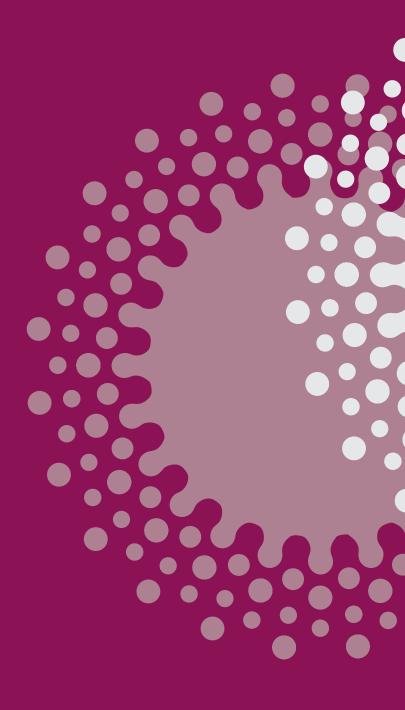
THE WOMEN'S ANNUAL REPORT 2020









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**.

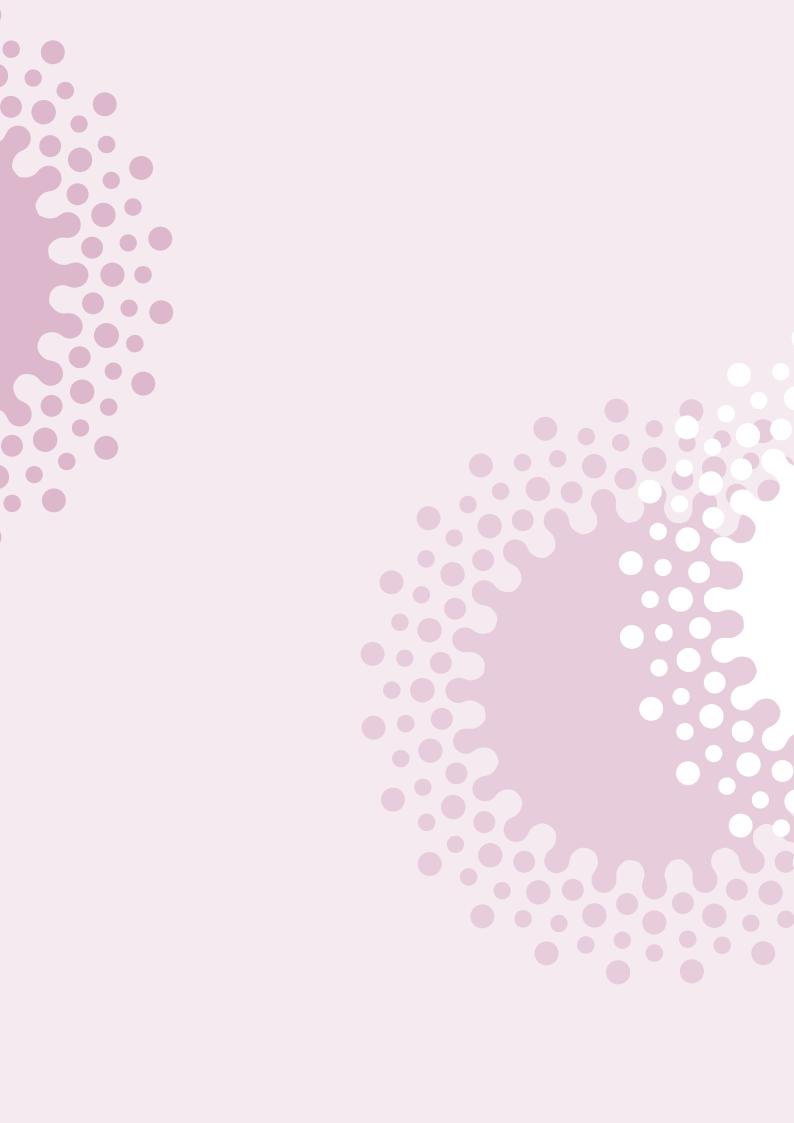
We will be a voice for women's health

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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REPORT FROM THE BOARD CHAIR AND CHIEF EXECUTIVE

We have, and always will be, committed to people. Our strength and success as a major public hospital relies on this commitment and drives every decision we make. During the last financial year, our commitment to people underpinned all our work as we rallied to meet the extraordinary challenges of a worldwide pandemic and fulfil our mission to deliver excellent health outcomes for all women and babies in our care.

For the first half of the financial year, we were well on track to meet our activity targets and strategic and operational goals. Along with our health service partners in Parkville, we were focused on the delivery of a very exciting, multi-million dollar clinical transformation program. Our health service was focused on supporting women and babies, providing them with world-class maternity, gynaecology, neonatal, cancer and psychosocial care. In addition, we had a number of programs in train to improve the health outcomes of some of the most vulnerable women and babies in our community. Our ambitious research program was well underway, and we were meeting our state-wide commitments to provide leadership to other health services in our areas of expertise.

Unexpectedly, the Women's, and the rest of the world, were halted mid-stream as the biggest public health crisis in several generations took hold. The disruption was, and still is, immense; and in those early days, we, like every other organisation and indeed, every individual, had to adapt and respond to an unimaginable challenge.

In preparing for and responding to the COVID-19 pandemic, we understood that as a people-driven organisation and a vital part of Victoria's public health system, we needed to prioritise the health and safety of our people and our patients. As we worked to transform our hospital and the way we delivered our care during

the pandemic, the Women's values of courage, passion, discovery and respect helped us to adapt and respond very quickly as we navigated through some tough decisions, particularly those that had an impact on families.

During the second half of this financial year, the health services sector had to adapt to severe restrictions that affected hospital access, family support, elective surgery, the way we deliver clinical care, the workplace environment, occupational health and safety, and infection prevention and control. We had to be agile and responsive, creating new governance structures and monitoring and reporting processes, and implementing complex clinical procedures to control the risk of virus transmission. Our workforce was also affected in a number of ways with vulnerable and at-risk staff needing to be reassigned, a small number being furloughed, and others redeployed to staff our screening program. Some opportunities also arose during this critical time including the widespread introduction of telehealth at the Women's, more flexible working arrangements for staff, increased infection prevention and control capacity across the organisation, and an expansion of our people wellbeing program. While we certainly have not welcomed the events of the last several months. we are now able to step back to see how we made the best of the challenges and how, despite them, we achieved a significant amount as a team.

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 and associated services at our Parkville and Sandringham campuses, as well as our leadership and advocacy work. Our strategic plan positions the Women's to meet current and future demands, embrace opportunities, and deliver exceptional experiences of care that improve health outcomes.

Investing in our people and systems

Perhaps the highlight of the past year was the extraordinary accomplishment of the Connecting Care Electronic Medical Record (EMR) implementation. Planned for a May 2020 release, this multi-site clinical transformation program involved training and inducting over 14,000 health professionals across three health services in a new digital information system. On 24 March 2020, the Parkville Precinct health service partners announced the postponement of the EMR after careful consideration of the impact of the pandemic. This was a difficult decision that took into account the potential risks to operational capacity, clinical safety and access to technical support. At this time, the Women's had 43 per cent of staff trained to use the new EMR and deployment of devices and readiness activities were well underway. Thankfully, with pandemic plans in place and the Parkville Precinct health services ready for what was to come, the Connecting Care Parkville EMR implementation was reinstated and successfully implemented on 8 August 2020.

This was a monumental achievement connecting the Women's, Royal Melbourne Hospital and Peter MacCallum Cancer Centre with the Royal Children's Hospital EMR system. Four years in the making, the achievement was made all the more significant given it was delivered during the peak of a pandemic, while Melbourne was under stage 4 restrictions. Since then, we are extremely pleased to report that the EMR has

been enthusiastically embraced at the Women's and is on its way to being embedded across our organisation; collaboration with the other health services is extremely strong; and we look forward to the next stage of the program that will see system optimisation and benefits in 2021.

Creating exceptional patient and consumer experiences

During the 2020 financial year, telehealth emerged as an important tool, not only as a way to minimise the risk of transmission during a pandemic, but also as a safe and effective platform that could give our patients greater flexibility. This digital platform had been operating at the Women's for a small number of clinics but with the demands of a pandemic, a full range of telehealth clinics were rapidly introduced so that, when clinically appropriate, patients could access a consultation from home. This has generally been well received by many patients and the Women's is now working to extend our telehealth offering on a permanent basis. We have prioritised the inclusion of Auslan interpreters into video consultations and we are looking to work with others to optimise the Healthdirect Video Call platform for patients with disability.

Another highlight over the past year was the Women's leadership of patient and consumer engagement for the Parkville Connecting Care EMR program. During the first six months of the year, the Women's led an extensive patient and consumer consultation process as part of this precinct-wide program. This work informed the EMR program design and implementation with all consumer related decisions given a strong patient-centred focus. Of particular note was the design and delivery of a new patient portal. The Health Hub patient portal is currently at launch stage and we are excited by the opportunities it will provide for patients to partner with their healthcare providers and be active participants in their health care decisions.

Providing state-wide leadership

A project setting out to increase the availability of contraception and abortion care across regional areas of Victoria was given the green light by state government to continue its valuable work for an additional two years. The Women's Clinical Champions Project has trained hundreds of clinicians on best clinical practice as part of the Victorian Government Women's Sexual and Reproductive Health plan. This is an important state-wide leadership priority for the Women's and during the past 12 months included the provision of active support to a number of regional health services; participation in state-wide clinical networks; the provision of secondary consultation to rural abortion providers; and the management of a virtual sexual and reproductive health community of practice portal for nurses and nurse practitioners.

The Strengthening Hospital's Response to Family Violence (SHRFV) program is another important statewide leadership priority for the Women's. Commenced in 2015, the SHRFV model was developed to provide a system-wide approach, which is now being applied by hospitals across Victoria. Over the past twelve months, the Women's focused on updating the SHRFV toolkit and training resources used by hospitals across Victoria to align with the Victorian Government's Multi-Agency Risk Assessment and Management (MARAM) Framework. Work was also undertaken on the Family Violence Workplace Support Program with over 80 Victorian hospitals and health services involved. The Women's provided sector leadership, support and mentorship to 24 metropolitan hospitals and health services, including an online community of practice.

Improving health outcomes through translational research

It was a successful year for translational research at the Women's. Our researchers secured a combined \$14.9 million in grants from the National Health and Medical Research Council (NHMRC) and Medical Research Future Fund (MRFF). In total, the Women's ten research centres were collectively awarded more than \$26 million in competitive grants. We published 228 peer-reviewed medical papers, supervised 104 students and conducted 76 clinical trials involving more than 3,200 participants. Our 2019-20 research highlights included:

- The awarding of a \$4.5 million grant to fund three innovative research projects on women's health.
 Announced in May 2020, this was a significant achievement as only 13 per cent of applications are successful for this NHMRC grant. For the Women's, it means we can extend our work to improve health after surgical menopause; increase our understanding of reproductive health through infectious diseases research; and develop better ways to inform women's decision-making in relation to in-vitro fertilisation (IVF).
- A \$9.5 million research grant was announced by
 the Federal Minister for Health Greg Hunt with
 \$3.9 million of that helping the Women's to improve
 the diagnosis and treatment of endometriosis. The
 grant, which is the largest of five grants awarded by
 the MRFF is funding nine projects examining issues
 such as: predicting recurrence of endometriosis
 and treating pelvic pain and fertility in women with
 endometriosis.
- The Women's PLUSS trial, which aims to improve the lung health of premature babies, enrolled its first baby at the Royal Alexandra Hospital in Edmonton, Canada. The trial commenced at the Women's in partnership with the Murdoch Children's Research Institute in January 2018, and the research team has since recruited another five hospitals in Australia, New Zealand, and now in Canada.

- With Monash Health, the Women's commenced a ground-breaking study in April 2020 looking at the impacts on pregnant women diagnosed with COVID-19. With many hospitals across Australia participating, the study is already giving clinicians important insights into how mothers and babies are impacted by the virus.
- The Victorian Infant Collaborative Study, which has been running for 25 years, released findings that showed people born extremely premature were almost twice as likely to have high blood pressure compared with those born at normal birthweight enabling new opportunities for preventative monitoring and treatment.
- The Women's launched a new research project to investigate the experience of having IVF treatment in Australia. The study aims to increase understanding of people's experience throughout the process, as well as the treatment options chosen, and the costs involved.
- A first of its kind study was launched by the Women's in partnership with the Royal Children's Hospital into the fertility impacts of cancer on children and adolescents and the importance of fertility counselling ahead of cancer treatment.

Celebrating our achievements

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

Award-winning care

In November, a program that supports Aboriginal and Torres Strait Islander women during pregnancy, labour, birth and the postpartum period received the state's top award for improving Aboriginal health. The Baggarrook Yurrongi program, meaning 'woman's journey' in Woiwurrung, was recognised in the 2019 Victorian Public Healthcare Awards.

Investing in innovation

In September, we were thrilled to announce the establishment of a new, in-situ simulation education initiative, following a generous \$1.6 million grant from Gandel Philanthropy and an \$800,000 grant from the Melbourne Medical School at the University of Melbourne.

Celebrating motherhood under lockdown

Our usual Mother's Day celebrations were challenged this year with pandemic restrictions limiting activities. However, this did not stop us from honouring mothers across Australia in May with an 80-foot light show on our Parkville hospital site. Eight patients were featured, along with a message of love and solidarity for mothers celebrating a different kind of Mother's Day this year.

Recognising passionate female leaders

In March, two of the Women's passionate health reformers, Dr Paddy Moore and Aunty Gina Bundle, were inducted onto the Victorian Honour Roll of Women. Dr Moore was inducted as a Change Maker, recognising her commitment to ensuring all women and girls across Victoria can exercise their reproductive rights. Aunty Gina was inducted as a Local Champion, recognising her dedication to improving the health and wellbeing of Aboriginal women, babies and families.

Celebrating past innovation

In June, the Women's celebrated 40 years since the birth of Australia's first baby conceived through IVF. The pioneering team at the Women's, led by the late Dr lan Johnston, acheived Australia's first successful IVF birth in June 1980.

Committing to Reconciliation

In February, the Women's launched its Reflect Reconciliation Action Plan. Local Aboriginal Elders, hospital staff, Board Directors and past patients attended a launch event to hear about the Women's commitment to Reconciliation. Boonwurrung Elder Aunty Fay Stewart-Muir provided a welcome to country and Gunai Gunditjmara woman Monica McDonald performed a powerful poetry reading and song for the event.

Action for greater inclusion

In September, the Women's Board officially endorsed the Women's Disability Action Plan (DAP). The DAP provides a framework for how the Women's will improve access and inclusion for people with disability including patients, consumers, employees, volunteers and others interacting with our service.

Recognising our outstanding people

Each year in September, the Women's acknowledges staff from across the hospital for their service and achievements at the annual staff awards. This year, awards were presented to 27 individual staff as well as two teams for their outstanding contributions to the hospital.

Inspiring the next generation of women

In February, more than 140 secondary school students attended the Women's annual Meet a Scientist event in celebration of the United Nations' International Day of Women and Girls in Science. Our top female researchers were available for questions, presentations and live demonstrations for students from 25 Victorian schools.

Networking to support the Women's

Our International Women's Day annual breakfast in March featured keynote speaker Nicole Livingstone AOM. Attended by over 300 people from the business, community and philanthropic sectors, this sell-out event was a stand-out success and raised vital funds to support the Women's clinical research, and specialist services and buy much needed equipment.

An oration for the ages

In October, Professor Karen Canfell, Director of Cancer Research at Cancer Council NSW and Adjunct Professor at the University of Sydney, presented the Royal Women's Hospital's 2019 Tracy Maund Oration. An annual event, the oration is delivered in honour of the Women's two founders, Dr Richard Tracy and Dr John Maund, and attracts audiences from across the Parkville biomedical precinct.

Financial results

The Women's recorded an operating surplus in 2019-20 of \$2.99 million (excluding revenue and expenditure associated with centralised PPE), an improvement on the operating deficit recorded in 2018-19 of (\$0.83) million. During the past financial year, the Women's Board, management and staff continued to make a concerted effort to implement a number of business improvement strategies to improve the hospital's operating performance and work towards financial sustainability.

Acknowledgements

We are immensely proud to lead such a strong, vibrant and innovative organisation, which includes approximately 2,400 individual staff and 97 volunteers and auxiliary members. The Women's Board and management would like particularly to thank our staff and volunteers for their outstanding dedication and hard work, and their commitment and resilience during an extremely challenging year.

Together, we cared for 78,816 patients who speak 91 different languages and come from 188 different regions across the globe. A total of 9,194 babies were born across our two campuses at Parkville and Sandringham. We provided in excess of 34,800 inpatient services and recorded more than 178,380 outpatient visits of which 65 per cent were for maternity services. The Women's Emergency Centre had just over 25,550 emergency presentations. In total, we provided approximately 230,520 episodes of care.

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

Throughout the year, the Foundation board has been supportive of the vital work undertaken at the Women's. Drawing on the generous backing of donors, charitable trusts, patients, families and our supporters, the Foundation helped 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, volunteer, our partners and donors for their dedication and unwavering commitment to the goals and objectives of the Women's.

We are very pleased to present *The Women's* 2020 Annual Report.



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

Lyn Swentwene



Dr Sue MatthewsChief Executive
The Royal Women's Hospital

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REPORT OF OPERATIONS

Nature and range of services

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

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

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

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

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

 maternity including pregnancy, birthing and postnatal care and specialist maternity services for high-risk women

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

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

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

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

The responsible Ministers during 2019–20 were The Hon. Jenny Mikakos MP, Minister for Health and Minister for Ambulance Services; The Hon. Martin Foley MP, Minister for Mental Health, Minister for Equality; and The Hon. Gabrielle Williams MP, Minister for Prevention of Family Violence, Minister for Women, and Minister for Aboriginal Affairs.

Management and governance structure

Board of Directors

The Directors serving on the Women's board during the 2019-20 reporting period were:

Ms Lyn Swinburne AO (Chair) Ms Cath Bowtell (Deputy Chair)

Mr Michael O'Neill

Ms Helga Svendsen

Ms Mandy Frostick

Ms Naomi Johnston

Adjunct Professor Alan Lilly

Professor David Copolov AO

Ms Rosie Batty AO Mr Ken Parsons

Governing Committees

Finance and Information Technology Committee

Chair: Ms Cath Bowtell

Directors: Mr Michael O'Neill, Mr Ken Parsons

In attendance: Dr Sue Matthews, Mr Sam Garrasi,

Mr George Cozaris, Ms Lisa Lynch

Audit and Corporate Risk Management Committee

Chair: Mr Michael O'Neill

Directors: Ms Helga Svendsen (until 12 August 2019),

Ms Naomi Johnston (from 12 August 2019), Mr Ken

Parsons (from 12 August 2020)

Member: Ms Christine Wigg (until 12 August 2019)

In attendance: Dr Sue Matthews, Mr Sam Garrasi,

Ms Lisa Lynch

Community Advisory Committee

Chair: Ms Mandy Frostick (until 31 December 2019),

Ms Naomi Johnston (from 1 January 2020)

Director: Ms Mandy Frostick, Ms Naomi Johnston,

Ms Rosie Batty AO

Members: Ms Deepa Mathews*(until 21 November 2019), Ms Charlene Edwards*, Ms Alison Soutar*, Ms Ivy Wang*, Mr Simon Gullery*, Ms Lorraine Parsons*, Ms Heikma Siraj* (until 5 March 2020), Ms Bronwyn Hogan* (from 16 January 2020), Ms Lauren Indiveri-Clarke* (from 16 January 2020), Ms Mija Gwyn* (from 16 January 2020)

In attendance: Ms Sherri Huckstep, Ms Kate Barnes (until 21 November 2019), Ms Alix Candy (from 11 June 2020)

Research Committee

Chair: Professor David Copolov AO

Directors: Ms Rosie Batty AO

Member: Professor Lisa McKenna, Ms Jane Trembath,

Professor David Vaux AO, Ms Margaret Lodge*

In attendance: Dr Sue Matthews, Dr Mark Garwood,

Professor Peter Rogers, Dr Megan Cock

Board Quality and Safety Committee

Chair: Adjunct Professor Alan Lilly

Directors: Ms Lyn Swinburne AO, Ms Cath Bowtell,

Ms Naomi Johnston, Ms Helga Svendsen.

Members: Dr Jack Bergman, Mr Simon Gullery*,

Ms Amelia Jalland*

In attendance: Dr Sue Matthews, Ms Lisa Lynch, Dr Mark Garwood, Ms Sherri Huckstep, Professor Mark Umstad AM, Ms Jenny Ryan, Ms Jill Butty, Ms Sandra

Gates, Mr Damian Gibney.

People, Culture and Engagement Committee

Chair: Ms Mandy Frostick

Directors: Adjunct Professor Alan Lilly, Mr Ken Parsons,

Ms Helga Svendsen

Member: Ms Simone Hartley-Keane (until 11 November 2019), Ms Amanda Bingham* (from 1 August 2019),

Ms Charlene Edwards* (from 1 August 2019)

In attendance: Dr Sue Matthews, Ms Sherri Huckstep, Dr Mark Garwood, Ms Sandra Gates, Ms Laura Bignell, Ms Edwyna Wilson (until 20 March 2020), Ms Alix Candy (from 25 June 2020), Ms Robin Copeland (from 25 June 2020).

