <sup>ii</sup>	316	286
<i>Annual leave</i>		
Unconditional and expected to be settled wholly within 12 months <sup>ii</sup>	12,572	11,816
Unconditional and expected to be settled wholly after 12 months <sup>iii</sup>	1,261	1,235
<i>Long Service Leave</i>		
Unconditional and expected to be settled wholly within 12 months <sup>ii</sup>	2,950	2,381
Unconditional and expected to be settled wholly after 12 months <sup>iii</sup>	23,355	18,425
	<b>40,454</b>	<b>34,143</b>
<b>Provisions related to Employee Benefit On-Costs</b>		
Unconditional and expected to be settled within 12 months <sup>ii</sup>	1,739	1,589
Unconditional and expected to be settled after 12 months <sup>iii</sup>	2,747	2,198
	<b>4,486</b>	<b>3,787</b>
<b>Total Current Provisions</b>	<b>44,940</b>	<b>37,930</b>
<b>Non-Current Provisions</b>		
Conditional, Long Service Leave <sup>iii</sup>	7,405	7,441
Conditional, Long Service Leave On-Costs	821	790
<b>Total Non-Current Provisions</b>	<b>8,226</b>	<b>8,231</b>
<b>Total Provisions</b>	<b>53,166</b>	<b>46,161</b>



## Note 3.4: Employee Benefits in the Balance Sheet

	Consolidated 2019 \$'000	Consolidated 2018 \$'000
<b>(a) Employee Benefits and Related On-Costs</b>		
<b>Current Employee Benefits and Related On-Costs</b>		
Unconditional long service leave entitlements	29,241	23,133
Annual leave entitlements	15,383	14,511
Accrued days off	316	286
<b>Non-Current Employee Benefits and Related On-Costs</b>		
Conditional long service leave entitlements <sup>iii</sup>	8,226	8,231
<b>Total Employee Benefits and Related On-Costs</b>	<b>53,166</b>	<b>46,161</b>
<b>(b) Movement in Provisions</b>		
<b>Movement in Long Service Leave:</b>		
<b>Balance at start of year</b>	<b>31,364</b>	<b>29,202</b>
Provision made during the year		
Revaluations	2,593	(9)
Expense recognising employee service	6,026	4,887
Settlement made during the year	(2,516)	(2,716)
<b>Balance at end of year</b>	<b>37,467</b>	<b>31,364</b>
<b>(c) Movement in On-costs Provision</b>		
<b>Movement in On-Costs Provision:</b>		
<b>Balance at start of year</b>	<b>4,577</b>	
Additional provision recognised	2,419	
Change in discount rate	194	
Reduction due to transfer out	(1,883)	
<b>Balance at end of year</b>	<b>5,307</b>	

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

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

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

## Employee Benefits Recognition

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

### Provisions

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

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

### Annual Leave and Accrued Days Off

---

Liabilities for annual leave and accrued days off are all recognised in the provision for employee benefits as 'current liabilities' because the Royal Women's Hospital does not have an unconditional right to defer settlements of these liabilities.

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

- Nominal value – if the Royal Women's Hospital expects to wholly settle within 12 months; or
- Present value – if the Royal Women's Hospital does not expect to wholly settle within 12 months.

## Long Service Leave

---

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

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the Royal Women's Hospital does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- Nominal value – if the Royal Women's Hospital expects to wholly settle within 12 months; or
- Present value – if the Royal Women's Hospital does not expect to wholly settle within 12 months.

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

### Termination Benefits

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

### On-Costs Related to Employee Expense

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

## Note 3.5: Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	Consolidated 2019 \$'000	Consolidated 2018 \$'000	Consolidated 2019 \$'000	Consolidated 2018 \$'000
<b>Defined Benefit Plans:<sup>i</sup></b>				
First State Super	181	228	19	31
<b>Defined Contribution Plans:</b>				
First State Super	8,656	8,312	925	822
Hesta	4,838	4,470	584	478
Other	1,172	897	153	89
<b>Total</b>	<b>14,847</b>	<b>13,907</b>	<b>1,681</b>	<b>1,420</b>

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

Employees of 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

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.

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## Note 4.1: Investments and Other Financial Assets

	Operating Fund		Specific Purpose Fund		Consolidated	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Current</b>						
<b>Financial assets at amortised cost</b>						
Term Deposits < 12 Months	950	900	-	-	950	900
<b>Available-for-Sale</b>						
Managed Investment Schemes	-	-	-	-	-	-
<b>Total Current</b>	<b>950</b>	<b>900</b>	<b>-</b>	<b>-</b>	<b>950</b>	<b>900</b>
<b>Non-Current</b>						
<b>Financial assets at amortised cost</b>						
Term Deposits > 12 Months	-	50	-	-	-	50
<b>Available-for-Sale</b>						
Managed Investment Schemes	-	11,425	-	5,432	-	16,857
<b>Financial assets at Fair Value through net result</b>						
Managed Investment Schemes	12,265	-	5,745	-	18,010	-
<b>Total Non-Current</b>	<b>12,265</b>	<b>11,475</b>	<b>5,745</b>	<b>5,432</b>	<b>18,010</b>	<b>16,907</b>
<b>Total Investments and Other Financial Assets</b>	<b>13,215</b>	<b>12,375</b>	<b>5,745</b>	<b>5,432</b>	<b>18,960</b>	<b>17,807</b>
<b>Represented by:</b>						
Health Service Investments	7,230	6,835	5,745	5,432	12,975	12,267
Foundation Investments	5,035	4,590	-	-	5,035	4,590
Jointly Controlled Operations Investments	950	950	-	-	950	950
<b>Total Investments and Other Financial Assets</b>	<b>13,215</b>	<b>12,375</b>	<b>5,745</b>	<b>5,432</b>	<b>18,960</b>	<b>17,807</b>

## Investment Recognition

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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 financial assets at fair value through net result.

The Royal Women's Hospital classifies its financial assets between current and non-current assets based on the Board's intention at balance date with respect to the timing of disposal of each asset.

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.

## Derecognition of Financial Assets

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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 part 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.

## Note 4.2: Property, Plant and Equipment

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

	Consolidated 2019 \$'000	Restated Consolidated 2018 \$'000
<b>Land</b>		
Land at Fair Value		
Crown	82,876	82,877
Freehold	2,795	5,755
<b>Total Land</b>	<b>85,671</b>	<b>88,632</b>
<b>Buildings</b>		
Buildings at Fair Value	2,480	602
Less Accumulated Depreciation	-	(92)
	<b>2,480</b>	<b>510</b>
Leasehold Improvements at Cost	33	1,047
Less Accumulated Depreciation	(1)	(1,040)
	<b>32</b>	<b>7</b>
<b>Total Buildings</b>	<b>2,512</b>	<b>517</b>
<b>Plant and Equipment</b>		
Plant and Equipment at Fair Value	2,445	2,303
Less Accumulated Depreciation	(1,654)	(1,592)
<b>Total Plant and Equipment</b>	<b>791</b>	<b>711</b>
<b>Medical Equipment</b>		
Medical Equipment at Fair Value	19,688	18,887
Less Accumulated Depreciation	(15,103)	(14,577)
<b>Total Medical Equipment</b>	<b>4,585</b>	<b>4,310</b>
<b>Computers and Communication Equipment</b>		
Computers and Communication Equipment at Fair Value	3,980	6,910
Less Accumulated Depreciation	(3,549)	(6,338)
<b>Total Computers and Communication Equipment</b>	<b>431</b>	<b>572</b>
<b>Furniture and Fittings</b>		
Furniture and Fittings at Fair Value	784	808
Less Accumulated Depreciation	(475)	(498)
<b>Total Furniture and Fittings</b>	<b>309</b>	<b>310</b>
<b>Cultural Assets</b>		
Cultural Assets at Fair Value	147	287
<b>Total Cultural Assets</b>	<b>147</b>	<b>287</b>

	Consolidated 2019 \$'000	Restated Consolidated 2018 \$'000
<b>Leased Assets Contracted under PPP Agreement</b>		
Leased Buildings at Fair Value	265,353	239,603
Less Accumulated Depreciation	-	-
	<b>265,353</b>	<b>239,603</b>
Plant and Equipment at Fair Value	1,034	1,034
Less Accumulated Depreciation	(382)	(348)
	<b>652</b>	<b>686</b>
Audio-visual Equipment at Fair Value	31	31
Less Accumulated Depreciation	(11)	(10)
	<b>20</b>	<b>21</b>
Furniture and Fittings at Fair Value	2,144	2,144
Less Accumulated Depreciation	(792)	(720)
	<b>1,352</b>	<b>1,424</b>
Medical Equipment at Fair Value	1,835	1,835
Less Accumulated Depreciation	(678)	(617)
	<b>1,157</b>	<b>1,218</b>
Scientific Equipment at Fair Value	469	469
Less Accumulated Depreciation	(173)	(158)
	<b>296</b>	<b>311</b>
<b>Total Leased Assets</b>	<b>268,830</b>	<b>243,263</b>
<b>Assets under construction</b>	<b>3,455</b>	<b>97</b>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>366,731</b>	<b>338,699</b>



