



the women's
the royal women's hospital

THE WOMEN'S ANNUAL REPORT 2012

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The Women's Declaration

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

**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 will innovate healthcare
for women and newborns**

**We will be a voice
for women's health**

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

CHAIR'S AND CHIEF EXECUTIVE'S MESSAGE

YEAR IN REVIEW

On behalf of our staff, and our Board, we are pleased to present the Royal Women's Hospital Annual Report for 2011/12.

QUALITY HEALTH SERVICES

For 156 years the Royal Women's Hospital (the Women's) has led the advocacy and advancement of women's health care in Australia. As Victoria's only independent women's hospital, providing care for women through every stage of their lives, we are an international leader in the provision of healthcare, research and education in women's and newborns' health.

We achieved strong results against our 2011/12 strategic priorities, and in the past year 7,195 babies were born at the Women's and we provided 31,699 inpatient services and 155,554 outpatient appointments.

We are well underway in the implementation of our Strategic Plan for 2011–2015. The Plan takes a whole-of-life course approach to improve women's and newborn's health, both now and into the future. We consulted extensively with staff and our community who provided great advice on how to shape our new strategic directions:

- GOAL 1: Set the standards of care for women.
- GOAL 2: Strengthen tertiary services and provide research-led care for women and newborns with complex needs.
- GOAL 3: Innovation will drive new service developments as we focus on the diverse needs of women.
- GOAL 4: Recognise that we are a people based organisation, providing services to people, with accountability to our community.

The Women's received a very strong message during planning consultations with the community and our staff that a gap exists in services for young women. A Young Women's Health Strategy has been designed to better understand what services are required and to establish coordinated care for young women, with a focus on pregnancy care and gynaecological needs. Phase 1 of this Strategy was the development of a best practice service model of one-to-one midwifery care for young pregnant women.

Our community engagement also identified the need to improve sexual and reproductive health information and services for young women. This year we formalised our collaboration between Family Planning Victoria (FPV) and Women's Health Victoria (WHV) with the aim to work together to decrease the prevalence of unwanted pregnancies for young women.

LEADERSHIP

We continued our commitment to provide leadership and advocacy in women's health care and research during 2011/12, producing world class research programs within our hospital's six research centres:

- Women's Gynaecology Research Centre
- Women's Pregnancy Research Centre
- Centre for Women's Mental Health
- Women's Newborn Research Centre.
- Centre for Women's Infectious Diseases
- Women's Cancer Research Centre

In 2011/12, the Women's Gynaecology Research Centre (WGRC) designed a world-first study to improve the diagnosis of endometriosis. Findings from the study have the potential to enable early diagnosis, to best manage endometriosis. Head of WGRC, Professor Martha Hickey published the latest international guidelines for doctors who prescribe hormone replacement therapy (HRT) to manage menopause symptoms in healthy women.

In leading improvements for maternity care, the Women's conducted the largest clinical trial in the world of one-to-one (caseload) midwifery care. The COSMOS trial (COmparing Standard Maternity care with One-to-One Midwifery Support), in collaboration with La Trobe University, found that women who received this type of care were more likely to have a normal birth without medical intervention. Importantly, their babies were less likely to be admitted to special care or neonatal intensive care. The findings will assist policy makers and maternity services in planning for future models of maternity care in Australia and internationally.

A world-first study, called Rapid Obstetric Screening Echocardiography Scan (ROSE Scan), has been developed by the Women's Department of Anaesthesia. This new ultrasound technique rapidly and safely monitors the hearts of critically ill pregnant women, in the same way their unborn babies are scanned. The ROSE Scan research is tipped to eventually revolutionise treatment for pregnant women who can suffer the life threatening high blood pressure condition of pre-eclampsia.

Our Centre for Women's Mental Health, provides perinatal mental health research into anxiety and depression in pregnancy and treats hundreds of women each year at our hospital, who have anxiety, grief and depression during pregnancy and after birth. Absent or insensitive parenting styles can lead to a baby having insecure attachment with their mother, which can have significant, long-term adverse effects on child development. One of the Centre's studies has examined whether a brief attachment intervention, added to routine maternity care, might have a positive influence on the adolescent mother-baby relationship. The study, AMPLE (Adolescent Mothers Project – Let's Meet Your Baby as a Person), has had very positive results which will be published in a peer-reviewed journal in late 2012.

A women's hospital provides great opportunities for early identification, health promoting interventions and advocacy to re-orient women's healthcare. Our Population Health Strategic Framework has a range of universal strategies to improve the health status of women and babies, alongside targeted measures to address the persistent inequities in health outcomes experienced by marginalised and disadvantaged groups. Our Framework's development has benefited immeasurably from our relationship with leading public health experts in the School of Public Health at the University of California, Berkeley. The first plan focuses on three key points in the life course: *Promoting a good start in life for babies; Promoting healthy maternity care; Promoting respectful relationships to prevent violence against women.*

The Women's is accredited by the World Health Organisation as a 'Health Promoting Hospital'. Our Women's Consumer Health Information held a forum in 2012 for more than 200 health professionals, health care administrators and quality and safety managers from across Victoria, to explore health literacy and how it is linked to patient-centred care.

One of our health literacy projects is helping to raise awareness amongst Aboriginal women, and women who speak English as a second language, about the health impacts of family violence. This project also equips clinicians with resources to facilitate culturally appropriate referrals and support services for women affected by family violence.

Our hospital has always shown leadership in helping and protecting the most vulnerable women in our community. The Women's partnered with Doutta Galla Community Health and City of Melbourne in 2012 to offer an innovative walk-in health service for homeless and disadvantaged women. The new Central City Community Health Service provides an outreach service that offers cervical screening, testing for sexually transmitted infections, health assessments and HPB immunization. The Service has a separate women's and children's community space, and will help address issues specific to disadvantaged people.

Our Centre Against Sexual Assault (CASA House) marked 25 years of service in 2012. The Assistant Secretary-General and Deputy Executive Director of the United Nations Population, Kate Gilmore was CASA House's inaugural Coordinator. Ms Gilmore returned to Australia to speak at the 25 year anniversary function. During her time as Coordinator and a Program Development Manager at the Women's, Ms Gilmore pioneered programs on sexual assault and developed a new human rights framework for sexual assault services in Australia.

OUR COMMUNITY

Our series of committees and advisory groups connect us with diverse communities. Widespread consultation with individual patients, staff and the broader community is vital to the way we approach our work and ensures that we continue to provide the most appropriate and relevant care, research and services for women and newborns.

In keeping with our strategic focus on the needs of young women, we were proud to participate in the Western Chances LINKS Program in 2011/12. The Program facilitates employment opportunities and scholarships for young people from the western suburbs, to help realise their potential. We have employed a number of young women from the Program to help them develop valuable skills to support their future professional careers.

CHAIR'S AND CHIEF EXECUTIVE'S MESSAGE

Our Women's Reconciliation Plan continues to drive our commitment to deliver high quality and culturally inclusive health services. Over the past 12 months we improved our internal processes for identifying Aboriginal and Torres Strait Islander (ATSI) women, their partners and their families, right from the start. The Women's has also increased the number of ATSI midwives and nurses in our health workforce.

Inspired by our Diversity Plan's goal to promote reconciliation with Aboriginal and Torres Strait Islander people, a large Aboriginal art mural was installed on the wall of our Newborn Intensive Special Care Unit entrance. After extensive consultation between the Women's and Community Elders from the Wurundjeri Land Council, four young Aboriginal artists created the Tree of Life mural as part of the unit's "Baby's First Bedroom" concept.

Also as part of the Women's Reconciliation Plan, a Melbourne-based photographer and artist of Wathaurung and Australian descent, Bindi Cole was commissioned to produce contemporary Aboriginal artwork for the hospital. Bindi Cole consulted extensively with staff, patients and our Aboriginal Advisory Committee and produced two large photographic artworks, which acknowledges the history of the Women's engagement with the Aboriginal community and celebrates our hospital today as a place for women of all backgrounds, with a special effort made to reach out to Aboriginal women.

We commissioned an independent report in 2011/12 to understand the Women's past role in adoption practices, specifically with respect to single women from 1945 to 1975. We offered an unreserved apology in January 2012 to relinquishing mothers and adoptees for the hospital's historical involvement in adoption, in the hope that acknowledgement of pain and loss would bring some comfort to people affected and be accepted as evidence of the regret and sorrow the hospital feels.

Women with disabilities are among the most marginalised women in the Victorian community. To help inform our services and ensure they access health services and

information relevant to their needs, we have established a Disability Reference Group; the first such reference group engaged in a public hospital in Australia.

OUR PEOPLE

Implementation of our four year Women's Workforce Strategy has recently been completed, which yielded very positive results. Benchmarked data in the annual Victorian public service *People Matter Survey* demonstrated that the Women's consistently outperforms all other Melbourne metropolitan public health services in staff satisfaction measures.

Feedback from the 2011/12 staff satisfaction survey showed that overall job satisfaction at the Women's increased by 16 per cent, and staff satisfaction levels regarding how regularly they received feedback and recognition for effort had increased by 44 per cent.

The Women's annual Staff Awards recognise and celebrate the outstanding contributions made by our staff to the hospital and our community. Thirteen individual staff and four teams received recognition in 2011/12.

Director of the Women's Pharmacy, Swee Wong was awarded for demonstrating excellence in her field and within the hospital community. Ms Wong led the development of our Perinatal Psychotropic Medicine Information Service website that provides invaluable information for health professionals on the use of psychotropic medicines in the peri and post natal period.

Nursing Care Manager of the Women's Neonatal Intensive Special Care unit, Bev O'Sullivan was awarded for best demonstrating the Women's values of courage, passion, discovery and respect, both in working with colleagues and in caring for women and newborn babies at the Women's for over 25 years.

The Women with Individual Needs Clinic Team were recognised for their commitment to ensuring diversity at the Women's. Through the Clinic's dedication and commitment, pregnant women with disabilities in Victoria have access to quality health care and social support that responds to their individual needs and circumstances.

FINANCIAL PERFORMANCE

For the year ending 30 June 2012, the Women's recorded a net deficit of \$10.3 million after taking into account the impact of capital, depreciation and net results from its controlled entities, the Royal Women's Hospital Foundation Limited and Royal Women's Hospital Foundation Trust Fund.

The Victorian Government provides separately for depreciation costs via capital payments, in response to submissions by health services. Excluding capital payments and controlled entities results, the Women's recorded an operational surplus of \$0.02 million.

OUR SUPPORTERS

Philanthropic gifts are an important source of additional support for the hospital and provide greater opportunities to further invest in research, equipment and innovative care. We would like to thank the individuals, companies, trusts and foundations for their support throughout the financial

year. We are also very grateful to those in our community who support the work of our hospital through volunteering, holding fundraisers, or donating to our quarterly appeals.

As a joint venture partner with the Victorian Comprehensive Cancer Centre (VCCC) the Women's welcomed the further development of a best-practice model of care for the treatment of breast and gynaecological cancers.

The Women's also extended its clinical relationship with Melbourne Health to improve the care for women subject to obstetric trauma and pregnant women requiring specialist complex care.

ACKNOWLEDGEMENTS

We acknowledge and thank our dedicated and talented staff, Board, leadership and management team, our committee members, and our team of 98 wonderful volunteers for their amazing commitment to our organisation over the past year.



Rhonda Galbally

Rhonda Galbally, AO

Chair
The Royal Women's Hospital



Dale Fisher

Dale Fisher

Chief Executive
The Royal Women's Hospital

REPORT OF OPERATIONS

This section includes disclosures required by the *Health Services Act 1988*, *Financial Management Act 1994*, the *Whistleblowers Protection Act 1982*. It also includes voluntary disclosures of additional regulatory compliance information.

MANNER OF ESTABLISHMENT AND RELEVANT MINISTER

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

For nine years the hospital was part of Women's and Children's Health and its predecessor organisation, the Women's and Children's Health Care Network. The Victorian Parliament passed legislation disaggregating Women's and Children's Health and establishing the Women's as an independent health service with its own Board of Directors from 1 July 2004.

The Hon. David Davis MP was the responsible Minister during the 2011/12 financial year.

Objectives, Functions, Powers and Duties

The core object of the Women's is to provide public health services in accordance with the principles established as guidelines for the delivery of public hospital services in Victoria, under section 17AA of the *Health Services Act 1988* (the Act).

The other objectives of the Women's as a public health service are to:

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

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

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

The powers and duties of the Royal Women's Hospital are prescribed by the Act.

NATURE AND RANGE OF SERVICES

The Women's is Victoria's largest specialist hospital dedicated to improving the health of women of all ages and newborn babies. It is an obstetric, gynaecological and neonatal paediatric hospital that provides tertiary and specialist public primary health care.

Our services are informed by research and are provided within an environment of innovation and education. The Women's is a major teaching hospital with academic affiliations with several universities and tertiary educational institutions, notably the University of Melbourne and La Trobe University.

It is a key state provider of training programs for obstetricians, gynaecologists and neonatologists, nurses, midwives and allied health professionals. The hospital draws on its academic links with a range of universities to provide leadership in clinical care, research and teaching.

It is a recognised international leader in research in areas of women's and newborn health including pregnancy, gynaecological disorders and infertility.

For more than 155 years, the Women's has led the advocacy and advancement of women's health and well-being. Each year, we care for more than 100,000 women from 165 countries, who speak more than 60 different languages and follow 42 separate religious faiths. The hospital is committed to a holistic philosophy of health and provides comprehensive health services, ranging from health promotion to clinical expertise and leadership.

Our innovative social model of care recognises factors such as housing, income and stress affect women's ability to care for themselves and their families. In developing our services, we understand the importance of integrating the diverse, ever-changing needs, priorities, perspectives and experiences of our women. The contributions of our employees, consumers, diverse communities and other agencies that share our goals are fundamental to our success.

BOARD OF DIRECTORS

The Directors serving on the Board of the Women's Hospital during the 2011/12 reporting period:

Dr Rhonda Galbally (Chair)

Mr Stewart Leslie (Deputy Chair)

Ms Maria Butera

Ms Aileen Berry

Ms Felicity Pantelidis

Ms Christina Liosis

Dr Nicolas Radford

Mr Paul Slape

Ms Sue Zablud – commenced 1 July 2011

The following Board member retired:

Ms Elleni Bereded-Samuel – retired 30 June 2011.