Remuneration Committee

Chair: Ms Lyn Swinburne AO

Directors: Ms Cath Bowtell, Mr Michael O'Neill

In attendance: Dr Sue Matthews

Royal Women's Hospital Foundation Board

Chair: Ms Lynda Jane Trembath

Directors: Ms Lyn Swinburne AO, Associate Professor John McBain AO, Ms Elaine Canty AM, Ms Brigid Robertson, Ms Gaya Raghavan Byrne, Ms Elisa Robinson, Associate Professor Orla McNally, Ms Cassy Liberman In attendance: Dr Sue Matthews, Ms Tania Angelini, Ms Lisa Trainor, Ms Sarah Bernard (until April 2020)

* Denotes community representative

Senior officers

Chief Executive Officer: Dr Sue Matthews

Chief Operating Officer: Ms Lisa Lynch

Executive Director, Clinical Excellence and Systems

Improvement: Mr Damian Gibney

Chief Midwifery and Nursing Officer: Ms Laura Bignell

Executive Director, Strategy, Planning and Performance:

Ms Allison Kenwood (resigned September 2019)

Chief Medical Officer: Dr Mark Garwood

Chief Communications Officer: Ms Tania Angelini

Chief eXperience Officer: Ms Sherri Huckstep

Executive Director, Information Management

and Technology: Mr George Cozaris

General Counsel: Ms Vicki Hammond

(resigned March 2020)

General Counsel: Ms Leanne Dillon

(commenced June 2020)

Organisational chart

Chief Executive

Dr Sue Matthews

General Counsel

Ms Vicki Hammond (resigned March 2020) Ms Leanne Dillon (commenced June 2020)

Chief Operating Officer

Ms Lisa Lynch

Chief Medical Officer

Dr Mark Garwood

Chief Midwifery and Nursing Officer

Ms Laura Bignell

Executive Director Clinical Excellence and Systems Improvement

Mr Damian Gibney

- Women's Health Services
- Maternity
- Neonatal Services
- Women's Mental Health
- Hospital Access & After Hours Management
- Allied Health and Clinical Support Services
- Allied Health Education, Leadership Development and Professional Practice
- VCCC
- Women's at Sandringham
- Finance and Corporate Services
- EMR Operations
- Chief Financial Officer
 - Sam Garrasi

- Research
- University Relationships
- Medical Workforce
- Medico Legal
- Medical Education, Leadership Development and Professional Practice
- EMR Training
- Nursing and Midwifery Education, Leadership Development and Professional Practice
- EMR Training
- Quality and Safety
- Risk and Compliance
- Service and Operational Redesign
- Enterprise Projects
- EMR Patient Safety

Executive Director, Information Management and Technology

Mr George Cozaris

Chief Communications Officer

Ms Tania Angelini

Chief eXperience Officer

Ms Sherri Huckstep

- ICT Services
- IM&T strategy
- Electronic Medical Record
- Biomedical Engineering
- Health Information Services
- EMR Readiness
- External Communications
- Organisational
 Communications
- Digital Communications
- EMR Communications
- People and Patient Experience
- People, Culture and Wellbeing
- Patient and Visitor Services
- Switchboard and Reception
- Volunteers
- Consumer Health Information
- Health Hub (Patient Portal)
- Telehealth

Note: As at 30 June 2020

Workforce information

| | Equivalent (FT | Current Full Time Equivalent (FTE) Employees June 2020 | | Average monthly FTE | | |
|----------------------------------|----------------|--|---------|---------------------|--|--|
| Labour category | 2019 | 2020 | 2019 | 2020 | | |
| Nursing and midwifery | 759.6 | 783.0 | 748.8 | 759.7 | | |
| Administration and clerical | 315.5 | 321.8 | 310.9 | 317.3 | | |
| Medical support | 77.3 | 80.8 | 77.7 | 80.8 | | |
| Hotel and allied health services | 11.0 | 10.5 | 11.2 | 11.1 | | |
| Medical officers | 25.9 | 25.8 | 27.1 | 26.2 | | |
| Hospital medical officers | 129.1 | 139.6 | 125.9 | 133.2 | | |
| Sessional clinicians | 55.4 | 60.7 | 54.9 | 57.2 | | |
| Ancillary staff (Allied health) | 74.8 | 83.0 | 72.8 | 76.5 | | |
| TOTAL | 1,448.6 | 1,505.2 | 1,429.3 | 1,462.0 | | |

The FTE figures in the table exclude overtime and do not include contracted staff (e.g. Agency nurses, Fee-for-Service Visiting Medical Officers) who are not regarded as employees for this purpose.

Employment and conduct principles

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

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

Summary of financial results

For the year ending 30 June 2020, the Women's recorded an operating surplus of \$2.98 million after taking into account the impact of capital, depreciation and net results from its controlled entities, Royal Women's Hospital Foundation Limited and The Royal Women's Hospital Foundation Trust Fund.

The Victorian Government provides separately for depreciation costs via capital payments, in response to submissions by health services. Excluding capital payments and controlled entities results, the Women's recorded an operating surplus of \$2.99 million.

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

| | 2020 \$000 | 2019 \$000 | 2018 \$000 | 2017 \$000 | 2016 \$000 |
|------------------------------|---------------|---------------|---------------|---------------|---------------|
| Total revenue | 332,381 | 311,478 | 311,560 | 289,151 | 274,575 |
| Total expenses | (329,398) | (311,434) | (291,860) | (298,060) | (279,322) |
| Net result from transactions | 2,983 | 44 | 19,700 | (8,909) | (4,747) |
| Total other economic flows | 670 | 1,786 | 12,759 | 49 | (1,121) |
| Net result | 3,653 | 1,830 | 32,459 | (8,860) | (5,868) |
| Total assets | 544,146 | 545,989 | 508,621 | 445,516 | 443,194 |
| Total liabilities | (289,035) | (292,351) | (286,922) | (299,570) | (305,485) |
| Net assets/Total equity | 255,111 | 253,638 | 221,699 | 145,946 | 137,709 |

| | 2020 \$000 |
|---|---------------|
| Parent net operating result * | 2,995 |
| Capital purpose income | 15,386 |
| Specific income | n/a |
| COVID-19 State Supply Arrangements | |
| Assets received free of charge or for nil consideration under the State Supply Arrangements | 411 |
| State supply items consumed up to 30 June 2020 | (56) |
| Assets provided free of charge or for nil consideration | n/a |
| Assets received free of charge or for nil consideration | n/a |
| Expenditure for capital purpose | (1,349) |
| Depreciation and amortisation | (13,967) |
| Impairment of non-financial assets | n/a |
| Finance costs (other) | (12) |
| Net result from transactions - Controlled Entities | 67 |
| Net result from transactions - Joint Venture | (492) |
| Net result from transactions | 2,983 |

^{*} The net operating result is the result for which the Women's is monitored in its Statement of Priorities.

Subsequent events

It is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on the Women's, its operations, future results and financial position. The state of emergency in Victoria was extended on 16 August 2020 until 13 September 2020 and at time of publication, a state of disaster is still in place in Victoria. No other matters or circumstances have arisen since the end of the financial year which significantly affect or may affect the operations of the Women's, the results of the operations or the state of affairs of the Royal Women's Hospital in future financial years.

Consultancies (under \$10,000)

In 2019-20, there were eight consultancies where the total fees payable to the consultants was under \$10,000. The total expenditure incurred during 2019-20 in relation to these consultancies was \$28,470 (excl. GST).

Consultancies (\$10,000 or greater)

In 2019-20, there were three consultancies where the total fees payable to the consultants were greater than \$10,000. The total expenditure incurred during 2019-20 in relation to these consultancies was \$77,950 (excl. GST). Details of individual consultancies can be viewed at 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 2019-20 was \$19.07 million (excluding GST) with the detail shown below.

| Business as usual ICT expenditure | Non-Business as usual ICT expenditure | | |
|-----------------------------------|---|---|-------------------------------------|
| Total (excl. GST) | Total = Operational Expenditure and Capital Expenditure (excl. GST) (a) + (b) | Operational expenditure (excl. GST) (a) | Capital expenditure (excl. GST) (b) |
| \$9.56 million | \$9.50 million | 0 million | \$9.50 million |

Disclosure of major contracts

Nil to report for 2019-20.

Car parking fees

The Royal Women's Hospital complies with the DHHS hospital circular on car parking fees and details of car parking fees and concession benefits can be viewed at: www.thewomens.org.au/search/?keywords=car+parking+fees

Concession benefits can be viewed at: www.thewomens.org.au/news/concession-parking-feesat-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 on 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 2019-20 remained on key occupational health and safety risks related to manual handling, slips trips and falls, occupational violence and aggression and psychological safety.

As part of the Women's internal audit plan for 2019-20, the auditors undertook a review of the Women's workplace health and safety management practices during March to June 2020. The auditors found that the Women's has a robust internal control environment in relation to its occupational health and safety management practices and assessed the Women's overall workplace health and safety control environment as satisfactory. The auditors identified a number of opportunities, which will be a focus for 2020-21.

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.

Throughout 2019-20, the Women's participated in a WorkSafe and Monash University research project aimed at improving collaboration across all levels of the system (patients, staff, health service management, regulators and government departments) in the prevention of patient handling injuries. This year, the Women's chose to focus on a review of injuries to midwives in the Birth Centre

using a new approach. Key internal and external actions from this project included improved equipment, multidisciplinary training and additional resources.

The Women's non-clinical manual handling program, which includes ergonomics and self-care, continued with a number of workstation assessments and physical self-care education sessions. The Women's worked toward eliminating and reducing a number of hazardous manual handling activities, for example, reducing the manual handling tasks associated with putting away stores in the post-natal wards.

During 2019-20, manual handling related incident reporting increased slightly, however, the number of reported lost time injuries reduced considerably. This points to a successful effort in communicating the importance of reporting as well as an effective implementation of strategies to reduce injury.

Occupational violence and aggression

Occupational violence and aggression (OVA) prevention has been a key focus at the Women's over the last two years. Our promotion of the WorkSafe campaign "It's Never OK" and subsequent adoption of the Department of Health and Human Services (DHHS) OVA framework has led to a significant increase in reporting. While we had a reasonably high number of OVA reports during 2019-20, there was a low number of OVA injuries reported.

The prevention and management of OVA is undertaken as per the Women's OVA framework and includes a number of preventative and responsive hazard controls such as code grey and black procedures, behavioural emergencies procedures, safety inspection checklists, behavioural contracts, controlled access and signage, fixed and portable duress alarms, education and training, and a multi-disciplinary OVA working group.

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Our key actions over the last 12 months to prevent OVA related injury included:

- Raising awareness with staff, consumers, patients and their families that violence and aggression against our people is unacceptable and will not be tolerated.
- Progression of the Women's OVA training framework in line with the DHHS requirement, this included: releasing an online eLearning program called "Occupational Violence and Aggression Core Training" and the Women's OVA educational videos covering topics such as de-escalation techniques, code grey procedures and more.
- Translation of the OVA campaign poster to include the top five languages spoken by the Women's patients: Arabic, Chinese Mandarin, Chinese Cantonese, Vietnamese, Urdu.

| Occupational violence statistics | 2020 |
|---|------|
| Number of accepted WorkCover claims with an occupational violence cause per 100 FTE | 0 |
| Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked. | 0 |
| Number of occupational violence incidents reported | 36 |
| Number of occupational violence incidents reported per 100 FTE | 2.5 |
| Percentage of occupational violence incidents resulting in a staff injury, illness or condition | 0 |

Slips, trips and falls

During the 2019-20 period, the Women's made a number of improvements in relation to mitigating slips trips and falls risk. These included a thorough review of incident data to identify trends and treatments. Strategies implemented during the year included improvements across the hospital such as

the installation of stair nosing on the internal stairs to increase visibility and a slip trip and fall prevention and management procedure.

Keeping our workplace safe during the COVID-19 pandemic

In the lead up and during the COVID-19 pandemic, the Women's instigated a number of risk control strategies to manage the occupational risks, both physical and psychological for our staff. Controls included, but were not limited to: regular communication updates, daily emails, newsletters, posters and reminders at huddles, screening of all persons entering the Women's sites with temperature checks and a daily questionnaire. Regular reminders were circulated to encourage staff to stay home if unwell, and good hygiene practice, changed patient procedures, revised pathways and workflows were communicated. Personal protective equipment (PPE) and training was provided, in accordance with DHHS guidelines, physical distancing measures were applied and supported with signage, room capacity restrictions and registers, line marking and updated working from home safety guidance was provided.

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 provided a number of resources and support tools to promote health and wellbeing. In October, we hosted a "Just for the HEALTH of it!" Wellbeing week. The theme for the week coincided with National Mental Health week and the launch of the Women's Psychological Wellbeing Framework. A range of activities such as massage, yoga, wellbeing, meditation, and therapy dogs were provided.

The Women's Psychological Wellbeing Framework supports the organisational focus areas of job stress and psychological safety. The action plan provides an integrated approach to the prevention, promotion and resolution of psychological injuries. As the hospital's COVID-19 response ramped up in March resources and initiatives were swiftly offered to staff in response to their

changing needs. These included wellbeing information sheets and poster campaigns, mental health awareness information, wellbeing Zoom sessions, short term crisis support line for staff provided by the Women's Centre for Women's Mental Health, customised employee assistance program supports (provided by Benestar) and additional staff relaxation and breakout spaces.

Wellbeing and change management initiatives have focused on supporting our staff during COVID-19 and the launch of our new electronic medical record system. In addition, we worked to provide a safe workplace for our diverse employees, with the development of a diversity and inclusion policy, customisation and launch of the Aboriginal Cultural Awareness eLearning package and progress against the Aboriginal Employment Plan and Disability Action Plan.

Respectful workplace behaviours

The Respectful Workplace Behaviours Program and associated policies, guidelines and procedures define the desired positive culture and behaviours expected of the Women's staff and volunteers, as well as the process for addressing incidents of zero-tolerance behaviours. This period saw the implementation of key recommendations that were identified as part of our 2019 gap analysis conducted against the DHHS Framework for promoting a positive workplace culture. Actions included:

- A revision of our preventing bullying, harassment and discrimination mandatory competency training for staff with emphasis on civility and respectful behaviour, ways to build a positive workplace culture and improve complaints handling. A new module for leaders was developed to support them to understand their role in promoting a positive workplace culture and their responsibilities when bullying, discrimination and harassment is reported.
- Development of a new case management tool for the People Culture and Wellbeing team to consolidate and enhance the analysis of unacceptable workplace behaviours matters raised.

The Women's, along with the Royal Melbourne Hospital, continued the Independent Facilitator service trial for staff and volunteers. The program, provided by Safer Care Victoria, provides staff and volunteers with access to confidential and expert information. They are able to work with the facilitator to clarify issues and receive support to explore options and avenues for their concerns to be addressed. An anonymous survey of staff found positive support for this service, with staff reporting that they valued the presence of the Independent Facilitator, felt listened to, treated with respect, and viewed the Independent Facilitator as independent, neutral and confidential.

Incident reporting

The Women's occupational health and safety (OHS) incident reporting rate has decreased slightly over the past 12 months, although the rate of reporting was relatively stable quarter to quarter. OHS incidents are reviewed by the Women's Health, Safety and Wellbeing team and the relevant department manager. During 2019-20, a number of controls and treatments were implemented in response to these reports.

| Incidence rate the number of OHS h | nazards/incidents reported per 100 FTE |
|------------------------------------|--|
| 2020 | 22.7 |
| 2019 | 23.7 |
| 2018 | 23.4 |

Injury reporting

Lost time injuries (all)

The Women's has seen a slight increase in work related lost time injuries during 2019-20, however the severity of the injuries reported have been less than previous years (refer below – lost time injuries (standard).

Lost time injury (LTI) frequency rate was slightly higher than the previous year at 7.6 LTIs per million hours worked (June 2020). This is below the agreed benchmark set by health services of 11 LTIs per million hours worked.

Lost time injury frequency rate

The number of lost time injuries (1 day or more) reported per million hours worked

As at 30/06/2020.

| 2020 | 7.6 |
|------|-----|
| 2019 | 3.6 |
| 2018 | 8.6 |

Lost time injury claims (standard)

The Women's Standard Claims (where over 10 working days were lost) decreased during the 2019-20 period. This has resulted in a significant premium reduction, which can be attributed to our 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 30/06/2020. | | | |
|---|--|------|--|
| 2020 | | 0.42 | |
| 2019 | | 0.56 | |
| 2018 | | 0.92 | |

WorkCover performance rating

The Women's WorkCover performance rating for the 2020-21 premium period performed 48 per cent better than the hospital industry rate, and 14 per cent better than the 2019-20 premium period, contributing to a significant premium reduction.

| Average cost of c | laims per premium period | |
|-------------------|--------------------------|----------|
| 2020 | | \$41,177 |
| 2019 | | \$55,031 |
| 2018 | | \$72,637 |

Focus for 2020-21

In 2019-20, the Women's will focus on the key priorities outlined in the People, Culture and Wellbeing business plan, such as progressing opportunities identified from the Workplace Health and Safety internal audit. The Women's Psychological Wellbeing Framework action plan is being reviewed to evaluate progress and identify 2020-21 priorities. The review is considering a broad range of areas that influence workplace wellbeing, including support, education, leadership, resilience, professional development and meaningful work. The Women's People Experience and Culture Working Group will be established as a key avenue for regular consultation, communication and feedback on organisation-wide people (staff and volunteers) issues.

Definitions

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

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

Accepted Workcover claims – Accepted Workcover claims that were lodged in 2019-20.

Lost time – is defined as greater than one day.

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

Legislation and compliance

Compliance with Freedom of Information Act 1982

The Freedom of Information Act 1982 provides members of the public the right to apply for access to information held by the Women's. All applications made to the Women's under the Freedom of Information Act were processed in accordance with that Act.

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 FOI requests from the Women's, including costs and application forms, is available on the Women's public website: 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: www.thewomens.org. au/patients-visitors/your-privacy

FOI Officer

The Women's FOI Officer Ms Angela Mayhew can be contacted at foi@thewomens.org.au

| FOI requests received | 2020 | 2019 | 2018 | 2017 |
|---------------------------|------|------|------|------|
| Total | 244 | 269 | 315 | 265 |
| | | | | |
| FOI request outcomes | 2020 | 2019 | 2018 | 2017 |
| Access (includes partial) | 212 | 240 | 277 | 220 |
| No information available | 3 | 6 | 15 | 23 |
| Withdrawn | 12 | 7 | 2 | 12 |
| Denied in full | 2 | 2 | 3 | 3 |
| Incomplete /outstanding | 15 | 14 | 18 | 7 |

Compliance with Building Act 1993

The Occupancy Permit for the hospital's Parkville building was issued in March 2008 and commissioned for use in June 2008. The hospital was built under the Victorian Government '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:

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

Public Interest Disclosure Act 2012

A public interest disclosure is a disclosure made in line with the *Public Interest Disclosures Act* 2012 (this act replaced the *Protected Disclosures Act* 2012). Public interest disclosures used to be known as protected disclosures or whistleblowing.

The Women's is not prescribed under the *Public Interest Disclosure Act* to receive a public interest disclosure.

Information about the procedures established by the Women's under Part 9 of the *Public Interest Disclosure Act* 2012 can be found on the Women's website at www.thewomens.org.au

National Competition Policy

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

Carers Recognition Act 2012

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

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

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

Local Jobs First Act 2003

The Local Jobs First Act 2003 requires the Women's to consider competitive local suppliers, including small to medium enterprises, when awarding contracts valued at \$43 million or more. The Women's factors this into any tender evaluation conducted. There were no relevant contracts awarded or commenced in 2019-20.

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

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

Following on from the recently completed car park lighting replacement program at Parkville, there is now a focus to replace existing lighting throughout the hospital with energy-saving light globes. With 32,000 lights, this will take some time; to date, 15 per cent has been completed.

Polyvinyl chloride (PVC) recycling is now normal practice in the Women's Perioperative Services, Women's Emergency Care, Neonatal Intensive Care Unit and on Ward 5 North. There were 1,082 kilos of PVC collected and sent for recycling in the 2019-20 financial year and the Women's is looking to expand this in 2020. Annual environmental and clinical waste audits are conducted; these help to inform staff education programs to improve waste collection and recycling in the following year.

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 comingled waste.