## Note 4.2: Property, Plant and Equipment

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

Consolidated	Restated Land \$'000	Restated Buildings \$'000	Plant & Equipment \$'000	Medical Equipment \$'000	Computers & Comm Equipment \$'000	Furniture & Fittings \$'000	Cultural Assets \$'000	Leased Assets \$'000	Assets under Construction \$'000	Restated Total \$'000
<b>Balance at 1 July 2017</b>	<b>71,105</b>	<b>598</b>	<b>596</b>	<b>4,309</b>	<b>610</b>	<b>290</b>	<b>287</b>	<b>226,324</b>	<b>426</b>	<b>304,544</b>
Additions	-	17	51	1,305	188	60	-	372	97	2,089
Disposals	-	-	(2)	(53)	-	-	-	-	-	(54)
Revaluation increments/ (decrements)	17,527	(8)	-	-	-	-	-	24,045	-	41,564
Net Transfers between classes	-	-	150	149	94	14	-	19	(426)	-
Depreciation (refer Note 4.3)	-	(90)	(84)	(1,400)	(320)	(54)	-	(7,497)	-	(9,445)
<b>Balance at 1 July 2018</b>	<b>88,632</b>	<b>518</b>	<b>711</b>	<b>4,310</b>	<b>572</b>	<b>310</b>	<b>287</b>	<b>243,263</b>	<b>97</b>	<b>338,699</b>
Additions	-	51	154	1,590	122	68	-	573	3,455	6,014
Disposals	-	-	(1)	(28)	-	(17)	-	-	-	(46)
Revaluation increments/ (decrements)	(2,961)	2,006	-	-	-	-	(140)	33,320	-	32,225
Net Transfers between classes	-	74	1	5	1	1	-	15	(97)	-
Depreciation (refer Note 4.3)	-	(137)	(74)	(1,292)	(264)	(53)	-	(8,341)	-	(10,161)
<b>Balance at 30 June 2019</b>	<b>85,671</b>	<b>2,512</b>	<b>791</b>	<b>4,585</b>	<b>431</b>	<b>309</b>	<b>147</b>	<b>268,830</b>	<b>3,455</b>	<b>366,731</b>

#### Land and Buildings carried at Valuation

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

The movement in fair value was an increment of \$32.2m which was credited to the asset revaluation reserve.

#### Cultural Assets carried at Valuation

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

The movement in cultural assets fair value was a decrement of \$0.1m and cultural assets which was debited to the asset revaluation reserve.

(c) Fair Value Measurement Hierarchy for Assets

	Consolidated Carrying Amount \$'000	Fair value measurement at end of reporting period using:		
		Level 1 <sup>i</sup>	Level 2 <sup>i</sup>	Level 3 <sup>i</sup>
Balance at 30 June 2019	\$'000	\$'000	\$'000	\$'000
<b>Land at Fair Value</b>				
Non-Specialised Land	2,795	-	2,795	-
Specialised Land	82,876	-	-	82,876
Total Land at Fair Value	85,671	-	2,795	82,876
<b>Buildings at Fair Value</b>				
Non-Specialised Buildings	2,512	-	2,512	-
Total Building at Fair Value	2,512	-	2,512	-
Plant and Equipment at Fair Value	791	-	-	791
Medical Equipment at Fair Value	4,585	-	-	4,585
Computers and Communication Equipment at Fair Value	431	-	-	431
Furniture and Fittings at Fair Value	309	-	-	309
Cultural Assets at Fair Value	147	-	147	-
<b>Total Property, Plant and Equipment</b>	<b>94,446</b>	<b>-</b>	<b>5,454</b>	<b>88,992</b>

	Restated Consolidated Carrying Amount \$'000	Fair value measurement at end of reporting period using:		
		Level 1 <sup>i</sup>	Level 2 <sup>i</sup>	Level 3 <sup>i</sup>
Balance at 30 June 2018	\$'000	\$'000	\$'000	\$'000
<b>Land at Fair Value</b>				
Non-Specialised Land	5,755	-	5,755	-
Specialised Land	82,877	-	-	82,877
Total Land at Fair Value	86,632	-	5,755	82,877
<b>Buildings at Fair Value</b>				
Non-Specialised Buildings	517	-	517	-
Total Building at Fair Value	517	-	517	-
Plant and Equipment at Fair Value	711	-	-	711
Medical Equipment at Fair Value	4,310	-	-	4,310
Computers and Communication Equipment at Fair Value	572	-	-	572
Furniture and Fittings at Fair Value	310	-	-	310
Cultural Assets at Fair Value	287	-	287	-
<b>Total Property, Plant and Equipment</b>	<b>95,339</b>	<b>-</b>	<b>6,559</b>	<b>88,780</b>

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

## Note 4.2: Property, Plant and Equipment

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

Consolidated	Land \$'000	Plant & Equipment \$'000	Medical Equipment \$'000	Computers & Comm Equipment \$'000	Furniture & Fittings \$'000
<b>Balance at 1 July 2018</b>	<b>82,877</b>	<b>711</b>	<b>4,310</b>	<b>572</b>	<b>310</b>
Additions/(Disposals)	-	153	1,562	121	52
<i>Gains/(Losses) recognised in Net Result</i>					
Depreciation and Amortisation	-	(74)	(1,292)	(264)	(53)
<i>Items recognised in Other Comprehensive Income</i>					
Revaluation	(1)	-	-	-	-
Net transfers between classes	-	1	5	1	1
<b>Balance at 30 June 2019</b>	<b>82,876</b>	<b>791</b>	<b>4,585</b>	<b>431</b>	<b>309</b>

<b>Consolidated</b>	<b>Restated Land \$'000</b>	<b>Plant &amp; Equipment \$'000</b>	<b>Medical Equipment \$'000</b>	<b>Computers &amp; Comm Equipment \$'000</b>	<b>Furniture &amp; Fittings Fittings \$'000</b>
<b>Balance at 1 July 2017</b>	<b>65,845</b>	<b>596</b>	<b>4,309</b>	<b>610</b>	<b>290</b>
Additions/(Disposals)	-	50	1,252	188	60
<i>Gains/(Losses) recognised in Net Result</i>					
Depreciation and Amortisation	-	(84)	(1,400)	(320)	(54)
<i>Items recognised in Other Comprehensive Income</i>					
Revaluation	17,032	-	-	-	-
Net transfers between classes		150	149	94	14
<b>Balance at 30 June 2018</b>	<b>82,877</b>	<b>711</b>	<b>4,310</b>	<b>572</b>	<b>310</b>

<sup>1</sup> Classified in accordance with the fair value hierarchy, refer Note 4.2(c).

## Note 4.2: Property, Plant and Equipment

### (e) Fair Value Determination

Asset Class	Expected Fair Value Level	Likely Valuation Approach	Significant Inputs (Level 3 only)
<b>Specialised Land</b>			
Crown Land	Level 3	Market approach	Community Service Obligation (CSO) adjustment*
Freehold Land	Level 2	Market approach	Not applicable
<b>Non-Specialised Land</b>			
Freehold Land	Level 2	Market approach	Not applicable
<b>Specialised Buildings</b>			
Leased	Level 3	Depreciated replacement cost	Cost per sqm Useful life of specialised buildings
<b>Non-Specialised Buildings</b>			
Owned Buildings	Level 2	Market approach	Not applicable
Plant and Equipment at Fair Value	Level 3	Depreciated replacement cost	Cost per unit Useful life of Plant and Equipment
Medical Equipment at Fair Value	Level 3	Depreciated replacement cost	Cost per unit Useful life of Medical Equipment
Computers and Communication Equipment at Fair Value	Level 3	Depreciated replacement cost	Cost per unit Useful life of Computers and Communication Equipment
Furniture and Fittings at Fair Value	Level 3	Depreciated replacement cost	Cost per unit Useful life of Furniture and Fittings
Cultural Assets at Fair Value	Level 2	Market approach	Not applicable

\* 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 2019.

## Initial Recognition

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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.

Crown Land is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset.

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

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

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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.

- 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.

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

## Note 4.2: Property, Plant and Equipment

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

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

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

### Specialised Land and Specialised Buildings

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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 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 was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2019.