BOARD COMMITTEES

The following committees provided advice to the Women's Hospital Board of Directors during the 2011/12 financial year:

Finance Committee

Chair: Mr Stewart Leslie

Members: Ms Christina Liosis,
Ms Felicity Pantelidis

Audit and Corporate Risk Management Committee

Chair: Ms Christina Liosis

Members: Ms Maria Butera, Mr Paul Slape,
Ms Christine Wigg

Community Advisory Committee

Chair: Ms Aileen Berry

Members: Mr Paul Slape, Ms Afshan Mantoo,
Ms Anna Moo, Ms Deepa Kandathil Mathews, Ms Kate Graham, Ms Heather Beanland, Ms Serena Bridges,
Ms Tricia Malowney, Ms Marika Jackomos,
Ms Toni Mason, Ms Irene Ryder, Ms Renza Scibilia

Information Technology Committee

Chair: Mr Stewart Leslie

Members: Ms Christina Liosis,
Ms Christine Wigg

Board Research Committee

Chair: Dr Nicolas Radford

Members: Mr Stewart Leslie, Dr George Morstyn,
Prof Lex Doyle, Prof Peter Rogers

Primary Care and Population Health Advisory Committee

Chair: Ms Felicity Pantelidis

Members: Ms Christina Liosis, Ms Sue Zablud,
Ms Georgia Birch, Ms Alison Coe, Dr Helen McLachlan,
Dr Ines Rio, Prof Anne Kavanagh, Ms Marianne Glen,
Ms Fiona Beale, Ms Tricia Malowney, Ms Julie Borninkhof

REPORT OF OPERATIONS

RWH Foundation Board

Chair: Dr Rhonda Galbally

Directors: Mr Stewart Leslie, Ms Felicity Pantelidis, Ms Elizabeth Kennedy, Dr Neil Roy, Ms Wendy Brooks, Ms Jacky Magid, Ms Dale Fisher, Prof Leslie Reti

Remuneration Committee

Chair: Ms Rhonda Galbally

Members: Mr Stewart Leslie, Ms Maria Butera

Quality Committee

Chair: Dr Nicolas Radford

Members: Mr Paul Slape, Ms Aileen Berry, Ms Sue Zablud, Ms Rhonda Brown

Investment Committee

Chair: Ms Maria Butera

Members: Dr Nicolas Radford, Ms Christina Liosis

MANAGEMENT

Chief Executive: Ms Dale Fisher

Executive Director Clinical Operations:
Ms Lisa Dunlop

Medical Advisor: Dr Christine Bessell

Nursing and Midwifery Advisor: Ms Tanya Farrell

**Executive Director Finance and
Support Services Officer:** Mr Zak Gruevski

**Executive Director Human Resources
and Information Technology:** Mr Chris Gamble

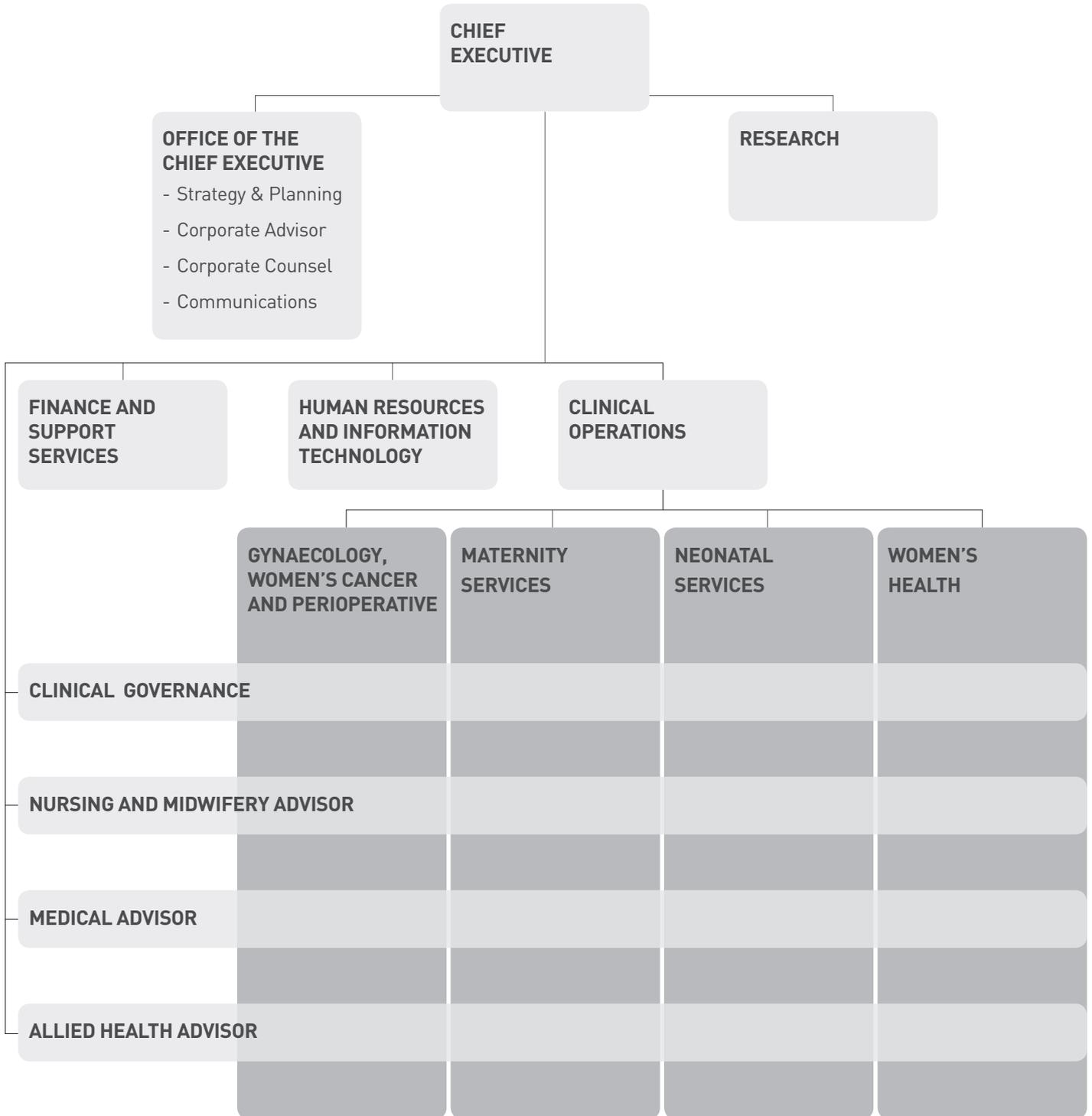
**Executive Director Strategy, Planning
and Performance:** Ms Nicole Tweddle
(Parental Leave – November 2011)

Corporate Counsel: Ms Karen Cusack

Director Communications and Foundation:
Dr Sarah White

Director Research: Professor Jock Findlay

MANAGEMENT AND ORGANISATIONAL STRUCTURE



REPORT OF OPERATIONS

WORKFORCE DATA

Full Time Equivalent (FTE) Employees June 2012

LABOUR CATEGORY	2011/12 CURRENT MONTH FTE	2011/12 YEAR TO DATE FTE	2010/11 CURRENT MONTH FTE	2010/11 YEAR TO DATE FTE
Nursing	656.1	647.5	664.8	657.5
Administration and Clerical	250.2	251.0	254.6	245.4
Medical Support	90.3	91.7	90.9	89.5
Hotel and Allied Health Services	11.3	14.5	17.5	17.2
Medical Officers	29.0	27.7	26.7	27.6
Hospital Medical Officers	98.8	97.4	103.6	107.2
Sessional Clinicians	48.5	44.3	49.3	44.2
Ancillary Staff (Allied Health)	55.2	56.8	54.3	54.8
TOTAL	1239.4	1231.0	1,261.7	1,243.4

OPERATIONAL AND BUDGETARY OBJECTIVES AND PERFORMANCE

In line with Key Performance Indicators agreed in the Statement of Priorities, the hospital's objective was to meet these performance measures. With respect to patient activity targets, the hospital's target was to achieve 98-102% of its inpatient services target and it finished the year achieving 104.5% of this measure. With respect to the targets for outpatient services the hospital's target was to achieve 100%, the hospital achieved 101.1% for its medical and 96.1% for allied health outpatient services targets.

From a financial perspective, the hospital's objective was to deliver a break-even operational result, against which it recorded an operational surplus of \$0.02 million. This better than budgeted result was predominantly due to growth funding from the Department of Health for inpatient activity and increased private patient and commercial activity revenue.

SUMMARY OF FINANCIAL RESULTS

For the year ending 30 June 2012, the Women's recorded a net deficit of \$10.3M after taking into account the impact of capital, depreciation and net results from its controlled entities, the Royal Women's Hospital Foundation Limited and Royal Women's Hospital Foundation Trust Fund.

The Victorian Government provides separately for depreciation costs via capital payments, in response to submissions by health services. Excluding capital payments and controlled entities results, the Women's recorded an operational surplus of \$0.02 million compared to an operational surplus of \$0.7 million the previous year.

SUBSEQUENT EVENTS

Refer to Note 24: Events Occurring after the Balance Sheet Date.

FIVE YEAR FINANCIAL SUMMARY

THE ROYAL WOMEN'S HOSPITAL AND ITS CONTROLLED ENTITIES	2011/12 \$000	2010/11 \$000	2009/10 \$000	2008/09 \$000	2007/08 \$000
Total Revenue	225,984	219,275	205,464	200,164	163,625
Total Expenses	(236,328)	(231,233)	(221,775)	(221,183)	(164,427)
Operating Surplus/(Deficit) after Capital and Controlled Entities*	(10,344)	(11,958)	(16,311)	(21,019)	(802)
Retained Surplus/(Accumulated Deficit)	(106,705)	(90,745)	(74,221)	(53,773)	(30,629)
Total Assets	364,351	375,344	390,590	406,357	396,146
Total Liabilities	308,129	308,108	311,585	311,762	286,534
Net Assets	56,222	67,236	79,005	94,595	109,612
Total Equity	56,222	67,236	79,005	94,595	109,612

* For 2011/12, the operating result comprises of a net surplus from operations of \$24,945, a net capital income, specific items and depreciation expense of \$10,684,668 and a controlled entities surplus of \$315,609.

* For 2010/11, the operating result comprises a net surplus from operations of \$744,405, a net capital income, specific items and depreciation expense of \$12,597,463 and controlled entities deficit of \$105,029.

REPORT OF OPERATIONS

PRIVACY

The Women's is committed to protecting the privacy of patient information. The Women's takes a proactive approach to ensuring the requirements of the *Health Records Act 2001* are met, including making employees aware of the Act and its implications in the workplace by conducting presentations at orientation sessions and updates as needed.

Nominated Officer

Privacy Officer: Ms Annette Toohill

ADDITIONAL INFORMATION

The additional information listed in the Standard Directions of the Minister for Finance have been retained by the Women's and are available to the relevant Minister, Member of Parliament and the public on request.

APPLICATION OF MERIT AND WORKPLACE EQUITY PRINCIPLES

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

It is the hospital's objective to ensure that its procedures dealing with grievances such as discrimination, sexual harassment and workplace bullying are consistent, fair and equitable. Decisions on all aspects of staff selection, promotion, transfer, training and retention are based on the principles of merit and equity.

The hospital's values of Courage, Passion, Discovery and Respect are specific to the culture and way we work at the Women's. The values are incorporated in all internal communications and imbedded in annual performance reviews, position descriptions and are more explicitly help guide managers in their interactions with staff.

OCCUPATIONAL HEALTH AND SAFETY

During the 2011/2012 financial year, the Women's Occupational Health and Safety (OH&S) activities focused on several key areas. Progress of some of the key initiatives include:

Management of Clinical Aggression training program

A multidisciplinary team including staff from the Centre for Women's Mental Health and Occupational Health & Safety (OH&S) have been working on developing and implementing the new Women's Management of Clinical Aggression (MOCA) training framework. The new training framework is based on the aggression management program developed by Royal Melbourne Hospital and implemented at several other public health facilities.

The new training focuses on prevention and de-escalation strategies for reducing the risks for aggression and forms part of the Women's Management of Behavioural Emergencies program. The training commenced in February 2012 and has been well received by staff.

Health and Wellbeing Strategies

A key health and wellbeing initiative "A Million Steps in May" was completed by staff in May 2012 to promote teamwork, health and fitness. Teams of five, from different departments, competed to complete the most number of walking steps over a five-week period. Fifty-six teams registered for this event and achieved a total of 83,740,766 steps, which is approximately 56,106 kilometres or around Australia 3.6 times.

The Women's enhanced its Non Work Related Injury Management Program in 2011/12 to assist staff returning to work following illness and injury. The aim of the program is for staff to come back to work safely but earlier than would be expected, with the support of their managers, OHS and their treating practitioners. The referral rate for the program doubled in the last 12 months.

Workcover Performance

The hospital recorded a 16% improvement in its Workers Compensation Premium costs for the 2011/12 financial year, as compared with the 2010/11 financial year.

The hospital's Workcover Performance rating remains better than the Industry Standard and compares favourably to other comparable Victorian health services. Our three year performance rating is 37.04% better than the average for the rest of the industry.

The main focus of the Women's safety program for the coming year will include working with a multidisciplinary team on development and implementation of a new workforce initiative and further enhancing our management programs for work and non-work related injury and illness.

COMPLIANCE WITH BUILDING ACT

The Occupancy Permit for the hospital's Parkville building was issued in March 2008 and commissioned for use in June 2008. The hospital was built under the Government's 'Partnership Victoria' policy with the contract requiring the State's private sector partner, 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 United Group Services through its contractual obligations with RWHP. Performance is monitored via a suite of extensive key performance indicators.

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

- I. confirmation that the Facility complies with the minimum requirements of all relevant building and emergency services legislation relating to fire safety;
- II. confirmation that 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.

At the hospital's old Carlton site there is an annual budget allocation that supports the operational maintenance activities and includes items associated in keeping with but not limited to those scheduled within the Building Act.

FREEDOM OF INFORMATION

The Victorian Freedom of Information (FOI) Act 1982 provides members of the public the right to apply for access to information held by the Women's Hospital.

The hospital 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 are requests by patients for access to their own personal medical records. In line with the hospital's commitment to protecting patient privacy, all care is taken to ensure information is released only to the individual to whom it pertains or to a recognised guardian.

Nominated Officers

Freedom of Information Officer: Mr Neil Goodwin

Medico-legal officer: Dr Christine Bessell

REQUESTS RECEIVED	2011/12	2010/11	2009/10
Total	322	311	336

OUTCOMES OF REQUEST	2011/12	2010/11	2009/10
Access	279	262	294
No information available	10	22	26
Withdrawn (including requests not proceeded with)	8	10	11
Denied in Full	14	2	1

REPORT OF OPERATIONS

WHISTLEBLOWERS PROTECTION

The Women's has established procedures to facilitate disclosures about improper conduct and to provide protection for whistleblowers in accordance with the *Whistleblowers Protection Act 2001* and the Guidelines issued by the Ombudsman Victoria.

The Women's Corporate Counsel is the Protected Disclosure Officer for the purpose of the Act. There were no disclosures of corrupt or improper conduct as defined in the Act in the year under review and accordingly there were no referrals to or from the Ombudsman for investigation.

ENVIRONMENTAL PERFORMANCE

In addition to the comprehensive recycling programs and initiatives in place, the Women's continues to identify and investigate further innovative recycling projects. The hospital has been working with an external provider who collects plastic bottles and packaging used in the Operating Suites. The plastics are then recycled into park benches, tables and bollards.

The Women's continue to work with the Department of Health and Sustainability Victoria and report our energy and water usage on a monthly basis.

The hospital's Environmental Management Plan that was developed and implemented during 2010/11 has since been reviewed and updated for the 2012/13 period. The Environmental Management Committee oversees the action plan and acts as a forum to identify new initiatives.

CONSULTANCIES

CONSULTANT	PURPOSE OF CONSULTANCY	START DATE	END DATE	TOTAL APPROVED PROJECT FEE	EXPENDITURE	FUTURE EXPENDITURE
				(EX GST) \$ 000	2011-12 (EX GST) \$ 000	(EX GST) \$ 000
Quality Directions Australia	Clinical Booking Review	1/07/11	31/12/12	42	42	-
Kreab Gavin Anderson	Communications advice	1/07/11	30/06/12	32	32	20
Meredith Carter	Health promotion plan	1/07/11	31/08/12	25	25	-
Cut Through Communications	2011 Quality of Care Report	1/08/12	30/09/12	25	25	-
Accessuts Pty Ltd	Maternity care review	1/05/12	30/06/12	19	19	-
Northern Sydney Local Health Network	Homebirth booking review	1/02/12	28/02/12	16	16	-
				159	159	20

The Royal Women's Hospital did not utilise any consultancy in excess of \$100,000 during the 2011/12 year. Throughout the financial year, the Hospital engaged 20 consultancies where the total fees payable to the consultants were less than \$10,000, with a total expenditure of \$81,219 (excl. GST).

COMPETITIVE NEUTRALITY/ NATIONAL COMPETITION POLICY

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

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

The Government of Victoria is a party to the intergovernmental Competition Principles Agreement (CPA), which is one of three agreements that collectively underpin National Competition Policy. The Victorian Government is committed to the ongoing implementation of the National Competition Policy in a considered and responsible manner. This means that public interest considerations should be taken into account explicitly in any government decisions on the implementation of this policy.