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GREENHOUSE GAS EMISSIONS

| Total greenhouse gas emissions (tonnes CO2e) | 2018 | 2019 | 2020 |
|--|--------|--------|--------|
| Scope 1 | 123 | 131 | 130 |
| Scope 2 | 10,877 | 10,831 | 10,971 |
| Total | 11,001 | 10,962 | 11,101 |
| Normalised greenhouse gas emissions | 2018 | 2019 | 2020 |
| Emissions per unit of floor space (kgCO2e/m2) | 103.58 | 103.21 | 104.52 |
| Emissions per unit of Separations (kgCO2e/Separations) | 367.79 | 359.09 | 364.47 |
| Emissions per unit of bed-day (LOS+Aged Care OBD) (kgCO2e/OBD) | 134.98 | 130.59 | 136.12 |
| STATIONARY ENERGY | | | |
| Total stationary energy purchased by energy type (GJ) | 2018 | 2019 | 2020 |
| Cogen electricity | 18,351 | 17,073 | 16,968 |
| Electricity | 24,223 | 24,658 | 25,232 |
| Natural gas | 1,625 | 1,783 | 1,893 |
| Steam | 0 | 0 | 0 |
| Total | 44,199 | 43,514 | 44,093 |
| Normalised stationary energy consumption | 2018 | 2019 | 2020 |
| Energy per unit of floor space (GJ/m2) | 0.42 | 0.41 | 0.42 |
| Energy per unit of Separations (GJ/Separations) | 1.48 | 1.43 | 1.45 |
| Energy per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD) | 0.54 | 0.52 | 0.54 |
| WATER | | | |
| Total water consumption by type (kL) | 2018 | 2019 | 2020 |
| Class A Recycled Water | N/A | N/A | N/A |
| Potable Water | 78,476 | 78,617 | 79,690 |
| Reclaimed Water | N/A | N/A | N/A |
| Total | 78,476 | 78,617 | 79,690 |
| Normalised water consumption (Potable + Class A) | 2018 | 2019 | 2020 |
| Water per unit of floor space (kL/m2) | 0.74 | 0.74 | 0.75 |
| Water per unit of Separations (kL/Separations) | 2.62 | 2.58 | 2.62 |
| Water per unit of bed-day (LOS+Aged Care OBD) (kL/OBD) | 0.96 | 0.94 | 0.98 |
| Water re-use and recycling | 2018 | 2019 | 2020 |
| Re-use or recycling rate % (Class A + Reclaimed / Potable + Class A + Reclaimed) | N/A | N/A | N/A |

WASTE AND RECYCLING

| Waste | 2018 | 2019 | 2020 |
|--|---------|---------|---------|
| Total waste generated (kg clinical waste+kg general waste+kg recycling waste) | 541,341 | 496,719 | 506,301 |
| Total waste to landfill generated (kg clinical waste+kg general waste) | 460,444 | 453,491 | 467,730 |
| Total waste to landfill per patient treated ((kg clinical waste+kg general waste)/PPT) | 3.33 | 3.23 | 3.40 |
| Recycling rate % (kg recycling / (kg general waste+kg recycling)) | 19.09 | 11.28 | 10.04 |

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 FOI requirements, if applicable):

- a) A statement of pecuniary interest has been completed;
- Details of shares held by senior officers as nominee or held beneficially;
- Details of publications produced by the Women's about its' activities are available on the Women's website;
- d) Details of changes in prices, fees, charges, rates and levies charged by the Women's;
- e) Details of any major external reviews carried out on the Women's:
- f) Details of major research and development activities undertaken by the Women's 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;
- b) Details of major promotional, public relations and marketing activities undertaken by the Women's to develop community awareness of the Women's and its services;
- Details of assessments and measures undertaken to improve the occupational health and safety of employees;
- General statement on industrial relations within the Women's and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the Report of Operations;
- A list of major committees sponsored by the Women's, the purposes of each committee and the extent to which those purposes have been achieved;
- Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

KEY FINANCIAL AND SERVICE PERFORMANCE REPORTING

| Reporting against the Statement of Priorities - Part A | 25 |
|--|----|
| Reporting against the Statement of Priorities - Part B | 34 |
| Reporting against the Statement of Priorities - Part C | 39 |

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 |
|--|--|--|--|
| A system geared to prevention as much as treatment Everyone understands their own health and risks Illness is detected and | Better Health Reduce state-wide risks Build healthy neighbourhoods Help people to stay healthy | Participate in the Safer Baby Collaborative (with Safer Care Victoria), with the aim of reducing the rate of stillbirths in Victoria, focusing on clients of the Women's Alcohol and Drug Service (WADS). | Achieved. The Women's Alcohol and Drug Service (WADS) participated in the Safe Baby Collaborative to prevent stillbirth for WADS clients during the financial year 2020. While reporting of outcome related data was impacted during the COVID-19 pandemic, the Women's continued to measure, chart foetal observations and provide education about smoking and sleeping to WADS patients under the Safe Baby model. |
| managed early Healthy neighbourhoods and communities encourage healthy lifestyles | | Deliver year 2 of the Abortion and Contraception Community of Practice Project to provide clinical leadership, education, advice and mentoring as well as continue to develop policy, procedures, protocols, models of care and resources to improve access to these services across Victoria. | Achieved. The Women's Clinical Champion Project trains clinicians across Victoria to improve service access and availability. Due to the impact of COVID-19 restrictions on travel to regional areas, the program was redesigned in early 2020. Activities included: the development of new evidence based protocols and clinical tools; planning for a virtual state-wide forum on medical abortion for early 2021; provision of active support to a number of regional health services to build communities of practice and develop abortion service business cases; participation in state-wide clinical networks and working groups; provision of secondary consultation to rural abortion providers; and the management of a virtual sexual and reproductive health community of practice portal for nurses and nurse practitioners. |

| Goals | Strategies | Health service deliverables | Outcome |
|---|--|--|--|
| Care is always there when people need it Better access to care in the home and community People are connected to the full range of care and support they need | Plan and invest Unlock innovation Provide easier access Ensure fair access | Support the Department of Health and Human Services (DHHS) in the development of the business case to meet Government's commitment to increase the provision of public IVF services, with service specific operational and clinical experience, knowledge and expertise. | In progress. Due to the COVID-19 pandemic and a reallocation of priorities and resources at DHHS, significant progress on this deliverable was restricted. The Women's is continuing to work with DHHS to commission a business case to increase the provision of public IVF services; is keeping up to date with policy developments; and continues to liaise with other health services. Activity on this project is expected to increase over the coming months. |
| • Equal access to care | | Pilot a telehealth medical abortion service in underserviced 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. | Achieved. A telehealth model for medical abortion care is now being offered in four rural health services. Mallee District Aboriginal Service, Swan Hill District Health, Robinvale District Health Services and Sunraysia Community Health Services. |

| Goals | Strategies | Health service deliverables | Outcome |
|--|--|---|---|
| Target zero avoidable harm Healthcare that focusses on outcomes Patients and carers are active partners in care Care fits together around people's needs | Put Quality First Join up care Partner with patients Strengthen the workforce Embed evidence Ensure equal care | Ensure a successful Electronic Medical Record Connecting Care project go-live across the Parkville Precinct is achieved. | Achieved. As a result of the COVID-19 pandemic, the Parkville Connecting Care go-live date was postponed from 2 May 2020 to 8 August 2020. This decision enabled all four hospital partners to effectively manage risks and ensure operational capacity, clinical safety and support, and adequate resourcing levels. In the lead up to the original go-live date, the Women's was on track with 43 per cent of staff EMR trained, hardware deployed, and readiness activities well underway. On 8 August, the Connecting Care Parkville EMR was successfully implemented across the Women's, Royal Melbourne Hospital and Peter MacCallum Cancer Centre with support from the Royal Children's Hospital. This achievement was made all the more significant as the four health services delivered one of the largest clinical improvement programs in Australia during the peak of the COVID-19 pandemic, while Melbourne was under stage 4 lockdown restrictions. |
| | | Design and implement the patient portal component of the Connecting Care (EMR) project to support patients and consumers to be active partners in their health and health care. | Achieved. The Women's led the extensive patient, consumer and workforce design and implementation process for a new patient portal, part of the multi-site Connecting Care EMR program. This was successfully delivered in August 2020. |

| Goals | Strategies | Health service deliverables | Outcome |
|---|--|---|---|
| Specific 2019-20 priorities (mandatory) | Supporting the Mental Health System Improve service access to mental health treatment to address the physical and mental health needs of consumers. | Implement the Women's psychosocial screening tool for mental health and drug and alcohol use for women attending maternity services at Parkville and Sandringham. | Achieved. The Women's psychosocial screening tool has been fully implemented in all antenatal clinics at Parkville and Sandringham. The tool is used at the first antenatal (booking) appointment. Direct care staff are provided with training to use the tool (which includes family violence screening) and to support women who require referral and follow up services. Evaluation shows the tool is now embedded into usual practice and there is a high level of engagement amongst staff who are now providing appropriate referral and care for women requiring support services. Referral for all psychosocial services has increased. |
| Specific 2019-20 priorities (mandatory) | Addressing Occupational violence Foster an organisational wide occupational health and safety risk management approach, including identifying security risks and implementing controls, with a focus on prevention and improved reporting and consultation. Implement the department's security training principles to address identified security risks. | Implement the Women's Occupational Violence and Aggression (OVA) management program, which is in line with Worksafe and DHHS principles. | Achieved. During the last financial year, the Women's OVA management program included a review across all sites of OVA risks; security arrangements; and a gap analysis undertaken by the Women's security team (Wilson Security) and the OVA working group involving both management and staff representatives. Actions from this gap analysis will be tracked by the OVA working group going forward. The OVA management program also included information and awareness campaigns targeting staff, patients, families and visitor. Progress was made on the Women's OVA training framework including an online eLearning module and OVA educational videos covering topics such as de-escalation techniques, code grey response and more. |

| Goals | Strategies | Health service deliverables | Outcome |
|---|---|--|--|
| Specific 2019-20 priorities (mandatory) | Addressing Bullying and harassment Actively promote positive workplace behaviours, encourage reporting and action on all reports. Implement the department's Framework for promoting a positive workplace culture: preventing bullying, harassment and discrimination training: guiding principles for Victorian health services. | Implement the Women's framework for managing bullying and harassment, which has been developed in line with the DHHS framework and guidelines. | Achieved. This year the Women's successfully launched a new Respectful Workplace Behaviour training module for managers; revised its staff training module; delivered and subsequently extended the Independent Facilitator program trial; introduced a case management tool to identify key metrics and performance against targets; undertook preliminary work on the establishment of a People Experience and Culture Committee, and delivered the "Take the Lead" program for managers, focusing on positive workplace cultures and psychological safety. |
| Specific 2019-20 priorities (mandatory) | Supporting Vulnerable Patients Partner with patients to develop strategies that build capability within the organisation to address the health needs of communities and consumers at risk of poor access to health care. | Co-develop an impactful education tool (2 x videos) about the appropriate management and care of pregnant women in the Women's Alcohol and Drug Service (WADS). This education tool will be developed together with WADS patients and staff. | Achieved. The Women's developed and is now using the WADS education video tool (2x videos) to inform health care and community staff at the Women's and elsewhere on the benefits of a multidisciplinary approach to caring for pregnant women affected by substance issues and the potential to improve health and psychosocial outcomes. Most face to face training provided by WADS has been cancelled for this year due to the COVID-19 pandemic, however the videos have proven to be effective for use during video conferencing presentations. |

| Goals | Strategies | Health service deliverables | Outcome |
|---|---|---|---|
| Specific 2019-20 priorities (mandatory) | Supporting Aboriginal Culture Safety Improve the health outcomes of Aboriginal and Torres Strait Islander people by establishing culturally safe practices across all parts of the organisation to recognise and respect Aboriginal culture and deliver services that meet the needs, expectations and rights of Aboriginal patients, their families, and Aboriginal staff. | Implement Year 1 of the Women's Reconciliation Action Plan (RAP) including progressing the following key actions related to the Improving Care for Aboriginal Patients (ICAP) program: Establish and strengthen mutually beneficial relationships with Aboriginal and Torres Strait Islander stakeholders and organisations. Advance Aboriginal and Torres Strait Islander women's voices in strategic documents and committees | Achieved. In February the Women's formally launched its BAP, which further strengthened its relationship with the community and confirmed its commitment to reconciliation. National Reconciliation Week was acknowledged in May through a number of channels. The Women's Aboriginal Employment Plan 2020-2021 (AEP) was finalised, following feedback from Aboriginal and non-Aboriginal staff and an AEP Working Group was established to inform and lead the plan's implementation. A plan was developed and finalised for delivering the Strengthening Cultural Safety of Family Violence Services Project that includes developing an Aboriginal and Torres Strait Islander family violence and sexual assault action plan. In July, the Women's launched cultural awareness and cultural competency training for staff and volunteers via e-learning in partnership with Aboriginal Community Controlled Health Organisations. Pre and post learning surveys show that staff are more confident in their cultural awareness and capability after completing the training. |

| Goals | Strategies | Health service deliverables | Outcome |
|---|---|-----------------------------|---|
| Specific 2019-20 priorities (mandatory) | Addressing Family Violence Strengthen responses to family violence in line with the Multiagency Risk Assessment and Risk Management Framework (MARAM) and assist the government in understanding workforce capabilities by championing participation in the census of workforces that intersect with family violence. | | Outcome Achieved. During this financial year, the Women's trained over 500 staff in SHRFV. The Women's received additional funding of \$100,000 from Family Safety Victoria to align the SHRFV Toolkit and training resources with MARAM. As a result, a number of manuals, tools, training modules and resources in the toolkit were updated; and resources were realigned. A consultation and needs assessment was undertaken for the Family Violence Workplace Support Program with 87 Victorian hospitals and health services. An online webinar for managers was delivered to staff from health services across the state and this was supported with the workplace support hotline and several facilitated Q and A sessions. The Women's has provided sector leadership, intensive support and mentoring to 24 metropolitan hospitals and health services, which includes an online community of practice platform. The Women's hosted MARAM workshops for the sector, and led the distribution and promotion of the Census of Workforces that Intersect with Family Violence. The Women's successfully rolled out family violence screening in all our antenatal clinics at Sandringham and Parkville and new family violence clinical practice guidelines were created; dedicated consultation time for safe family violence inquiry was created, as were clear referral pathways. The Centre for Family Violence Prevention received \$40,000 from a philanthropic trust |
| | | | to undertake family violence screening for women who don't speak English. The Women's received a \$500,000 Collier Charitable Fund grant that commenced on 1 July 2019. The two-year project is evaluating the impact of SHRFV across Victoria. |

| Goals | Strategies | Health service deliverables | Outcome |
|---|---|---|---|
| Specific 2019-20 priorities (mandatory) | Action Plans Continue to build upon last year's action by ensuring implementation and embedding of a disability action plan, which seeks to reduce barriers, promote inclusion and change attitudes and practices to improve the quality of care and employment opportunities for people with disability. | Implement Year 1 of the Women's Disability Action Plan including progressing the following key actions: Improve employment outcomes by increasing the recruitment, retention and professional development of people with disability. Advance the voices of women with disability in strategic documents and committees. Reduce access barriers for women with disability in the Women's programs, services and facilities. | Achieved. The Women's made excellent progress on implementing Year 1 of the Disability Action Plan. Highlights included the appointment of an additional resource to advance inclusive workplace practices and the establishment of partnerships with expert organisations such as The Australian Network on Disability and Victorian Healthcare Association to scope disability employment programs that will advance the Women's goals in employing and supporting people with disability. The Women's engaged Women with Disabilities Victoria to develop training content for a program to build staff capability and knowledge. In response to the impact of the COVID-19 pandemic, our Women with Individual Needs (WIN) Clinic was prioritised for rapid introduction of telehealth in May 2020. Engagement levels are high and patient feedback is informing the ongoing use of video calls. We also prioritised inclusion of Auslan interpreters into video consultations to ensure hearing impaired patients can access the care and support they require via telehealth. The Women's is also advocating for improvements to the Healthdirect Video Call platform for patients with disabilities. In consultation with the Women's Disability Advisory Group, the Women's Disability Action Plan, Day Surgery information brochure for patients, and consumer health information. |

| Goals | Strategies | Health service deliverables | |
|-----------------------------|------------------------------|---|--|
| Specific 2019-20 priorities | Supporting Environmental | Reduce the Women's use of paper through the implementation of the first year of the FMR Connecting Care project | Achieved |
| | Contribute to improving | | During the 2020 tinancial year, the Women's implemented a web-based faxing system for the release of medical |
| | the environmental | | information to GPs and other health services leading to a |
| | sustainability of the health | | reduction in printing and paper use and began preparatory |
| | system by identifying and | | work to minimise the use of fax (and paper) in the sharing of |
| | implementing projects and/ | | information with other organisations. The Women's transitioned |
| | or processes to reduce | | 400 staff to the electronic Roster On systems, eliminating the |
| | carbon emissions. | | use of paper, a saving estimated at 42,800 sheets of paper |
| | HIS are looking at effective | | per annum. |
| | ways to stop printing out | | |
| | medical information for | | |
| | Release of Information to | | |
| | GP and Other Hospitals. | | |

Reporting against the Statement of Priorities - Part B

High quality and safe care

| Key performance indicator | Target | 2020 Results |
|---|----------------------------------|--------------|
| Compliance with the Hand Hygiene Australia program | 83% | 85.6% |
| Percentage of healthcare workers immunised for influenza | 84% | 86% |
| Number of patients with surgical site infection | No outliers | No outliers |
| Rate of patients with SAB1 and SAB2 per occupied bed day | ≤ 1/10,000 | 0.2/10,000 |
| Number of sentinel events | Reported within 30 business days | Not met |
| Rate of singleton term infants without birth anomalies with Apgar score <7 at 5 minutes | 1.4% | 1.2% |
| Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks | 28.6% | 32.1% |
| 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% | 96.2%* |

^{*} Target missed as some patients are referred 30 days or more before their first appointment is clinically required

| Key performance indicator | Target | 2020 Results |
|--|--------|--------------|
| Patient experience | | |
| Victorian Healthcare Experience Survey – percentage of positive Adult Inpatient experience - Quarter 1 | 95% | 100% |
| Victorian Healthcare Experience Survey – percentage of positive Adult Inpatient experience - Quarter 2 | 95% | 96.4% |
| Victorian Healthcare Experience Survey – percentage of positive Adult Inpatient experience - Quarter 3 | 95% | 93.8% |
| Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care Adult Inpatient experience - Quarter 1 | 75% | 82.9% |
| Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care Adult Inpatient experience - Quarter 2 | 75% | 72.4% |
| Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care Adult Inpatient experience - Quarter 3 | 75% | 68.3% |
| Victorian Healthcare Experience Survey – Adult Inpatient perception of cleanliness - Quarter 1 | 70% | 77.9% |
| Victorian Healthcare Experience Survey – Adult Inpatient perception of cleanliness - Quarter 2 | 70% | 79.2% |
| Victorian Healthcare Experience Survey – Adult Inpatient perception of cleanliness - Quarter 3 | 70% | 81.3% |

Strong governance, leadership and culture

People Matter Survey

This table shows results for 2019. The Victorian Public Sector Commission delayed the 2020 People Matter Survey.

| Key performance indicator | Target | 2019 results |
|--|--------|--------------|
| Organisational culture | | |
| 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 | 2020 |
|---|--------------|---------|
| Emergency care (as at 30 June 2020) | | |
| Percentage of ambulance patients transferred within 40 minutes | 90% | 97.9% |
| 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% | 89.8% |
| Percentage of emergency patients with a length of stay less than four hours | 81% | 87.14% |
| Number of patients with a length of stay in the emergency department greater than 24 hours | 0 | 0 |
| Elective surgery (as at 30 June 2020) | | |
| Percentage of urgency category 1, 2 and 3 elective patients admitted within clinically recommended timeframes | 94% | 93.8% |
| 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% | 15.1% |
| Number of patients on the elective surgery waiting list | 730 | 1,241 |
| Number of hospital initiated postponements per 100 scheduled admissions | 7/100 | 2.5/100 |
| Number of patients admitted from the elective surgery waiting list - annual total | 4,700 | 4,081 |
| Specialist clinics | | |
| Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days | 100% | 98.3% |
| Percentage of routine patients referred by a GP or external specialist who attended a first appointment within 365 days | 90% | 97.27% |

Note: Elective surgery targets were adversely affected by the impact of COVID 19, prior to April 2020 the Women's was on track to achieve SoP target in all surgical Key Performance Indicators.

Effective financial management

| Key performance indicator | Target | 2020 Result |
|--|---|--------------|
| Net Result from SOP transactions* - Net Operating Balance (\$m) | (\$ 0.60) | \$2.99 |
| Average number of days to pay Trade Creditors | 60 days | 35 days |
| Average number of days to receive Patient Fee Debtors | 60 days | 41 days |
| Public and Private WIES performance to target | 100% | 97.51% |
| Adjusted Current Asset Ratio | 0.7 or 3% improvement from health service base target | 0.63 |
| Forecast number of days of available cash (based on end of year forecast) | 14 days | 10.14 Days |
| Actual number of days of available cash (measured on the last day of each month) | 14 days | Not achieved |
| Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June (\$m) | Variances < \$250,000 | (\$240,000) |

^{*}Excluding revenue and expenditure associated with centralised PPE.

Reporting against the Statement of Priorities - Part C:

Activity and funding

| Funding Type | 2020 Activity Achievement |
|---------------------------------|------------------------------|
| Acute Admitted | |
| WIES Public | 30,672 |
| WIES Private | 1,291 |
| Total WIES (Public and private) | 31,963 |
| WIES TAC | 9 |
| Specialist clinics | 104,313 |

Note: As at 30 June 2020.

Summary of service statistics

| | 2020 |
|--|---------|
| Births (number of babies born) | 9,194 |
| Inpatient stays | 26,579 |
| Outpatient visits | 178,385 |
| Emergency Services – attendances | 25,553 |
| Triage Category 1-5 seen within recommended timeframes | 89.8% |
| Percentage of emergency patients with a length of stay of less than four hours | 87.14% |
| 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 | 97.9% |

ATTESTATIONS AND DECLARATIONS

Responsible bodies declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the report of operations for the Royal Women's Hospital for the year ending 30 June 2020.