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

## Plant and Equipment

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

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

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

## Revaluations of Non-Current Physical Assets

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Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103H *Non-Current Physical Assets*. This revaluation process normally occurs every five years, based 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 4.2: Property, Plant and Equipment

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

	Consolidated 2019 \$'000	Restated Consolidated 2018 \$'000
<b>Property, Plant and Equipment Revaluation Surplus</b>		
Balance at the beginning of the reporting period	147,896	106,324
Revaluation Increment (refer Note 4.2b)		
Land	(2,961)	17,527
Leased Building	33,320	24,045
Cultural Assets	(140)	
<b>Balance at the end of the reporting period*</b>	<b>178,115</b>	<b>147,896</b>
<b>* Represented by:</b>		
Land	54,255	57,216
Leased Building	123,822	90,502
Cultural Assets	38	178
	<b>178,115</b>	<b>147,896</b>

## Note 4.3: Intangible Assets

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

	Consolidated 2019 \$'000	Consolidated 2018 \$'000
Intangible Produced Assets - Software	9,717	7,934
Less Accumulated Amortisation	(7,178)	(6,336)
	<b>2,539</b>	<b>1,598</b>
Intangible Non-Produced Assets - Revenue Rights Parkville Car Park	24,490	24,491
Less Accumulated Amortisation	(10,775)	(9,796)
	<b>13,715</b>	<b>14,695</b>
Work in Progress	7,450	929
<b>Total Intangible Assets</b>	<b>23,704</b>	<b>17,222</b>

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

### (b) Reconciliations of the Carrying Amounts of each Intangible Assets

Consolidated	Software \$'000	Software Work in Progress \$'000	Revenue Rights Parkville Car Park \$'000	Total \$'000
<b>Balance at 1 July 2017</b>	<b>835</b>	<b>4</b>	<b>15,674</b>	<b>16,513</b>
Additions	1,482	929	-	2,411
Transfers between classes	4	(4)	-	-
Amortisation (Note 3.2, 4.4)	(723)	-	(979)	(1,702)
<b>Balance at 1 July 2018</b>	<b>1,598</b>	<b>929</b>	<b>14,695</b>	<b>17,222</b>
Additions	1,089	7,379	-	8,468
Transfers between classes	857	(857)	-	-
Amortisation (Note 3.2, 4.4)	(1,006)	-	(980)	(1,986)
<b>Balance at 30 June 2019</b>	<b>2,539</b>	<b>7,450</b>	<b>13,715</b>	<b>23,704</b>

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 4.4: Depreciation and Amortisation

	Consolidated 2019 \$'000	Restated Consolidated 2018 \$'000
<b>Depreciation</b>		
Buildings	137	90
Plant and Equipment	74	84
Medical Equipment	1,292	1,400
Computers and Communication Equipment	264	320
Furniture and Fittings	53	54
Leased Assets <sup>i</sup>	8,341	7,497
<b>Total Depreciation</b>	<b>10,161</b>	<b>9,445</b>
<b>Amortisation</b>		
Software	1,006	723
<b>Total Amortisation</b>	<b>1,006</b>	<b>723</b>
<b>Total Depreciation and Amortisation</b>	<b>11,167</b>	<b>10,168</b>

<sup>i</sup> Of the balance disclosed under 'Depreciation Leased Assets', \$8.16m (\$7.32m in 2018) relates to leased buildings and \$0.18m (\$0.18m in 2018) relates to leased other assets contracted under the public private partnership (PPP) arrangement.

## Depreciation

All buildings, plant and equipment and intangible produced assets that have finite useful lives are depreciated. Depreciation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life.

## Amortisation

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

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

	2019	2018
<b>Non PPP Assets</b>		
Buildings	5 to 31 Years	5 to 35 Years
Leasehold Improvements	3 to 5 Years	5 Years
Plant and Equipment	10 to 30 Years	10 to 30 Years
Medical Equipment	6 to 25 Years	6 to 25 Years
Computers and Communication Equipment	3 to 9 Years	3 to 9 Years
Furniture and Fittings	6 to 13 Years	10 to 13 Years
Intangible Produced Assets	3 Years	3 Years
<b>PPP Assets</b>		
Leased Buildings:		
Structure / Shell/ Building Fabric	50 Years	54 Years
Other (Site Engineering Services and Central Plant, Fit Out, Trunk Reticulated Building Systems)	15 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 4.5: Investment Properties

### (a) Movements in carrying value for investment properties as at 30 June 2019

	Consolidated 2019 \$'000	Restated Consolidated 2018 \$'000
<b>Balance at Beginning of Period</b>	99,942	85,792
Net Gain/(Loss) from Fair Value adjustment	3,779	14,150
<b>Balance at End of Period</b>	<b>103,721</b>	<b>99,942</b>

	Consolidated Carrying Amount as at 30 June 2019 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 <sup>i</sup>	Level 2 <sup>i</sup>	Level 3 <sup>i</sup>
		\$'000	\$'000	\$'000
Investment Properties	103,721	-	86,441	17,280

	Consolidated Carrying Amount as at 30 June 2018 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 <sup>i</sup>	Level 2 <sup>i</sup>	Level 3 <sup>i</sup>
		\$'000	\$'000	\$'000
Investment Properties	99,942	-	82,657	17,285

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

### Investment Properties recognition

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

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

Subsequent to initial recognition at cost, investment properties are revalued to fair value, determined annually by independent valuers. Fair values are determined based on a market comparable approach that reflects recent transaction prices for similar properties. Investment properties are neither depreciated nor tested for impairment.

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

The fair value of the Royal Women's Hospital investment properties at 30 June 2019 have been arrived on the basis of an independent valuation carried out by The Valuer-General Victoria. The valuation was determined by reference to market evidence of transaction process for similar properties with no significant unobservable adjustments, in the same location and condition and subject to similar lease and other contracts.

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

There have been no transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2019.

# Note 5: Other Assets and Liabilities

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

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## Note 5.1: Receivables

	Consolidated 2019 \$'000	Consolidated 2018 \$'000
<b>Current</b>		
<b>Contractual</b>		
Inter Hospital Debtors	677	629
Trade Debtors	3,572	1,683
Patient Fees	1,236	1,583
Accrued Revenue - Other	2,450	3,361
<b>Less: Allowance for Impairment losses on contractual receivables</b>		
Trade Debtors	(189)	(105)
Patient Fees	(296)	(433)
	<b>7,450</b>	<b>6,718</b>
<b>Statutory</b>		
Department of Health and Human Services	2,365	1,916
GST Receivable	229	400
	<b>2,594</b>	<b>2,316</b>
<b>Total Current Receivables</b>	<b>10,044</b>	<b>9,034</b>
<b>Non-Current</b>		
<b>Contractual</b>		
Other Receivables	20	24
	<b>20</b>	<b>24</b>
<b>Statutory</b>		
Long Service Leave - Department of Health and Human Services	10,432	8,683
	<b>10,432</b>	<b>8,683</b>
<b>Total Non-Current Receivables</b>	<b>10,452</b>	<b>8,707</b>
<b>Total Receivables</b>	<b>20,496</b>	<b>17,741</b>

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

	Consolidated 2019 \$'000	Consolidated 2018 \$'000
<b>Balance at beginning of year</b>	<b>538</b>	<b>504</b>
Opening retained earnings adjustment on adoption of AASB 9	115	
<b>Opening Loss Allowance</b>	<b>653</b>	<b>504</b>
Increase/(decrease) in allowance recognised in net result	(168)	34
<b>Balance at end of year</b>	<b>485</b>	<b>538</b>

## Receivables recognition

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Receivables consist of:

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

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

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

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

### (a) Impairment losses of contractual receivables

Refer to note 7.1 (c) contractual receivables at amortised cost for the Royal Women's Hospital contractual impairment losses.



## Note 5.2: Payables

	Consolidated 2019 \$'000	Consolidated 2018 \$'000
<b>Current</b>		
<b>Contractual</b>		
Trade Creditors	6,901	3,871
Accrued Salaries and Wages	7,126	6,878
Accrued Expenses	5,260	2,743
Salary Packaging	786	973
Amounts Payable to Governments and Agencies	4,205	3,463
Other Current Liabilities	29	41
<b>Statutory</b>		
Revenue in Advance	1,445	906
<b>Total Current Payables</b>	<b>25,752</b>	<b>18,875</b>
<b>Total Payables</b>	<b>25,752</b>	<b>18,875</b>

### Payables recognition

Payables consist of:

- Contractual payables are classified as financial instruments and are initially measured at fair value and then subsequently measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to the Royal Women's Hospital prior to the end of the financial year that are unpaid; and
- Statutory payables are liabilities that are not contractual and are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

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

#### (a) Maturity analysis of payables

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

## Note 6: How We Finance Our Operations

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

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

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## Note 6.1: Borrowings

	Consolidated 2019 \$'000	Consolidated 2018 \$'000
<b>Current</b>		
<b>Australian Dollar Borrowings</b>		
Finance Lease Liability <sup>i</sup>	8,252	7,700
Loan from Treasury Corporation Victoria <sup>i</sup>	806	754
<b>Total Australian Dollars Borrowings</b>	<b>9,058</b>	<b>8,454</b>
<b>Total Current Borrowings</b>	<b>9,058</b>	<b>8,454</b>
<b>Non-Current</b>		
<b>Australian Dollar Borrowings</b>		
Finance Lease Liability <sup>i</sup>	186,674	194,925
Loan from Treasury Corporation Victoria <sup>i</sup>	17,701	18,507
<b>Total Australian Dollars Borrowings</b>	<b>204,375</b>	<b>213,432</b>
<b>Total Non-Current Borrowings</b>	<b>204,375</b>	<b>213,432</b>
<b>Total Borrowings</b>	<b>213,433</b>	<b>221,886</b>

<sup>i</sup> These are unsecured loans with a weighted average interest rate of 7.34%.

### (a) Maturity analysis of borrowings

Refer to Note 7.1(b) for the ageing analysis of borrowings.