SUMMARY OF SERVICE STATISTICS	2011/12
Births	7,195
Inpatient stays	31,699
Outpatient visits	155,554
Emergency Services – Attendances	26,447
Percentage of emergency patients admitted to an inpatient bed within 8 hours	98%
Percentage of non-admitted emergency patients with length of stay less than 4 hours	87%
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%
Percentage of Triage Category 2 emergency patients seen within 10 minutes	93%
Percentage of Triage Category 3 emergency patients seen within 30 minutes	86%

KEY FINANCIAL AND SERVICE PERFORMANCE REPORTING

PART A – STRATEGIC PRIORITIES FOR 2011/12

VICTORIAN HEALTH PRIORITY AREA	THE WOMEN'S STRATEGY	DELIVERABLE	OUTCOME
Developing a system that is responsive to people's needs	Improve care planning and coordination of care for patients with chronic and complex conditions	Develop a service plan to improve services for pregnant women with acute (and chronic) mental health conditions during pregnancy and following birth	A proposal to care for the obstetric and psychiatric needs of women with a severe mental illness has been developed and provided to Government for consideration.
	Enhance individuals and families ability to make decisions that improve their health status and reduce their risk of ill health by improving health literacy	Undertake an extensive consultation process with young women within our catchment to further define our Young Women's Strategy and engage with them in decisions about their health	A young women's engagement pilot program was designed and implemented with young women in years 10 and 11 at a local secondary school. A three year plan for ongoing engagement with young diverse women has been developed.
Improving every Victorian's health status and experiences	Design programs that are responsive to the unique needs of young women	Develop and implement a Young Women's Health Strategy to provide integrated services and coordinated care, with a focus on gynaecological and pregnancy care needs.	A Young Women's Health Strategy has been developed and through implementation of Phase 1 a best practice service model for young pregnant women has been designed. The new service model will provide one-to-one midwifery (caseload midwifery) care for young pregnant women.
Expanding service, workforce and system capacity	Improve service and system capacity, including the Royal Women's Hospital capacity to respond to the specific needs of high risk women	Continue to develop the partnership with the Royal Melbourne Hospital (RMH), for the delivery of specialist care, and formalise a clinical agreement with RMH.	RWH-RMH Clinical Interface Guidelines have been developed and associated clinical management structures have been implemented.
Implementing continuous improvements and innovation	Aspire to deliver world's best cancer care through continuous improvements and innovation within the Victorian Comprehensive Cancer Centre	In collaboration with our Victorian Comprehensive Cancer Centre partners, lead the development of research-led models of care for Breast and Gynaecology tumour streams	Breast and gynaecology oncology models of care have been developed, consultation continues with the Victorian Comprehensive Cancer Centre clinical partners.

VICTORIAN HEALTH PRIORITY AREA	THE WOMEN'S STRATEGY	DELIVERABLE	OUTCOME
Expanding service, workforce and system capacity	Embed improvements and maintain success from the Royal Women's Hospital's workforce strategy to:	Overall job satisfaction and employee commitment, as measured through the SSA People Matter Survey, are maintained at better than benchmark organisations	Results of the 2011 SSA People Matter Survey show that the Women's far outperforms benchmark organisations in nearly all areas of employee satisfaction and commitment. Specifically, in 2011 the Women's performed highest in the benchmark group for both job satisfaction (79% compared to an average of 70%), and employee commitment (93% compared to an average of 83%).
	1. Engage and retain our workforce		
	2. Implement innovative new workforce programs that engage local communities	Develop and implement workforce programs that provide opportunities for community members, especially local youth, to obtain employment at RWH, through participation in the Western Chances LINKS Program.	The pilot program of the Western Chances LINKS program was successfully implemented with students being matched to a variety of departments. The Women's and Western Chances are now investigating ongoing possibilities that this program could provide into the new financial year.
Increasing the system's financial sustainability and productivity	Ensure health care is provided in the most clinically effective and cost effective environment	Deliver 2011-12 agreed budget	A break-even 2011-12 budget was agreed and delivered.
Utilising e-health and communications technology	Enhance effectiveness and efficiency of information technology	Develop business case for Phase 2 of the Maternity Clinical Information System	A proposal has been developed for Phase 2 of the Maternity Clinical Information System.
		Develop business case for Neonatal Clinical Information System	A base case for investment in the Neonatal Clinical Information System has been developed. Funding is currently being sought for the projects.

KEY FINANCIAL AND SERVICE PERFORMANCE REPORTING

PART B – PERFORMANCE PRIORITIES

Financial Performance

OPERATING RESULT	TARGET	2011/12
Annual operating result	0	0.02 \$M

CASH MANAGEMENT/ LIQUIDITY		2011/12
Creditors	<60 days	53 days
Debtors	<60 days	43 days
Net movement in cash balance		0.4 (\$M)

Service Performance

WIES ACTIVITY PERFORMANCE	TARGET	2011/12
WIES (public & private) performance targets	98–102%	104.5%

	TARGET	2011/12
Elective surgery admissions – quarter 1	1,074	1,164
Elective surgery admissions – quarter 2	1,022	1,053
Elective surgery admissions – quarter 3	870	886
Elective surgery admissions – quarter 4	894	1,065

CRITICAL CARE	TARGET	2011/12
NICU minimum operating capacity (days)	0	91*

* 91 reported days equates to 169 hours which is 97.1% NICU availability.

QUALITY AND SAFETY	TARGET	2011/12
Health service accreditation	Full compliance	Full accreditation for 4 years 2011–2015
Cleaning standards*	Full compliance	95.1%
Infection Surveillance Clinical Indicators	No outliers	No outliers
Submission of data to VICNISS	Full compliance	100%**
Hand Hygiene Program Compliance	65%	71%
SAB rate per occupied bed days	<2/10,000	<2/10,000 OBDs
Victorian Patient Satisfaction Monitor	73%	76 #
Consumer Participation Indicator	75%	79.8%

* Based on RISE YTD data from 1st July 2011

**Based on most up to date information at time of reporting (VICNISS 2011/12 3rd Quarter)

Based on the Wave 21 VPSM report for July–Dec 2011

MATERNITY	2011/12
Postnatal home care	97.3%

PART B – PERFORMANCE PRIORITIES

Access Performance

ELECTIVE SURGERY	TARGET	2011/12
Percentage of Category 1 elective patients admitted within 30 days	100%	100%
Percentage of Category 2 elective surgery patients waiting less than 90 days at 30 June 2012	80%	96.4%
Percentage of Category 3 elective surgery patients waiting less than 365 days at 30 June 2012	90%	99.4%
Number of patients on the elective surgery waiting list	806	830
Number of hospital initiated postponements (HiPs) per 100 scheduled admissions	8%	2.6%

PART C – ACTIVITY AND FUNDING

ACTIVITY AND FUNDING TYPE	2011/12 ACTIVITY ACHIEVEMENT
WIES Public	21,789.5
WIES Private	4,418.9
Total WIES (Public and Private)	26,208.4
WIES DVA	4.4
WIES TAC	5.5
WIES Total	26,218.2
WIES benchmark achieved	104.5%
Ambulatory	
VACS – Allied Health	19,033
VACS – Variable	119,896

KEY FINANCIAL AND SERVICE PERFORMANCE REPORTING

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 2012.



Rhonda Galbally, AO
Chair, Royal Women's Hospital
6 September 2012

ATTESTATION ON DATA INTEGRITY

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



Dale Fisher,
Chief Executive, Royal Women's Hospital
6 September 2012

ATTESTATION ON COMPLIANCE WITH AUSTRALIAN/NEW ZEALAND RISK MANAGEMENT STANDARDS

I, Rhonda Galbally, certify that the Royal Women's Hospital has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard and an internal control system is in place that enables the executives to understand, manage and satisfactorily control risk exposure. The audit committee verifies this assurance and that the risk profile of the Royal Women's Hospital has been critically reviewed within the last 12 months.



Rhonda Galbally, AO
Chair, Royal Women's Hospital
6 September 2012

DISCLOSURE INDEX

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

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FRD 22B	Nature and range of services provided	7
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FRD 11	Disclosure of ex-gratia payments	n/a
FRD 15B	Executive officer disclosures	83
FRD 21B	Responsible person, executive officers and other personnel	82
FRD 22C	Application and operation of <i>Freedom of Information Act 1982</i>	14
FRD 22C	Application and operation of <i>Whistleblowers Protection Act 2001</i>	15
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	<i>Whistleblowers Protection Act 2001</i>	15
	<i>Victorian Industry Participation Policy Act 2003</i>	n/a
	<i>Building Act 1993</i>	14
	<i>Financial Management Act 1994</i>	32

FINANCIAL REPORT

2011/12



the women's
the royal women's hospital

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BOARD MEMBER'S, ACCOUNTABLE OFFICER'S AND CHIEF FINANCE AND ACCOUNTING OFFICER'S DECLARATION

We certify that the attached financial statements for the Royal Women's Hospital and its Controlled Entities have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable *Financial Reporting Directions*, Australian Accounting Standards, Australian Accounting 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 notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2012 and the financial position of the Royal Women's Hospital and its Controlled Entities at 30 June 2012.

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

We authorise the attached financial statements for issue on this day.

Rhonda Galbally, AO
Chair
The Royal Women's Hospital
Melbourne
6 September 2012

Dale Fisher
Accountable Officer
The Royal Women's Hospital
Melbourne
6 September 2012

Zak Gruevski
Chief Finance and Accounting Officer
The Royal Women's Hospital
Melbourne
6 September 2012

INDEPENDENT AUDITOR'S REPORT

To the Board Members of The Royal Women's Hospital

The Financial Report

The accompanying financial report for the year ended 30 June 2012 of The Royal Women's Hospital which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Board Member's, Accountable Officer's and Chief Finance and Accounting Officer's declaration has been audited. The financial report includes the consolidated financial statements of the economic entity, comprising The Royal Women's Hospital and the entities it controlled at the year's end as disclosed in note 25 to the financial statements.

The Board Members' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Auditing in the Public Interest

Independent Auditor's Report (continued)

Independence

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

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of The Royal Women's Hospital and the economic entity as at 30 June 2012 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of The Royal Women's Hospital for the year ended 30 June 2012 included both in The Royal Women's Hospital's annual report and on the website. The Board Members of The Royal Women's Hospital are responsible for the integrity of The Royal Women's Hospital's website. I have not been engaged to report on the integrity of The Royal Women's Hospital's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
6 September 2012


for D D R Pearson
Auditor-General

COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	PARENT ENTITY 2012 \$'000	PARENT ENTITY 2011 \$'000	CONSOLIDATED 2012 \$'000	CONSOLIDATED 2011 \$'000
Revenue from Operating Activities	2	185,059	179,906	186,111	180,478
Revenue from Non-Operating Activities	2	490	618	585	711
Employee Expenses	3	(131,728)	(130,884)	(132,204)	(131,284)
Non Salary Labour Costs	3	(6,089)	(5,509)	(6,122)	(5,509)
Supplies and Consumables	3	(20,073)	(19,032)	(20,093)	(19,052)
Other Expenses from Continuing Operations	3	(27,634)	(24,355)	(27,952)	(24,602)
Net Result Before Capital & Specific Items		25	744	325	742
Capital Purpose Income	2	39,258	38,172	39,288	38,086
Impairment of Financial Assets	3	-	-	(6)	(6)
Depreciation and Amortisation	4	(15,379)	(15,975)	(15,389)	(15,985)
Finance Costs	5	(21,076)	(21,258)	(21,076)	(21,258)
Expenditure using Capital Purpose Income	3	(13,488)	(13,536)	(13,486)	(13,537)
NET RESULT FOR THE YEAR		(10,660)	(11,853)	(10,344)	(11,958)
Other Comprehensive Income					
Net Fair Value Gains/(Losses) on Available-for-Sale Financial Investments	17a	(584)	135	(670)	189
COMPREHENSIVE RESULT FOR THE YEAR		(11,244)	(11,718)	(11,014)	(11,769)

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

BALANCE SHEET AS AT 30 JUNE 2012

	NOTE	PARENT ENTITY 2012 \$'000	PARENT ENTITY 2011 \$'000	CONSOLIDATED 2012 \$'000	CONSOLIDATED 2011 \$'000
CURRENT ASSETS					
Cash and Cash Equivalents	6	1,705	1,463	2,372	1,981
Receivables	7	7,084	5,669	7,108	5,522
Inventories	9	195	177	195	177
Other Assets	10	1,054	868	1,058	901
Total Current Assets		10,038	8,177	10,733	8,581
NON-CURRENT ASSETS					
Receivables	7	1,628	1,728	1,628	1,728
Investments and Other Financial Assets	8	8,387	8,573	9,490	9,752
Property, Plant and Equipment	11	321,053	332,196	321,073	332,215
Intangible Assets	12	21,105	22,527	21,105	22,534
Other Assets	10	322	534	322	534
Total Non-Current Assets		352,495	365,558	353,618	366,763
Total Assets		362,533	373,735	364,351	375,344
CURRENT LIABILITIES					
Payables	13	13,274	13,098	13,327	13,199
Borrowings	14	4,116	3,755	4,116	3,755
Provisions	15	28,566	24,937	28,616	24,959
Other Liabilities	16	416	611	416	611
Total Current Liabilities		46,372	42,401	46,475	42,524
NON-CURRENT LIABILITIES					
Borrowings	14	256,808	260,924	256,808	260,924
Provisions	15	4,841	4,654	4,846	4,660
Total Non-Current Liabilities		261,649	265,578	261,654	265,584
Total Liabilities		308,021	307,979	308,129	308,108
Net Assets		54,512	65,756	56,222	67,236
EQUITY					
Property, Plant and Equipment Revaluation Surplus	17a	25,166	25,166	25,166	25,166
Financial Assets Available-for-Sale Revaluation Surplus	17a	37	621	125	795
General Purpose Surplus	17a	37,087	31,704	37,087	31,704
Restricted Specific Purpose Surplus	17a	8,903	8,625	9,442	9,209
Contributed Capital	17b	91,107	91,107	91,107	91,107
Accumulated Surpluses/(Deficits)	17c	(107,788)	(91,467)	(106,705)	(90,745)
Total Equity	17d	54,512	65,756	56,222	67,236
Commitments	20				
Contingent Assets and Contingent Liabilities	21				

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

		PROPERTY, PLANT AND EQUIPMENT REVALUATION SURPLUS	FINANCIAL ASSETS AVAILABLE- FOR-SALE REVALUATION SURPLUS	GENERAL PURPOSE SURPLUS	RESTRICTED SPECIFIC PURPOSE SURPLUS	CONTRIBUTED CAPITAL	ACCUMULATED SURPLUSES/ (DEFICITS)	TOTAL
CONSOLIDATED	NOTE	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
BALANCE AT 1 JULY 2010		25,166	606	26,527	9,820	91,107	(74,221)	79,005
Net result for the year		-	-	-	-	-	(11,958)	(11,958)
Other comprehensive income for the year	17a	-	189	-	-	-	-	189
Transfer to accumulated surplus	17a,c	-	-	5,177	(611)	-	(4,567)	-
Balance at 30 June 2011		25,166	795	31,704	9,209	91,107	(90,745)	67,236
Net result for the year		-	-	-	-	-	(10,344)	(10,344)
Other comprehensive income for the year	17a	-	(670)	-	-	-	-	(670)
Transfer to accumulated surplus	17a,c	-	-	5,383	233	-	(5,616)	-
Balance at 30 June 2012		25,166	125	37,087	9,442	91,107	(106,705)	56,222

		PROPERTY, PLANT AND EQUIPMENT REVALUATION SURPLUS	FINANCIAL ASSETS AVAILABLE- FOR-SALE REVALUATION SURPLUS	GENERAL PURPOSE SURPLUS	RESTRICTED SPECIFIC PURPOSE SURPLUS	CONTRIBUTED CAPITAL	ACCUMULATED SURPLUSES/ (DEFICITS)	TOTAL
PARENT	NOTE	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
BALANCE AT 1 JULY 2010		25,166	486	26,527	9,191	91,107	(75,003)	77,474
Net result for the year		-	-	-	-	-	(11,853)	(11,853)
Other comprehensive income for the year	17a	-	135	-	-	-	-	135
Transfer to accumulated surplus	17a,c	-	-	5,177	(566)	-	(4,611)	-
Balance at 30 June 2011		25,166	621	31,704	8,625	91,107	(91,467)	65,756
Net result for the year		-	-	-	-	-	(10,660)	(10,660)
Other comprehensive income for the year	17a	-	(584)	-	-	-	-	(584)
Transfer to accumulated surplus	17a,c	-	-	5,383	278	-	(5,661)	-
Balance at 30 June 2012		25,166	37	37,087	8,903	91,107	(107,788)	54,512

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	PARENT ENTITY 2012 \$'000	PARENT ENTITY 2011 \$'000	CONSOLIDATED 2012 \$'000	CONSOLIDATED 2011 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Grants from Government		149,709	140,962	149,709	140,962
Patient and Resident Fees Received		9,175	5,949	9,175	5,949
Private Practice Fees Received		1,838	1,865	1,838	1,865
Donations and Bequests Received		1,128	1,562	1,862	2,022
GST Received from/(paid to) ATO		2,412	1,614	2,517	1,617
Interest and Investment Income Received		108	98	181	173
Car Park Income Received		6,078	5,726	6,078	5,726
Other Receipts		17,025	16,883	17,063	17,174
Employee Expenses Paid		(134,514)	(134,699)	(134,150)	(135,094)
Payments for Supplies and Consumables		(21,211)	(20,899)	(22,140)	(20,540)
Payments for Repairs and Maintenance		(3,307)	(3,124)	(3,311)	(3,126)
Finance Costs		(1,542)	(1,573)	(1,542)	(1,573)
Other Payments		(25,117)	(16,336)	(25,374)	(17,032)
Cash Generated from/(Used In) Operations		1,782	(1,972)	1,906	(1,877)
Capital Grants from Government		1,909	1,209	1,909	1,209
Capital Donations and Bequests Received		56	105	86	19
Net Cash Inflow/(Outflow) from Operating Activities	18	3,747	(658)	3,901	(649)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Non-Financial Assets		(2,686)	(2,045)	(2,690)	(2,046)
Purchase of Intangible Assets		(164)	(145)	(165)	(145)
Proceeds from Disposal of Non-Financial Assets	2c	13	18	13	18
Proceeds from Disposal of Investments and Other Financial Assets		-	3,100	-	3,100
Net Cash Inflow/(Outflow) from Investing Activities		(2,837)	928	(2,842)	927
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of Borrowings		(473)	(443)	(473)	(443)
Net Cash Inflow/(Outflow) from Financing Activities		(473)	(443)	(473)	(443)
Net Increase/(Decrease) in Cash and Cash Equivalents Held		437	(173)	586	(165)
Cash and Cash Equivalents at Beginning of Year		852	1,025	1,370	1,535
Cash and Cash Equivalents at End of Year	6	1,289	852	1,956	1,370

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2012

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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AASs) issued by the Australian Accounting Standards Board (AASB).