Ms Lyn Swinburne AO

Lyn Swinburne

Chair, Board of Directors
The Royal Women's Hospital
2 October 2020

Financial management compliance attestation

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

Ms Lvn Swinburne AO

Lyn Swentwene

Chair, Board of Directors
The Royal Women's Hospital
2 October 2020

Data integrity declaration

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

Dr Sue Matthews

8Mattron

Chief Executive Officer
The Royal Women's Hospital
25 September 2020

Conflict of interest declaration

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

Dr Sue Matthews

8Mattrows

Chief Executive Officer
The Royal Women's Hospital
25 September 2020

Integrity, fraud and corruption declaration

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

Dr Sue Matthews

8Mattrows

Chief Executive Officer
The Royal Women's Hospital
25 September 2020

Safe Patient Care Act 2015

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

Disclosure index

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

| Legislation | Requirement | Page Reference |
|--------------------|--|----------------|
| Ministerial Dire | ections | |
| Charter and purpo | ose | |
| FRD 22H | Manner of establishment and the relevant Ministers | 8 |
| FRD 22H | Purpose, functions, powers and duties | 8 |
| FRD 22H | Nature and range of services provided | 8 |
| FRD 22H | Activities, programs and achievements for the reporting period | 2-7 |
| FRD 22H | Significant changes in key initiatives and expectations for the future | 2-7 |
| Management and | structure | |
| FRD 22H | Organisational structure | 11 |
| FRD 22H | Workforce data / employment and conduct principles | 12 |
| FRD 22H | Occupational health and safety | 15-19 |
| Financial informat | ion | |
| FRD 22H | Summary of the financial results for the year | 13 |
| FRD 22H | Significant changes in financial position during the year | 13 |
| FRD 22H | Operational and budgetary objectives and performance against objectives | 13 |
| FRD 22H | Subsequent events | 14 |
| FRD 22H | Details of consultancies over \$10,000 | 14 |
| FRD 22H | Details of consultancies under \$10,000 | 14 |
| FRD 22H | Details of ICT expenditure | 14 |
| FRD 22H | Compliance with building and maintenance provisions of Building Act 1993 | 20 |

| Legislation | Requirement | Page Reference |
|---------------------|--|----------------|
| Legislation | | |
| FRD 22H | Applications and operation of Freedom of Information Act 1982 | 19 |
| FRD 22H | Compliance with building and maintenance provisions of Building Act 1993 | 20 |
| FRD 22H | Application and operation of Public Interest Disclosure Act 2012 | 20 |
| FRD 22H | Statement on National Competition Policy | 20 |
| FRD 22H | Application and operation of Carers Recognition Act 2012 | 20 |
| FRD 22H | Summary of the entity's environmental performance | 21-23 |
| FRD 22H | Additional information available on request | 23 |
| FRD 25D | Local Jobs First Act 2003 disclosures | 21 |
| Other relevant rep | orting directives | |
| SD 5.1.4 | Financial Management Compliance attestation | 40 |
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| Attestations | | |
| | Attestation on Data Integrity | 40 |
| | Attestation on managing conflicts of interest | 41 |
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| Other reporting red | quirements | |
| | Reporting of outcomes from Statement of Priorities 2019-20 | 25-39 |
| | Occupational violence reporting | 15-16 |
| | Reporting obligations under the Safe Patient Care Act 2015 | 41 |
| | Reporting of compliance regarding car parking fees | 14 |

FINANCIAL REPORT 2019-20

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THE ROYAL WOMEN'S HOSPITAL AND ITS CONTROLLED ENTITIES

Board Member's, Chief Executive Officer's and Chief Financial Officer's 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 2020 and the financial position of the Royal Women's Hospital and its Controlled Entities as at 30 June 2020.

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 9 September 2020.

Ms Lyn Swinburne AO

Chair, Board of Directors

The Royal Women's Hospital

Melbourne

9 September 2020

Dr Sue Matthews

Chief Executive Officer

The Royal Women's Hospital

Melbourne

Lyn Swentwee 8Matthews

9 September 2020

Mr Sam Garrasi

Chief Financial Officer

The Royal Women's Hospital

Melbourne

9 September 2020

Independent Auditor's Report



To the Board of the The Royal Women's Hospital

Opinion

I have audited the consolidated financial report of the The Royal Women's Hospital (the health service) and its controlled entities (together the consolidated entity), which comprises the:

- consolidated entity and health service balance sheets as at 30 June 2020
- consolidated entity and health service comprehensive operating statements for the year then ended
- consolidated entity and health service statements of changes in equity for the year then ended
- consolidated entity and health service cash flow statements for the year then ended
- notes to the financial statements, including significant accounting policies
- board member's, chief executive officer's and chief financial officer's declaration.

In my opinion, the financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the health service as at 30 June 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the health service and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Board's responsibilities for the financial report

The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the health service and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

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.

工业

MELBOURNE 15 September 2020 Travis Derricott as delegate for the Auditor-General of Victoria

Comprehensive Operating Statement

For the Financial Year Ended 30 June 2020

| | Note | Parent 2020 \$'000 | Parent 2019 \$'000 | Consolidated 2020 \$'000 | Consolidated 2019 \$'000 |
|---|----------|--------------------------|--------------------------|--------------------------------|--------------------------------|
| Income from Transactions | | | | | |
| Operating Activities | 2.1 | 327,934 | 306,771 | 329,124 | 307,946 |
| Non-Operating Activities | 2.1 | 3,031 | 3,203 | 3,257 | 3,532 |
| Total Income from Transactions | | 330,965 | 309,974 | 332,381 | 311,478 |
| Expenses from Transactions | | | | | |
| Employee Expenses | 3.1 | (209,011) | (197,217) | (209,885) | (198,130) |
| Supplies and Consumables | 3.1 | (27,226) | (26,933) | (27,228) | (26,936) |
| Finance Costs | 3.1 | (15,455) | (16,035) | (15,455) | (16,035) |
| Public Private Partnership Operating Expenses | 3.1 | (22,010) | (19,024) | (22,010) | (19,024) |
| Other Administrative Expenses | 3.1 | (11,436) | (12,108) | (12,527) | (13,304) |
| Other Operating Expenses | 3.1 | (28,218) | (27,005) | (28,311) | (26,838) |
| Depreciation and Amortisation | 3.1, 4.4 | (13,967) | (11,157) | (13,982) | (11,167) |
| Total Expenses from Transactions | | (327,323) | (309,479) | (329,398) | (311,434) |
| Net Result from Transactions - Net Operating Balance | | 3,642 | 495 | 2,983 | 44 |
| Other Economic Flows Included in Net Result | | | | | |
| Net Gain on Non-Financial Assets | 3.2 | 3,762 | 5,752 | 3,762 | 4,772 |
| Net Loss on Financial Instruments at Fair Value | 3.2 | (1,141) | (77) | (1,522) | (393) |
| Other Losses from Other Economic Flows | 3.2 | (1,568) | (4,046) | (1,570) | (2,593) |
| Total Other Economic Flows Included in Net Result | t | 1,053 | 1,629 | 670 | 1,786 |
| NET RESULT FOR THE YEAR | | 4,695 | 2,124 | 3,653 | 1,830 |
| Other Comprehensive Income | | | | | |
| Items that will not be reclassified to Net Result | | | | | |
| Changes in Property, Plant and Equipment | | | | | |
| Revaluation Surplus | 4.2 (f) | - | 30,219 | - | 30,219 |
| Total Other Comprehensive Income | | - | 30,219 | - | 30,219 |
| COMPREHENSIVE RESULT FOR THE YEAR | | 4,695 | 32,343 | 3,653 | 32,049 |

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

Balance Sheet

As at 30 June 2020

| | | Parent | Parent | Consolidated | Consolidated |
|---|---------|----------------|----------------|----------------|----------------|
| | Note | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 |
| Current Assets | | | | | |
| Cash and Cash Equivalents | 6.2 | 8,142 | 9,392 | 9,324 | 10,897 |
| Receivables | 5.1 | 8,005 | 10,026 | 8,049 | 10,044 |
| Investments and Other Financial Assets | 4.1 | - | - | 450 | 950 |
| Inventories | | 530 | 149 | 530 | 149 |
| Prepayments | | 1,754 | 1,208 | 1,811 | 1,331 |
| Total Current Assets | | 18,431 | 20,775 | 20,164 | 23,371 |
| Non-Current Assets | | | | | |
| Receivables | 5.1 | 11,141 | 10,452 | 11,141 | 10,452 |
| Investments and Other Financial Assets | 4.1 | 13,118 | 12,973 | 17,910 | 18,010 |
| Property, Plant and Equipment | 4.2 | 358,293 | 366,715 | 358,306 | 366,731 |
| Intangible Assets | 4.3 | 28,093 | 23,680 | 28,108 | 23,704 |
| Investment Properties | 4.5 | 108,517 | 103,720 | 108,517 | 103,721 |
| Total Non-Current Assets | | 519,162 | 517,540 | 523,982 | 522,618 |
| TOTAL ASSETS | | 537,593 | 538,315 | 544,146 | 545,989 |
| | | | | | |
| Current Liabilities | | | | | |
| Payables and Contract Liabilities | 5.2 | 24,542 | 25,504 | 24,708 | 25,752 |
| Borrowings | 6.1 | 10,051 | 9,058 | 10,051 | 9,058 |
| Provisions | 3.4 | 50,272 | 44,898 | 50,321 | 44,940 |
| Total Current Liabilities | | 84,865 | 79,460 | 85,080 | 79,750 |
| Non-Current Liabilities | | | | | |
| Payables and Contract Liabilities | 5.2 | 210 | - | 210 | - |
| Borrowings | 6.1 | 194,959 | 204,374 | 194,959 | 204,375 |
| Provisions | 3.4 | 8,756 | 8,195 | 8,786 | 8,226 |
| Total Non-Current Liabilities | | 203,925 | 212,569 | 203,955 | 212,601 |
| TOTAL LIABILITIES | | 288,790 | 292,029 | 289,035 | 292,351 |
| NET ASSETS | | 248,803 | 246,286 | 255,111 | 253,638 |
| Equity | | | | | |
| Property, Plant and Equipment Revaluation Surplus | 4.2 (f) | 178,115 | 178,115 | 178,115 | 178,115 |
| Restricted Specific Purpose Surplus | | 3,053 | 3,343 | 7,351 | 7,581 |
| Contributed Capital | | 67,423 | 67,423 | 67,423 | 67,423 |
| Accumulated Surplus/(Deficits) | | 212 | (2,595) | 2,222 | 519 |
| TOTAL EQUITY | | 248,803 | 246,286 | 255,111 | 253,638 |

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

Statement of Changes in Equity

For the Financial Year Ended 30 June 2020

| Consolidated | Property, Plant and Equipment Revaluation Surplus Vote \$'000 | Financial Assets Available- for-Sale Revaluation Surplus \$'000 | Restricted Specific Purpose Surplus \$'000 | Contributed Capital \$'000 | Accumulated Surplus / (Deficits) \$'000 | Total \$'000 |
|--|--|---|--|----------------------------------|---|-----------------|
| Balance at 1 July 2018 | 147,896 | 1,456 | 8,594 | 67,423 | (3,670) | 221,699 |
| Opening Balance Adjustment on Adoption of AASB 9 | - | (1,456) | - | - | 1,346 | (110) |
| Restated balance at 1 July 2018 | 147,896 | - | 8,594 | 67,423 | (2,324) | 221,589 |
| Net Result for the Year | - | - | - | - | 1,830 | 1,830 |
| Other Comprehensive Income for the Year | 30,219 | - | - | - | - | 30,219 |
| Transfer from/(to) Accumulated Surplus/(Deficits) | - | - | (1,013) | - | 1,013 | - |
| Balance at 30 June 2019 | 178,115 | - | 7,581 | 67,423 | 519 | 253,638 |
| Opening Balance Adjustment on Adoption of AASB 1058 | .10 - | - | - | - | (2,178) | (2,178) |
| Restated balance at 1 July 2019 | 178,115 | - | 7,581 | 67,423 | (1,659) | 251,460 |
| Net Result for the Year | - | - | - | - | 3,653 | 3,653 |
| Transfer from/(to) Accumulated Surplus/(Deficits) | _ | | (230) | - | 230 | - |
| Balance at 30 June 2020 | 178,115 | - | 7,351 | 67,423 | 2,222 | 255,111 |
| Parent Balance at 1 July 2018 | 147,896 | 979 | 4,613 | 67,423 | (6,856) | 214,055 |
| Opening Balance Adjustment on Adoption of AASB 9 | - | (979) | - | - | 867 | (112) |
| Restated balance at 1 July 2018 | 147,896 | - | 4,613 | 67,423 | (5,989) | 213,943 |
| Net Result for the Year | - | - | - | - | 2,124 | 2,124 |
| Other Comprehensive Income for the Year | 30,219 | - | - | - | - | 30,219 |
| Transfer from/(to) Accumulated Surplus/(Deficits) | _ | - | (1,270) | - | 1,270 | - |
| Balance at 30 June 2019 | 178,115 | - | 3,343 | 67,423 | (2,595) | 246,286 |
| Opening Balance Adjustment on Adoption of AASB 1058 | 3.10 - | - | - | - | (2,178) | (2,178) |
| Restated balance at 1 July 2019 | 178,115 | - | 3,343 | 67,423 | (4,773) | 244,108 |
| Net Result for the Year | - | - | - | - | 4,695 | 4,695 |
| Transfer from/(to) Accumulated Surplus/(Deficits) | _ | - | (290) | - | 290 | - |
| Balance at 30 June 2020 | 178,115 | _ | 3,053 | 67,423 | 212 | 248,803 |

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

Cash Flow Statement

For the Financial Year Ended 30 June 2020

| | Note | Parent 2020 \$'000 | Parent 2019 \$'000 | Consolidated 2020 \$'000 | Consolidated 2019 \$'000 |
|---|------|--------------------------|--------------------------|--------------------------------|--------------------------------|
| Cash Flows from Operating Activities | | | | | |
| Operating Grants from Government - State | | 239,924 | 212,867 | 239,924 | 212,867 |
| Operating Grants from Government - Commonwealth | | 1,086 | 1,300 | 1,086 | 1,300 |
| Capital Grants from Government - State | | 1,102 | 1,211 | 1,102 | 1,211 |
| Patient Fees Received | | 11,568 | 11,394 | 11,568 | 11,394 |
| Private Practice Fees Received | | 2,947 | 2,829 | 2,947 | 2,829 |
| Donations and Bequests Received | | 2,228 | 2,119 | 2,608 | 2,750 |
| Capital Donations and Bequests Received | | 235 | 508 | - | - |
| GST Received from ATO | | 7,173 | 6,256 | 7,291 | 6,213 |
| Interest and Investment Income Received | | 334 | 392 | 407 | 458 |
| Car Park Income Received | | 8,544 | 9,371 | 8,544 | 9,371 |
| Other Receipts i | | 26,025 | 21,644 | 27,127 | 22,703 |
| Other Capital Receipts i | | 3,703 | 3,947 | 3,703 | 3,947 |
| Total Receipts | | 304,869 | 273,838 | 306,307 | 275,043 |
| Employee Expenses Paid | | (211,013) | (191,230) | (211,884) | (192,344) |
| Payments for Supplies and Consumables | | (35,963) | (24,104) | (35,970) | (26,850) |
| Payments for Medical Indemnity Insurance | | (11,763) | (11,845) | (11,763) | (11,845) |
| Payments for Repairs and Maintenance | | (5,811) | (4,813) | (5,837) | (4,867) |
| Finance Costs | | (1,233) | (1,262) | (1,233) | (1,262) |
| GST Paid to ATO | | (3,479) | (3,178) | (3,579) | (3,275) |
| Other Payments | | (25,362) | (27,079) | (26,631) | (24,784) |
| Total Payments | | (294,624) | (263,511) | (296,897) | (265,227) |
| Net Cash Flows from Operating Activities | 8.1 | 10,245 | 10,327 | 9,410 | 9,816 |
| Cash Flows from Investing Activities | | | | | |
| Purchase of Investments | | (24) | - | (110) | (622) |
| Proceeds from Disposal of Investments | | - | - | 600 | 550 |
| Purchase of Non-Financial Assets | | (3,322) | (5,939) | (3,323) | (5,945) |
| Purchase of Intangible Assets | | (7,094) | (8,344) | (7,095) | (8,367) |
| Proceeds from Disposal of Non-Financial Assets | | - | 13 | - | 13 |
| Net Cash Flows used in Investing Activities | | (10,440) | (14,270) | (9,928) | (14,371) |
| Cash Flows from Financing Activities | | | | | |
| Repayment of Borrowings and Leases | | (1,055) | (754) | (1,055) | (755) |
| Net Cash Flows used in Financing Activities | | (1,055) | (754) | (1,055) | (755) |
| Net Decrease in Cash and Cash Equivalents Held | | (1,250) | (4,697) | (1,573) | (5,310) |
| Cash and Cash Equivalents at Beginning of Year | | 9,392 | 14,089 | 10,897 | 16,207 |
| Cash and Cash Equivalents at End of Year | 6.2 | 8,142 | 9,392 | 9,324 | 10,897 |

¹ Prior year receipts totalling \$3.4m have been reclassified from other receipts to other capital receipts, reflecting the nature of the transactions.

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

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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 2020. The report provides users with information about the Royal Women's Hospital's stewardship of resources entrusted to it.

(a) Statement of Compliance

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

The financial statements also comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance, and relevant Standing Directions (SDs) authorised by the 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 9 September 2020.

(b) Reporting Entity

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

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

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

(c) Basis of Accounting Preparation and Measurement

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

The accounting policies have been applied in preparing the financial statements for the year ended 30 June 2020, and the comparative information presented in these financial statements for the year ended 30 June 2019.

The financial statements are prepared on a going concern basis (refer to Note 8.9 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.

Note 1: Summary of Significant Accounting Policies (Continued)

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 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).

Coronavirus (COVID-19)

A state of emergency was declared in Victoria on 16 March 2020 due to the global coronavirus pandemic, known as COVID-19. A state of disaster was subsequently declared on 2 August 2020.

To contain the spread of the virus and to prioritise the health and safety of our communities various restrictions have been announced and implemented by the state government, which in turn has impacted the manner in which businesses operate, including the Royal Women's Hospital.

In response, the Royal Women's Hospital placed restrictions on non-essential visitors, implemented reduced visitor hours, deferred elective surgery and reduced activity, performed COVID-19 testing for inpatients and implemented work from home arrangements where appropriate.

For further details refer to Note 2.1 Income from Transactions and Note 4.2 Property, Plant and Equipment.

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 2020.
- 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 8.7 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; and
- · 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 8.8 Jointly Controlled Operations).

(f) Equity

Contributed Capital

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.

Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

Specific Restricted Purpose Surplus

The Specific Restricted Purpose Surplus is established where the Royal Women's Hospital has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

(g) Comparatives

Where applicable, the comparative figures have been restated to align with the presentation in the current year. Figures have been restated in the Comprehensive Operating Statement, Cash Flow Statement, Note 2.1 Income from Transactions, Note 3.1 Expenses from Transactions and Note 6.2 Cash and Cash Equivalents.

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.

Structure

| 2.1 | Income from Transactions | 57 |
|-----|--|----|
| 2.2 | Commitments for Operating Lease Income | 62 |

Note 2.1: Income from Transactions

(a) Income from Transactions

| | | Consolidated 2020 | Consolidated 2019 |
|---|---------|-------------------|-------------------|
| | Note | \$'000 | \$'000 |
| Government Grants (State) - Operating iii | | 268,281 | 231,461 |
| Government Grants (Commonwealth) - Operating | | 1,086 | 1,300 |
| Government Grants (State) - Capital i | | 9,712 | 27,019 |
| Patient Fees | | 10,897 | 11,783 |
| Commercial Activities iii | | 20,332 | 21,830 |
| Fair value of Assets Received Free of Charge or For Nominal Consideration | 2.1 (b) | 3,031 | 2,830 |
| Other Income from Operating Activities | | 10,111 | 8,135 |
| Other Capital Purpose Income | | 5,674 | 3,588 |
| Total Income from Operating Activities | | 329,124 | 307,946 |
| Non-Operating Income | 2.1 (c) | 3,257 | 3,532 |
| Total Income from Non-Operating Activities | | 3,257 | 3,532 |
| Total Income from Transactions | | 332,381 | 311,478 |

- ¹ In the current year, the Department of Health and Human Services issued advice, outlining changes to the treatment and disclosure of Public Private Partnership (PPP) revenue. Key impacts to the Royal Women's Hospital include:
- PPP operating revenue now includes interest expense and contingent rental. Previously, PPP operating revenue was treated as capital income. Of the \$27.0m, \$18.2m related to PPP interest and contingent rental revenue in 2019.
- PPP capital revenue relates to the repayment of the finance lease liability.
- Government Grants (State) Operating includes funding of \$11.0m which was spent due to the impacts of COVID-19.
- Ecommercial activities represent business activities which the Royal Women's Hospital enter into to support their operations.

Impact of COVID-19 on Income from Transactions

As indicated at Note 1, the Royal Women's Hospital's response to the pandemic included the deferral of elective surgeries and reduced activity. Commercial activities were impacted by the pandemic including the loss of income derived from car parks, reduced training and education courses and decreased rental income. The Royal Women's Hospital applied the State Government's rent relief policy and rent relief was granted where the criteria was met by tenants.

The Department of Health and Human Services provided funding which was spent due to COVID-19 impacts on the Royal Women's Hospital. The Royal Women's Hospital also received essential personal protective equipment free of charge under the state supply arrangement (refer to Note 2.1 (b)).