### (b) Defaults and breaches

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

(c) Finance Lease Liability

	Minimum Future Lease Payments		Present Value of Minimum Future Lease Payments	
	Consolidated 2019 \$'000	Consolidated 2018 \$'000	Consolidated 2019 \$'000	Consolidated 2018 \$'000
<b>Finance Leases</b>				
Repayments in relation to finance leases are payable as follows:				
Not later than one year	22,474	22,474	8,252	7,700
Later than 1 year and not later than 5 years	89,895	89,895	51,985	37,133
Later than 5 years	201,227	223,700	134,688	157,792
Minimum lease payments	313,596	336,069	194,925	202,625
Less future finance charges	(118,671)	(133,444)	-	-
<b>Total</b>	<b>194,925</b>	<b>202,625</b>	<b>194,925</b>	<b>202,625</b>
<b>Included in the Financial Statements as:</b>				
Current Borrowings Finance Lease Liability	-	-	8,252	7,700
Non-Current Borrowings Finance Lease Liability	-	-	186,674	194,925
<b>Total</b>	<b>-</b>	<b>-</b>	<b>194,926</b>	<b>202,625</b>
<b>Contingent Rental Commitments</b>	<b>82,344</b>	<b>88,212</b>	<b>46,144</b>	<b>47,317</b>

The minimum future lease payments include the aggregate of all base payments and any guarantee residual. The Department of Health and Human Services supplies this information.

The weighted average interest rate implicit in the finance lease is 7.67% (2018: 7.67%).

The value of the contingent rental recognised as an expense in the operating statement for the period 2019 is \$3.44m (2018: \$3.23m).

## Note 6.1: Borrowings

### Finance Lease Recognition:

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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.

### 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.

### 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 re-based their published Consumer Price Index (CPI) to 100 for the 2011/12 financial year. This 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. The two other components (indexed annuity bonds and the consortium's own costs and provisions) are indexed by ABS data series as above.

### 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 Recognition:

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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.

## Note 6.2: Cash and Cash Equivalents

	Consolidated 2019 \$'000	Consolidated 2018 \$'000
Cash on Hand	9	10
Cash at Bank	8,970	3,211
Deposits at Call	1,918	11,486
Short Term Money Market	-	1,500
<b>Total Cash and Cash Equivalents</b>	<b>10,897</b>	<b>16,207</b>
<b>Represented by:</b>		
Cash as per Cash Flow Statement <sup>i</sup>	10,897	16,207
<b>Total Cash and Cash Equivalents</b>	<b>10,897</b>	<b>16,207</b>

<sup>i</sup> 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. The cash flow statement includes monies held in trust.

## Note 6.3: Commitments for Expenditure

	Consolidated 2019 \$'000	Consolidated 2018 \$'000
<b>Capital Expenditure Commitments</b>		
Not later than 1 year	6,036	6,609
Later than 1 year but not later than 5 years	3,612	8,592
<b>Total Capital Expenditure Commitments</b>	<b>9,648</b>	<b>15,201</b>
<b>Operating Expenditure Commitments</b>		
Not later than 1 year	1,418	1,005
Later than 1 year but not later than 5 years	630	265
Later than 5 years	260	-
<b>Total Operating Expenditure Commitments</b>	<b>2,308</b>	<b>1,270</b>
<b>Non-cancellable operating lease commitments</b>		
Not later than 1 year	937	971
Later than 1 year but not later than 5 years	972	575
<b>Total non-cancellable operating lease commitments</b>	<b>1,909</b>	<b>1,546</b>
<b>Commissioned Public Private Partnership Commitments<sup>i</sup></b>		
Not later than 1 year	18,408	15,614
Later than 1 year but not later than 5 years	74,822	75,857
Later than 5 years	207,325	228,053
<b>Total Public Private Partnership Commitments</b>	<b>300,555</b>	<b>319,524</b>
<b>Total Commitments for Expenditure (inclusive of GST)</b>	<b>314,420</b>	<b>337,541</b>
Less GST recoverable from the Australian Tax Office	(1,260)	(1,638)
<b>Total Commitments for Expenditure (exclusive of GST)</b>	<b>313,160</b>	<b>335,903</b>

<sup>i</sup> Amounts shown are exempt from GST. The Department of Health and Human Services is responsible for GST on these transactions.

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

Commitments for the Public Private partnership are also disclosed in note 6.1 Borrowings

	Minimum Future Lease Payments		Present Value of Minimum Future Lease Payments	
	Consolidated 2019 \$'000	Consolidated 2018 \$'000	Consolidated 2019 \$'000	Consolidated 2018 \$'000
<b>Commissioned Public Private Partnership Commitments</b>				
<i>Operation and maintenance commitments</i>				
Not later than 1 year	18,408	15,614	17,635	14,965
Later than 1 year but not later than 5 years	74,822	75,857	59,412	60,115
Later than 5 years	207,325	228,053	101,759	107,080
<b>Total Commitments Public Private Partnership</b>	<b>300,555</b>	<b>319,524</b>	<b>178,806</b>	<b>182,160</b>

## Commitments

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

## Operating Leases

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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.

## Public Private Partnership Commitments

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### Service Concession Arrangements

The Royal Women's Hospital is a party to a service concession arrangement, which is an agreement entered into with private sector participants to design and construct or upgrade assets used to provide public services. This agreement includes the provision of operational and maintenance services for a specified period of time.

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, subject to specified performance criteria being met. 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 15 to 54 years.

At the date of commitment to the principal provisions of the agreement, the estimated periodic payments are allocated between a component related to the design and construction of the asset and components related to the ongoing operation and maintenance of the asset. The former component is accounted for as a lease payment in accordance with the lease policy. The remaining components are accounted for as commitments for operating costs which are expensed in the Comprehensive Operating Statement as they are incurred.



## Note 6.4: Commitments for Income

	Consolidated 2019 \$'000	Consolidated 2018 \$'000
<b>Commitments Receivable</b>		
<b>Commitments in relation to leases receivable are as follows:</b>		
Not later than 1 year	4,362	3,756
Later than 1 year and not later than 5 years	15,045	12,821
Later than 5 years	51,813	56,720
<b>Minimum Lease Receivable</b>	<b>71,220</b>	<b>73,297</b>
Contingent Rental	271	301
<b>Total Commitments Receivable (inclusive of GST)</b>	<b>71,491</b>	<b>73,598</b>
Less GST payable to the Australian Tax Office	(6,476)	(6,691)
<b>Total Commitments Receivable (exclusive of GST)</b>	<b>65,015</b>	<b>66,907</b>

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

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

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## 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*.

Managed Investment Schemes are held for trading and capital gain. Under AASB 9 which became effective on 1 July 2019, financial assets held under this type of business model are reclassified as financial instruments through operating results. In 2018, these financial instruments were held at fair value through other comprehensive income.

### (a) Financial Instruments: Categorisation

	Financial Assets at Amortised Cost \$'000	Financial Assets at Fair Value Through Net Result \$'000	Contractual Financial Liabilities at Amortised Cost \$'000	Total \$'000
<b>Consolidated 2019</b>				
<b>Financial Assets</b>				
Cash and Cash Equivalents	10,897	-	-	10,897
<i>Receivables</i>				
Trade Debtors	5,000	-	-	5,000
Other Receivables	2,470	-	-	2,470
<i>Investments and Other Financial Assets</i>				
Term Deposits	950	-	-	950
Managed Investment Schemes	-	18,010	-	18,010
<b>Total Financial Assets <sup>i</sup></b>	<b>19,317</b>	<b>18,010</b>	<b>-</b>	<b>37,327</b>
<b>Financial Liabilities</b>				
Payables	-	-	24,307	24,307
Borrowings	-	-	213,433	213,433
<b>Total Financial Liabilities <sup>i</sup></b>	<b>-</b>	<b>-</b>	<b>237,740</b>	<b>237,740</b>

Consolidated 2018	Contractual Financial Assets - Loans and Receivables \$'000	Contractual Financial Assets - Available for Sale \$'000	Contractual Financial Liabilities at Amortised Cost \$'000	Total \$'000
<b>Contractual Financial Assets</b>				
Cash and Cash Equivalents	16,207	-	-	16,207
<i>Receivables</i>				
Trade Debtors	3,357	-	-	3,357
Other Receivables	3,385	-	-	3,385
<i>Investments and Other Financial Assets</i>				
Term Deposits	950	-	-	950
Managed Investment Schemes	-	16,857	-	16,857
<b>Total Financial Assets <sup>i</sup></b>	<b>23,899</b>	<b>16,857</b>	<b>-</b>	<b>40,756</b>
<b>Financial Liabilities</b>				
Payables	-	-	17,969	17,969
Borrowings	-	-	221,886	221,886
<b>Total Financial Liabilities <sup>i</sup></b>	<b>-</b>	<b>-</b>	<b>239,855</b>	<b>239,855</b>

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

## Categories of financial instruments under AASB 9:

### Financial assets at amortised cost

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

- the assets are held by The Royal Women's Hospital to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest.

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

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

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

### Financial assets at fair value through net result

Managed Investment schemes that are held for trading are classified as fair value through net result. Other financial assets are required to be measured at fair value through net result unless they are measured at amortised cost or fair value through other comprehensive income as explained above.

The Royal Women's Hospital designated all of its managed investment schemes as fair value through net result.