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

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

The annual financial statements were authorised for issue by the Board of the Royal Women's Hospital on 6 September 2012.

(b) (i) Basis of Accounting Preparation and Measurement

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2012, and the comparative information presented in these financial statements for the year ended 30 June 2011.

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

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

The financial statements are prepared in accordance with the historical cost convention, except for the revaluation of certain non-financial assets and financial instruments, as noted. Particularly, exceptions to the historical cost convention include:

- Non-current physical assets, which subsequent to acquisition, are measured at valuation and are re-assessed with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair values;
- Available-for-Sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised;
- The fair value of assets other than land is generally based on their depreciated replacement value.

Historical cost is based on the fair values of the consideration given in exchange for assets.

In the application of AASs, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods

if the revision affects both current and future periods. Judgements made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, relate to:

- The fair value of land, buildings, infrastructure, plant and equipment (refer to Note 1(k));
- Actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1(l)).

(b) (ii) Going Concern

The financial statements are prepared on a going concern basis. The Royal Women's Hospital is wholly dependant on the continued financial support of the State Government and in particular, the Department of Health. The Department of Health has provided confirmation that it will continue to provide the Royal Women's Hospital adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to September 2013. This position is reviewed annually to ensure continuity under the going concern basis.

(c) Reporting Entity

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

Its principle 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.

(d) Principles of Consolidation

In accordance with AASB 127 *Consolidated and Separate Financial Statements*, the consolidated financial statements of the Royal Women's Hospital incorporates the assets and liabilities of all entities controlled by the Royal Women's Hospital as at 30 June 2012, and their income and expenses for that part of the reporting period in which control existed. Control exists when the Royal Women's Hospital has the power to govern the financial and operating policies of a Health Service 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 25.

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 dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

In the process of preparing consolidated financial statements for the Royal Women's Hospital, all material transactions and balances between consolidated entities are eliminated.

The Royal Women's Hospital Foundation Trust Fund is a controlled entity of the Royal Women's Hospital by virtue of the power to appoint or remove trustees of the Trust Fund.

The Royal Women's Hospital Foundation Limited is a controlled entity of the Royal Women's Hospital by virtue of the power to appoint or remove directors of the Company.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intersegment Transactions

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

Jointly Controlled Assets or Operations

Interests in jointly controlled assets or operations are not consolidated by the Royal Women's Hospital, but are accounted for in accordance with the policy outlined in Note 1(j) Financial Assets.

(e) Scope and Presentation of Financial Statements

Fund Accounting

The Royal Women's Hospital operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. The Royal Women's Hospital's Capital and Specific Purpose Funds include unspent capital donations and receipts from fund-raising activities conducted solely in respect of these funds.

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

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

Comprehensive Operating Statement

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

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

- Capital purpose income, which comprises grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works, plant and equipment or intangible assets. It also includes donations of plant and equipment (refer Note 1 (g)). Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided.
- Specific income/expense, comprises the following items, where material:
 - Non-current asset revaluation increments/decrements
 - Impairment of financial and non financial assets, includes all impairment losses (and reversal of previous impairment losses), which have been recognised in accordance with Note 1 (i) and (j).
 - Depreciation and amortisation, as described in Note 1 (h).
 - Assets provided or received free of charge (refer to Note 1 (g) and (h)).

- Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold (Note 1 (h)), or does not meet asset recognition criteria and therefore does not result in the recognition of an asset in the Balance Sheet, where funding for that expenditure is from capital purpose income.

Balance Sheet

Assets and liabilities are categorised either as current or non-current.

Statement of Changes in Equity

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

Cash Flow Statement

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

Comparative Information

Prior year figures have been changed to conform to current year presentation in Note 2 Revenue – Commercial Activities and Special Purpose Funds.

(f) Change in Accounting Policies

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

(g) Income Recognition

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

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

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

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

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

Indirect Contributions from the Department of Health

- Insurance is recognised as revenue following advice from the Department of Health.
- Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 14/2009.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Patient Fees

Patient fees are recognised as revenue at the time invoices are raised.

Private Practice Fees

Private practice fees are recognised as revenue at the time invoices are raised. This includes anaesthetic billings for the first time in the current financial year.

Revenue from Commercial Activities

Revenue from commercial activities such as car park is recognised at the time that cash is received and property rental income is recognised when invoices are raised.

Donations and Other Bequests

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

Dividend Revenue

Dividend revenue is recognised when the right to receive payment is established.

Interest Revenue

Interest revenue is recognised on a time proportionate basis that takes in account the effective yield of the financial asset.

Sale of Investments

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

Resources Provided and Received Free of Charge or for Nominal Consideration

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

(h) Expense Recognition

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

Cost of Goods Sold

Cost of goods sold are recognised when the sale of an item occurs by transferring the cost or value of item/s from inventories.

Employee Expenses

Employee expenses include:

- Wages and salaries;
- Annual leave;
- Sick leave;
- Long service leave; and
- Superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

Defined Contribution Superannuation Plans

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

Defined Benefit Superannuation Plans

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

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

The name and details of the major employee superannuation funds and contributions made by the Royal Women's Hospital are as follows:

FUND	CONTRIBUTIONS PAID OR PAYABLE FOR THE YEAR	
	2012 \$'000	2011 \$'000
DEFINED BENEFIT PLANS:		
Health Super Scheme	734	827
DEFINED CONTRIBUTION PLANS:		
Health Super Scheme	7,180	7,487
Hesta	2,392	2,231
Total	10,306	10,545

Depreciation

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

Depreciation is provided on property, plant and equipment, including freehold buildings, but excluding land. Depreciation begins when the asset is available for use, which is when it is in the location and condition necessary for it to be capable of operating in a manner intended by management.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

	2011/12	2010/11
Leased Buildings:		
- Structure/Shell/Building Fabric	52 Years	52 Years
- Other (Site Engineering Services and Central Plant, Fit Out, Trunk Reticulated Building Systems)	23 to 24 Years	23 to 24 Years
- Building Leasehold Improvements	25 Years	25 Years
Leased Plant and Equipment	5 to 30 Years	5 to 30 Years
Leased Audiovisual	8 to 30 Years	8 to 30 Years
Leased Computers and Communication Equipment	4 to 9 Years	4 to 9 Years
Leased Furniture and Fittings	6 to 30 Years	6 to 30 Years
Leased Medical Equipment	3 to 30 Years	3 to 30 Years
Leased Scientific Equipment	3 to 20 Years	3 to 20 Years
Buildings	50 Years	50 Years
Leasehold Improvements	5 Years	5 Years
Plant and Equipment	5 to 21 Years	5 to 21 Years
Medical Equipment	7 to 10 Years	7 to 10 Years
Computers and Communications	3 Years	3 Years
Furniture and Fittings	13 Years	13 Years
Motor Vehicles	10 Years	10 Years

As part of the Land and Building valuation conducted in June 2009 as required under FRD 103D, the Leased Building values were componentised and each component assessed for its expected useful life which is represented above.

Amortisation

Amortisation is allocated to intangible assets with finite useful lives on a straight-line basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.

Intangible assets with finite useful lives are amortised over a 3–25 year period (2011: 3–25 years).

Finance Costs

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

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings; and
- finance charges in respect of finance leases recognised in accordance with AASB 117 *Leases*.

Resources Provided or Received Free of Charge or for Nominal Consideration

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

(i) Financial Instruments

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

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

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

Loans and Receivables

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

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

Financial Assets Available-for-Sale

Available-for-sale financial instrument assets are those designated as available-for-sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in net result for the period. Fair value is determined in the manner described in Note 19.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial Assets

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and in banks and investments in money market instruments, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Receivables

Receivables consist of:

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

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

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

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

Investments and Other Financial Assets

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

Investments are classified in the following categories:

- Financial assets at fair value through profit or loss;
- Loans and receivables; and
- Available-for-sale financial assets.

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

The investment portfolio of the Royal Women's Hospital is managed by Victorian Funds Management Corporation through specialist fund managers and a Master Custodian. The Master Custodian holds the investments and conducts settlements pursuant to instructions from the specialist fund managers.

All financial assets, except for those measured at fair value through profit and loss are subject to annual review for impairment.

Investments in Jointly Controlled Assets and Operations

In respect of any interest in jointly controlled assets, the Royal Women's Hospital recognises in the financial statements:

- its share of jointly controlled assets;
- any liabilities that it had incurred;
- its share of liabilities incurred jointly by the joint venture;

- any income earned from the selling or using of its share of the output from the joint venture; and
- any expenses incurred in relation to being an investor in the joint venture.

For jointly controlled operations the Royal Women's Hospital recognises:

- the assets that it controls;
- the liabilities that it incurs
- expenses that it incurs; and
- the share of income that it earns from selling outputs of the joint venture.

Impairment of Financial Assets

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

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

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

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

In order to determine an appropriate fair value as at 30 June 2012 for its portfolio of financial assets, the Royal Women's Hospital used the market value of individual units in the funds invested by Victorian Funds Management Corporation.

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

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

Net Gain/(Loss) on Financial Instruments

Net gain/(loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through profit or loss;
- impairment and reversal of impairment for financial instruments at amortised cost; and
- disposals of financial assets.

Revaluations of Financial Instruments at Fair Value

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

(k) Non-Financial Assets

Inventories

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant and Equipment

All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

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

Crown Land is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or constructive 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.

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

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

Cultural Assets (Artworks) are measured at fair value less impairment.

Restrictive Nature of Crown Land

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

Revaluations of Non-Current Physical Assets

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

Revaluation increments are 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 immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of assets, they are debited directly to the asset revaluation surplus.

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.

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

Intangible Assets

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

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

Other Non-Financial Assets

Prepayments

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

Disposal of Non-Financial Assets

Any gain or loss on the sale of non-financial assets is recognised in the Comprehensive Operating Statement at the date that control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

Impairment of Non-Financial Assets

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

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

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

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

(l) Liabilities

Payables

Payables consist of:

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Borrowings

Borrowings in the Balance Sheet are recognised at fair value upon initial recognition. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net result over the period of the borrowing using the effective interest method. Fair value is determined in the manner described in Note 19.

Provisions

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

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

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

Employee Benefits

Wages and Salaries, Annual Leave and Accrued Days Off

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accrued days off which are expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee's services up to the reporting date, and are classified as current liabilities and measured at their nominal values.

Those liabilities that are not expected to be settled within 12 months are also recognised in the provision for employee benefits as current liabilities, but are measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long Service Leave

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

Current Liability – unconditional LSL (representing 10 or more years of continuous service) is disclosed in the notes to the financial statements as a current liability even where the Royal Women's Hospital does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- present value – component that the Royal Women's Hospital does not expect to settle within 12 months; and
- nominal value – component that the Royal Women's Hospital expects to settle within 12 months.

Non-Current Liability – conditional LSL (representing less than 10 years of continuous service) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. Conditional LSL is required to be measured at present value.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates of Commonwealth Government guaranteed securities in Australia.

Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits.

Liabilities for termination benefits are recognised when a detailed plan for the termination has been developed and a valid expectation has been raised with those employees affected that the terminations will be carried out. The liabilities for termination benefits are recognised in other creditors unless the amount or timing of the payments is uncertain, in which case they are recognised as a provision.

On-Costs

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

Superannuation Liabilities

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

(m) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership.

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

Finance Leases

Entity as lessor

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

Entity as lessee

Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is depreciated over the shorter of the estimated useful life of the asset or the term of the lease. 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The State of Victoria is obliged to fund monthly service payments due under the Project Agreement for the life of that Agreement, a period of up to 25 years. The Royal Women's Hospital has an agreement with the State that it will continue to operate and control the hospital at the expiry of the lease. On this basis the building is being amortised over its estimated useful life of 52 years.

Operating Leases

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

Operating lease payments, including any contingent rentals, are recognised as an expense in the Comprehensive Operating Statement on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

Lease Incentives

All incentives for the agreement of a new or renewed operating lease shall be 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 received by the lessee to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset is diminished.

Leasehold Improvements

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

(n) Equity

Contributed Capital

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

Property, Plant and Equipment Revaluation Surplus

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

Financial Assets Available-for-Sale Revaluation Surplus

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

General Purpose Surplus

The General Purpose Surplus represent the non-restrictive specific purpose surplus of the Royal Women's Hospital where the hospital has discretion to amend or vary the restrictions and or conditions of the funds.

Specific Restricted Purpose Surplus

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

(o) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 20) at their nominal value and are inclusive of the goods and services tax ("GST") payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the Balance Sheet.

(p) Contingent Assets and Contingent Liabilities

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

(q) Goods and Services Tax (GST)

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

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

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

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

(r) Events after the Reporting Period

Assets, liabilities, income or expenses arise from past transactions or other past events. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting period and before the date the financial statements are authorised for issue, where those events provide information about conditions which existed in the reporting period. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period and which may have a material impact on the results of subsequent reporting periods.

(s) Rounding

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) AASs issued that are not yet effective

Certain new Australian accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting period.