Note 2.1: Income from Transactions (Continued)

Income Recognition

Government Grants

Income from grants to maintain IT infrastructure for capital projects is recognised when (or as) the Royal Women's Hospital satisfies its obligations under the transfer. This aligns with the Royal Women's Hospital's obligation to construct the asset. The progressive percentage costs incurred is used to recognise income because this most closely reflects the construction's progress as costs are incurred as the works are done.

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for under AASB 15 as revenue from contracts with customers, with revenue recognised as these performance obligations are met.

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

- a) Contributions by owners, in accordance with AASB 1004;
- Revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
- c) A lease liability in accordance with AASB 16;
- d) A financial instrument, in accordance with AASB 9; or
- e) A provision, in accordance with AASB 137 *Provisions*, Contingent Liabilities and Contingent Assets.

As a result of the transitional impacts of adopting AASB 15 and AASB 1058, a portion of the grant revenue has been deferred. If the grant income is accounted for in accordance with AASB 15, the deferred grant revenue has been recognised in contract liabilities whereas grant revenue in relation to the construction of capital assets which the Royal Women's Hospital controls has been recognised in accordance with AASB 1058 and recognised as deferred grant revenue (refer to Note 5.2).

If the grant revenue was accounted for under the previous accounting standard AASB 1004 in 2019-20, the total grant revenue received would have been recognised in full.

Performance Obligations

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

- Activity Based Funding (ABF) paid as WIES casemix.
- Other one-off grants if funding conditions contain enforceable and sufficiently specific performance obligations.

The performance obligations for ABF are the number and mix of patients admitted to the Royal Women's Hospital (casemix) in accordance with levels of activity agreed to with the Department of Health and Human Services in the annual Statement of Priorities (SoP). Revenue is recognised when a patient is discharged and in accordance with the WIES activity for each separation. The performance obligations have been selected as they align with funding conditions set out in the Policy and Funding Guidelines issued by the Department of Health and Human Services.

For other government grants with performance obligations the Royal Women's Hospital exercises judgement over whether the performance obligations have been met, on a grant by grant basis.

Grants received from external organisations relating to research and training are recognised in accordance with the terms and conditions of the funding provided. Where grants or contracts are recognised over time, costs incurred to date are used to measure progress towards satisfaction of the performance obligations.

Under AASB 1058 *Income of Not-For-Profit Entities*, when the Royal Women's Hospital is provided with funds to acquire or construct an asset under an enforceable agreement, this is classified as an arrangement where financial assets are being provided to obtain a non-financial asset that will ultimately be controlled and retained by the Royal Women's Hospital. Revenue under these arrangements will be recognised over the period of time the asset is constructed and asset milestones are reached.

Previous Accounting Policy for 30 June 2019

Grant income arises from transactions in which a party provides goods or assets (or extinguishes a liability) to the Royal Women's Hospital without receiving approximately equal value in return. While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers). Receipt and sacrifice of approximately equal value may occur, but only by coincidence.

Some grants are reciprocal in nature (i.e. equal value is given back by the recipient of the grant to the provider). The Royal Women's Hospital recognises income when it has satisfied its performance obligations under the terms of the grant.

For non-reciprocal grants, the Royal Women's Hospital recognises revenue when the grant is received.

Grants can be received as general purpose grants, which refers to grants which are not subject to conditions regarding their use. Alternatively, they may be received as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

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

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 monthly service payments made by the Department of Health and Human Services.

Patient Fees

Patient fees are recognised as revenue at a point in time when the performance obligation is satisfied, that is the service being completed; and over time when the patient simultaneously receives and consumes the service as it is provided.

Where patients simultaneously receive and consume the service as it is provided, revenue is recognised progressively as contract assets until the patient is subsequently invoiced in accordance with the terms of the service . For other patients that are only able to consume the service when they are discharged, revenue is only recognised upon completion and delivery of the service. (refer to Note 5.1)

There has been no change in the recognition of revenue from patient fees as a result of the adoption of AASB 15.

Revenue from Commercial Activities

Revenue from commercial activities such as car park, pharmacy and childcare fees is recognised when, or as, the performance obligations for the services to the customers are satisfied. Where the performance obligations are satisfied but not yet billed, a receivable is recorded (refer to Note 5.1).

For properties owned by the Royal Women's Hospital, 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.

Private practice fees are recognised as revenue at the time performance obligations are met and include recoupments from private practice for the use of hospital facilities.

There has been no change in the recognition of revenue from commercial activities as a result of the adoption of AASB 15 or AASB 16 for lessor accounting of operating leases.

Other Income

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

There has been no change in the recognition of revenue from other income as a result of the adoption of AASB 15 or AASB 1058.

Note 2.1: Income from Transactions (Continued)

(b) Fair Value of Assets Received Free of Charge or For Nominal Consideration

| | Note | Consolidated 2020 \$'000 | Consolidated 2019 \$'000 |
|---|---------|--------------------------------|--------------------------------|
| Cash Donations and Gifts | | 2,620 | 2,830 |
| Assets Received Free of Charge Under State Supply Arrangements | | 411 | - |
| Total Fair Value of Assets Received Free of Charge or For Nominal Consideration | 2.1 (a) | 3,031 | 2,830 |

Fair Value of Assets Received Free of Charge or for Nominal Consideration

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the recipient obtains control over the resources, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

The exception to this would be when the resource is received from another Government Department or Health Service as a consequence of a restructuring of administrative arrangements, in which case such a transfer will be recognised at its carrying value in the transferring Department or Health Service as a capital contribution transfer.

Donations and Gifts

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.

Assets Received Free of Charge Under State Supply Arrangements

In order to meet the State of Victoria's health network supply needs during the COVID-19 pandemic, arrangements were put in place to centralise the purchasing of essential personal protective equipment.

The general principles of the State Supply Arrangement were that Health Purchasing Victoria sourced, secured and agreed terms for the purchase of the products which were funded by the Department of Health and Human Services. Monash Health and the Department of Health and Human Services took delivery and distributed the products to the Royal Women's Hospital as resources provided free of charge.

Voluntary Services

Contributions in the form of services are only recognised when a fair value can be reliably determined, and the services would have been purchased if not donated. The Royal Women's Hospital does not depend on volunteers to deliver its services.

(c) Non-Operating Income

| | Note | Consolidated 2020 \$'000 | Consolidated 2019 \$'000 |
|--|---------|--------------------------|--------------------------------|
| Rental Income - Investment Properties | | 2,099 | 2,021 |
| Dividends Received from Investments | | 919 | 1,127 |
| Interest Income | | 239 | 384 |
| Total Income from Non-Operating Activities | 2.1 (a) | 3,257 | 3,532 |

Rental Income - Investment Properties

Rental income from leasing of investment properties which are operating leases are recognised on a straight-line basis over the lease term.

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

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

Dividends Received from Investments

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

Interest Income

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.

Note 2.2: Commitments for Operating Lease Income

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

| | Consolidated 2020 \$'000 | Consolidated 2019 \$'000 |
|--|--------------------------------|--------------------------------|
| Non-Cancellable Operating Lease Receivables i | | |
| Not later than 1 year | 4,371 | 4,362 |
| 1 to 2 Years | 4,193 | 4,130 |
| 2 to 3 Years | 3,630 | 4,123 |
| 3 to 4 Years | 3,186 | 3,583 |
| 4 to 5 Years | 3,179 | 3,209 |
| Later than 5 years | 43,122 | 51,813 |
| Total Non-Cancellable Operating Lease Receivables (Inclusive of GST) | 61,681 | 71,220 |

ⁱ Operating lease receivables include rental income from owned and investment properties.

Lease contracts vary from one to twenty years with some leases containing an option to renew the lease after the current lease period has expired.

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.

Structure

| 3.1 | Expenses from Transactions | 64 |
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| 3.4 | Employee Benefits in the Balance Sheet | 68 |
| 3.5 | Superannuation | 71 |

Note 3.1: Expenses from Transactions

| No | Consolidated 2020 tte \$'000 | Consolidated 2019 \$'000 |
|---|------------------------------|--------------------------------|
| Salaries and Wages | 164,757 | 152,196 |
| On-Costs | 38,759 | 38,751 |
| Agency and External Contractor Expenses | 4,787 | 5,416 |
| Fee for Service Medical Officer Expenses | 250 | 245 |
| Workcover Premium | 1,332 | 1,522 |
| Total Employee Expenses | 209,885 | 198,130 |
| Drug Supplies | 3,065 | 3,074 |
| Medical and Surgical Supplies | 7,888 | 7,737 |
| Diagnostic and Radiology Supplies | 10,448 | 10,041 |
| Other Supplies and Consumables | 5,827 | 6,084 |
| Total Supplies and Consumables | 27,228 | 26,936 |
| Finance Costs | 1,233 | 1,262 |
| Finance Costs - Public Private Partnership Arrangements | 14,222 | 14,773 |
| Total Finance Costs | 15,455 | 16,035 |
| Public Private Partnership Operating Expenses | 22,010 | 19,024 |
| Total Public Private Partnership Operating Expenses | 22,010 | 19,024 |
| Other Administrative Expenses | 12,527 | 13,304 |
| Total Other Administrative Expenses | 12,527 | 13,304 |
| Fuel, Light, Power and Water | 4,060 | 4,292 |
| Repairs and Maintenance | 1,595 | 1,419 |
| Maintenance Contracts | 4,301 | 3,752 |
| Medical Indemnity Insurance | 10,694 | 10,768 |
| Short-term Lease Expenses | 170 | - |
| Low Value Lease Assets | 305 | - |
| Outsourced Services | 5,837 | 6,311 |
| Expenditure for Capital Purposes | 1,349 | 296 |
| Total Other Operating Expenses | 28,311 | 26,838 |
| Total Operating Expenses | 315,416 | 300,267 |
| Depreciation and Amortisation | 13,982 | 11,167 |
| Total Depreciation and Amortisation | 13,982 | 11,167 |
| Total Expenses from Transactions | 329,398 | 311,434 |

Impact of COVID-19 on Expenses from Transactions

As indicated at Note 1, the Royal Women's Hospital's daily activities were impacted by the pandemic. This resulted in direct and indirect costs being incurred, including salaries and wages for operational and clinical oversight, a comprehensive screening program and incident management administration costs. The Royal Women's Hospital also received essential personal protective equipment free of charge under the state supply arrangement.

Expenses Recognition

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

Employee Expenses

Employee expenses include:

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

Supplies and consumables

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

Inventories include goods held for consumption at no or nominal cost in the ordinary course of business operations. Inventories are expensed when consumed.

Finance costs

Finance costs include:

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

Other Operating Expenses

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

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

The Department of Health 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.

Operating Lease Payments

Operating lease payments up until 30 June 2019 (including contingent rentals) were recognised on a straight line basis over the lease term, except where another systematic basis was more representative of the time pattern of the benefits derived from the use of the leased asset.

From 1 July 2019, the following lease payments are recognised on a straight-line basis:

- Short-term leases leases with a term less than 12 months; and
- Low value leases leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

Variable lease payments not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, are initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occur.

Non-operating Expenses

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 2020 | Consolidated 2019 |
|--|---------|-------------------|-------------------|
| | Note | \$'000 | \$'000 |
| Net Loss on Disposal of Property, Plant and Equipment | 4.2 (b) | (29) | (33) |
| Net Loss on Disposal of Intangible Assets | 4.3 (b) | (2) | - |
| Reversal of Impairment Property, Plant and Equipment | 4.2 (b) | - | 2,006 |
| Revaluation of Investment Properties | 4.5 | 4,773 | 3,779 |
| Amortisation of Non-Produced Intangible Assets | 4.3 (b) | (980) | (980) |
| Total Net Gain on Non-Financial Assets | | 3,762 | 4,772 |
| Net Loss on Disposal of Financial Instruments | | (18) | (28) |
| Net Gain/(Loss) on Revaluation of Financial Instruments | | | |
| at Fair Value through Profit or Loss | | (816) | 112 |
| Allowance for Impairment Losses of Contractual Receivables | | (688) | (477) |
| Total Net Loss on Financial Instruments at Fair Value | | (1,522) | (393) |
| Net Loss on Revaluation of Long Service Liability | | (1,570) | (2,593) |
| Total Other Losses from Other Economic Flows | | (1,570) | (2,593) |
| Total Gains from Other Economic Flows included in Net Result | | 670 | 1,786 |

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;

- Reversal of impairment non-financial physical assets (refer to Note 4.2 Property, Plant and Equipment);
- Revaluation gain or loss of investment properties (refer to Note 4.5 Investment Properties);
- Net gain or loss on the disposal of non-financial assets is recognised at the date of the disposal; 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 (2019: 25 years).

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

Net Gain/(Loss) on financial instruments includes:

- Realised and unrealised gains and losses from revaluation of financial instruments at fair value;
- Disposals of financial assets and derecognition of financial liabilities; and
- 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.

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

| | Expo | Expense | | Revenue | |
|---|--------------------------|--------------------------------|--------------------------------|--------------------------------|--|
| | Consolidated 2020 \$'000 | Consolidated 2019 \$'000 | Consolidated 2020 \$'000 | Consolidated 2019 \$'000 | |
| Commercial Activities | | | | | |
| Private Practice and Other Patient Activities | 602 | 607 | 507 | 508 | |
| Laboratory Medicine | 131 | 121 | 110 | 276 | |
| Pharmacy Services | 510 | 378 | 606 | 601 | |
| Car Park | 2,925 | 2,978 | 7,788 | 8,569 | |
| Childcare Centre | 603 | 576 | 549 | 580 | |
| Property | 664 | 656 | 2,887 | 3,024 | |
| Total Commercial Activities | 5,435 | 5,316 | 12,447 | 13,558 | |
| Other Activities | | | | | |
| Education and Training | 828 | 509 | 745 | 359 | |
| Fundraising and Community Support | 616 | 868 | 456 | 785 | |
| Research and Scholarship | 4,156 | 4,460 | 4,137 | 3,876 | |
| Other | 1,823 | 1,387 | 1,199 | 1,136 | |
| Total Other Activities | 7,423 | 7,224 | 6,537 | 6,156 | |
| Total Commercial and Other Activities | 12,858 | 12,540 | 18,984 | 19,714 | |

Note 3.4: Employee Benefits in the Balance Sheet

| | Note | Consolidated 2020 \$'000 | Consolidated 2019 \$'000 |
|---|---------|--------------------------------|--------------------------------|
| Current Provisions | | | |
| Employee Benefits i | | | |
| Accrued Days Off | | | |
| Unconditional and expected to be settled wholly within 12 months $^{\mbox{\tiny ii}}$ | | 390 | 316 |
| Annual leave | | | |
| Unconditional and expected to be settled wholly within 12 months $^{\mbox{\tiny ii}}$ | | 14,531 | 12,572 |
| Unconditional and expected to be settled wholly after 12 months $^{\mathrm{ii}}$ | | 1,435 | 1,261 |
| Long Service Leave | | | |
| Unconditional and expected to be settled wholly within 12 months $^{\mbox{\tiny II}}$ | | 3,083 | 2,950 |
| Unconditional and expected to be settled wholly after 12 months $^{\mathrm{ii}}$ | | 25,862 | 23,355 |
| | | 45,301 | 40,454 |
| Provisions related to Employee Benefit On-Costs | | | |
| Unconditional and expected to be settled within 12 months ⁱⁱ | | 1,978 | 1,739 |
| Unconditional and expected to be settled after 12 months iii | | 3,042 | 2,747 |
| | | 5,020 | 4,486 |
| Total Current Provisions | | 50,321 | 44,940 |
| Non-Current Provisions | | | |
| Conditional, Long Service Leave iii | | 7,910 | 7,405 |
| Conditional, Long Service Leave On-Costs iii | | 876 | 821 |
| Total Non-Current Provisions | | 8,786 | 8,226 |
| Total Provisions | 3.4 (a) | 59,107 | 53,166 |

| | Note | Consolidated 2020 \$'000 | Consolidated 2019 \$'000 |
|--|------|--------------------------|--------------------------------|
| (a) Employee Benefits and Related On-Costs | | | |
| Current Employee Benefits and Related On-Costs | | | |
| Unconditional Long Service Leave Entitlements | | 32,173 | 29,241 |
| Annual Leave Entitlements | | 17,758 | 15,383 |
| Accrued Days Off | | 390 | 316 |
| | | 50,321 | 44,940 |
| | | | |
| Non-Current Employee Benefits and Related On-Costs | | | |
| Conditional Long Service Leave Entitlements iii | | 8,786 | 8,226 |
| Total Employee Benefits and Related On-Costs | 3.4 | 59,107 | 53,166 |
| | | | |
| | | | |
| (b) Movement in On-Costs Provision | | | |
| | | | |
| Balance at Beginning of Year | | 5,307 | 4,577 |
| Additional Provision Recognised | | 2,445 | 2,419 |
| Unwinding of Discount and Effect of Changes in the Discount Rate | | 172 | 194 |
| Reduction due to Transfer Out | | (2,028) | (1,883) |
| Balance at End of Year | | 5,896 | 5,307 |

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

ⁱⁱ The amounts disclosed are nominal amounts.

iii The amounts disclosed are discounted to present values.

Note 3.4: Employee Benefits in the Balance Sheet (Continued)

Employee Benefits Recognition

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

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

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

Annual Leave and Accrued Days Off

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

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

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

Long Service Leave

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

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

The components of this current LSL liability are measured at:

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

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

Termination Benefits

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

On-Costs Related to Employee Expense

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

Note 3.5: Superannuation

| | Paid Cor for the | | Contribution Outstanding at Year End | | |
|-----------------------------|--------------------------------|--------------------------------|--------------------------------------|--------------------------------|--|
| | Consolidated 2020 \$'000 | Consolidated 2019 \$'000 | Consolidated 2020 \$'000 | Consolidated 2019 \$'000 | |
| Defined Benefit Plans: | | | | | |
| First State Super | 162 | 181 | 27 | 19 | |
| | | | | | |
| Defined Contribution Plans: | | | | | |
| First State Super | 8,989 | 8,656 | 958 | 925 | |
| Hesta | 5,583 | 4,838 | 660 | 584 | |
| Other | 1,483 | 1,172 | 176 | 153 | |
| Total | 16,217 | 14,847 | 1,821 | 1,681 | |

¹ 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 unfunded defined benefit liability in respect of the plans because the hospital has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance discloses the State's defined benefits liabilities in its disclosure for administered items.

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

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

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.

Structure

| 4.1 | Investments and Other Financial Assets | 73 |
|-----|--|----|
| 4.2 | Property, Plant and Equipment | 74 |
| 4.3 | Intangible Assets | 85 |
| 4.4 | Depreciation and Amortisation | 86 |
| 4.5 | Investment Properties | 88 |

Note 4.1: Investments and Other Financial Assets

| | Operating Fund | | | cific se Fund | Consolidated | |
|---|----------------|----------------|----------------|------------------|----------------|----------------|
| | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 |
| Current | | | | | | |
| Financial assets at Amortised Cost | | | | | | |
| Term Deposits > 3 Months | 450 | 950 | - | - | 450 | 950 |
| Total Current | 450 | 950 | - | - | 450 | 950 |
| Non-Current Financial Assets at Fair Value through Net Result | | | | | | |
| Managed Investment Schemes | 13,388 | 12,265 | 4,522 | 5,745 | 17,910 | 18,010 |
| Total Non-Current | 13,388 | 12,265 | 4,522 | 5,745 | 17,910 | 18,010 |
| Total Investments and Other Financial Assets | 13,838 | 13,215 | 4,522 | 5,745 | 18,360 | 18,960 |
| Represented by: | | | | | | |
| Health Service Investments | 8,596 | 7,230 | 4,522 | 5,745 | 13,118 | 12,975 |
| Foundation Investments | 4,790 | 5,035 | - | - | 4,790 | 5,035 |
| Jointly Controlled Operations Investments | 452 | 950 | - | - | 452 | 950 |
| Total Investments and Other Financial Assets | 13,838 | 13,215 | 4,522 | 5,745 | 18,360 | 18,960 |

Investment Recognition

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.

Term deposits with a maturity date greater than 90 days are classified as investments. Term deposits with a maturity date less than 90 days are classified as cash and cash equivalents (Refer to Note 6.2).

Investments are classified as financial assets at fair value through the Comprehensive Operating Statement.

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 Management, including Central Banking System.

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 Trust Fund.