## Note 7.1: Financial Instruments

### 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.

The Royal Women's Hospital recognised the following liabilities in this category:

- Payables (excluding statutory payables)
- Borrowings (including finance lease liabilities)

### Categories of financial instruments previously under AASB 139

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#### Loans and Receivables and Cash

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.

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

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

#### 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, they are measured at fair value with gains and losses arising from changes in fair value, recognised in Other Economic Flows – Other Comprehensive Income until the investment is disposed. Movements resulting from impairment are recognised in the Net Result as Other Economic Flows. On disposal, the cumulative gain or loss previously recognised in Other Economic Flows – Other Comprehensive Income is transferred to Other Economic Flows in the Net Result. At 1 July 2018 the Royal Women's Hospital reclassified all Available for Sale Financial instruments as Financial Assets at fair value through net result.

## (b): Payables and Borrowings Maturity Analysis

The following table discloses the contractual maturity analysis for the Royal Women's Hospital's financial liabilities.

### Maturity analysis of financial liabilities as at 30 June 2019

Note	Consolidated Carrying Amount \$'000	Nominal Amount \$'000	Maturity Dates					
			Less than 1 Month \$'000	1-3 Months \$'000	3 Months - 1 Year \$'000	1-5 Years \$'000	Over 5 Years \$'000	
2019								
Financial Liabilities:								
Payables	5.2	24,307	24,307	14,466	9,793	48	-	-
Borrowings <sup>i</sup>	6.1	213,433	213,433	730	1,453	6,875	43,807	160,568
Total Financial Liabilities		237,740	237,740	15,196	11,246	6,923	43,807	160,568
2018								
Financial Liabilities:								
Payables	5.2	17,969	17,969	11,166	6,758	45	-	-
Borrowings <sup>i</sup>	6.1	221,886	221,886	678	1,348	6,429	40,703	172,728
Total Financial Liabilities		239,855	239,855	11,844	8,106	6,474	40,703	172,728

#### PPP Arrangement <sup>i</sup>

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

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

## Note 7.1: Financial Instruments

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

	1-Jul-18 \$'000	Current	30 days	60 days	90 days	120 days	150 days	365 days*	Total
<b>Patient Fees</b>									
<b>Expected loss rate</b>		1.0%	2.0%	7.0%	10.0%	21.0%	75.0%	100.0%	
Gross carrying amount of contractual receivables		1,031	309	162	69	32	148	345	2,096
<b>Loss allowance</b>		<b>10</b>	<b>6</b>	<b>11</b>	<b>7</b>	<b>7</b>	<b>111</b>	<b>359</b>	<b>511</b>
	1-Jul-18 \$'000	Current	1-30 days	31-60 days	61-90 days	91-180 days	181-360 days	361+ days	Total
<b>Sundry Debtors</b>									
<b>Expected loss rate</b>		0.3%	0.4%	1.2%	4.4%	7.1%	58.5%	100%	
Gross carrying amount of contractual receivables		874	427	530	176	124	108	51	2,290
<b>Loss allowance</b>		<b>2</b>	<b>2</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>63</b>	<b>51</b>	<b>142</b>
	30-Jun-19 \$'000	Current	30 days	60 days	90 days	120 days	150 days	365 days*	Total
<b>Patient Fees</b>									
<b>Expected loss rate</b>		1.0%	2.0%	7.0%	10.0%	21.0%	75.0%	100.0%	
Gross carrying amount of contractual receivables		649	790	33	51	39	82	178	1,822
<b>Loss allowance</b>		<b>6</b>	<b>16</b>	<b>2</b>	<b>5</b>	<b>8</b>	<b>62</b>	<b>197</b>	<b>296</b>
	30-Jun-19 \$'000	Current	1-30 days	31-60 days	61-90 days	91-180 days	181-360 days	361+ days	Total
<b>Sundry Debtors</b>									
<b>Expected loss rate</b>		0.3%	0.4%	1.2%	4.4%	7.1%	58.5%	100%	
Gross carrying amount of contractual receivables		2,919	450	276	241	183	105	91	4,265
<b>Loss allowance</b>		<b>8</b>	<b>2</b>	<b>3</b>	<b>10</b>	<b>13</b>	<b>61</b>	<b>92</b>	<b>189</b>

\* Credits are excluded when calculating the provision

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

From 1 July 2018, the Royal Women's Hospital has been recording the allowance for expected credit loss for the relevant financial instruments, replacing AASB 139's incurred loss approach with AASB 9's expected credit loss approach.

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

## Contractual Receivables at Amortised Cost

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

On this basis, the Royal Women's Hospital determines the opening loss allowance on initial application date of AASB 9 and the closing loss allowance at end of the financial year as disclosed.

## Reconciliation of the movement in the loss allowance for contractual receivables

	Consolidated 2019 \$'000	Consolidated 2018 \$'000
Balance at beginning of the year	538	504
Opening retained earnings adjustments on adoption of AASB 9	115	-
<b>Opening Loss Allowance</b>	<b>653</b>	<b>504</b>
Increase in provision recognised in the net result	-	34
Reversal of unused provision recognised in the net result	(168)	-
<b>Balance at end of the year</b>	<b>485</b>	<b>538</b>

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

In prior years, a provision for doubtful debts was recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts considered as written off by mutual consent.

## Statutory receivables

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

Statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As the result, the loss allowance was recognised for these financial assets during the period was limited to 12 months expected losses. No loss allowance recognised as at 30 June 2019 under AASB 139. No loss allowance was required upon transition into AASB 9 on 1 July 2018.



## Note 7.2: Contingent Assets and Contingent Liabilities

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

	Consolidated 2019 \$'000	Consolidated 2018 \$'000
<b>Contingent Liabilities</b>		
<b>Quantifiable</b>		
Contribution to Parkville facility	11,820	11,820
<b>Total Quantifiable Contingent Liabilities</b>	<b>11,820</b>	<b>11,820</b>

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.

## Note 8: Other Disclosures

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

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

	Consolidated 2019 \$'000	Restated Consolidated 2018 \$'000
<b>Net Result for the Year</b>	1,830	32,459
<b>Non-Cash Movements:</b>		
Depreciation	11,167	10,168
Amortisation of Intangible Non-Produced Assets	980	979
Net gain/loss on revaluation of financial assets	(112)	58
Impairment of Non-Financial Assets	(2,006)	-
Revaluation of Investment Properties	(3,779)	(13,992)
Net movement in Finance Lease <sup>i</sup>	(7,698)	(13,253)
Provision for Doubtful Debts	(166)	34
Income from Managed Funds Reinvested	(1,023)	(569)
Capital Donations	-	-
Management Fees for Managed Investments	25	25
Resources Received Free of Charge	(79)	(39)
Resources Provided Free of Charge	79	39
<b>Movements included in Investing and Financing Activities:</b>		
Net (Gain)/Loss from Disposal of Non-Financial Physical Assets	33	36
Net (Gain)/Loss from Disposal of Financial Assets	28	(46)
<b>Movements in Assets and Liabilities:</b>		
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	(2,700)	(1,431)
(Increase)/Decrease in Prepayments	(378)	(463)
Increase/(Decrease) in Payables	6,613	(5,074)
Increase/(Decrease) in Provisions	7,005	6,557
(Increase)/Decrease in Inventories	(3)	13
<b>Net Cash Flow from Operating Activities</b>	<b>9,816</b>	<b>15,501</b>

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

## Note 8.2: Responsible Persons

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

	Period
<b>Responsible Ministers:</b>	
The Honourable Jill Hennessy, Minister for Health and Minister for Ambulance Services	01/07/2018 - 29/11/2018
The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services	29/11/2018 - 30/06/2019
The Honourable Martin Foley, Minister for Mental Health	01/07/2018 - 30/06/2019
The Honourable Martin Foley, Minister for Housing, Disability and Ageing	01/07/2018 - 29/11/2018
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers	29/11/2018 - 30/06/2019
<b>Governing Boards</b>	
Ms Lyn Swinburne AO (Chair of the Board)	01/07/2018 - 30/06/2019
Ms Christina Liosis	01/07/2018 - 30/06/2019
Dr Nicolas Radford AM	01/07/2018 - 30/06/2019
Mr Michael O'Neill	01/07/2018 - 30/06/2019
Professor David Copolov AO	01/07/2018 - 30/06/2019
Ms Helga Svendsen	01/07/2018 - 30/06/2019
Ms Cath Bowtell	01/07/2018 - 30/06/2019
Ms Mandy Frostick	01/07/2018 - 30/06/2019
Ms Naomi Johnston	01/07/2018 - 30/06/2019
<b>Accountable Officers</b>	
Dr Sue Matthews (Chief Executive Officer)	01/07/2018 - 30/06/2019

### Remuneration of Responsible Persons

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

Income Band	Parent	
	2019 No.	2018 No.
\$10,000 - \$19,999	-	1
\$20,000 - \$29,999	8	8
\$50,000 - \$59,999	1	1
\$510,000 - \$519,999	1	-
\$520,000 - 529,999	-	1
<b>Total</b>	<b>10</b>	<b>11</b>
	Total Remuneration	
	2019 \$'000	2018 \$'000
<b>Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:</b>	<b>778</b>	<b>796</b>

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

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

## Note 8.3: Remuneration of Executives

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

Remuneration 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.