As at 30 June 2012, 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 9 Financial Instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	1 Jan 2013	Detail of impact is still being assessed.
AASB 10 Consolidated Financial Statements	This Standard establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities and supersedes those requirements in AASB 127 Consolidated and Separate Financial Statements and Interpretation 112 Consolidation – Special Purpose Entities.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 10 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
AASB 11 Joint Arrangements	This Standard requires entities that have an interest in arrangements that are controlled jointly to assess whether the arrangement is a joint operation or joint venture. AASB 11 shall be applied for an arrangement that is a joint operation. It also replaces parts of requirements in AASB 131 Interests in Joint Ventures.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 11 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
AASB 12 Disclosure of Interests in Other Entities	This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 and AASB 131.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 12 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
AASB 13 Fair Value Measurement	This Standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other AASs. AASB 13 includes a 'fair value hierarchy' which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or liabilities; other observable inputs; and unobservable inputs.	1 Jan 2013	Disclosure for fair value measurements using unobservable inputs are relatively onerous compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures for public sector entities that have assets measured using depreciated replacement cost.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

STANDARD/INTERPRETATION	SUMMARY	APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING ON	IMPACT ON THE ROYAL WOMEN'S HOSPITAL FINANCIAL STATEMENTS
AASB 119 Employee Benefits	In this revised Standard for defined benefit superannuation plans, there is a change to the methodology in the calculation of superannuation expenses, in particular there is now a change in the split between superannuation interest expense (classified as transactions) and actuarial gains and losses (classified as 'Other economic flows – other movements in equity') reported on the Comprehensive Operating Statement.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. While the total superannuation expense is unchanged, the revised methodology is expected to have a negative impact on the net result from transactions of the general government sector and for those few Victorian public sector entities that report superannuation defined benefit plans.
AASB 127 Separate Financial Statements	This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 127 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
AASB 1053 Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	1 Jul 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2009–11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]	This Standard gives effect to consequential changes arising from the issuance of AASB 9.	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2010–2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.	1 Jul 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented in the Victorian public sector.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

STANDARD/INTERPRETATION	SUMMARY	APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING ON	IMPACT ON THE ROYAL WOMEN'S HOSPITAL FINANCIAL STATEMENTS
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	These consequential amendments are in relation to the introduction of AASB 9.	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054]	The objective of this amendment is to include some additional disclosure from the Trans-Tasman Convergence Project and to reduce disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.	1 Jul 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	This Standard amends AASB 124 Related Party Disclosures by removing the disclosure requirements in AASB 124 in relation to individual key management personnel (KMP).	1 Jul 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2011-6 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, AASB 128 & AASB 131]	The objective of this Standard is to make amendments to AASB 127 Consolidated and Separate Financial Statements, AASB 128 Investments in Associates and AASB 131 Interests in Joint Ventures to extend the circumstances in which an entity can obtain relief from consolidation, the equity method or proportionate consolidation.	1 Jul 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	This Standard outlines consequential changes arising from the issuance of the five 'new Standards' to other Standards. For example, references to AASB 127 Consolidated and Separate Financial Statements are amended to AASB 10 Consolidated Financial Statements or AASB 127 Separate Financial Statements, and references to AASB 131 Interests in Joint Ventures are deleted as that Standard has been superseded by AASB 11 and AASB 128 (August 2011).	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

STANDARD/INTERPRETATION	SUMMARY	APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING ON	IMPACT ON THE ROYAL WOMEN'S HOSPITAL FINANCIAL STATEMENTS
AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	This amending Standard makes consequential changes to a range of Standards and Interpretations arising from the issuance of AASB 13. In particular, this Standard replaces the existing definition and guidance of fair value measurements in other Australian Accounting Standards and Interpretations.	1 Jan 2013	Disclosures for fair value measurements using unobservable inputs is potentially onerous, and may increase disclosures for assets measured using depreciated replacement cost.
AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	The main change resulting from this Standard is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). These amendments do not remove the option to present profit or loss and other comprehensive income in two statements, nor change the option to present items of OCI either before tax or net of tax.	1 Jul 2012	This amending Standard could change the current presentation of 'Other economic flows- other movements in equity' that will be grouped on the basis of whether they are potentially reclassifiable to profit or loss subsequently. No other significant impact will be expected.
AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14]	This Standard makes consequential changes to a range of other Australian Accounting Standards and Interpretation arising from the issuance of AASB 119 Employee Benefits.	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	This Standard makes amendments to AASB 119 Employee Benefits (September 2011), to incorporate reduced disclosure requirements into the Standard for entities applying Tier 2 requirements in preparing general purpose financial statements.	1 Jul 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

STANDARD/INTERPRETATION	SUMMARY	APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING ON	IMPACT ON THE ROYAL WOMEN'S HOSPITAL FINANCIAL STATEMENTS
2011–13 Amendments to Australian Accounting Standard – Improvements to AASB 1049	This Standard aims to improve the AASB 1049 Whole of Government and General Government Sector Financial Reporting at the operational level. The main amendments clarify a number of requirements in AASB 1049, including the amendment to allow disclosure of other measures of key fiscal aggregates as long as they are clearly distinguished from the key fiscal aggregates and do not detract from the information required by AASB 1049. Furthermore, this Standard provides additional guidance and examples on the classification between 'transactions' and 'other economic flows' for GAAP items without GFS equivalents.	1 Jul 2012	No significant impact is expected from these consequential amendments on entity reporting.
2012–1 Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements [AASB 3, AASB 7, AASB 13, AASB 140 & AASB 141]	This amending Standard prescribes the reduced disclosure requirements in a number of Australian Accounting Standards as a consequence of the issuance of AASB 13 Fair Value Measurement.	1 Jul 2013	As the Victorian whole of government and the general government (GG) sector are subject to Tier 1 reporting requirements (refer to AASB 1053 Application of Tiers of Australian Accounting Standards), the reduced disclosure requirements included in AASB 2012-1 will not affect the financial reporting for Victorian whole of government and GG sector.

(u) Category Groups

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

Admitted Patient Services (Admitted Patients) comprises all recurrent health revenue/expenditure on admitted patient services, where services are delivered in public hospitals, or free standing day hospital facilities, or alcohol and drug treatment units or hospitals specialising in dental services, hearing and ophthalmic aids.

Mental Health Services (Mental Health) comprises all recurrent health revenue/expenditure on specialised mental health services (child and adolescent, general and adult, community and forensic) managed or funded by the state or territory health administrations, and includes: Admitted patient services (including forensic mental health), outpatient services, emergency department services (where it is possible to separate emergency department mental health services), community-based services, residential and ambulatory services.

Outpatient Services (Outpatients) comprises all recurrent health revenue/expenditure on public hospital type outpatient services, where services are delivered in public hospital outpatient clinics, or free standing day hospital facilities, or rehabilitation facilities, or alcohol and drug treatment units, or outpatient clinics specialising in ophthalmic aids or palliative care.

Emergency Department Services (EDS) comprises all recurrent health revenue/expenditure on emergency department services that are available free of charge to public patients.

Primary Health comprises revenue/expenditure for Community Health Services including health promotion and counselling, physiotherapy, speech therapy, podiatry and occupational therapy.

Off Campus, Ambulatory Service (Ambulatory) comprises all recurrent health revenue/expenditure on public hospital type services including palliative care facilities and rehabilitation facilities, as well as services provided under the following agreements: Services that are provided or received by hospitals (or area health services) but are delivered/received outside a hospital campus, services which have moved from a hospital to a community setting since June 1998, services which fall within the agreed scope of inclusions under the new system, which have been delivered within hospital's i.e. in rural/remote areas.

Other Services excluded from Australian Health Care Agreement (AHCA) (Other) comprises revenue/expenditure for services not separately classified above, including: Public Health Services including laboratory testing, blood borne viruses / sexually transmitted infections clinical services, Koori liaison officers, immunisation and screening services, drugs services including drug withdrawal, counselling and the needle and syringe program, community care programs including sexual assault support, early parenting services, parenting assessment and skills development, and various support services. Health and Community Initiatives also falls in this category group.

NOTE 2: REVENUE

	PARENT						CONSOLIDATED					
	HSA 2012 \$'000	HSA 2011 \$'000	H&CI 2012 \$'000	H&CI 2011 \$'000	TOTAL 2012 \$'000	TOTAL 2011 \$'000	HSA 2012 \$'000	HSA 2011 \$'000	H&CI 2012 \$'000	H&CI 2011 \$'000	TOTAL 2012 \$'000	TOTAL 2011 \$'000
REVENUE FROM OPERATING ACTIVITIES												
Government Grants												
- Department of Health	148,343	141,527	-	-	148,343	141,527	148,343	141,527	-	-	148,343	141,527
- Department of Human Services	1,741	1,720	-	-	1,741	1,720	1,741	1,720	-	-	1,741	1,720
- Commonwealth Government												
- Other	1,044	1,194	493	495	1,537	1,689	1,044	1,194	493	495	1,537	1,689
Total Government Grants	151,128	144,441	493	495	151,621	144,936	151,128	144,441	493	495	151,621	144,936
Indirect Contributions by Department of Health *												
- Insurance	563	5,904	-	-	563	5,904	563	5,904	-	-	563	5,904
- Long Service Leave	(100)	(564)	-	-	(100)	(564)	(100)	(564)	-	-	(100)	(564)
Total Indirect Contributions by the Department of Health	463	5,340	-	-	463	5,340	463	5,340	-	-	463	5,340
Patient Fees												
- Patient Fees (refer Note 2b)	9,404	5,364	482	1,197	9,886	6,561	9,404	5,364	482	1,197	9,886	6,561
Total Patient Fees	9,404	5,364	482	1,197	9,886	6,561	9,404	5,364	482	1,197	9,886	6,561
Commercial Activities and Specific Purpose Funds:												
- Private Practice and Other Patient Activities Fees	-	-	2,143	2,282	2,143	2,282	-	-	2,143	2,282	2,143	2,282
- Pharmacy Services	478	457	225	241	703	698	478	457	225	241	703	698
- Car Park	-	-	5,525	5,205	5,525	5,205	-	-	5,525	5,205	5,525	5,205
- Property Income	2,257	1,588	2,384	2,250	4,641	3,838	2,257	1,588	2,389	2,253	4,646	3,841
- Research	222	283	1,274	1,245	1,496	1,528	222	283	1,274	1,247	1,496	1,530
- Other	-	-	1,495	2,628	1,495	2,628	-	-	1,779	2,745	1,779	2,745
Total Commercial Activities and Specific Purpose Funds	2,957	2,328	13,046	13,851	16,003	16,179	2,957	2,328	13,335	13,973	16,292	16,301
Donations and Bequests	415	828	713	734	1,128	1,562	5	-	1,899	2,022	1,904	2,022
Recoupment from Private Practice for Use of Hospital Facilities	151	209	(151)	(209)	-	-	151	209	(151)	(209)	-	-
Other Revenue from Operating Activities	5,958	5,328	-	-	5,958	5,328	5,945	5,318	-	-	5,945	5,318
Total Revenue from Operating Activities	170,476	163,838	14,583	16,068	185,059	179,906	170,053	163,000	16,058	17,478	186,111	180,478

* Indirect contributions by the Department of Health:

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

NOTE 2: REVENUE (CONTINUED)

	PARENT						CONSOLIDATED					
	HSA 2012 \$'000	HSA 2011 \$'000	H&CI 2012 \$'000	H&CI 2011 \$'000	TOTAL 2012 \$'000	TOTAL 2011 \$'000	HSA 2012 \$'000	HSA 2011 \$'000	H&CI 2012 \$'000	H&CI 2011 \$'000	TOTAL 2012 \$'000	TOTAL 2011 \$'000
REVENUE FROM NON-OPERATING ACTIVITIES												
Interest and Dividends	490	618	-	-	490	618	490	618	95	93	585	711
Total Revenue from Non-Operating Activities	490	618	-	-	490	618	490	618	95	93	585	711
REVENUE FROM CAPITAL PURPOSE INCOME												
State Government Capital Grants												
- Public Private Partnership Capital Revenue	37,307	36,834	-	-	37,307	36,834	37,307	36,834	-	-	37,307	36,834
- Targeted Capital Works and Equipment	1,909	1,209	-	-	1,909	1,209	1,909	1,209	-	-	1,909	1,209
Assets Received Free of Charge (refer Note 2d)	-	-	-	25	-	25	-	-	-	25	-	25
Net Gain/(Loss) on Disposal of Non Financial Assets (refer Note 2c)	-	-	(23)	(1)	(23)	(1)	-	-	(23)	(1)	(23)	(1)
Donations and Bequests	-	-	56	105	56	105	-	-	86	19	86	19
Other Capital Purpose Income	-	-	9	-	9	-	-	-	9	-	9	-
Total Revenue from Capital Purpose Income	39,216	38,043	42	129	39,258	38,172	39,216	38,043	72	43	39,288	38,086
Total Revenue	210,182	202,499	14,625	16,197	224,807	218,696	209,759	201,661	16,225	17,614	225,984	219,275

This note relates to revenues above the net result line only, and does not reconcile to comprehensive income.

NOTE 2A: ANALYSIS OF REVENUE BY SOURCE

(based on the consolidated view of Note 2)

	ADMITTED PATIENTS 2012 \$'000	OUTPATIENTS 2012 \$'000	EDS 2012 \$'000	AMBULATORY 2012 \$'000	MENTAL HEALTH 2012 \$'000	PRIMARY HEALTH 2012 \$'000	OTHER 2012 \$'000	TOTAL 2012 \$'000
REVENUE FROM SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT								
Government Grants	115,491	28,752	2,847	434	457	2,018	1,129	151,128
Indirect contributions by Department of Health *	303	83	28	6	5	9	29	463
Patient Fees (refer Note 2b)	7,731	1,660	-	13	-	-	-	9,404
Donations and Bequests (non capital)	2	-	-	-	-	-	3	5
Recoupment from Private Practice for Use of Hospital Facilities	-	-	-	-	-	-	151	151
Business Units and Specific Purpose Funds	182	159	13	3	2	34	2,564	2,957
Other Revenue from Operating Activities	1,652	834	88	88	27	40	3,216	5,945
Interest and Dividends	350	72	25	5	4	8	26	490
Capital Purpose Income (refer Note 2)	28,042	5,768	1,981	425	317	611	2,072	39,216
Revenue from Services Supported by Health Services Agreement	153,753	37,328	4,982	974	812	2,720	9,190	209,759
REVENUE FROM SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES *								
Donations and Bequests (non capital)	-	-	-	-	-	-	1,899	1,899
Commercial Activities and Specific Purpose Funds	-	-	-	-	-	-	13,335	13,335
Government Grants	-	-	-	-	-	-	493	493
Patient Fees (refer Note 2b)	-	-	-	-	-	-	482	482
Interest and Dividends	-	-	-	-	-	-	95	95
Recoupment from Private Practice for Use of Hospital Facilities	-	-	-	-	-	-	(151)	(151)
Capital Purpose Income (refer Note 2)	(10)	(2)	(1)	-	-	-	85	72
Total Revenue from Services Supported by Hospital and Community Initiatives	(10)	(2)	(1)	-	-	-	16,238	16,225
Total Revenue	153,743	37,326	4,981	974	812	2,720	25,428	225,984

* Indirect contributions by Department of Health:

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

NOTE 2A: ANALYSIS OF REVENUE BY SOURCE (CONTINUED)

(based on the consolidated view of Note 2)

	ADMITTED PATIENTS 2011 \$'000	OUTPATIENTS 2011 \$'000	EDS 2011 \$'000	AMBULATORY 2011 \$'000	MENTAL HEALTH 2011 \$'000	PRIMARY HEALTH 2011 \$'000	OTHER 2011 \$'000	TOTAL 2011 \$'000
REVENUE FROM SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT								
Government Grants	111,020	26,805	2,802	611	386	1,987	830	144,441
Indirect contributions by Department of Health *	3,796	732	325	259	50	92	86	5,340
Patient Fees (refer Note 2b)	4,306	1,033	-	25	-	-	-	5,364
Recoupment from Private Practice for Use of Hospital Facilities	-	-	-	-	-	-	209	209
Business Units and Specific Purpose Funds	206	129	15	12	2	5	1,959	2,328
Other Revenue from Operating Activities	1,434	943	90	134	29	28	2,660	5,318
Interest and Dividends	456	77	34	27	5	10	9	618
Capital Purpose Income (refer Note 2)	28,095	4,718	2,093	1,668	325	592	552	38,043
Total Revenue from Services Supported by Health Services Agreement	149,313	34,437	5,359	2,736	797	2,714	6,305	201,661
REVENUE FROM SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES *								
Donations and Bequests (non capital)	-	-	-	-	-	-	2,022	2,022
Commercial Activities and Specific Purpose Funds	-	-	-	-	-	-	13,973	13,973
Government Grants	-	-	-	-	-	-	495	495
Patient Fees (refer Note 2b)	-	-	-	-	-	-	1,197	1,197
Interest and Dividends	-	-	-	-	-	-	93	93
Recoupment from Private Practice for Use of Hospital Facilities	-	-	-	-	-	-	(209)	(209)
Capital Purpose Income (refer Note 2)	19	3	1	1	-	-	19	43
Total Revenue from Services Supported by Hospital and Community Initiatives	19	3	1	1	-	-	17,590	17,614
Total Revenue	149,332	34,440	5,360	2,737	797	2,714	23,895	219,275

* Indirect contributions by Department of Health:

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

NOTE 2B: PATIENT FEES RAISED

	PARENT ENTITY 2012 \$'000	PARENT ENTITY 2011 \$'000	CONSOL'D 2012 \$'000	CONSOL'D 2011 \$'000
PATIENT FEES				
Acute				
- Inpatients	7,729	4,306	7,729	4,306
- Outpatients	2,157	2,255	2,157	2,255
Total Patient Fees	9,886	6,561	9,886	6,561

Patient fees exclude recoupment from private practice, or sale of pharmacy goods but includes PBS co-payments. The recoupment from private practice and sale of pharmacy goods is reported separately.