Note 4.2: Property, Plant and Equipment

(a) Gross Carrying Amount and Accumulated Depreciation

| | Consolidated 2020 \$'000 | Consolidated 2019 \$'000 |
|---|--------------------------|--------------------------------|
| Land | | |
| Land at Fair Value | | |
| Crown | 82,876 | 82,876 |
| Freehold | 2,795 | 2,795 |
| Total Land | 85,671 | 85,671 |
| Buildings | | |
| Buildings at Fair Value | 2,480 | 2,480 |
| Less Accumulated Depreciation | (248) | - |
| | 2,232 | 2,480 |
| Leasehold Improvements at Cost | - | 33 |
| Less Accumulated Depreciation | - | (1) |
| | - | 32 |
| Total Buildings | 2,232 | 2,512 |
| Right-of-use Buildings | | |
| Right-of-use Buildings | 482 | - |
| Less Accumulated Depreciation | (153) | - |
| Total Right-of-use Buildings | 329 | - |
| Plant and Equipment | | |
| Plant and Equipment at Fair Value | 2,452 | 2,445 |
| Less Accumulated Depreciation | (1,720) | (1,654) |
| Total Plant and Equipment | 732 | 791 |
| Medical Equipment | | |
| Medical Equipment at Fair Value | 20,811 | 19,688 |
| Less Accumulated Depreciation | (16,038) | (15,103) |
| Total Medical Equipment | 4,773 | 4,585 |
| Computers and Communication Equipment | | |
| Computers and Communication Equipment at Fair Value | 7,911 | 3,980 |
| Less Accumulated Depreciation | (4,059) | (3,549) |
| Total Computers and Communication Equipment | 3,852 | 431 |

| | Consolidated 2020 \$'000 | Consolidated 2019 \$'000 |
|--|--------------------------------|--------------------------------|
| Furniture and Fittings | | |
| Furniture and Fittings at Fair Value | 881 | 784 |
| Less Accumulated Depreciation | (524) | (475) |
| Total Furniture and Fittings | 357 | 309 |
| Cultural Assets | | |
| Cultural Assets at Fair Value | 147 | 147 |
| Total Cultural Assets | 147 | 147 |
| Right-of-use Plant, Equipment and Vehicles | | |
| Right-of-use Plant, Equipment and Vehicles | 436 | - |
| Less Accumulated Depreciation | (111) | - |
| Total Right-of-use Plant, Equipment and Vehicles | 325 | - |
| Right-of-use Public Private Partnership (PPP) Assets | | |
| Right-of-use PPP Building at Fair Value | 265,600 | 265,353 |
| Less Accumulated Depreciation | (9,674) | - |
| Total Right-of-use PPP Building at Fair Value | 255,926 | 265,353 |
| Right-of-use PPP Plant and Equipment at Fair Value | 5,513 | 5,513 |
| Less Accumulated Depreciation | (2,220) | (2,036) |
| Total Right-of-use PPP Plant and Equipment at Fair Value | 3,293 | 3,477 |
| Total Right-of-use PPP Leased Assets | 259,219 | 268,830 |
| Assets Work In Progress at Cost | 669 | 3,455 |
| TOTAL PROPERTY, PLANT AND EQUIPMENT | 358,306 | 366,731 |

Note 4.2: Property, Plant and Equipment (Continued)

(b) Reconciliations of the Carrying Amounts of Each Class of Asset

| Consolidated | Note | Land \$'000 | Buildings \$'000 | Right-of-use Buildings \$'000 | Plant & Equipment \$'000 | Medical Equipment \$'000 | |
|--|---------|----------------|---------------------|-------------------------------------|--------------------------------|--------------------------------|--|
| Balance at 1 July 2018 | | 88,632 | 518 | - | 711 | 4,310 | |
| Additions | | - | 51 | - | 154 | 1,590 | |
| Disposals | | - | - | - | (1) | (28) | |
| Reversal of Impairment Property, Plant and Equipment | 3.2 | - | 2,006 | - | - | - | |
| Revaluation Increments/(Decrements) | 4.2 (f) | (2,961) | - | - | - | - | |
| Net Transfers Between Classes | | - | 74 | - | 1 | 5 | |
| Depreciation | 4.4 | - | (137) | - | (74) | (1,292) | |
| Balance at 1 July 2019 | | 85,671 | 2,512 | - | 791 | 4,585 | |
| Recognition of Right-of-use Assets on initial application of AASB 16 | 8.10 | - | (32) | 458 | - | - | |
| Adjusted Balance at 1 July 2019 | | 85,671 | 2,480 | 458 | 791 | 4,585 | |
| Additions | | - | - | 24 | 20 | 1,494 | |
| Disposals | 3.2 | - | - | - | (1) | (28) | |
| Net Transfers Between Classes | | - | - | - | - | 15 | |
| Depreciation | 4.4 | - | (248) | (153) | (78) | (1,293) | |
| Balance at 30 June 2020 | | 85,671 | 2,232 | 329 | 732 | 4,773 | |

Land and Buildings and Leased Assets Carried at Valuation

A full revaluation of the Royal Women's Hospital's owned and right-of-use land and buildings was performed by the Valuer-General of Victoria (VGV) in June 2019 in accordance with the requirements of Financial Reporting Direction (FRD) 103H Non-Financial Physical Assets. 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 effective date of the valuation for both owned and right-of-use land and buildings was 30 June 2019.

In compliance with FRD 103H, in the year ended 30 June 2020, the Royal Women's Hospital's management conducted an annual assessment of the fair value of owned and right-of-use land and buildings. To facilitate this, management obtained from the Department of Treasury and Finance the Valuer-General Victoria indices for the financial year ended 30 June 2020.

The VGV indices, which are based on data to March 2020, indicate an average increase of 1% across all land parcels and a 2% increase in owned and right-of-use buildings. The Royal Women's Hospital management regards the VGV indices to be a reliable and relevant data set to form the basis of their estimates. Whilst these indices are applicable at 30 June 2020, the fair value of land and buildings will continue to be subjected to the impacts of COVID-19 in future accounting periods. As the accumulative movement was less than 10% for owned and right-of-use land and buildings no managerial revaluation was required.

The owned and right-of-use land and building balances are considered to be sensitive to declining market conditions. To trigger a managerial revaluation a decrease in the land indice of 11% or a decrease in the building indice of 12% would be required.

| Computers & Comm Equipment \$'000 | Furniture & Fittings \$'000 | Cultural Assets \$'000 | Right-of-use Plant, Equip & Vehicles \$'000 | Right-of-use PPP Assets \$'000 | Assets Work In Progress \$'000 | Total \$'000 |
|--|-----------------------------------|------------------------------|--|--------------------------------------|--------------------------------------|-----------------|
| 572 | 310 | 287 | - | 243,263 | 97 | 338,699 |
| 122 | 68 | | - | 573 | 3,455 | 6,014 |
| - | (17) | - | - | - | - | (46) |
| | | | | | | |
| - | - | - | - | - | - | 2,006 |
| - | - | (140) | - | 33,320 | - | 30,219 |
| 1 | 1 | - | - | 15 | (97) | - |
| (264) | (53) | - | - | (8,341) | - | (10,161) |
| 431 | 309 | 147 | - | 268,830 | 3,455 | 366,731 |
| | | | | | | |
| - | - | - | 289 | - | - | 715 |
| 431 | 309 | 147 | 289 | 268,830 | 3,455 | 367,446 |
| 543 | 62 | - | 147 | 247 | 669 | 3,206 |
| - | - | - | - | - | - | (29) |
| 3,397 | 43 | - | - | - | (3,455) | - |
| (519) | (57) | - | (111) | (9,858) | - | (12,317) |
| 3,852 | 357 | 147 | 325 | 259,219 | 669 | 358,306 |

Cultural Assets Carried at Valuation

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

Note 4.2: Property, Plant and Equipment (Continued)

(c) Fair Value Measurement Hierarchy for Assets

| | | Consolidated Carrying | | asurement of ow of reporting peri | |
|---|---------|--------------------------|--------------------------------|--------------------------------------|--------------------------------|
| | Note | Amount \$'000 | Level 1 [†] \$'000 | Level 2 [†] \$'000 | Level 3 ¹ \$'000 |
| Balance at 30 June 2020 | | | | | |
| Non-Specialised Land | | 2,795 | - | 2,795 | - |
| Specialised Land | | 82,876 | - | - | 82,876 |
| Total Land at Fair Value | 4.2 (a) | 85,671 | - | 2,795 | 82,876 |
| Non-Specialised Buildings | 4.2 (a) | 2,232 | - | 2,232 | - |
| Total Building at Fair Value | | 2,232 | - | 2,232 | - |
| Plant and Equipment at Fair Value | 4.2 (a) | 732 | - | - | 732 |
| Medical Equipment at Fair Value | 4.2 (a) | 4,773 | - | - | 4,773 |
| Computers and Communication Equipment at Fair Value | 4.2 (a) | 3,852 | - | - | 3,852 |
| Furniture and Fittings at Fair Value | 4.2 (a) | 357 | - | - | 357 |
| Cultural Assets at Fair Value | 4.2 (a) | 147 | - | 147 | - |
| Total Plant, Equipment and Vehicles at Fair Value | | 9,861 | - | 147 | 9,714 |
| Total Property, Plant and Equipment | | 97,764 | - | 5,174 | 92,590 |
| Balance at 30 June 2019 | | | | | |
| Non-Specialised Land | | 2,795 | | 2,795 | - |
| Specialised Land | | 82,876 | - | - | 82,876 |
| Total Land at Fair Value | 4.2 (a) | 85,671 | - | 2,795 | 82,876 |
| Non-Specialised Buildings | 4.2 (a) | 2,512 | - | 2,512 | - |
| Total Building at Fair Value | | 2,512 | - | 2,512 | - |
| Plant and Equipment at Fair Value | 4.2 (a) | 791 | - | - | 791 |
| Medical Equipment at Fair Value | 4.2 (a) | 4,585 | - | - | 4,585 |
| Computers and Communication Equipment at Fair Value | 4.2 (a) | 431 | - | - | 431 |
| Furniture and Fittings at Fair Value | 4.2 (a) | 309 | - | - | 309 |
| Cultural Assets at Fair Value | 4.2 (a) | 147 | - | 147 | |
| Total Plant, Equipment and Vehicles at Fair Value | | 6,263 | - | 147 | 6,116 |
| Total Property, Plant and Equipment | | 94,446 | - | 5,454 | 88,992 |

ⁱ Classified in accordance with the fair value hierarchy.

There have been no transfers between levels during the period.

(d) Reconciliation of Level 3 Fair Value Measurement

| Consolidated | Note | Land \$'000 | Plant & Equipment \$'000 | Medical Equipment \$'000 | Computers & Comm Equipment \$'000 | Furniture & Fittings \$'000 |
|--|---------|----------------|--------------------------|--------------------------------|--|-----------------------------------|
| Balance at 1 July 2018 | | 82,877 | 711 | 4,310 | 572 | 310 |
| Additions/(Disposals) | 4.2 (b) | - | 153 | 1,562 | 121 | 52 |
| Gains/(Losses) recognised in Net Result | | | | | | |
| Depreciation and Amortisation | 4.4 | - | (74) | (1,292) | (264) | (53) |
| Items recognised in Other Comprehensive Income | | (4) | | | | |
| Revaluation | | (1) | - | - | - | - |
| Net Transfers between Classes | 4.2 (b) | - | 1 | 5 | 1 | 1 |
| Balance at 30 June 2019 | 4.2 (c) | 82,876 | 791 | 4,585 | 431 | 309 |
| Additions/(Disposals) | 4.2 (b) | - | 19 | 1,466 | 543 | 62 |
| Gains/(Losses) recognised in Net Result | | | | | | |
| Depreciation and Amortisation | 4.4 | - | (78) | (1,293) | (519) | (57) |
| Items Recognised in Other Comprehensive Income Revaluation | | - | - | - | - | - |
| Net Transfers between Classes | 4.2 (b) | - | - | 15 | 3,397 | 43 |
| Balance at 30 June 2020 | 4.2 (c) | 82,876 | 732 | 4,773 | 3,852 | 357 |

Note 4.2: Property, Plant and Equipment (Continued)

(e) Description of Significant Unobservable Inputs

| Asset Class | Likely Valuation Approach | Significant Inputs (Level 3 only) |
|--|------------------------------|---|
| Specialised Land | | |
| Crown Land | Market approach | Community Service Obligation (CSO) Adjustment - 20% was applied to specialised land classified in accordance with the fair value hierarchy. |
| Non-Specialised Land | | |
| Freehold Land | Market Approach | Not Applicable |
| Non-Specialised Buildings | Market Approach | Not Applicable |
| Plant and Equipment at Fair Value | Depreciated replacement cost | Cost per unit Useful life of Plant and Equipment |
| Medical Equipment at Fair Value | Depreciated replacement cost | Cost per unit Useful life of Medical Equipment |
| Computers and Communication Equipment at Fair Value | Depreciated replacement cost | Cost per unit Useful life of Computers and Communication Equipment |
| Furniture and Fittings at Fair Value | Depreciated replacement cost | Cost per unit Useful life of Furniture and Fittings |
| Cultural Assets | Market Approach | Not Applicable |

Initial Recognition

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

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads. The cost of a leasehold improvement is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

The initial cost for non-financial physical assets under a 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.

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.

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

Right-of-use Asset Acquired by Lessees (Under AASB 16 *Leases* from 1 July 2019) – Initial Measurement

The Royal Women's Hospital recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

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

The right-of-use assets include buildings, computer equipment and motor vehicles.

Right-of-use Asset - Subsequent Measurement

The Royal Women's Hospital depreciates the right-of-use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as property, plant and equipment, other than where the lease term is lower than the otherwise assigned useful life. The right-of-use assets are also subject to revaluation as required by FRD 103H however as at 30 June 2020 right-of-use assets have not been revalued.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Revaluations of Non-Current Physical Assets

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103H *Non-Financial 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 103H *Non-Financial Physical Assets*, 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 (Continued)

Fair Value Measurement

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

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

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

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

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

Valuation Hierarchy

In determining fair values a number of inputs are used.

To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

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

Identifying Unobservable Inputs (Level 3) Fair Value Measurements

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

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

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

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

In accordance with AASB 13 Fair Value Measurement, the Royal Women's Hospital has assumed the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

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

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

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

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

Specialised Land and Specialised Buildings

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

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

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

Plant and Equipment

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 2020.

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

Note 4.2: Property, Plant and Equipment (Continued)

(f): Property, Plant and Equipment Revaluation Surplus

| | Note | Consolidated 2020 \$'000 | Consolidated 2019 \$'000 |
|-------------------------------------|---------|--------------------------|--------------------------------|
| Balance at Beginning of Year | | 178,115 | 147,896 |
| Revaluation Increments/(Decrements) | | | |
| Land | 4.2 (b) | - | (2,961) |
| Right-of-use PPP Buildings | 4.2 (b) | - | 33,320 |
| Cultural Assets | 4.2 (b) | - | (140) |
| Balance at End of Year i | | 178,115 | 178,115 |
| [†] Represented by: | | | |
| Land | | 54,255 | 54,255 |
| Right-of-use PPP Buildings | | 123,822 | 123,822 |
| Cultural Assets | | 38 | 38 |
| | | 178,115 | 178,115 |

Note 4.3: Intangible Assets

(a) Gross Carrying Amount and Accumulated Amortisation

| | Consolidated 2020 \$'000 | Consolidated 2019 \$'000 |
|--|--------------------------|--------------------------------|
| Intangible Produced Assets - Software | 11,381 | 9,717 |
| Less Accumulated Amortisation | (8,689) | (7,178) |
| | 2,692 | 2,539 |
| Intangible Non-Produced Assets - Revenue Rights Parkville Car Park | 24,490 | 24,490 |
| Less Accumulated Amortisation | (11,755) | (10,775) |
| | 12,735 | 13,715 |
| Software Work In Progress | 12,681 | 7,450 |
| Total Intangible Assets | 28,108 | 23,704 |

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

(b) Reconciliation of the Carrying Amount By Class of Asset

| Consolidated | Note | Software \$'000 | Software Work in Progress \$'000 | Revenue Rights Parkville Car Park \$'000 | Total \$'000 |
|-------------------------------|----------|--------------------|--|---|-----------------|
| Balance at 1 July 2018 | | 1,598 | 929 | 14,695 | 17,222 |
| Additions | | 1,089 | 7,379 | - | 8,468 |
| Net Transfers between Classes | | 857 | (857) | - | - |
| Amortisation | 3.2, 4.4 | (1,006) | - | (980) | (1,986) |
| Balance at 1 July 2019 | | 2,539 | 7,450 | 13,715 | 23,704 |
| Additions | | 314 | 6,737 | - | 7,051 |
| Disposals | 3.2 | (2) | - | - | (2) |
| Net Transfers between Classes | | 1,506 | (1,506) | - | - |
| Amortisation | 3.2, 4.4 | (1,665) | - | (980) | (2,645) |
| Balance at 30 June 2020 | | 2,692 | 12,681 | 12,735 | 28,108 |

Intangible Assets Recognition

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.

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

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

Note 4.4: Depreciation and Amortisation

| | | Consolidated 2020 | Consolidated 2019 |
|--|---------|-------------------|-------------------|
| | Note | \$'000 | \$'000 |
| Depreciation | | | |
| Buildings | 4.2 (b) | 248 | 137 |
| Plant and Equipment | 4.2 (b) | 78 | 74 |
| Medical Equipment | 4.2 (b) | 1,293 | 1,292 |
| Computers and Communication Equipment | 4.2 (b) | 519 | 264 |
| Furniture and Fittings | 4.2 (b) | 57 | 53 |
| Right-of-use Buildings | 4.2 (b) | 153 | - |
| Right-of-use Plant, Equipment and Vehicles | 4.2 (b) | 111 | - |
| Public Private Partnership (PPP) Assets | | | |
| Right-of-use PPP Building | | 9,674 | 8,157 |
| Right-of-use PPP Plant and Equipment | | 184 | 184 |
| Total PPP Assets | 4.2 (b) | 9,858 | 8,341 |
| Total Depreciation | | 12,317 | 10,161 |
| Amortisation | | | |
| Software | 4.3 | 1,665 | 1,006 |
| Total Amortisation | | 1,665 | 1,006 |
| | | | |
| Total Depreciation and Amortisation | 3.1 | 13,982 | 11,167 |

Depreciation

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

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term. Where the Royal Women's Hospital obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the hospital will exercise a purchase option, the Royal Women's' Hospital depreciates the right-of-use asset over its useful life.

Amortisation

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

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

| | 2020 | 2019 |
|---|----------------|----------------|
| Non PPP Assets | | |
| Buildings | 10 Years | 5 to 31 Years |
| Leasehold Improvements | n/a | 3 to 5 Years |
| Right-of-use Buildings | 2 to 3 Years | n/a |
| 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 | 6 to 13 Years |
| Right-of-use Plant, Equipment and Vehicles | 1 to 5 Years | n/a |
| Intangible Produced Assets | 3 Years | 3 Years |
| Right-of-use PPP Assets | | |
| Buildings | | |
| Structure, Shell Building Fabric | 49 Years | 50 Years |
| Site Engineering Services and Central Plant | 29 Years | 30 Years |
| Central Plant | | |
| Fit Out | 14 Years | 15 Years |
| Trunk Reticulated Building Systems | 19 Years | 20 Years |
| Plant and Equipment | 30 Years | 30 Years |

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

Note 4.5: Investment Properties

(a) Movements in Carrying Value for Investment Properties

| Note | Consolidated 2020 \$'000 | Consolidated 2019 \$'000 |
|---|--------------------------------|--------------------------------|
| Balance at Beginning of Year | 103,721 | 99,942 |
| Additions | 23 | - |
| Net Gain from Fair Value Adjustment 3.2 | 4,773 | 3,779 |
| Balance at End of Year | 108,517 | 103,721 |

(b) Fair Value Measurement Hierarchy for Investment Properties

| | Consolidated | Fair value measurement at en of reporting period using: | | Fair value measurement at end of reporting period using: | |
|-------------------------|---------------------------|---|--------------------------------|--|--|
| | Carrying Amount \$'000 | Level 1 ⁱ \$'000 | Level 2 ¹ \$'000 | Level 3 ¹ \$'000 | |
| Balance at 30 June 2020 | | | | | |
| Investment Properties | 108,517 | - | 36,361 | 72,156 | |
| Balance at 30 June 2019 | | | | | |
| Investment Properties | 103,721 | - | 35,001 | 68,720 | |

¹ Classified in accordance with fair value hierarchy, refer to Note 4.2(e).

Comparative figures have been restated to align with the fair value categorisation levels identified in the 2019 valuation reports.

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 with changes in the fair vale recognised as other economic flows in the period that they arise. Investment properties are neither depreciated nor tested for impairment. Independent valuations are carried out on a regular basis as required in FRD 107B *Investment Properties*, or if there are indications that the fair value differs significantly from carrying amount. The last independent valuation was carried out by the Valuer-General Victoria as at 30 June 2019.

For the year ended 30 June 2020, the Royal Women's Hospital's management conducted an annual assessment of the fair value of investment properties. To facilitate this, management obtained from the Department of Treasury and Finance the Valuer General Victoria indices for the financial year ended 30 June 2020 and applied these indices to the individual assets' 2019 valuation. The indexed value was then compared to the individual assets fair value as at 30 June 2020 to determine the change in their fair values.

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

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

There have been no transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2020.

Note 5: Other Assets and Liabilities

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

Structure

| 5.1 | Receivables | 90 |
|-----|-----------------------------------|----|
| 5.2 | Payables and Contract Liabilities | 92 |

Note 5.1: Receivables

| | Note | Consolidated 2020 \$'000 | Consolidated 2019 \$'000 |
|--|---------|--------------------------------|--------------------------------|
| Current | 14010 | Ψ 000 | Ψ 000 |
| Contractual | | | |
| Inter Hospital Debtors | | 1,512 | 677 |
| Trade Debtors | | 1,735 | 3,572 |
| Patient Fees | | 1,233 | 1,236 |
| Accrued Revenue | | 2,187 | 2,450 |
| Less: Loss Allowance for Contractual Receivables | | | |
| Trade Debtors | 7.1 (c) | (365) | (189) |
| Patient Fees | 7.1 (c) | (265) | (296) |
| Total Loss Allowance for Contractual Receivables | | (630) | (485) |
| Total Contractual Receivables | | 6,037 | 7,450 |
| Statutory | | | |
| Department of Health and Human Services | | 1,510 | 2,365 |
| GST Receivable | | 502 | 229 |
| Total Statutory Receivables | | 2,012 | 2,594 |
| Total Current Receivables | | 8,049 | 10,044 |
| Non-Current | | | |
| Contractual | | | |
| Other Receivables | | 19 | 20 |
| Total Contractual Receivables | | 19 | 20 |
| Statutory | | | |
| Long Service Leave - Department of Health and Human Services | | 11,122 | 10,432 |
| Total Statutory Receivables | | 11,122 | 10,432 |
| Total Non-Current Receivables | | 11,141 | 10,452 |
| Total Receivables | | 19,190 | 20,496 |

Receivables Recognition

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 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.