Remuneration of Executive Officers (including Key Management Personnel Disclosed in Note 8.4)	Parent Total Remuneration	
	2019 \$'000	2018 \$'000
Short-term Benefits	2,081	2,036
Post-employment Benefits	198	186
Other Long-term Benefits	39	27
Termination Benefits	220	11
<b>Total Remuneration <sup>i</sup></b>	<b>2,538</b>	<b>2,260</b>
Total Number of Executives	12	9
Total Annualised Employee Equivalent <sup>ii</sup>	8.7	8.0

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

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

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

## Note 8.4: Related Parties

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

- All key management personnel (KMP) and their close family members;
- 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 its controlled entities are deemed to be KMPs.

Entity	KMPs	Position Title
The Royal Women's Hospital	Ms Lyn Swinburne AO	Chair of the Board
The Royal Women's Hospital	Ms Christina Liosis	Board Member
The Royal Women's Hospital	Dr Nicolas Radford AM	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 Naomi Johnston (Commenced July 2018)	Board Member
The Royal Women's Hospital	Dr Sue Matthews	Chief Executive Officer
The Royal Women's Hospital	Mr Sam Garrasi	Chief Financial Officer
The Royal Women's Hospital	Mrs Lisa Lynch	Chief Operating Officer
The Royal Women's Hospital	Dr Mark Garwood	Chief Medical Officer
The Royal Women's Hospital	Mrs Laura Bignell (Commenced October 2018)	Chief Midwifery and Nursing Officer
The Royal Women's Hospital	Ms Tania Angelini	Chief Communications Officer
The Royal Women's Hospital	Ms Sherri Huckstep	Chief Experience Officer
The Royal Women's Hospital	Mr Damian Gibney	Executive Director Clinical Excellence and Systems Improvement
The Royal Women's Hospital	Ms Tanya Farrell (Resigned July 2018)	Executive Director Nursing and Midwifery
The Royal Women's Hospital	Ms Allison Kenwood	Executive Director Strategy and Planning
The Royal Women's Hospital	Mr George Cozaris	Executive Director Information Management and Technology

## Note 8.4: Related Parties

Entity	KMPs	Position Title
The Royal Women's Hospital	Mr Zak Gruevski (Resigned December 2018)	Executive Director Finance and Corporate Services
The Royal Women's Hospital	Ms Juliette Long (Commenced October 2018 and Resigned May 2019)	Executive Director people Culture and Workforce

The Royal Women's Hospital Foundation	Ms Lynda Jane Trembath	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 AM (Resigned January 2019)	Board Member
The Royal Women's Hospital Foundation	Ms Lyn Swinburne AO	Board Member
The Royal Women's Hospital Foundation	Ms Gaya Raghavan Byrne	Board Member
The Royal Women's Hospital Foundation	Ms Elisa Robinson	Board Member
The Royal Women's Hospital Foundation	Associate Professor Orla McNally	Board Member
The Royal Women's Hospital Foundation	Ms Cassy Liberman	Board Member
The Royal Women's Hospital Foundation	Ms Jan Chisholm (Resigned January 2019)	Chief Executive Officer
The Royal Women's Hospital Foundation	Mrs Sarah Bernard (Commenced January 2019)	Chief Executive Officer

The compensation detailed below is reported in \$'000 and 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.

	Consolidated 2019 \$'000	Consolidated 2018 \$'000
<b>Compensation - KMPs</b>		
Short-term Employee Benefits <sup>i</sup>	3,001	3,003
Post-employment Benefits	256	247
Other Long-term Benefits	39	27
Termination Benefits	238	10
<b>Total <sup>ii</sup></b>	<b>3,534</b>	<b>3,287</b>

<sup>i</sup> Total remuneration paid to KMPs employed as a contractor during the reporting period through accounts payable has been reported under short-term employee benefits.

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

## Significant Transactions with Government Related Entities

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The Royal Women's Hospital received funding from the Department of Health and Human Services of \$259m (2018: \$255m) and indirect contributions of \$1m (2018: \$1m).

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.

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

## Transactions with KMPs and Other Related Parties

---

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

Outside of normal citizen type transactions with 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 scarce resources.

There were no related party transactions with Cabinet Ministers required to be disclosed in 2019.

The Executive Director Information Management and Technology of the Royal Women's Hospital has also acted as the Chief Information Officer of Melbourne Health during the 2019 financial year.

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

There were no related party transactions required to be disclosed for The Royal Women's Hospital Board of Directors and Executive Directors in 2019.

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 2019.



## Note 8.4: Related Parties

### Controlled Entities Related Party Transactions

#### The Royal Women's Hospital Foundation

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

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

Associate Professor John McBain AO was the head of the Reproductive Services Department at the Royal Women's Hospital until January 2019 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.

	2019 \$'000	2018 \$'000
Distribution of funds by the Royal Women's Hospital Foundation	2,627	2,122
Intercompany receivable at 30 June	63	64

### Jointly Controlled Operations Related Party Transactions

The CEO of the Royal Women's Hospital is a Director of the Victorian Comprehensive Cancer Centre during the 2019 financial year.

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

	2019 \$'000	2018 \$'000
Payments by the Royal Women's Hospital for membership fees	150	147

## Note 8.5: Remuneration of Auditors

	2019 \$'000	2018 \$'000
<b>Victorian Auditor-General's Office</b>		
Audit of Financial Statements		
<b>Parent</b>		
The Royal Women's Hospital	80	81
<b>Controlled Entities</b>		
The Royal Women's Hospital Foundation Trust Fund	6	4
The Royal Women's Hospital Foundation Limited	2	2
<b>Total Remuneration of Auditors</b>	<b>88</b>	<b>87</b>

## Note 8.6: AASBs Issued that are not yet Effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2019 reporting period. Department of Treasury and Finance assesses the impact of all these new standards and advises the Royal Women's Hospital of their applicability and early adoption where applicable.

As at 30 June 2019, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. 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 Financial Statements
AASB 15 <i>Revenue from Contracts with Customers</i>	<p>The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. Revenue from grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as the performance obligations attached to the grant are satisfied.</p> <p>Note that amending standard AASB 2015 8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2019 instead of 1 January 2017 for Not-for-Profit entities.</p>	1 January 2019	The assessment has indicated that there will be no significant impact to the Royal Women's Hospital upon adoption of AASB 15.
AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i>	<p>This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.</p> <p>AASB 9</p> <ul style="list-style-type: none"> <li>– Statutory receivables are recognised and measured similarly to financial assets.</li> </ul> <p>AASB 15</p> <ul style="list-style-type: none"> <li>– The 'customer' does not need to be the recipient of goods and/or services;</li> <li>– The 'contract' could include an arrangement entered into under the direction of another party;</li> <li>– Contracts are enforceable if they are enforceable by legal or 'equivalent means';</li> <li>– Contracts do not have to have commercial substance, only economic substance; and</li> <li>– Performance obligations need to be 'sufficiently specific' to be able to apply AASB 15 to these transactions.</li> </ul>	1 January 2019	The assessment has indicated that there will be no significant impact to the Royal Women's Hospital's statutory receivables under AASB 9. The assessment for AASB 15 has been identified above.

## Note 8.6: AASBs Issued that are not yet Effective

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on the Royal Women's Hospital Financial Statements
AASB 16 <i>Leases</i>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet, which has an impact on net debt.	1 January 2019	<p>The assessment has indicated that most operating leases, with the exception of short term (&lt; 12 months) and low value leases (&lt;\$10K per item) will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. The assessment concluded that the following operating leases will now be classified as finance leases for motor vehicles, property and some IT equipment.</p> <p>In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge.</p>
AASB 2018-8 <i>Amendments to Australian Accounting Standards – Right of Use Assets of Not-for-Profit Entities</i>	<p>This standard amends various AASB standards to provide an option for not-for-profit entities to not apply the fair value initial measurement requirements to a class or classes of right of use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives.</p> <p>This Standard also adds additional disclosure requirements to AASB 16 for not-for-profit entities that elect to apply this option.</p>	1 January 2019	<p>Under AASB 1058, not-for-profit entities are required to measure right-of-use assets at fair value at initial recognition for leases that have significantly below-market terms and conditions.</p> <p>For right-of-use assets arising under leases with significantly below market terms and conditions principally to enable the entity to further its objectives (peppercorn leases), AASB 2018-8 provides a temporary option for Not-for-Profit entities to measure at initial recognition, a class or classes of right-of-use assets at cost rather than at fair value and requires disclosure of the adoption.</p> <p>The Royal Women's Hospital is under the guidance of the State of Victoria who has elected to apply the temporary option in AASB 2018-8 for not-for-profit entities to not apply the fair value provisions under AASB 1058 for these right-of-use assets.</p> <p>In making this election, the State considered that the methodology of valuing peppercorn leases was still being developed.</p>

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on the Royal Women's Hospital Financial Statements
AASB 1058 <i>Income of Not-for-Profit Entities</i>	<p>AASB 1058 will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions.</p> <p>AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.</p>	1 January 2019	<p>Grant revenue is currently recognised up front upon receipt of the funds under AASB 1004 Contributions. The timing of revenue recognition for grant agreements that fall under the scope of AASB 1058 may be deferred. The impact on current revenue recognition of the changes is the potential phasing and deferral of revenue recorded in the operating statement.</p> <p>The assessment has indicated that for some capital grants, revenue would have been deferred until the assets are acquired. For operating grants no significant changes have been identified.</p>
AASB 2018-7 <i>Amendments to Australian Accounting Standards – Definition of Material</i>	This Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.	1 January 2020	The standard is not expected to have a significant impact on the Royal Women's Hospital.