NOTE 2C: NET GAIN/(LOSS) ON DISPOSAL OF NON-FINANCIAL ASSETS

	PARENT ENTITY 2012 \$'000	PARENT ENTITY 2011 \$'000	CONSOL'D 2012 \$'000	CONSOL'D 2011 \$'000
Proceeds from Disposal of Non-Financial Assets				
Medical Equipment	-	18	-	18
Motor Vehicles	13	-	13	-
Total Proceeds from Disposal of Non-Financial Assets	13	18	13	18
Less: Written Down Value of Non-Financial Assets Sold				
Medical Equipment	(30)	(19)	(30)	(19)
Motor Vehicles	(6)	-	(6)	-
Total Written Down Value of Non-Financial Assets Sold	(36)	(19)	(36)	(19)
Net Gains/(Losses) on Disposal of Non-Financial Assets	(23)	(1)	(23)	(1)

NOTE 2D: ASSETS RECEIVED FREE OF CHARGE OR FOR NOMINAL CONSIDERATION

	PARENT ENTITY 2012 \$'000	PARENT ENTITY 2011 \$'000	CONSOL'D 2012 \$'000	CONSOL'D 2011 \$'000
During the reporting period, the fair value of assets received free of charge, was as follows:				
Medical Equipment	-	25	-	25
Total	-	25	-	25

A piece of medical equipment was donated to the Royal Women's Hospital in the previous year by Hologic Australia.

NOTE 3: EXPENSES

	PARENT						CONSOLIDATED					
	HSA 2012 \$'000	HSA 2011 \$'000	H&CI 2012 \$'000	H&CI 2011 \$'000	TOTAL 2012 \$'000	TOTAL 2011 \$'000	HSA 2012 \$'000	HSA 2011 \$'000	H&CI 2012 \$'000	H&CI 2011 \$'000	TOTAL 2012 \$'000	TOTAL 2011 \$'000
EMPLOYEE EXPENSES												
Salaries and Wages	113,561	111,896	4,167	4,925	117,728	116,821	113,561	111,896	4,590	5,301	118,151	117,197
Work Cover Premium	1,061	1,357	38	46	1,099	1,403	1,061	1,357	41	48	1,102	1,405
Long Service Leave	2,422	2,095	9	47	2,431	2,142	2,422	2,095	33	47	2,455	2,142
Superannuation	10,123	10,086	347	432	10,470	10,518	10,123	10,086	373	454	10,496	10,540
Total Employee Expenses	127,167	125,434	4,561	5,450	131,728	130,884	127,167	125,434	5,037	5,850	132,204	131,284
NON SALARY LABOUR COSTS												
Agency Costs – Nursing	1,928	1,454	1	-	1,929	1,454	1,928	1,454	1	-	1,929	1,454
Agency Costs – Other	3,585	3,246	575	809	4,160	4,055	3,585	3,246	608	809	4,193	4,055
Total Non Salary Labour Costs	5,513	4,700	576	809	6,089	5,509	5,513	4,700	609	809	6,122	5,509
SUPPLIES AND CONSUMABLES												
Drug Supplies	3,088	3,055	109	90	3,197	3,145	3,088	3,055	109	90	3,197	3,145
Medical, Surgical Supplies and Prosthesis	14,563	13,620	352	448	14,915	14,068	14,563	13,620	352	448	14,915	14,068
Food Supplies	1,926	1,773	35	46	1,961	1,819	1,926	1,773	55	66	1,981	1,839
Total Supplies and Consumables	19,577	18,448	496	584	20,073	19,032	19,577	18,448	516	604	20,093	19,052
OTHER EXPENSES												
Domestic Services and Supplies	1,523	1,668	22	27	1,545	1,695	1,523	1,668	25	31	1,548	1,699
Fuel, Light, Power and Water	1,511	1,300	574	386	2,085	1,686	1,511	1,300	574	386	2,085	1,686
Insurance costs funded by the Department of Health	8,754	5,904	-	-	8,754	5,904	8,754	5,904	-	-	8,754	5,904
Motor Vehicle Expenses	59	63	2	24	61	87	59	63	4	26	63	89
Repairs and Maintenance	2,624	2,412	410	428	3,034	2,840	2,624	2,412	413	430	3,037	2,842
Patient Transport	468	380	48	266	516	646	468	380	48	266	516	646
Bad and Doubtful Debts	172	62	14	24	186	86	172	62	14	24	186	86
Lease Expenses	341	332	1,306	1,264	1,647	1,596	341	332	1,306	1,264	1,647	1,596
Other Administrative Expenses	7,210	7,136	829	900	8,039	8,036	7,051	7,053	1,294	1,218	8,345	8,271
Audit Fees												
- VAGO – Audit of Financial Statements	66	60	-	-	66	60	66	60	4	4	70	64
- Other – Internal Audit	156	146	3	-	159	146	156	146	3	-	159	146
Finance Costs	-	-	1,542	1,573	1,542	1,573	-	-	1,542	1,573	1,542	1,573
Total Other Expenses	22,884	19,463	4,750	4,892	27,634	24,355	22,725	19,380	5,227	5,222	27,952	24,602

NOTE 3: EXPENSES (CONTINUED)

	PARENT						CONSOLIDATED					
	HSA 2012 \$'000	HSA 2011 \$'000	H&CI 2012 \$'000	H&CI 2011 \$'000	TOTAL 2012 \$'000	TOTAL 2011 \$'000	HSA 2012 \$'000	HSA 2011 \$'000	H&CI 2012 \$'000	H&CI 2011 \$'000	TOTAL 2012 \$'000	TOTAL 2011 \$'000
EXPENDITURE USING CAPITAL PURPOSE INCOME												
Employee Expenses												
Salaries and Wages	-	-	77	182	77	182	-	-	77	182	77	182
Work Cover Premium	-	-	-	1	-	1	-	-	-	1	-	1
Superannuation	-	-	7	6	7	6	-	-	7	6	7	6
Total Employee Expenses	-	-	84	189	84	189	-	-	84	189	84	189
NON SALARY LABOUR COSTS												
Agency Costs - Other	-	-	50	50	50	50	-	-	50	50	50	50
Total Non Salary Labour Costs	-	-	50	50	50	50	-	-	50	50	50	50
OTHER EXPENSES												
Fuel, Light, Power and Water	-	-	40	200	40	200	-	-	40	200	40	200
Motor Vehicle Expenses	-	-	3	2	3	2	-	-	3	2	3	2
Repairs and Equipment Purchases	-	-	226	272	226	272	-	-	226	272	226	272
Administrative Expenses	-	-	137	216	137	216	-	-	135	216	135	216
Other	-	-	12,948	12,607	12,948	12,607	-	-	12,948	12,608	12,948	12,608
Total Other Expenses	-	-	13,354	13,297	13,354	13,297	-	-	13,352	13,298	13,352	13,298
Total Expenditure using Capital Purpose Income	-	-	13,488	13,536	13,488	13,536	-	-	13,486	13,537	13,486	13,537
Impairment of Financial Assets Available-for-Sale	-	-	-	-	-	-	-	-	6	6	6	6
Total Impairment of Financial Assets	-	-	-	-	-	-	-	-	6	6	6	6
Depreciation and Amortisation (refer Note 4)	-	-	15,379	15,975	15,379	15,975	-	-	15,389	15,985	15,389	15,985
Finance Costs (refer Note 5)	-	-	21,076	21,258	21,076	21,258	-	-	21,076	21,258	21,076	21,258
Total	-	-	36,455	37,233	36,455	37,233	-	-	36,465	37,243	36,465	37,243
Total Expenses	175,141	168,045	60,326	62,504	235,467	230,549	174,982	167,962	61,346	63,271	236,328	231,233

NOTE 3A: ANALYSIS OF EXPENSES BY SOURCE

(based on the consolidated view of Note 3)

	ADMITTED PATIENTS 2012 \$'000	OUTPATIENTS 2012 \$'000	EDS 2012 \$'000	AMBULATORY 2012 \$'000	MENTAL HEALTH 2012 \$'000	PRIMARY HEALTH 2012 \$'000	OTHER 2012 \$'000	TOTAL 2012 \$'000
SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT								
Employee Expenses	92,484	21,115	6,335	833	1,447	1,746	3,207	127,167
Non Salary Labour Costs	2,907	1,465	132	365	459	31	154	5,513
Supplies and Consumables	8,786	9,908	399	79	41	87	277	19,577
Other Expenses from Continuing Operations	18,187	2,486	683	337	110	275	647	22,725
Total Expenses from Services Supported by Health Services Agreement	122,364	34,974	7,549	1,614	2,057	2,139	4,285	174,982
SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES								
Employee Expenses	-	-	-	-	-	-	5,037	5,037
Non Salary Labour Costs	-	-	-	-	-	-	609	609
Supplies and Consumables	-	-	-	-	-	-	516	516
Other Expenses from Continuing Operations	-	-	-	-	-	-	5,227	5,227
Total Expense from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	11,389	11,389
EXPENDITURE USING CAPITAL PURPOSE INCOME								
Employee Benefits	57	12	4	1	1	1	8	84
Non Salary Labour Costs	36	7	3	1	-	1	2	50
Other Expenses	9,548	1,963	674	144	108	208	707	13,352
Total Expenditure using Capital Purpose Income	9,641	1,982	681	146	109	210	717	13,486
Depreciation and Amortisation (refer Note 4)	10,997	2,262	777	167	124	239	823	15,389
Finance Costs (refer Note 5)	15,071	3,100	1,065	229	170	328	1,113	21,076
Impairment of Financial Assets Available-for-Sale	-	-	-	-	-	-	6	6
Total Expense from Services Supported by Health Services Agreement and by Hospital and Community Initiatives	35,709	7,344	2,523	542	403	777	2,659	49,957
Total Expenses	158,073	42,318	10,072	2,156	2,460	2,916	18,333	236,328

NOTE 3A: ANALYSIS OF EXPENSES BY SOURCE (CONTINUED)

(based on the consolidated view of Note 3)

	ADMITTED PATIENTS 2011 \$'000	OUTPATIENTS 2011 \$'000	EDS 2011 \$'000	AMBULATORY 2011 \$'000	MENTAL HEALTH 2011 \$'000	PRIMARY HEALTH 2011 \$'000	OTHER 2011 \$'000	TOTAL 2011 \$'000
SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT								
Employee Expenses	89,135	18,707	6,203	6,633	1,418	1,658	1,680	125,434
Non Salary Labour Costs	2,378	1,363	120	347	443	21	28	4,700
Supplies and Consumables	8,436	9,105	397	313	42	79	76	18,448
Other Expenses from Continuing Operations	13,843	2,701	1,001	1,058	160	328	289	19,380
Total Expenses from Services Supported by Health Services Agreement	113,792	31,876	7,721	8,351	2,063	2,086	2,073	167,962
SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES								
Employee Expenses	-	-	-	-	-	-	5,850	5,850
Non Salary Labour Costs	-	-	-	-	-	-	809	809
Supplies and Consumables	-	-	-	-	-	-	604	604
Other Expenses from Continuing Operations	-	-	-	-	-	-	5,222	5,222
Total Expense from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	12,485	12,485
EXPENDITURE USING CAPITAL PURPOSE INCOME								
Employee Benefits	140	23	10	8	2	3	3	189
Non Salary Labour Costs	37	6	3	2	-	1	1	50
Other Expenses	9,819	1,650	732	583	114	207	193	13,298
Total Expenditure using Capital Purpose Income	9,996	1,679	745	593	116	211	197	13,537
Depreciation and Amortisation (refer Note 4)	11,798	1,981	879	700	136	249	242	15,985
Finance Costs (refer Note 5)	15,699	2,636	1,170	932	181	331	309	21,258
Impairment of Financial Assets Available-for-Sale	-	-	-	-	-	-	6	6
Total Expense from Services Supported by Health Services Agreement and by Hospital and Community Initiatives	37,493	6,296	2,794	2,225	433	791	754	50,786
Total Expenses	151,285	38,172	10,515	10,576	2,496	2,877	15,312	231,233

NOTE 3B: ANALYSIS OF EXPENSES BY INTERNALLY MANAGED AND RESTRICTED SPECIFIC PURPOSE FUNDS FOR SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES

	PARENT ENTITY 2012 \$'000	PARENT ENTITY 2011 \$'000	CONSOL'D 2012 \$'000	CONSOL'D 2011 \$'000
COMMERCIAL ACTIVITIES				
Private Practice and Other Patient Activities	3,307	4,044	3,307	4,044
Laboratory Medicine	212	218	212	218
Pharmacy Services	269	215	269	215
Car Park	515	416	515	416
Property Expenses	2,497	2,398	2,497	2,398
OTHER ACTIVITIES				
Education and Training	270	373	270	373
Fundraising and Community Support	5	4	677	567
Major Equipment Replacement	55	91	55	91
Research and Scholarship	2,766	3,560	2,766	3,560
Other	487	416	821	603
Total	10,383	11,735	11,389	12,485

NOTE 4: DEPRECIATION AND AMORTISATION

	PARENT ENTITY 2012 \$'000	PARENT ENTITY 2011 \$'000	CONSOL'D 2012 \$'000	CONSOL'D 2011 \$'000
DEPRECIATION				
Buildings	1,027	1,018	1,027	1,018
Building Leasehold Improvements	208	345	208	345
Plant and Equipment	45	39	45	39
Medical Equipment	1,495	1,605	1,495	1,605
Computers and Communications	292	469	293	469
Furniture and Equipment	54	46	55	47
Motor Vehicles	8	10	8	10
Leased Building	8,871	8,871	8,871	8,871
Leased Building Leasehold Improvements	25	25	25	25
Leased Plant and Equipment	219	219	219	219
Leased Audiovisual	154	153	154	153
Leased Computer and Communication Equipment	436	438	436	438
Leased Furniture and Fittings	239	239	239	239
Leased Medical Equipment	631	681	631	681
Leased Scientific Equipment	89	97	89	97
Total Depreciation	13,793	14,255	13,795	14,256
AMORTISATION				
Intangible Assets	1,586	1,720	1,594	1,729
Total Amortisation	1,586	1,720	1,594	1,729
Total Depreciation and Amortisation	15,379	15,975	15,389	15,985

NOTE 5: FINANCE COSTS

	PARENT ENTITY 2012 \$'000	PARENT ENTITY 2011 \$'000	CONSOL'D 2012 \$'000	CONSOL'D 2011 \$'000
Finance Charges on Finance Leases *	21,076	21,258	21,076	21,258
Interest on Long Term Borrowings	1,542	1,573	1,542	1,573
Total Finance Costs	22,618	22,831	22,618	22,831

* Construction and fit out of the Royal Women's Hospital was funded as a Public Private Partnership under a Project Agreement between the State of Victoria and Royal Women's Health Partnerships Pty Ltd. This amount represents the interest payments made for the 2011/12 year (including any contingent rentals).

The value of the contingent rental recognised as an expense in the operating statement for the period 2011/12 is \$1.942 million (2010/11: \$1.701 million). Refer to Note 14, for the basis for calculation of contingent rentals.

NOTE 6: CASH AND CASH EQUIVALENTS

For the purposes of the Cash Flow Statement, cash assets includes cash on hand and at bank.