Loss Allowance for Contractual Receivables

Refer to note 7.1(c) for the Royal Women's Hospital's contractual receivable loss allowance.

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Note 5.2: Payables and Contract Liabilities

| | Note | Consolidated 2020 \$'000 | Consolidated 2019 \$'000 |
|--|---------|--------------------------------|--------------------------|
| Current | | , | |
| Contractual | | | |
| Trade Creditors | | 2,130 | 6,901 |
| Accrued Salaries and Wages | | 4,227 | 7,126 |
| Accrued Expenses | | 4,334 | 5,260 |
| Salary Packaging | | 518 | 786 |
| Amounts Payable to Governments and Agencies | | 1,191 | 4,205 |
| Deferred Capital Grant Revenue | 5.2 (a) | 1,926 | - |
| Contract Liabilities - Income Received In Advance | 5.2 (b) | 3,200 | 1,445 |
| Other Current Liabilities | | 27 | 29 |
| Total Contractual Payables | | 17,553 | 25,752 |
| Statutory | | | |
| Cash Advance - Department of Health and Human Services | | 7,155 | - |
| Total Statutory Payables | | 7,155 | - |
| Total Current Payables | | 24,708 | 25,752 |
| Non-Current | | | |
| Contractual | | | |
| Other Payables | | 210 | - |
| Total Contractual Payables | | 210 | - |
| Total Non-Current Payables | | 210 | - |
| Total Payables | | 24,918 | 25,752 |

Payables Recognition

Payables consist of:

- Contractual payables are classified as financial instruments and are 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 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.

The State Government established an Economic Survival and Jobs Package to support the Victorian economy through the unprecedented COVID-19 pandemic. As part of the Economic Survival and Jobs Package, the Royal Women's Hospital is required to pay approved supplier invoices within 10 days.

(a) Deferred Capital Grant Revenue

| | Note | Consolidated 2020 \$'000 |
|---|------|--------------------------------|
| Balance at Beginning of Year (Adjusted for AASB 1058) | | 2,178 |
| Government Grant (State) Consideration for Property, Plant and Equipment Received During the Year | | 963 |
| Government Grant (State) Consideration for Property, Plant and Equipment Recognised During the Year | | (1,215) |
| Balance at End of Year | 5.2 | 1,926 |

Grant consideration was received from the Department of Health and Human Services. Capital grant revenue is recognised when the asset is purchased, since this is the time when the Royal Women's Hospital satisfies its obligations under the transfer

by controlling the asset (Refer to Note 2.1). As a result, the Royal Women's Hospital has deferred recognition of a portion of the capital grant consideration received as a liability for the outstanding obligations.

(b) Contract Liabilities - Income Received in Advance

| | Note | Consolidated 2020 \$'000 |
|---|------|--------------------------|
| Balance at Beginning of Year Adjusted for AASB 15 | | 1,445 |
| Government Grant (State) Consideration for Sufficiently Specific Performance Obligations Received | | 4,694 |
| Payments Received for Specific Performance Obligations yet to be Completed | | 4,385 |
| Government Grant (State) for Sufficiently Specific Performance Obligations Work Recognised | | (3,712) |
| Revenue Recognised for Specific Performance Obligations | | (3,612) |
| Balance at End of Year | 5.2 | 3,200 |

Contract liabilities relate to consideration received in advance from customers who have enrolled in training courses and events for the following year and where services are being provided over a specified timeframe. Research funding received that runs over more than one financial year is deferred until specific performance obligations are met.

(c) Grant Consideration

| | Consolidated 2020 \$'000 |
|---|--------------------------------|
| Revenue Recognised from Performance Obligations Satisfied in Previous Periods | - |
| Transaction Price Allocated to the Remaining Performance Obligations from Contracts with Customers to be Recognised in: | |
| Not later than one year | 983 |
| Later than 1 year and not later than 5 years | - |
| Later than 5 years | - |
| Total Grant Consideration | 983 |

Government grant consideration was received from the Department of Health and Human Services to fund specific programs to service the needs of the community. Grant income is recognised when the relevant services are provided by

the Royal Women's Hospital. The remaining grant revenue is recognised when the service obligations are delivered in the following year.

(d) 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.

Structure

| 6.1 | Borrowings | 95 |
|-----|-----------------------------|-----|
| 6.2 | Cash and Cash Equivalents | 99 |
| 6.3 | Commitments for Expenditure | 100 |

Note 6.1: Borrowings

| | | Consolidated 2020 | Consolidated 2019 |
|--------------------------------------|---------|-------------------|-------------------|
| | Note | \$'000 | \$'000 |
| Current | | | |
| Treasury Corporation Victoria Loan i | | 860 | 806 |
| PPP Lease Liability ⁱⁱ | 6.1 (c) | 8,925 | 8,252 |
| Other Lease Liabilities ii iii | 6.1 (c) | 266 | - |
| Total Current Borrowings | | 10,051 | 9,058 |
| | | | |
| Non-Current | | | |
| Treasury Corporation Victoria Loan i | | 16,841 | 17,701 |
| PPP Lease Liability ⁱⁱ | 6.1 (c) | 177,748 | 186,674 |
| Other Lease Liabilities ii iii | 6.1 (c) | 370 | - |
| Total Non-Current Borrowings | | 194,959 | 204,375 |
| | | | |
| Total Borrowings | | 205,010 | 213,433 |

Unsecured loan with a fixed interest rate of 6.67% (2019: 6.67%).

(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 or breaches on the loan or lease liabilities.

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

¹¹ Secured by the assets leased. Leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

In compliance with the Standing Directions of the Assistant Treasurer under the Financial Management Compliance Act 1994, the Royal Women's Hospital has been granted an approved lease liability limit of \$0.5m as at 30 June 2020, excluding VicFleet and PPP lease liabilities.

Note 6.1: Borrowings (Continued)

(c) Lease Liabilities

| | | Minimum Future Lease Payments | | Present Value of Minimum Future Lease Payments | |
|--|------|----------------------------------|--------------------------------|---|--------------------------------|
| | Note | Consolidated 2020 \$'000 | Consolidated 2019 \$'000 | Consolidated 2020 \$'000 | Consolidated 2019 \$'000 |
| PPP Lease Liability | | | | | |
| Not later than one year | | 22,474 | 22,474 | 8,925 | 8,252 |
| Later than 1 year and not later than 5 years i | | 89,895 | 89,895 | 43,060 | 39,991 |
| Later than 5 years i | | 178,753 | 201,228 | 134,688 | 146,683 |
| Minimum lease payments | | 291,122 | 313,597 | 186,673 | 194,926 |
| Less future finance charges | | (104,449) | (118,671) | - | |
| Total | | 186,673 | 194,926 | 186,673 | 194,926 |
| | | | | | |
| Included in the Financial Statements as: | | | | | |
| Current Borrowings PPP Lease Liability | 6.1 | - | - | 8,925 | 8,252 |
| Non-Current Borrowings PPP Lease Liability | 6.1 | - | - | 177,748 | 186,674 |
| Total | | - | - | 186,673 | 194,926 |

¹ Comparative figures have been restated to align with the present value of the minimum future lease payments.

The weighted average interest rate implicit in the lease is 7.67% (2019: 7.67%).

| | | Minimum Future Lease Payments | | Present Value of Minimum Future Lease Payments | |
|--|------|----------------------------------|--------------------------------|---|--------------------------------|
| | Note | Consolidated 2020 \$'000 | Consolidated 2019 \$'000 | Consolidated 2020 \$'000 | Consolidated 2019 \$'000 |
| Other Lease Liabilities | | | | | |
| Not later than one year | | 278 | - | 266 | - |
| Later than 1 year and not later than 5 years | | 378 | - | 370 | - |
| Later than 5 years | | - | - | - | - |
| Minimum lease payments | | 656 | - | 636 | - |
| Less future finance charges | | (20) | - | - | |
| Total | | 636 | - | 636 | |
| Included in the Financial Statements as: | | | | | |
| Current Borrowings Other Lease Liabilities | 6.1 | - | - | 266 | - |
| Non-Current Borrowings Other Lease Liabilities | 6.1 | - | - | 370 | |
| Total | | - | - | 636 | - |

The weighted average interest rate implicit in the leases is 2.35% (2019: nil).

Lease Recognition

A lease is a right-to-use an asset for an agreed period of time in exchange for payment. All leases are recognised on the balance sheet, with the exception of low value leases (less than \$10,000 AUD) and short term leases of less than 12 months.

Entity as lessee

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.

PPP Lease Liability

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 leases are recognised as an expense in the period in which they are incurred.

The State of Victoria is obliged to fund monthly service payments for the hospital, due under the Project Agreement for the life of that Agreement, a period of up to 25 years. The Royal Women's Hospital expects that it will continue to operate and control the hospital at the expiry of the lease.

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.

Other Lease Liabilities

The Royal Women's Hospital leases buildings, computer equipment and motor vehicles. The lease contracts are made for fixed periods between two to five years with some leases containing an option to renew the lease after that date.

For any new contracts entered into on or after 1 July 2019, the Royal Women's Hospital considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right-to-use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Royal Women's Hospital assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Royal Women's Hospital;
- The Royal Women's Hospital has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and has the right to direct the use of the identified asset throughout the period of use; and
- The Royal Women's Hospital has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

This policy is applied to contracts entered into, or changed on or after 1 July 2019.

Separation of Lease and Non-lease Components

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

Recognition and Measurement of Leases as a Lessee (under AASB 16 from 1 July 2019)

Lease Liability - Initial Measurement

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

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

- Fixed payments (including in-substance fixed payments);
- Variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;

Note 6.1: Borrowings (Continued)

- Amounts expected to be payable under a residual value guarantee; and
- Payments arising from purchase and termination options reasonably certain to be exercised.

Lease Liability - Subsequent Measurement

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

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

Short-term Leases and Leases of Low Value Assets

The Royal Women's Hospital has elected to account for short-term leases and leases of low value assets using the practical expedients under AASB 16. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the Comprehensive Operating Statement on a straight line basis over the lease term.

From 1 July 2019, the following lease payments are recognised on a straight-line basis:

- Short-term leases leases with a term less than 12 months;
 and
- Low value leases leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

Variable lease payments are not included in the measurement of the lease liability. These payments are recognised in the period in which the event or condition that triggers those payments occur.

Presentation of Right-of-use Assets and Lease liabilities

The Royal Women's Hospital presents right-of-use assets as 'Property Plant and Equipment' unless they meet the definition of Investment Properties, in which case they are disclosed as 'Investment Properties' in the Balance Sheet. Lease liabilities are presented as 'borrowings' in the Balance Sheet.

Recognition and Measurement of Leases (under AASB 117 until 30 June 2019)

In the comparative period, leases of property, plant and equipment were classified as either finance or operating leases.

The Royal Women's Hospital determined whether an arrangement was or contained a lease based on the substance of the arrangement and required an assessment of whether fulfilment of the arrangement is dependent on the use of the specific asset(s); and the arrangement conveyed a right-to-use the asset(s).

Leases of property, plant and equipment where the Royal Women's Hospital as a lessee had substantially all of the risks and rewards of ownership were classified as finance leases. Finance leases were initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is accounted for as a non-financial physical asset and depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum finance lease payments were apportioned between the 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 were recognised as an expense in the period in which they are incurred.

Assets held under other leases were classified as operating leases and were not recognised in the Royal Women's Hospital Balance Sheet. Operating lease payments were recognised as an operating expense in the Comprehensive Operating Statement on a straight-line basis over the lease term.

Borrowings Recognition

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net result over the period of the borrowing using the effective interest method. Fair value is determined in the manner described in Note 7.1.

Note 6.2: Cash and Cash Equivalents

| | Consolidated 2020 \$'000 | Consolidated 2019 \$'000 |
|---------------------------------|--------------------------------|--------------------------------|
| Cash on Hand | 10 | 9 |
| Cash at Bank | 1,477 | 1,647 |
| Cash at Bank - CBS | 4,662 | 7,323 |
| Deposits at Call | 3,175 | 1,918 |
| Total Cash and Cash Equivalents | 9,324 | 10,897 |

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

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 2020 \$'000 | Consolidated 2019 \$'000 |
|---|--------------------------|--------------------------------|
| Capital Expenditure Commitments | | |
| Not later than 1 year | 8,923 | 6,036 |
| Later than 1 year but not later than 5 years | - | 3,612 |
| Total Capital Expenditure Commitments | 8,923 | 9,648 |
| Operating Expenditure Commitments | | |
| Not later than 1 year | 1,160 | 1,418 |
| Later than 1 year but not later than 5 years | 735 | 630 |
| Later than 5 years | 203 | 260 |
| Total Operating Expenditure Commitments | 2,098 | 2,308 |
| Non-cancellable Short-term and Low Value Lease Commitments Not later than 1 year Later than 1 year but not later than 5 years | 517 604 | 937 972 |
| Total Non-cancellable Short-term and Low Value Lease Commitments | 1,121 | 1,909 |
| Commissioned Public Private Partnership Commitments | 01.440 | 00.040 |
| Not later than 1 year | 21,449 | 20,249 |
| Later than 1 year but not later than 5 years | 84,293 | 82,304 |
| Later than 5 years Total Bublic British Partnership Commitments i | 203,799 | 228,058 |
| Total Public Private Partnership Commitments ¹ | 309,541 | 330,610 |
| Total Commitments for Expenditure (inclusive of GST) | 321,683 | 344,475 |
| Less GST recoverable from the Australian Tax Office | (29,244) | (31,316) |
| Total Commitments for Expenditure (exclusive of GST) | 292,439 | 313,159 |

¹ 2019 amount restated to be inclusive of GST.

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

| PPPs Commitments (a)(b) | 2020 | | | 2019 | | |
|-----------------------------|------------------------------|-------------------------|-------------------------|------------------------------|-------------------------|-------------------------|
| | Minimum lease payments | Other Commitments | Total Commitments | Minimum lease payments | Other Commitments | Total Commitments |
| | Present value \$'000 | Present value \$'000 | Nominal value \$'000 | Present value \$'000 | Present value \$'000 | Nominal value \$'000 |
| Commissioned PPPs (c)(d)(e) | | | | | | |
| The Royal Women's Hospital | - | 173,877 | 309,541 | - | 178,829 | 330,610 |
| Total | - | 173,877 | 309,541 | - | 178,829 | 330,610 |

- (a) The present values of the minimum lease payments for commissioned PPPs are recognised on the balance sheet (not disclosed as commitments).
- (b) The year on year reduction in the nominal amounts of the other PPP commitments reflects the payments made.
- (c) The year on year reduction in the present values of other PPP commitments reflects payments, offset by the impact of one fewer year used for discounting.
- (d) The table discloses only other PPP related operating and maintenance commitments for the Royal Women's Hospital.
- (e) The total PPP commitments will not equal the sum of the minimum lease payments and other PPP commitments because they are at present value, whereas total commitments are at nominal value.

Commitments

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

The Royal Women's Hospital has entered into commercial leases on certain computer equipment and property where it is not in the interest of the Royal Women's Hospital to purchase these assets. These leases have an average life of between 1 and 4 years with renewal terms included in the contracts. Renewals are at the option of the Royal Women's Hospital. There are no restrictions placed upon the lessee by entering into these leases.

Public Private Partnership Commitments

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.

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 7: Risks, Contingencies and Valuation Uncertainties

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

Structure

| 7.1 | Financial Instruments | 103 |
|-----|--|-----|
| 7.2 | Contingent Assets and Contingent Liabilities | 109 |

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*.

(a) Financial Instruments: Categorisation

| | | Financial Assets at Amortised | Financial Assets at Fair Value Through | Financial Liabilities at Amortised | |
|--|------|-------------------------------------|--|--|---------|
| | | Cost | Net Result | Cost | Total |
| Consolidated 2020 | Note | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial Assets | | | | | |
| Cash and Cash Equivalents | 6.2 | 9,324 | - | - | 9,324 |
| Receivables | | | | | |
| Trade Debtors | 5.1 | 3,850 | - | - | 3,850 |
| Other Receivables | 5.1 | 2,206 | - | - | 2,206 |
| Investments and Other Financial Assets | | | | | |
| Term Deposits | 4.1 | 450 | - | - | 450 |
| Managed Investment Schemes | 4.1 | - | 17,910 | - | 17,910 |
| Total Financial Assets i | | 15,830 | 17,910 | - | 33,740 |
| | | | | | |
| Financial Liabilities | | | | | |
| Payables | 5.2 | - | - | 12,637 | 12,637 |
| Borrowings | 6.1 | - | - | 205,010 | 205,010 |
| Total Financial Liabilities | | - | - | 217,647 | 217,647 |

ⁱThe carrying amount excludes statutory receivables (i.e. GST Receivable and DHHS Receivable), statutory payables (i.e. DHHS Cash Advance) and Contractual Payables (i.e. Deferred Capital Grant Revenue and Contract Liabilities - Income Received In Advance).

Note 7.1: Financial Instruments (Continued)

(a) Financial Instruments: Categorisation (Continued)

| | | Financial Assets at Amortised Cost | Financial Assets at Fair Value Through Net Result | Financial Liabilities at Amortised Cost | Total |
|--|------|---|--|--|---------|
| Consolidated 2019 | Note | \$'000 | \$'000 | \$'000 | \$'000 |
| Contractual Financial Assets | | | | | |
| Cash and Cash Equivalents | 6.2 | 10,897 | - | - | 10,897 |
| Receivables | | | | | |
| Trade Debtors | 5.1 | 5,000 | - | - | 5,000 |
| Other Receivables | 5.1 | 2,470 | - | - | 2,470 |
| Investments and Other Financial Assets | | | | | |
| Term Deposits | 4.1 | 950 | - | - | 950 |
| Managed Investment Schemes | 4.1 | - | 18,010 | - | 18,010 |
| Total Financial Assets i | | 19,317 | 18,010 | - | 37,327 |
| | | | | | |
| Financial Liabilities | | | | | |
| Payables | 5.2 | - | - | 24,307 | 24,307 |
| Borrowings | 6.1 | - | - | 213,433 | 213,433 |
| Total Financial Liabilities i | | - | - | 237,740 | 237,740 |

ⁱ The carrying amount excludes statutory receivables (i.e. GST Receivable and DHHS Receivable), statutory payables (i.e. DHHS Cash Advance) and Contractual Payables (i.e. Deferred Capital Grant Revenue and Contract Liabilities - Income Received In Advance).

Categories of Financial Assets:

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

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

Categories of Financial Liabilities:

Financial Liabilities 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, deferred capital grant revenue and contract liabilities - income received in advance)
- · Borrowings (including lease liabilities)

Offsetting Financial Instruments

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

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

Derecognition of Financial Assets

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

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

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

Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the Comprehensive Operating Statement.

Reclassification of Financial Instruments

Subsequent to initial recognition, reclassification of financial liabilities is not permitted. Financial assets are required to be reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when the Royal Women's Hospital's business model for managing its financial assets has changes such that its previous model would no longer apply.

Note 7.1: Financial Instruments (Continued)

(b) Maturity Analysis of Financial Liabilities

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

| | | | | Maturity Dates | | | | |
|-----------------------------|------|------------------------------|-----------------------------|--------------------------------|---------------------------------------|--------------------------------|---------------------|---------------------------|
| Consolidated | Note | Carrying Amount \$'000 | Nominal Amount \$'000 | Less than 1 Month \$'000 | 1-3 Months \$'000 | 3 Months - 1 Year \$'000 | 1-5 Years \$'000 | Over 5 Years \$'000 |
| 2020 | | 7 222 | + | <u> </u> | , , , , , , , , , , , , , , , , , , , | 7 000 | 7 333 | 7 333 |
| Financial Liabilities: | | | | | | | | |
| At Amortised Cost | | | | | | | | |
| Payables | 5.2 | 12,637 | 12,637 | 7,975 | 4,352 | 100 | 210 | - |
| Borrowings | 6.1 | 205,010 | 205,010 | 814 | 1,605 | 7,632 | 47,509 | 147,450 |
| Total Financial Liabilities | | 217,647 | 217,647 | 8,789 | 5,957 | 7,732 | 47,719 | 147,450 |
| | | | | | | | | |
| 2019 | | | | | | | | |
| Financial Liabilities: | | | | | | | | |
| At Amortised Cost | | | | | | | | |
| Payables | 5.2 | 24,307 | 24,307 | 14,466 | 9,793 | 48 | - | - |
| Borrowings | 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 |

¹ The ageing analysis of financial liabilities excludes statutory payables (i.e. DHHS Cash Advance) and Contractual Payables (i.e. Deferred Capital Grant Revenue and Contract Liabilities - Income Received In Advance).