The following accounting pronouncements are also issued but not effective for the 2018-19 reporting period. At this stage, the preliminary assessment suggests they may have insignificant impacts on public sector reporting.

- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015 – 2017 Cycle
- AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements

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

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between 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 8.8: 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	2019 \$'000	2018 \$'000
The Royal Women's Hospital Foundation Trust Fund	2,528	2,186
The Royal Women's Hospital Foundation Limited	-	-

## Note 8.9: Jointly Controlled Operations

Name of Entity	Principal Activity	Ownership Interest	
		2019 %	2018 %
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 are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

	2019 \$'000 *	2018 \$'000 *
<b>Current Assets</b>		
Cash and Cash Equivalents	507	636
Receivables	22	8
Investments and Other Financial Assets	950	900
Prepayments	142	101
<b>Total Current Assets</b>	<b>1,621</b>	<b>1,645</b>
<b>Non-Current Assets</b>		
Investments and Other Financial Assets	2	51
Property, Plant and Equipment	14	11
Intangible Assets	8	7
<b>Total Non-Current Assets</b>	<b>24</b>	<b>69</b>
<b>TOTAL ASSETS</b>	<b>1,644</b>	<b>1,714</b>
<b>Current Liabilities</b>		
Payables	116	26
Accrued Expenses	38	18
Provisions	25	11
<b>Total Current Liabilities</b>	<b>179</b>	<b>55</b>
<b>Non-Current Liabilities</b>		
Provisions	11	10
<b>Total Non-Current Liabilities</b>	<b>11</b>	<b>10</b>
<b>TOTAL LIABILITIES</b>	<b>190</b>	<b>65</b>
<b>NET ASSETS</b>	<b>1,455</b>	<b>1,649</b>
<b>Equity</b>		
Accumulated Surpluses/(Deficits)	1,455	1,649
<b>TOTAL EQUITY</b>	<b>1,455</b>	<b>1,649</b>

## Note 8.9: Jointly Controlled Operations

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

	2019 \$'000 *	2018 \$'000 *
<b>Revenue</b>		
Grants	999	1,544
Other Income	26	13
Interest Income	32	21
<b>Total Revenue</b>	<b>1,057</b>	<b>1,578</b>
<b>Expenses</b>		
Employee Benefits	374	242
Other Expenses from Continuing Operations	873	221
Depreciation	5	2
<b>Total Expenses</b>	<b>1,252</b>	<b>465</b>
<b>NET RESULT</b>	<b>(195)</b>	<b>1,113</b>

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

### Contingent Liabilities and Capital Commitments

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

Operating commitments of \$0.7m in 2019 have been disclosed under Note 6.3 Commitments.

## Note 8.10: Economic Dependency

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

## Note 8.11: Correction of a Prior Period Error and Changes in Accounting Policy and Revision of Estimates

### Changes to Classification and Measurement

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On initial application of AASB 9 on 1 July 2018, the Royal Women's Hospital has assessed for all financial assets based on the Royal Women's Hospital business models for managing the assets. The following are the changes in the classification of the Royal Women's Hospital's financial assets. The prior year financial statements have been adjusted to amend the error.

- a) Managed investment schemes previously classified as available-for-sale under AASB 139 are now classified as fair value through net result under AASB 9 because their cash flows do not represent solely payments of principal and interest, thus not meeting the AASB 9 criteria for classification at amortised cost.
- b) Contractual receivables previously classified as other loans and receivables under AASB 139 are now reclassified as financial assets at amortised cost under AASB 9. An increase of \$115,000 in loss allowance for these assets was recognised in opening retained earnings for the period.

The accounting for financial liabilities remains largely the same as it was under AASB 139, except for the treatment of gains or losses arising from the Royal Women's Hospital own credit risk relating to liabilities designated at fair value through net result. Such movements are presented in other comprehensive income with no subsequent recycle through profit or loss.

The Royal Women's Hospital has elected to apply the limited exemption in AASB 9 paragraph 7.2.15 relating to transition for classification and measurement and impairment, and accordingly has not restated comparative periods in the year of initial application. As a result:

- a) any adjustments to carrying amounts of financial assets or liabilities are recognised at beginning of the current reporting period with difference recognised in opening retained earnings; and
- b) financial assets and provision for impairment have not been reclassified and/or restated in the comparative period.

This note explains the impact of the adoption of AASB 9 *Financial Instruments* on the Royal Women's Hospital's financial statements.



## Note 8.11: Correction of a Prior Period Error and Changes in Accounting Policy and Revision of Estimates

### Summary of reclassification of assets and liabilities

	AASB 139 Measurement Categories	AASB 9 Measurement Categories			
		Fair value through net result (designated)	Fair value through net result (mandatory)	Amortised cost	Fair value through other comprehensive income
<b>As at 30 June 2018</b>					
<b>AASB 139 Measurement Categories</b>					
Managed investment schemes	16,857	-	16,857	-	-
<b>As at 1 July 2018</b>	<b>16,857</b>	<b>-</b>	<b>16,857</b>	<b>-</b>	<b>-</b>

### Transition impact of first time adoption of AASB 9 on comprehensive operating statement

<b>Comprehensive operating statement</b>	<b>30/6/18</b>
Increase in impairment loss allowance	(115)
Revaluation of financial assets at fair value through net result	459
<b>Other economic flows included in net result</b>	<b>344</b>

### Transition impact of first time adoption of AASB 9 on balance sheet

<b>Balance sheet</b>	<b>Amount at 30/6/2018</b>	<b>Reclassification</b>	<b>Remeasurement</b>	<b>Restated amount at 1/7/2018</b>
Available for sale	16,857	(16,857)	-	-
Financial assets at fair value through net result	-	16,857	-	16,857
Impairment loss allowance	(538)	-	(115)	(653)
<b>Total Impact on Financial Assets</b>	<b>16,319</b>	<b>-</b>	<b>(115)</b>	<b>16,204</b>
Accumulated surplus/(deficit)	(78,780)	1,456	(115)	(77,439)
Financial assets through other comprehensive income revaluation surplus	1,456	(1,456)	-	-
<b>Total Impact on Equity</b>	<b>(77,324)</b>	<b>-</b>	<b>(115)</b>	<b>(77,439)</b>

## Correction of a prior period error

The Royal Women's Hospital recognised certain land and buildings as property, plant and equipment instead of investment property. These properties are held for rental purposes. This error had the effect of overstating depreciation and the revaluation surplus.

Operating Statement	Note	Consolidated for the period ended 30 June 2019 \$'000	Consolidated for the period ended 30 June 2018 (restated) \$'000	For the period ended 30 June 2018 (as previously presented) \$'000
<b>Income from Transactions</b>				
Operating Activities	2.1	309,967	310,687	310,687
Non-Operating Activities	2.1	1,511	873	873
<b>Total Income from Transactions</b>		<b>311,478</b>	<b>311,560</b>	<b>311,560</b>
<b>Expenses from Transactions</b>				
Employee Expenses	3.1	(198,130)	(188,430)	(188,430)
Supplies and Consumables	3.1	(26,936)	(26,075)	(26,075)
Finance Costs	3.1	(16,035)	(10,531)	(10,531)
Depreciation and Amortisation	4.4	(11,167)	(10,168)	(14,528)
Other Operating Expenses	3.1	(59,166)	(56,656)	(56,656)
<b>Total Expenses from Transactions</b>		<b>(311,434)</b>	<b>(291,860)</b>	<b>(296,220)</b>
<b>Net Result from Transactions - Net Operating Balance</b>		<b>44</b>	<b>19,700</b>	<b>15,340</b>
<b>Other Economic Flows Included in Net Result</b>				
Net Gain/(Loss) on Non-Financial Assets	3.2	4,772	12,974	(36)
Net Gain/(Loss) on Financial Instruments at Fair Value	3.2	(393)	(224)	(12)
Other Gains/(Losses) from Other Economic Flows	3.2	(2,593)	9	(1,183)
<b>Total Other Economic Flows Included in Net Result</b>		<b>1,786</b>	<b>12,759</b>	<b>(1,231)</b>
<b>Net Result from Continuing Operations</b>				
<b>NET RESULT FOR THE YEAR</b>		<b>1,830</b>	<b>32,459</b>	<b>14,109</b>
<b>Other Comprehensive Income</b>				
<b>Items that will not be reclassified to Net Result</b>				
Changes in Property, Plant and Equipment Revaluation Surplus	4.2(f)	30,219	41,572	61,185
<b>Items that may be reclassified subsequently to Net Result</b>				
Changes to Financial Assets Available-for-Sale Revaluation Surplus		-	447	447
<b>Total Other Comprehensive Income</b>		<b>30,219</b>	<b>42,019</b>	<b>61,632</b>
<b>COMPREHENSIVE RESULT FOR THE YEAR</b>		<b>32,049</b>	<b>74,478</b>	<b>75,742</b>