	PARENT ENTITY 2012 \$'000	PARENT ENTITY 2011 \$'000	CONSOL'D 2012 \$'000	CONSOL'D 2011 \$'000
Cash on Hand	14	12	14	12
Cash at Bank	1,691	1,451	2,358	1,969
Total Cash and Cash Equivalents	1,705	1,463	2,372	1,981
Represented by:				
Cash for Health Service Operations (as per Cash Flow Statement)	1,289	852	1,956	1,370
Cash for Monies Held in Trust				
- Cash at Bank	416	611	416	611
Total Cash And Cash Equivalents	1,705	1,463	2,372	1,981

NOTE 7: RECEIVABLES

	PARENT ENTITY 2012 \$'000	PARENT ENTITY 2011 \$'000	CONSOL'D 2012 \$'000	CONSOL'D 2011 \$'000
CURRENT				
Contractual				
Controlled Entity Intercompany	33	231	-	-
Inter Hospital Debtors	682	415	682	415
Trade Debtors	1,528	1,452	1,562	1,510
Patient Fees	1,762	887	1,762	887
Accrued Investment Income	115	131	137	152
Accrued Revenue – Other	1,796	1,755	1,796	1,757
Less Allowance for Doubtful Debts				
Trade Debtors	(17)	(10)	(17)	(10)
Patient Fees	(54)	(19)	(54)	(19)
	5,845	4,842	5,868	4,692
Statutory				
Accrued Revenue – Department of Health	1,057	682	1,057	682
GST Receivable	182	145	183	148
	1,239	827	1,240	830
Total Current Receivables	7,084	5,669	7,108	5,522
NON CURRENT				
Statutory				
Long Service Leave – Department of Health	1,628	1,728	1,628	1,728
Total Non-Current Receivables	1,628	1,728	1,628	1,728
Total Receivables	8,712	7,397	8,736	7,250

(a) Movement in the Allowance for Doubtful Contractual Receivables

	PARENT ENTITY 2012 \$'000	PARENT ENTITY 2011 \$'000	CONSOL'D 2012 \$'000	CONSOL'D 2011 \$'000
Balance at beginning of year	29	63	29	63
Amounts written off during the year	(144)	(90)	(144)	(90)
Increase/(decrease) in allowance recognised in net result	186	56	186	56
Balance at end of year	71	29	71	29

(b) Ageing analysis of receivables

Please refer to Note 19(b) for the ageing analysis of contractual receivables.

(c) Nature and extent of risk arising from receivables

Please refer to Note 19(b) for the nature and extent of credit risk arising from contractual receivables.

NOTE 8: INVESTMENTS AND OTHER FINANCIAL ASSETS

	OPERATING FUND		SPECIFIC PURPOSE FUND		TOTAL	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
PARENT ENTITY						
NON CURRENT						
Equities and Managed Investment Schemes						
- Managed Investment Schemes	3,309	3,449	5,078	5,124	8,387	8,573
Total Non Current	3,309	3,449	5,078	5,124	8,387	8,573
Total Investments and Other Financial Assets	3,309	3,449	5,078	5,124	8,387	8,573
Represented by:						
Health Service Investments	3,309	3,449	5,078	5,124	8,387	8,573
Total Investments and Other Financial Assets	3,309	3,449	5,078	5,124	8,387	8,573
CONSOLIDATED ENTITY						
NON CURRENT						
Equities and Managed Investment Schemes						
- Australian Listed Equity Securities	641	715	-	-	641	715
- Managed Investment Schemes	3,771	3,913	5,078	5,124	8,849	9,037
Total Non Current	4,412	4,628	5,078	5,124	9,490	9,752
Total Investments and Other Financial Assets	4,412	4,628	5,078	5,124	9,490	9,752
Represented by:						
Health Service Investments	3,309	3,449	5,078	5,124	8,387	8,573
Foundation Investments	1,103	1,179	-	-	1,103	1,179
Total Investments and Other Financial Assets	4,412	4,628	5,078	5,124	9,490	9,752

(a) Ageing analysis of investments and other financial assets

Please refer to Note 19(b) for the ageing analysis of investments and other financial assets.

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

Please refer to Note 19(b) for the nature and extent of credit risk arising from investments and other financial assets.

NOTE 9: INVENTORIES

	PARENT ENTITY 2012 \$'000	PARENT ENTITY 2011 \$'000	CONSOL'D 2012 \$'000	CONSOL'D 2011 \$'000
PHARMACEUTICALS				
At cost	195	177	195	177
Total Inventories	195	177	195	177

NOTE 10: OTHER ASSETS

	PARENT ENTITY 2012 \$'000	PARENT ENTITY 2011 \$'000	CONSOL'D 2012 \$'000	CONSOL'D 2011 \$'000
CURRENT				
Prepayments	1,054	868	1,058	901
Total Current Other Assets	1,054	868	1,058	901
NON CURRENT				
Prepayments	294	506	294	506
Other – Deposits	28	28	28	28
Total Non Current Other Assets	322	534	322	534
Total Other Assets	1,376	1,402	1,380	1,435

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	PARENT ENTITY 2012 \$'000	PARENT ENTITY 2011 \$'000	CONSOL'D 2012 \$'000	CONSOL'D 2011 \$'000
LAND				
Land at Fair Value				
- Crown	48,668	48,668	48,668	48,668
- Freehold	29,393	29,393	29,393	29,393
Total Land	78,061	78,061	78,061	78,061
BUILDINGS				
Buildings at Cost	222	125	222	125
Less Accumulated Depreciation	(18)	(5)	(18)	(5)
	204	120	204	120
Buildings at Fair Value	27,719	27,719	27,719	27,719
Less Accumulated Depreciation	(3,042)	(2,028)	(3,042)	(2,028)
	24,677	25,691	24,677	25,691
Leasehold Improvements at Cost	1,040	1,040	1,040	1,040
Less Accumulated Depreciation	(814)	(606)	(814)	(606)
	226	434	226	434
Building Work in Progress at Cost	-	72	-	72
Total Buildings	25,107	26,317	25,107	26,317
PLANT AND EQUIPMENT				
Plant and Equipment at Fair Value	3,800	3,762	3,800	3,762
Less Accumulated Depreciation	(3,579)	(3,533)	(3,579)	(3,533)
Total Plant and Equipment	221	229	221	229
MEDICAL EQUIPMENT				
Medical Equipment at Fair Value	26,535	24,995	26,535	24,995
Less Accumulated Depreciation	(21,089)	(20,241)	(21,089)	(20,241)
Total Medical Equipment	5,446	4,754	5,446	4,754
COMPUTERS AND COMMUNICATIONS				
Computers and Communications at Fair Value	6,527	6,243	6,554	6,267
Less Accumulated Depreciation	(6,070)	(5,779)	(6,093)	(5,801)
Total Computers and Communications	457	464	461	466
FURNITURE AND FITTINGS				
Furniture and Fittings at Fair Value	1,155	1,064	1,175	1,084
Less Accumulated Depreciation	(652)	(598)	(656)	(601)
Total Furniture and Fittings	503	466	519	483
MOTOR VEHICLES				
Motor Vehicles at Fair Value	64	103	64	103
Less Accumulated Depreciation	(34)	(60)	(34)	(60)
Total Motor Vehicles	30	43	30	43

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	PARENT ENTITY 2012 \$'000	PARENT ENTITY 2011 \$'000	CONSOL'D 2012 \$'000	CONSOL'D 2011 \$'000
CULTURAL ASSETS				
Cultural Assets at Fair Value	171	140	171	140
Less Accumulated Depreciation	-	-	-	-
Total Cultural Assets	171	140	171	140
LEASED ASSETS				
Leased Buildings at Valuation	229,016	229,016	229,016	229,016
Less Accumulated Depreciation	(26,612)	(17,741)	(26,612)	(17,741)
	202,404	211,275	202,404	211,275
Leasehold Improvements at Cost	624	624	624	624
Less Accumulated Depreciation	(94)	(69)	(94)	(69)
	530	555	530	555
Plant and Equipment at Fair Value	2,170	2,170	2,170	2,170
Less Accumulated Depreciation	(893)	(674)	(893)	(674)
	1,277	1,496	1,277	1,496
Computers and Communication Equipment at Fair Value	2,990	2,990	2,990	2,990
Less Accumulated Depreciation	(1,787)	(1,351)	(1,787)	(1,351)
	1,203	1,639	1,203	1,639
Audiovisual Equipment at Fair Value	1,342	1,342	1,342	1,342
Less Accumulated Depreciation	(627)	(473)	(627)	(473)
	715	869	715	869
Furniture and Fittings at Fair Value	2,645	2,645	2,645	2,645
Less Accumulated Depreciation	(975)	(736)	(975)	(736)
	1,670	1,909	1,670	1,909
Medical Equipment at Fair Value	5,520	5,520	5,520	5,520
Less Accumulated Depreciation	(2,741)	(2,109)	(2,741)	(2,109)
	2,779	3,411	2,779	3,411
Scientific Equipment at Fair Value	867	867	867	867
Less Accumulated Depreciation	(388)	(299)	(388)	(299)
	479	568	479	568
Total Leased Assets	211,057	221,722	211,057	221,722
Total Property, Plant and Equipment	321,053	332,196	321,073	332,215

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliations of the carrying amounts of each class of asset for the consolidated entity at the beginning and end of the previous and current financial year are set out below.

	LAND \$'000	BUILDINGS \$'000	PLANT & EQUIPMENT \$'000	MEDICAL EQUIPMENT \$'000	COMPUTERS & COMMUNICTNS \$'000	FURNITURE & FITTINGS \$'000	MOTOR VEHICLES \$'000	CULTURAL ASSETS \$'000	LEASED ASSETS \$'000	TOTAL \$'000
CONSOLIDATED										
Balance at 1 July 2010	78,061	27,595	153	4,922	587	466	53	140	232,443	344,420
Additions	-	85	115	1,455	348	64	-	-	-	2,067
Disposals	-	-	-	(19)	-	-	-	-	-	(19)
Depreciation and Amortisation (Note 4)	-	(1,363)	(39)	(1,605)	(469)	(47)	(10)	-	(10,723)	(14,256)
Balance at 1 July 2011	78,061	26,317	229	4,754	466	483	43	140	221,722	332,215
Additions	-	25	38	2,217	287	91	-	31	-	2,689
Disposals	-	-	-	(30)	-	-	(6)	-	-	(36)
Depreciation and Amortisation (Note 4)	-	(1,235)	(46)	(1,495)	(292)	(55)	(7)	-	(10,665)	(13,795)
Balance at 30 June 2012	78,061	25,107	221	5,446	461	519	30	171	211,057	321,073

Land and Buildings and Leased Assets Carried at Valuation

An independent valuation of the Royal Women's Hospital's land and buildings and leased buildings was performed by the Valuer-General Victoria to determine the fair value of the land and buildings. 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 2009.

In compliance with FRD 103D, in the year ended 30 June 2012, Royal Women's Hospital's management conducted an annual assessment of the fair value of land and buildings and leased buildings. To facilitate this, management obtained from the Department of Treasury and Finance the Valuer General Victoria indices for March 2012 and applied these indices to the individual assets' 2009 valuation. The indexed value was then compared to individual assets written down book value as at 30 June 2012 to determine the change in their fair values. There was no material financial impact on change in fair value of land and buildings and leased buildings.

The properties at the Carlton site have been revalued on the basis that they will have a useful life of 50 years. Although the Hospital has not entered into commitments with respect to disposal of any of these properties, the Board resolved in September 2010 that nominated assets are no longer required for use by the Royal Women's Hospital. As such the Hospital is proceeding with the transfer of these nominated assets to the Department of Health. It is anticipated that properties selected for disposal will be sold as is and no restoration or demolition costs are contemplated by the Hospital.

In July 2011, the Hospital was advised by the Department of Health that one of the assets no longer required for use by the Royal Women's Hospital, has been sold for \$4.88 million. Settlement of this property is expected to occur in December 2012. This amount is expected to be deducted from the \$61.4 million contribution required of the Hospital, reducing the contribution to \$56.5 million. Refer to Note 21.

NOTE 12: INTANGIBLE ASSETS

	PARENT ENTITY 2012 \$'000	PARENT ENTITY 2011 \$'000	CONSOL'D 2012 \$'000	CONSOL'D 2011 \$'000
Software	4,240	4,076	4,267	4,103
Less Accumulated Amortisation	(3,707)	(3,100)	(3,734)	(3,120)
	533	976	533	983
Revenue Rights Parkville Car Park	24,490	24,490	24,490	24,490
Less Accumulated Amortisation	(3,918)	(2,939)	(3,918)	(2,939)
	20,572	21,551	20,572	21,551
Total Intangible Assets	21,105	22,527	21,105	22,534

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

	SOFTWARE \$'000	REVENUE RIGHTS PARKVILLE CAR PARK \$'000	TOTAL \$'000
PARENT			
Balance at 1 July 2010	1,572	22,530	24,102
Additions	145	-	145
Amortisation (Note 4)	(742)	(979)	(1,720)
Balance at 1 July 2011	976	21,551	22,527
Additions	164	-	164
Amortisation (Note 4)	(607)	(979)	(1,586)
Balance at 30 June 2012	533	20,572	21,105
CONSOLIDATED			
Balance at 1 July 2010	1,588	22,530	24,118
Additions	145	-	145
Amortisation (Note 4)	(749)	(979)	(1,728)
Balance at 1 July 2011	983	21,551	22,534
Additions	164	-	164
Amortisation (Note 4)	(614)	(979)	(1,593)
Balance at 30 June 2012	533	20,572	21,105

NOTE 13: PAYABLES

	PARENT ENTITY 2012 \$'000	PARENT ENTITY 2011 \$'000	CONSOL'D 2012 \$'000	CONSOL'D 2011 \$'000
CURRENT				
Contractual				
Trade Creditors	11,372	10,986	11,372	10,986
Accrued Expenses	1,810	1,739	1,863	1,769
Deposits	11	9	11	9
Revenue in Advance	81	364	81	435
Total Current	13,274	13,098	13,327	13,199
Total Payables	13,274	13,098	13,327	13,199

(a) Maturity analysis of payables

Please refer to Note 19(c) for the ageing analysis of contractual payables.

(b) Nature and extent of risk arising from payables

Please refer to Note 19(c) for the nature and extent of risks arising from contractual payables.

NOTE 14: BORROWINGS

	PARENT ENTITY 2012 \$'000	PARENT ENTITY 2011 \$'000	CONSOL'D 2012 \$'000	CONSOL'D 2011 \$'000
CURRENT				
Finance Lease Liability *	3,610	3,282	3,610	3,282
Loan From Treasury Corporation Victoria	506	473	506	473
Total Borrowings	4,116	3,755	4,116	3,755
Total Current Borrowings	4,116	3,755	4,116	3,755
NON CURRENT				
Finance Lease Liability *	234,447	238,057	234,447	238,057
Loan From Treasury Corporation Victoria	22,361	22,867	22,361	22,867
Total Borrowings	256,808	260,924	256,808	260,924
Total Non-Current Borrowings	256,808	260,924	256,808	260,924
Total Borrowings	260,924	264,679	260,924	264,679

(a) Maturity analysis of borrowings

Please refer to Note 19(c) for the ageing analysis of borrowings.

(b) Nature and extent of risk arising from borrowings

Please refer to Note 19(c) for the nature and extent of risks arising from borrowings.

(c) Defaults and breaches

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

* (d) Finance Lease Repayments

	PARENT ENTITY 2012 \$'000	PARENT ENTITY 2011 \$'000	CONSOL'D 2012 \$'000	CONSOL'D 2011 \$'000
FINANCE LEASES				
Repayments in relation to finance leases are payable as follows:				
Not later than one year	23,689	23,425	23,689	23,425
Later than 1 year and not later than 5 years	97,907	96,410	97,907	96,410
Later than 5 years	456,093	481,278	456,093	481,278
Minimum lease payments	577,689	601,113	577,689	601,113
Less future finance charges	(339,632)	(359,774)	(339,632)	(359,774)
Total	238,057	241,339	238,057	241,339

The weighted average interest rate implicit in the finance lease is 8.80%.

The State of Victoria is obliged to fund Monthly Service Payments due under the Project Agreement for the life of that Agreement, a period of up to 25 years. The Royal Women's Hospital expects that it will continue to operate and control the hospital at the expiry of the lease. The building has been componentised into 4 major asset classes, of which their estimated useful lives are between 23 to 52 years.