(c) Contractual Receivables at Amortised Cost

| Consolidated Note | Current \$'000 | 30 days \$'000 | 60 days \$'000 | 90 days \$'000 | 120 days \$'000 | 150 days \$'000 | 365 days ¹ \$'000 | Total \$'000 |
|---|-------------------|------------------------|-------------------------|-------------------------|--------------------------|---------------------------|------------------------------------|-----------------|
| 2020 | | | | | | | | |
| Patient Debtors | | | | | | | | |
| Expected Loss Rate | 1.6% | 3.8% | 5.0% | 12.0% | 28.7% | 75.0% | 100.0% | |
| Gross Carrying Amount of Contractual Receivables | 868 | 715 | 66 | 34 | 38 | 127 | 111 | 1,959 |
| Loss Allowance 5.1 | 14 | 27 | 3 | 4 | 11 | 95 | 111 | 265 |
| | Current \$'000 | 1-30 days \$'000 | 31-60 days \$'000 | 61-90 days \$'000 | 91-180 days \$'000 | 181-360 days \$'000 | 361+ days \$'000 | Total \$'000 |
| 2020 | | | | | | | | |
| Sundry Debtors | | | | | | | | |
| Expected Loss Rate | 1.0% | 2.0% | 4.0% | 4.0% | 9.0% | 60.0% | 100.0% | |
| Gross Carrying Amount of Contractual Receivables | 1,093 | 1,145 | 163 | 139 | 380 | 247 | 136 | 3,303 |
| Loss Allowance 5.1 | 11 | 23 | 7 | 6 | 34 | 148 | 136 | 365 |

| Consolidated Note | Current \$'000 | 30 days \$'000 | 60 days \$'000 | 90 days \$'000 | 120 days \$'000 | 150 days \$'000 | 365 days ¹ \$'000 | Total \$'000 |
|---|-------------------|------------------------|-------------------------|-------------------------|--------------------------|---------------------------|------------------------------------|-----------------|
| 2019 | | | | | | | | |
| Patient Debtors | | | | | | | | |
| Expected Loss Rate | 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 |
| Loss Allowance 5.1 | 6 | 16 | 2 | 5 | 8 | 62 | 197 | 296 |
| | | | | | | | | |
| 2019 | Current \$'000 | 1-30 days \$'000 | 31-60 days \$'000 | 61-90 days \$'000 | 91-180 days \$'000 | 181-360 days \$'000 | 361+ days \$'000 | Total \$'000 |
| Sundry Debtors | | | | | | | | |
| Expected Loss Rate | 0.3% | 0.4% | 1.2% | 4.4% | 7.1% | 58.5% | 100.0% | |
| Gross Carrying Amount of Contractual Receivables | 2,919 | 450 | 276 | 241 | 183 | 105 | 91 | 4,265 |
| Loss Allowance 5.1 | 8 | 2 | 3 | 10 | 13 | 61 | 92 | 189 |

 $[\]ensuremath{^{\text{i}}}$ Credits are excluded when calculating the provision.

Note 7.1: Financial Instruments (Continued)

(c) Contractual Receivables at Amortised Cost (Continued)

Impairment of Financial Assets under AASB 9 Financial Instruments

The Royal Women's Hospital records the allowance for expected credit loss for the relevant financial instruments, in accordance with AASB 9 *Financial Instruments* 'Expected Credit Loss' approach. Impairment assessment includes the Royal Women's Hospital's contractual receivables and statutory receivables.

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, any identified impairment loss would be 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 and the closing loss allowance at end of the financial year as disclosed above.

(d) Reconciliation of the Movement in the Loss Allowance for Contractual Receivables

| | | Consolidated 2020 | Consolidated 2019 |
|---|------|-------------------|-------------------|
| | Note | \$'000 | \$'000 |
| | | | |
| Balance at Beginning of Year | | 485 | 538 |
| Opening Retained Earnings Adjustments on Adoption of AASB 9 | | - | 115 |
| Opening Loss Allowance | 5.1 | 485 | 653 |
| Increase in Provision Recognised in the Net Result | | 145 | - |
| Reversal of Unused Provision Recognised in the Net Result | | F | (168) |
| Balance at End of Year | 5.1 | 630 | 485 |

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.

Statutory Receivables

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

Statutory receivables are considered to have low credit risk, taking into account the government's credit rating, risk of default and its capacity to meet contractual cash flow obligations in the near term. As the result, no credit loss allowance has been provided in the current financial year (2019: Nil).

Note 7.2: Contingent Assets and Contingent Liabilities

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

| | Consolidated 2020 \$'000 | Consolidated 2019 \$'000 |
|---|--------------------------------|--------------------------------|
| Contingent Liabilities | | |
| Quantifiable | | |
| Contribution to Parkville Facility | 11,820 | 11,820 |
| Total Quantifiable Contingent Liabilities | 11,820 | 11,820 |

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

Contribution to Parkville Facility

During the year ended 30 June 2008, the Royal Women's Hospital relocated to a new facility. Construction and fit out of the new Royal Women's Hospital was funded as a Public Private Partnership under a Project Agreement between the State of Victoria and Royal Women's Health Partnership Pty Ltd. The hospital has recognised the Leased Assets (refer to Note 4.2) and associated Lease Liabilities (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 disposal of certain properties at the Carlton site.

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

There were no other contingent assets for the Royal Women's Hospital or its Controlled Entities as at 30 June 2020 (2019: Nil).

Note 8: Other Disclosures

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

Structure

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

| | Note | Consolidated 2020 \$'000 | Consolidated 2019 \$'000 |
|--|--------------|--------------------------|--------------------------|
| Net Result for the Year | Note | 3,653 | 1,830 |
| | | | |
| Non-Cash Movements: | | | |
| Depreciation and Amortisation | 4.4 | 13,982 | 11,167 |
| Amortisation of Intangible Non-Produced Assets | 3.2 | 980 | 980 |
| Net (Gain)/Loss on Revaluation of Financial Assets | 3.2 | 816 | (112) |
| Reversal of Impairment of Property, Plant and Equipment | 3.2 | - | (2,006) |
| Revaluation of Investment Properties | 3.2 | (4,773) | (3,779) |
| Net movement in PPP Lease Liability i | 6.1 | (8,253) | (7,698) |
| Allowance for Impairment Losses of Contractual Receivables | 5.1, 7.1 (c) | 145 | (166) |
| Opening Balance Adjustment on Adoption of AASB 1058 | 8.10 | (2,178) | - |
| Income from Managed Funds Reinvested | | (774) | (1,023) |
| Management Fees for Managed Investments | | 27 | 25 |
| Resources Received Free of Charge (non-cash donations) | | (12) | (79) |
| Resources Provided Free of Charge (non-cash donations) | | 12 | 79 |
| Assets Received Free of Charge Under State Supply Arrangements | | (411) | - |
| Assets Provided Free of Charge Under State Supply Arrangements | | 411 | - |
| Movements included in Investing and Financing Activities: | | | |
| Net Loss from Disposal of Non-Financial Assets | 3.2 | 31 | 33 |
| Net Loss from Disposal of Financial Assets | 3.2 | 18 | 28 |
| Movements in Assets and Liabilities: | | | |
| Change in Operating Assets and Liabilities | | | |
| (Increase)/Decrease in Receivables | 5.1 | 1,161 | (2,700) |
| (Increase)/Decrease in Prepayments | | (480) | (378) |
| Increase/(Decrease) in Payables and Contract Liabilities | 5.2 | (505) | 6,613 |
| Increase/(Decrease) in Provisions | 3.4 | 5,941 | 7,005 |
| (Increase)/Decrease in Inventories | | (381) | (3) |
| Net Cash Flow from Operating Activities | | 9,410 | 9,816 |

ⁱ 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 |
|--|-------------------------|
| Responsible Ministers | |
| The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services | 01/07/2019 - 30/06/2020 |
| The Honourable Martin Foley, Minister for Mental Health | 01/07/2019 - 30/06/2020 |
| The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers | 01/07/2019 - 30/06/2020 |
| Governing Boards | |
| Ms Lyn Swinburne AO (Chair of the Board) | 01/07/2019 - 30/06/2020 |
| Mr Michael O'Neill | 01/07/2019 - 30/06/2020 |
| Professor David Copolov AO | 01/07/2019 - 30/06/2020 |
| Ms Helga Svendsen | 01/07/2019 - 30/06/2020 |
| Ms Cath Bowtell | 01/07/2019 - 30/06/2020 |
| Ms Mandy Frostick | 01/07/2019 - 30/06/2020 |
| Ms Naomi Johnston | 01/07/2019 - 30/06/2020 |
| Ms Rosie Batty AO (Appointed July 2019) | 01/07/2019 - 30/06/2020 |
| Professor Alan Lilly (Appointed July 2019) | 01/07/2019 - 30/06/2020 |
| Mr Ken Parsons (Appointed July 2019) | 01/07/2019 - 30/06/2020 |
| Accountable Officers | |
| Dr Sue Matthews (Chief Executive Officer) | 01/07/2019 - 30/06/2020 |

Remuneration of Responsible Persons

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

| | Pai | rent |
|---|----------------|----------------|
| Income Band | 2020 No. | 2019 No. |
| \$20,000 - \$29,999 | 9 | 8 |
| \$50,000 - \$59,999 | 1 | 1 |
| \$480,000 - \$489,999 | 1 | - |
| \$510,000 - \$519,999 | - | 1 |
| Total | 11 | 10 |
| | 2020 \$'000 | 2019 \$'000 |
| Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to: | 772 | 778 |

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 Responsible 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.

| | Par | ent |
|---|----------------|----------------|
| Remuneration of Executive Officers (including Key Management Personnel Disclosed in Note 8.4) | 2020 \$'000 | 2019 \$'000 |
| Short-term Benefits | 2,049 | 2,081 |
| Post-employment Benefits | 199 | 198 |
| Other Long-term Benefits | 42 | 39 |
| Termination Benefits | 9 | 220 |
| Total Remuneration i | 2,299 | 2,538 |
| | | |
| Total Number of Executives | 9 | 12 |
| Total Annualised Employee Equivalent ⁱⁱ | 8.2 | 8.7 |

¹ 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.

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.

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.

^{II} Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

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 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 | 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 | Board Member |
| The Royal Women's Hospital | Ms Rosie Batty AO | Board Member (Appointed July 2019) |
| The Royal Women's Hospital | Professor Alan Lilly | Board Member (Appointed July 2019) |
| The Royal Women's Hospital | Mr Ken Parsons | Board Member (Appointed July 2019) |
| | | |
| The Royal Women's Hospital | Dr Sue Matthews | Chief Executive Officer |
| The Royal Women's Hospital | Mr Sam Garrasi | Chief Financial Officer |
| The Royal Women's Hospital | Ms Lisa Lynch | Chief Operating Officer |
| The Royal Women's Hospital | Dr Mark Garwood | Chief Medical Officer |
| The Royal Women's Hospital | Ms Laura Bignell | Chief Midwifery and Nursing Officer |
| The Royal Women's Hospital | Ms Tania Angelini | Chief Communications Officer |
| The Royal Women's Hospital | Ms Sherri Huckstep | Chief Experience Officer |
| The Royal Women's Hospital | Mr Damian Gibney | Executive Director Clinical Excellence and |
| | | Systems Improvement |
| The Royal Women's Hospital | Ms Allison Kenwood | Executive Director Strategy, Planning and Performance |
| | | (Resigned September 2019) |
| The Royal Women's Hospital | Mr George Cozaris | Executive Director Information Management and Technology |

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.

| | 2020 \$'000 | 2019 \$'000 |
|------------------------------|----------------|----------------|
| Compensation - KMPs | | |
| Short-term Employee Benefits | 2,775 | 3,001 |
| Post-employment Benefits | 245 | 256 |
| Other Long-term Benefits | 42 | 39 |
| Termination Benefits | 9 | 238 |
| Total ⁱ | 3,071 | 3,534 |

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

Significant Transactions with Government Related Entities

The Royal Women's Hospital received funding from the Department of Health and Human Services of \$277m (2019: \$259m) and indirect contributions of \$1m (2019: \$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 Managed Insurance Authority.

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

Transactions with KMPs and Other Related Parties

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

Outside of normal citizen type transactions with the Royal Women's Hospital, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

There were no related party transactions with Cabinet Ministers required to be disclosed in 2020.

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 2020 financial year.

Note 8.4: Related Parties (Continued)

The transactions between the two entities are for reimbursement of salary related costs paid to the Royal Women's Hospital.

All dealings are in the normal course of business and are on normal commercial terms and conditions.

There were no other related party transactions required to be disclosed for the Royal Women's Hospital Board of Directors and Executive Directors in 2020.

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

Controlled Entities Related Party Transactions

The Royal Women's Hospital Foundation

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

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

| | 2020 \$'000 | 2019 \$'000 |
|---|----------------|----------------|
| Distribution of funds by the Royal Women's Hospital Foundation Trust Fund | 2,463 | 2,627 |
| Intercompany receivable at 30 June | 50 | 63 |

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 2020 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.

| | 2020 \$'000 | 2019 \$'000 |
|--|----------------|----------------|
| Payments by the Royal Women's Hospital for membership fees | 152 | 150 |

Note 8.5: Remuneration of Auditors

| | Consolidated 2020 \$'000 | Consolidated 2019 \$'000 |
|------------------------------------|--------------------------------|--------------------------------|
| Victorian Auditor-General's Office | | |
| Audit of Financial Statements | 91 | 88 |
| Total Remuneration of Auditors | 91 | 88 |

Note 8.6: Events Occurring after the Balance Sheet Date

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

and financial position. The state of emergency in Victoria was extended on 16 August 2020 until 13 September 2020 and the state of disaster still in place.

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

Note 8.7: Controlled Entities

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

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

Controlled Entities Contribution to the Consolidated Results

| NET RESULT FOR THE YEAR | 2020 \$'000 | 2019 \$'000 |
|--|----------------|----------------|
| The Royal Women's Hospital Foundation Trust Fund | 1,913 | 2,528 |
| Royal Women's Hospital Foundation Limited | - | - |

Contingent Liabilities and Capital Commitments

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

Note 8.8: Jointly Controlled Operations

| | | Ownership | Ownership Interest | |
|--|--|-----------|--------------------|--|
| Name of Entity | Principal Activity | 2020 % | 2019 % | |
| 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:

| | 2020 \$'000 i | 2019 \$'000 i |
|--|------------------|------------------|
| Current Assets | | |
| Cash and Cash Equivalents | 607 | 507 |
| Receivables | 33 | 22 |
| Investments and Other Financial Assets | 450 | 950 |
| Prepayments | 47 | 142 |
| Total Current Assets | 1,137 | 1,621 |
| Non-Current Assets | | |
| Investments and Other Financial Assets | 2 | 2 |
| Property, Plant and Equipment | 12 | 14 |
| Intangible Assets | 7 | 8 |
| Total Non-Current Assets | 21 | 24 |
| TOTAL ASSETS | 1,158 | 1,644 |
| Current Liabilities | | |
| Payables | 153 | 154 |
| Provisions | 32 | 25 |
| Total Current Liabilities | 185 | 179 |
| Non-Current Liabilities | | |
| Provisions | 10 | 11 |
| Total Non-Current Liabilities | 10 | 11 |
| TOTAL LIABILITIES | 195 | 190 |
| NET ASSETS | 963 | 1,455 |
| Equity | | |
| Accumulated Surpluses | 963 | 1,455 |
| TOTAL EQUITY | 963 | 1,455 |

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

| | 2020 \$'000 i | 2019 \$'000 i |
|-------------------------------|------------------|------------------|
| Revenue | | |
| Grants | 1,024 | 999 |
| Other Income | 93 | 26 |
| Interest Income | 14 | 32 |
| Total Revenue | 1,131 | 1,057 |
| | | |
| Expenses | | |
| Employee Expenses | 492 | 374 |
| Other Expenses | 1,124 | 873 |
| Depreciation and Amortisation | 7 | 5 |
| Total Expenses | 1,623 | 1,252 |
| NET RESULT FOR THE YEAR | (492) | (195) |

¹ 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 \$0.5m in 2020 (2019: \$0.7m) have been disclosed under Note 6.3 Commitments.

Note 8.9: Economic Dependency

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

The Department of Health and Human Services has provided confirmation that it will continue to provide the Royal Women's Hospital with adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to September 2021. On that basis, the financial statements have been prepared on a going concern basis.

Note 8.10: Changes in Accounting Policy

Leases

The Royal Women's Hospital has applied AASB 16 with a date of initial application of 1 July 2019. The Royal Women's Hospital has elected to apply AASB 16 using the modified retrospective approach, as per the transitional provisions of AASB 16 for all leases for which it is a lessee. The cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented is not restated and is reported under AASB 117 and related interpretations.

Previously, the Royal Women's Hospital determined at contract inception whether an arrangement is or contains a lease under AASB 117 and Interpretation 4 - 'Determining whether an arrangement contains a lease' determining whether an arrangement contains a Lease. Under AASB 16, the Royal Women's Hospital assesses whether a contract is or contains a lease based on the definition of a lease as explained in Note 6.1.

On transition to AASB 16, the Royal Women's Hospital has elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under AASB 16 was applied to contracts entered into or changed on or after 1 July 2019.

Leases Classified as Operating Leases under AASB 117

As a lessee, the Royal Women's Hospital previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the hospital. Under AASB 16, the Royal Women's Hospital recognises right-of-use assets and lease liabilities for all leases except where exemption is availed in respect of short-term and low value leases.

On adoption of AASB 16, the Royal Women's Hospital recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as of 1 July 2019. On transition, right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised on the Balance Sheet as at 30 June 2019.

The Royal Women's Hospital has elected to apply the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Applied the exemptions not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term and low value leases <\$10,000 AUD;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and lease liability at 1 July 2019 are determined as the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

Leases as a Lessor

The Royal Women's Hospital is not required to make any adjustments on transition to AASB 16 for leases in which it acts as a lessor. The Royal Women's Hospital accounted for its leases in accordance with AASB 16 from the date of initial application.

Impacts on Financial Statements

On transition to AASB 16, the Royal Women's Hospital recognised \$0.7m of right-of-use assets and \$0.7m of lease liabilities.

| | 1 July 2019 \$'000 |
|---|-----------------------|
| Total Operating Lease Commitments Disclosed at 30 June 2019 | 1,909 |
| Discounted Using the Incremental Borrowing Rate at 1 July 2019 | (14) |
| Other Minor Adjustments Relating to Commitment Disclosures | (569) |
| Recognition exemption for: | |
| Short-term Leases | (142) |
| Low Value Leases | (469) |
| Lease Liabilities Recognised at 1 July 2019 | 715 |

Revenue from Contracts with Customers

In accordance with FRD 121, the Royal Women's Hospital has reviewed the transitional provisions of AASB 15, under the modified retrospective method. Under this transition method, the Royal Women's Hospital applied this standard retrospectively only to contracts that are not 'completed contracts' at the date of initial application. No adjustments were required.

Comparative information has not been restated.

Note 2.1 Income from transactions includes details about the transitional application of AASB 15 and how the standard has been applied to revenue transactions.

Income of Not-for-Profit Entities

In accordance with FRD 122, the Royal Women's Hospital has applied the transitional provision of AASB 1058, retrospectively with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, the Royal Women's Hospital applied this standard retrospectively to capital grants where assets had not been purchased.

Comparative information has not been restated.

Note 2.1 Income from transactions includes details about the transitional application of AASB 1058 and how the standard has been applied to revenue transactions.

The adoption of AASB 1058 did not have an impact on Other Comprehensive Income and the Cash Flow Statement for the financial year.

Transition Impact on Financial Statements

This note explains the impact of the adoption of the following new accounting standards for the first time, from 1 July 2019:

- AASB 15 Revenue from Contracts with Customers;
- AASB 1058 Income of Not-for-Profit Entities; and
- · AASB 16 Leases.

Impact on the Balance Sheet due to the adoption of AASB 1058 and AASB 16 is illustrated with the following reconciliation between the restated carrying amounts at 30 June 2019 and the balances reported under the new accounting standards (AASB 16) at 1 July 2019:

| Balance sheet | Note | Balance at 30 June 2019 \$'000 | Impact of New Accounting Standards - AASB 1058 & AASB 16 \$'000 | Restated Balance at 1 July 2019 \$'000 |
|-----------------------------------|---------|--------------------------------------|---|--|
| Property, Plant and Equipment | 4.2 (b) | 366,731 | 715 | 367,446 |
| Total Impact on Assets | | 366,731 | 715 | 367,446 |
| | | | | |
| Payables and Contract Liabilities | 5.2 | 25,752 | 2,178 | 27,930 |
| Borrowings | 6.1 | 213,433 | 715 | 214,148 |
| Total Impact on Liabilities | | 239,185 | 2,893 | 242,078 |
| | | | | |
| Accumulated Surplus/(Deficits) | | 519 | (2,178) | (1,659) |
| Total Impact on Equity | | 519 | (2,178) | (1,659) |

Note 8.11: AASBs Issued that are not yet Effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2020 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 2020, 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 2018-7 Amendments to Australian Accounting Standards – Definition of Material | 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. |
| AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current | This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified. | 1 January 2022. However, ED 301 has been issued with the intention to defer application to 1 January 2023. | 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 2020-21 reporting period. At this stage, the preliminary assessment suggests they may have insignificant impacts on public sector reporting.

- AASB 2019-1 Amendments to Australian Accounting Standards
 References to the Conceptual Framework.
- AASB 2019-5 Amendments to Australian Accounting Standards

 Disclosure of the Effect of New IFRS Standards Not Yet

 Issued in Australia.
- AASB 1060 General Purpose Financial Statements Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C).





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