## Note 8.11: Correction of a Prior Period Error and Changes in Accounting Policy and Revision of Estimates

Balance Sheet	Note	For the period ended 30 June 2019 \$'000	For the period ended 30 June 2018 (restated) \$'000	For the period ended 30 June 2018 (as previously presented) \$'000	For the period ended 1 July 2017 (restated) \$'000	For the period ended 1 July 2017 (as previously presented) \$'000
<b>Current Assets</b>						
Cash and Cash Equivalents	6.2	10,897	16,207	16,207	6,775	6,775
Receivables	5.1	10,044	9,034	9,034	8,723	8,723
Investments and Other Financial Assets	4.1	950	900	900	200	200
Inventories		149	146	146	159	159
Prepayments and Other Assets		1,331	953	953	490	490
<b>Total Current Assets</b>		<b>23,371</b>	<b>27,240</b>	<b>27,240</b>	<b>16,347</b>	<b>16,347</b>
<b>Non-Current Assets</b>						
Receivables	5.1	10,452	8,707	8,707	7,620	7,620
Investments and Other Financial Assets	4.1	18,010	16,907	16,907	15,904	15,904
Property, Plant and Equipment	4.2	366,731	338,699	438,546	304,544	389,132
Intangible Assets	4.3	23,704	17,222	17,222	16,513	16,513
Investment Properties	4.5	103,721	99,846	-	85,792	-
<b>Total Non-Current Assets</b>		<b>522,618</b>	<b>481,381</b>	<b>481,382</b>	<b>430,373</b>	<b>429,169</b>
<b>TOTAL ASSETS</b>		<b>545,989</b>	<b>508,621</b>	<b>508,622</b>	<b>446,720</b>	<b>445,516</b>
<b>Current Liabilities</b>						
Payables	5.2	25,752	18,875	18,875	17,244	17,244
Borrowings	6.1	9,058	8,454	8,454	6,595	6,595
Provisions	3.4	44,940	37,930	37,930	39,028	39,028
<b>Total Current Liabilities</b>		<b>79,750</b>	<b>65,259</b>	<b>65,259</b>	<b>62,867</b>	<b>62,867</b>
<b>Non-Current Liabilities</b>						
Borrowings	6.1	204,375	213,432	213,432	229,249	229,249
Provisions	3.4	8,226	8,231	8,231	7,454	7,454
<b>Total Non-Current Liabilities</b>		<b>212,601</b>	<b>221,663</b>	<b>221,663</b>	<b>236,703</b>	<b>236,703</b>
<b>TOTAL LIABILITIES</b>		<b>292,351</b>	<b>286,922</b>	<b>286,922</b>	<b>299,570</b>	<b>299,570</b>
<b>NET ASSETS</b>		<b>253,638</b>	<b>221,699</b>	<b>221,700</b>	<b>147,150</b>	<b>145,946</b>

<b>Balance Sheet</b>	<b>Note</b>	<b>For the period ended 30 June 2019 \$'000</b>	<b>For the period ended 30 June 2018 (restated) \$'000</b>	<b>For the period ended 30 June 2018 (as previously presented) \$'000</b>	<b>For the period ended 1 July 2017 (restated) \$'000</b>	<b>For the period ended 1 July 2017 (as previously presented) \$'000</b>
<b>Equity</b>						
Property, Plant and Equipment						
Revaluation Surplus		178,115	147,896	223,007	106,324	161,822
Financial Assets Available-for-Sale						
Revaluation Surplus		-	1,456	1,456	997	997
Restricted Specific Purpose Surplus		7,581	8,594	8,594	9,413	9,413
Contributed Capital		67,423	67,423	67,423	67,423	67,423
Accumulated Surplus/(Deficits)		519	(3,670)	(78,780)	(37,007)	(93,709)
<b>TOTAL EQUITY</b>		<b>253,638</b>	<b>221,699</b>	<b>221,700</b>	<b>147,150</b>	<b>145,946</b>

# Independent Auditor's Report

## To the Board of the The Royal Women's Hospital

<b>Opinion</b>	<p>I have audited the consolidated financial report of the The Royal Women's Hospital (the health service) and its controlled entities (together the consolidated entity), which comprises the:</p> <ul style="list-style-type: none"> <li>consolidated entity and health service balance sheets as at 30 June 2019</li> <li>consolidated entity and health service comprehensive operating statements for the year then ended</li> <li>consolidated entity and health service statements of changes in equity for the year then ended</li> <li>consolidated entity and health service cash flow statements for the year then ended</li> <li>notes to the financial statements, including significant accounting policies</li> <li>Board member's, chief executive officer's and chief financial officer's declaration.</li> </ul> <p>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 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Board's responsibilities for the financial report</b>	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service 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.</p>
<b>Other Information</b>	<p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>

**Auditor's responsibilities for the audit of the financial report**

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

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

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

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



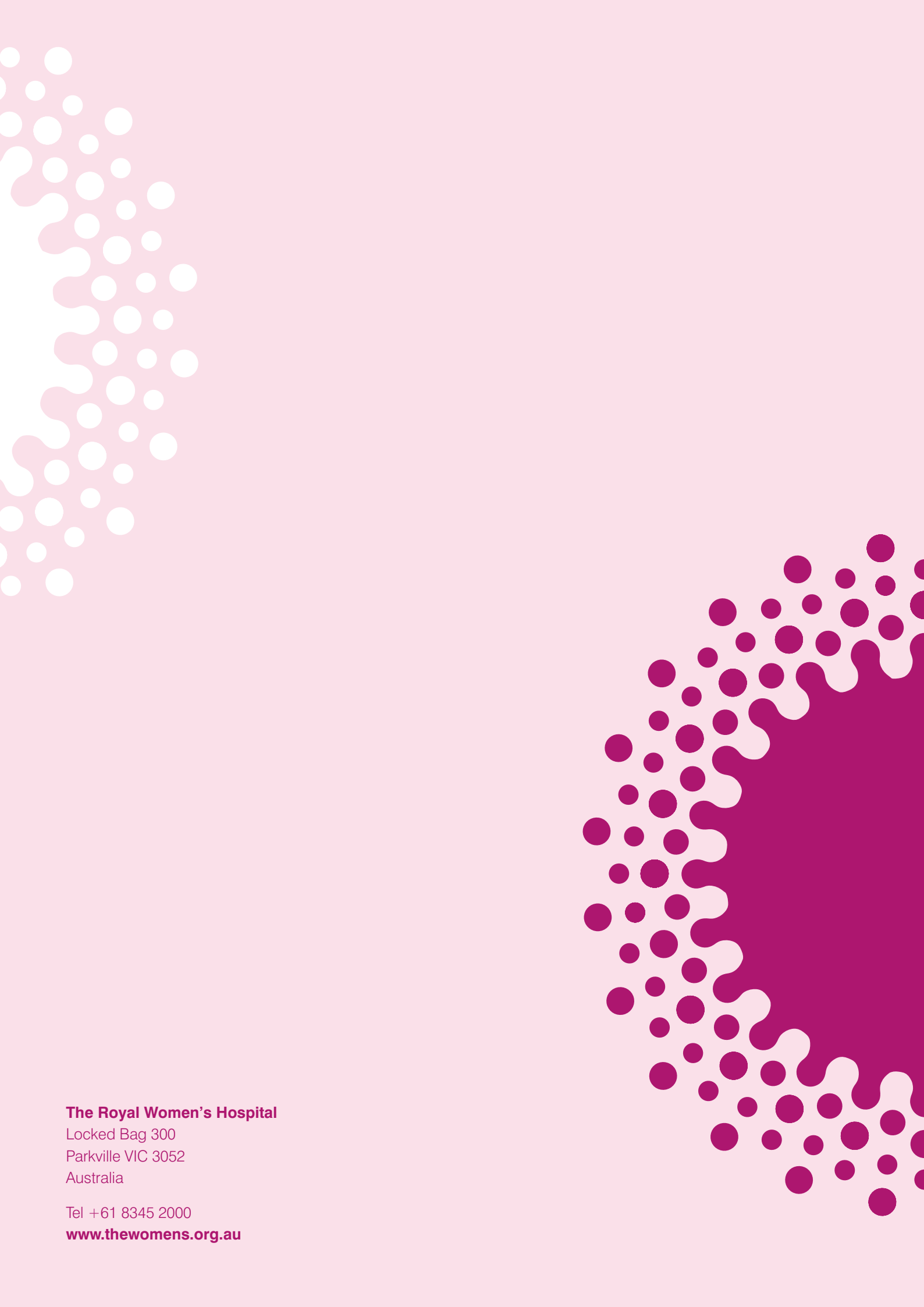
MELBOURNE  
26 August 2019

Travis Derricott  
*as delegate for the Auditor-General of Victoria*









**The Royal Women's Hospital**

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