NOTE 15: PROVISIONS

	PARENT ENTITY 2012 \$'000	PARENT ENTITY 2011 \$'000	CONSOL'D 2012 \$'000	CONSOL'D 2011 \$'000
CURRENT PROVISIONS				
Employee Benefits				
- unconditional and expected to be settled within 12 months (nominal value)	12,683	10,154	12,725	10,174
- unconditional and expected to be settled after 12 months (present value)	13,487	12,382	13,491	12,383
	26,170	22,536	26,216	22,557
Provisions related to Employee Benefit On-Costs				
Unconditional and expected to be settled within 12 months (nominal value)	841	837	845	838
Unconditional and expected to be settled after 12 months (present value)	1,555	1,564	1,555	1,564
	2,396	2,401	2,400	2,402
Total Current Provisions	28,566	24,937	28,616	24,959
NON-CURRENT PROVISIONS				
Employee Benefits	4,326	4,266	4,331	4,272
Provisions related to Employee Benefit On-Costs	515	388	515	388
Total Non Current Provisions	4,841	4,654	4,846	4,660
Total Provisions	33,407	29,591	33,462	29,619
(a) Employee Benefits and Related On-Costs				
CURRENT EMPLOYEE BENEFITS AND RELATED ON-COSTS				
Unconditional long service leave entitlements	13,065	12,518	13,088	12,518
Annual leave entitlements	10,527	9,578	10,543	9,590
Accrued wages and salaries	4,665	2,520	4,675	2,529
Accrued days off	309	321	310	322
Non Current Employee Benefits and Related On-Costs				
Conditional long service leave entitlements (present value)	4,841	4,654	4,846	4,660
Total Employee Benefits And Related On-Costs	33,407	29,591	33,462	29,619
(b) Movement in Provisions				
MOVEMENT IN LONG SERVICE LEAVE:				
Balance at start of year	17,172	16,913	17,178	16,919
Provision made during the year				
- Revaluations	339	(13)	339	(13)
- Expense recognising employee service	2,092	2,155	2,116	2,155
Settlement made during the year	(1,697)	(1,883)	(1,699)	(1,883)
Balance at end of year	17,906	17,172	17,934	17,178

NOTE 16: OTHER LIABILITIES

	PARENT ENTITY 2012 \$'000	PARENT ENTITY 2011 \$'000	CONSOL'D 2012 \$'000	CONSOL'D 2011 \$'000
CURRENT				
Monies Held in Trust				
- Other Monies Held in Trust *	416	611	416	611
Total Current	416	611	416	611
Total Other Liabilities	416	611	416	611
* Total Monies Held in Trust				
Represented by the following assets:				
Cash and Cash Equivalents (Note 6)	416	611	416	611
Total	416	611	416	611

NOTE 17: EQUITY

	PARENT ENTITY 2012 \$'000	PARENT ENTITY 2011 \$'000	CONSOL'D 2012 \$'000	CONSOL'D 2011 \$'000
(a) Surpluses				
Property, Plant and Equipment Revaluation Surplus ¹				
Balance at the beginning of the reporting period	25,166	25,166	25,166	25,166
Balance at the end of the reporting period *	25,166	25,166	25,166	25,166
* Represented by:				
Land	17,744	17,744	17,744	17,744
Leased Building	7,422	7,422	7,422	7,422
	25,166	25,166	25,166	25,166
Financial Assets Available-for-Sale Revaluation Surplus ²				
Balance at the beginning of the reporting period	621	486	795	606
Valuation gain/(loss) recognised	(737)	173	(829)	221
Cumulative (gain)/loss transferred to Comprehensive Operating Statement on sale of financial assets	153	(38)	153	(38)
Cumulative loss transferred to Comprehensive Operating Statement on impairment of financial assets	-	-	6	6
Balance at end of the reporting period	37	621	125	795
General Purpose Surplus				
Balance at the beginning of the reporting period	31,704	26,527	31,704	26,527
Transfer from/(to) Accumulated Surplus/Deficit	5,383	5,177	5,383	5,177
Balance at the end of the reporting period	37,087	31,704	37,087	31,704
Restricted Specific Purpose Surplus				
Balance at the beginning of the reporting period	8,625	9,191	9,209	9,820
Transfer from/(to) Accumulated Surplus/Deficit	278	(566)	233	(611)
Balance at the end of the reporting period	8,903	8,625	9,442	9,209
Total Surpluses	71,193	66,116	71,820	66,874
(b) Contributed Capital				
Balance at the beginning of the reporting period	91,107	91,107	91,107	91,107
Balance at the end of the reporting period	91,107	91,107	91,107	91,107
(c) Accumulated Surpluses/(Deficits)				
Balance at the beginning of the reporting period	(91,467)	(75,003)	(90,745)	(74,221)
Net Result for the Year	(10,660)	(11,853)	(10,344)	(11,958)
Transfers from/(to) General Purpose Surplus	(5,383)	(5,177)	(5,383)	(5,177)
Transfers from/(to) Restricted Specific Purpose Surplus	(278)	566	(233)	611
Balance at the end of the reporting period	(107,788)	(91,467)	(106,705)	(90,745)
(d) Total Equity at end of financial year	54,512	65,756	56,222	67,236

1 Property, Plant and Equipment Revaluation Surplus arises on the revaluation of Property, Plant and Equipment.

2 The financial assets available-for-sale revaluation surplus arises on the revaluation of available-for-sale financial assets.

Where a revalued financial asset is sold, that portion of the reserve which relates to the financial asset is effectively realised and is recognised in the Comprehensive Operating Statement. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in the Comprehensive Operating Statement.

**NOTE 18: RECONCILIATION OF NET RESULT FOR THE YEAR
TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**

	PARENT ENTITY 2012 \$'000	PARENT ENTITY 2011 \$'000	CONSOL'D 2012 \$'000	CONSOL'D 2011 \$'000
NET RESULT FOR THE YEAR	(10,660)	(11,853)	(10,344)	(11,958)
Depreciation and Amortisation	15,379	15,975	15,389	15,985
Impairment of Financial Assets	-	-	6	6
Net movement in Finance Lease *	(3,282)	(2,969)	(3,282)	(2,969)
Provision for Doubtful Debts	42	(34)	42	(34)
Management Fees for Managed Investments	-	-	5	5
Change in Inventories	(18)	69	(18)	69
Assets Received Free of Charge	-	(25)	-	(25)
Resources Received Free of Charge	-	-	(42)	-
Resources Provided Free of Charge	-	-	42	-
Net (Gain)/Loss from Disposal of Non Financial Physical Assets	23	1	23	1
Net (Gain)/Loss from Disposal of Financial Assets	153	(38)	153	(38)
Income from Managed Funds Reinvested	(551)	(508)	(572)	(524)
Change in Operating Assets & Liabilities				
- (Increase)/Decrease in Receivables	(1,357)	(1,139)	(1,528)	(1,045)
- (Increase)/Decrease in Prepayments	26	(40)	55	(73)
- Increase/(Decrease) in Payables	176	(1,192)	129	(1,149)
- Increase/(Decrease) in Provisions	3,816	1,095	3,843	1,100
Net Cash Inflow/(Outflow) From Operating Activities	3,747	(658)	3,901	(649)

* Funded and payments made by the Department of Health to RW Health Partnership Pty Ltd.

NOTE 19: FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Royal Women's Hospital principal financial instruments comprise:

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

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

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

Categorisation of financial instruments

	CONSOL'D CARRYING AMOUNT 2012 \$'000	CONSOL'D CARRYING AMOUNT 2011 \$'000
FINANCIAL ASSETS		
Cash and Cash Equivalents	2,372	1,981
Loans and Receivables	5,868	4,692
Financial Assets Available-for-Sale	9,490	9,752
Total Financial Assetsⁱ	17,730	16,425
FINANCIAL LIABILITIES		
At Amortised Cost	274,667	278,489
Total Financial Liabilitiesⁱ	274,667	278,489

i The carrying amount excludes statutory receivables (i.e. GST receivable and DH receivables) and statutory payables (i.e. GST payable).

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

	CONSOL'D NET HOLDING GAIN/(LOSS) 2012 \$'000	CONSOL'D NET HOLDING GAIN/(LOSS) 2011 \$'000
FINANCIAL ASSETS		
Cash and Cash Equivalents	130	116
Financial Assets Available-for-Sale at fair value through Comprehensive Operating Statement	449	589
Total Financial Assetsⁱⁱ	579	705
FINANCIAL LIABILITIES		
At Amortised Cost	22,618	22,831
Total Financial Liabilitiesⁱⁱⁱ	22,618	22,831

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

iii For financial liabilities measure at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost.

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

(b) Credit Risk

Credit risk arises from the contractual financial assets of the Royal Women's Hospital, which comprise cash and cash equivalents, non-statutory receivables and financial assets available-for-Sale. The Royal Women's Hospital's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Royal Women's Hospital. Credit risk is measured at fair value and is monitored on a regular basis.

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

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

- for patient receivables validity checks are performed to verify patients prior to commencing treatment
- for certain patients deposits are required in advance of treatment
- for non-patient receivables other checks are performed prior to delivering services
- an ageing analysis of all receivables is performed on a monthly basis and this is reviewed by management
- payment terms are 30 days for the Department of Health and large corporate clients, 7 days for all others
- debt collection policies and procedures, including use of debt collection agency after 90 days.

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

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Royal Women's Hospital will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments and debts which are more than 60 days overdue.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents the Royal Women's Hospital's maximum exposure to credit risk without taking account of the value of any collateral obtained.

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

	FINANCIAL INSTITUTIONS (AA – CREDIT RATING) \$'000	FINANCIAL INSTITUTIONS (AA CREDIT RATING) \$'000	GOVERNMENT AGENCIES (AAA CREDIT RATING) \$'000	TOTAL \$'000
2012				
FINANCIAL ASSETS				
Cash and Cash Equivalents	2,372	-	-	2,372
Financial Assets Available-for-Sale ⁱ	-	-	8,387	8,387
Total Financial Assets ⁱⁱ	2,372	-	8,387	10,759
2011				
FINANCIAL ASSETS				
Cash and Cash Equivalents	-	1,981	-	1,981
Financial Assets Available-for-Sale ⁱ	-	-	8,573	8,573
Total Financial Assets ⁱⁱ	-	1,981	8,573	10,554

ⁱ Excludes financial assets available-for-sale held by the Royal Women's Hospital Foundation. The Royal Women's Hospital Foundation currently hold investments in managed funds and equities listed on the Australian Stock Exchange, which are in line with investment guidelines for the philanthropic sector. The Royal Women's Hospital Foundation Board is in the process of reviewing its investment policy and objectives to ensure robust management and performance of these investments, in accordance with acceptable parameters.

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

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

(b) Credit Risk (continued)

Ageing analysis of financial asset as at 30 June

	CONSOL'D CARRYING AMOUNT \$'000	NOT PAST DUE AND NOT IMPAIRED \$'000	PAST DUE BUT NOT IMPAIRED				IMPAIRED FINANCIAL ASSETS \$'000
			LESS THAN 1 MONTH \$'000	1-3 MONTHS \$'000	3 MONTHS- 1 YEAR \$'000	1-5 YEARS \$'000	
2012							
FINANCIAL ASSETS							
Cash and Cash Equivalents	2,372	2,372	-	-	-	-	-
Receivables							
- Trade Debtors	2,227	1,145	489	254	339	-	-
- Patient Fees	1,708	1,109	330	162	107	-	-
- Other Receivables	1,933	1,933	-	-	-	-	-
Financial Assets Available-for-Sale	9,490	9,490	-	-	-	-	-
Total Financial Assets	17,730	16,049	819	416	446	-	-
2011							
FINANCIAL ASSETS							
Cash and Cash Equivalents	1,981	1,981	-	-	-	-	-
Receivables							
- Trade Debtors	1,915	1,443	311	103	58	-	-
- Patient Fees	868	534	226	46	62	-	-
- Other Receivables	1,909	1,909	-	-	-	-	-
Financial Assets Available-for-Sale	9,752	9,752	-	-	-	-	-
Total Financial Assets	16,425	15,619	537	149	120	-	-

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

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

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

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity Risk

Liquidity risk arises from the Royal Women's Hospital being unable to meet financial obligations as and when they fall due.

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

The Royal Women's Hospital manages its liquidity risk by:

Cash flow Forecast

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

Cash Advances from the Department of Health

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

Withdrawal of Investments

Withdrawal of investments can be made on short notice to meet outflows that are outside the Department of Health funding or not part of the current years budget.

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

Maturity analysis of financial liabilities as at 30 June

	CONSOLID'D CARRYING AMOUNT \$'000	CONTRACTUAL CASH FLOWS \$'000	MATURITY DATES					
			LESS THAN 1 MONTH \$'000	1-3 MONTHS \$'000	3 MONTHS- 1 YEAR \$'000	1-5 YEARS \$'000	OVER 5 YEARS \$'000	
2012								
FINANCIAL LIABILITIES								
Trade Payables	11,372	11,372	5,238	5,075	1,059	-	-	
Other Payables	1,955	1,955	435	1,217	303	-	-	
Borrowings	260,924	260,924	334	666	3,116	20,964	235,844	
Other Financial Liabilities	416	416	-	416	-	-	-	
Total Financial Liabilities	274,667	274,667	6,007	7,374	4,478	20,964	235,844	
2011								
FINANCIAL LIABILITIES								
Trade Payables	10,986	10,986	5,246	4,618	1,122	-	-	
Other Payables	2,213	2,213	550	1,147	516	-	-	
Borrowings	264,679	264,679	304	606	2,845	19,079	241,845	
Other Financial Liabilities	611	611	-	611	-	-	-	
Total Financial Liabilities	278,489	278,489	6,100	6,982	4,483	19,079	241,845	

PPP Arrangement

In relation to the PPP arrangement, although the hospital has assumed the finance assets and liabilities in its accounts, the payments to the private provider are being made directly by the Department of Health 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.

Ageing analysis of financial liabilities excludes statutory financial liabilities (i.e. GST payable).

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

(d) Market Risk

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

Interest Rate Risk

The Hospital's exposure to interest rate risk and effected weighted average interest rate by maturity periods is set out in the above table in Note 19(b) for credit risk and Note 19(c) for liquidity risk. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements. Exposure arises predominantly from cash holdings at variable interest rates.

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

Other Price Risk (Investments)

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

Investment Committee Role

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

Investment Objectives

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

- Structure investments to be in a position to meet the hospitals short term capital needs;
- Grow the investments over time to fund non-operational requirements (e.g. capital and research);
- Comply with relevant legislative requirements applicable to government agencies; and
- Invest in a prudent manner that diversifies the spread of risk whilst maximising the potential for capital appreciation and income.

In mid-2011, the Investment Committee working with VFMC, reviewed the hospital's investment objectives and recommended a restructure of the hospital's investment portfolio. The recommendation was approved by the Board and a revised portfolio was implemented in August 2011.

Role of Victorian Funds Management Corporation

The role of Victorian Funds Management Corporation is to:

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

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

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

Role of approved Fund Managers

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

Monthly Performance report (Performance v Benchmarks/investment objectives)

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

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

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

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

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

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

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

(d) Market Risk (continued)

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

	* WEIGHTED AVERAGE EFFECTIVE INTEREST RATES (%)	CONSOL'D CARRYING AMOUNT \$'000	INTEREST RATE EXPOSURE		
			FIXED INTEREST RATE \$'000	VARIABLE INTEREST RATE \$'000	NON INTEREST BEARING \$'000
2012					
FINANCIAL ASSETS					
Cash and Cash Equivalents	3.04	2,372	-	1,942	430
Receivables					
- Trade Debtors		2,227	-	-	2,227
- Patient Fees		1,708	-	-	1,708
- Other Receivables		1,933	-	-	1,933
- Financial Assets Available-for-Sale	4.09	9,490	446	-	9,044
		17,730	446	1,942	15,342
FINANCIAL LIABILITIES					
Trade Payables		11,372	-	-	11,372
Other Payables		1,955	-	-	1,955
Borrowings	8.61	260,924	260,924	-	-
Other Financial Liabilities		416	-	-	416
		274,667	260,924	-	13,743
2011					
FINANCIAL ASSETS					
Cash and Cash Equivalents	8.76	1,981	-	1,358	623
Receivables					
- Trade Debtors		1,915	-	-	1,915
- Patient Fees		868	-	-	868
- Other Receivables		1,909	-	-	1,909
- Financial Assets Available-for-Sale	5.37	9,752	247	-	9,505
		16,425	247	1,358	14,820
FINANCIAL LIABILITIES					
Trade Payables		10,986	-	-	10,986
Other Payables		2,213	-	-	2,213
Borrowings	8.57	264,679	264,679	-	-
Other Financial Liabilities		611	-	-	611
		278,489	264,679	-	13,810

* Weighted average effective interest rates for each class of assets.

The carrying amount exclude statutory financial assets and liabilities (i.e. GST receivable, DH receivables and GST payable).

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

(d) Market Risk (continued)

Sensitivity Disclosure Analysis

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

- A parallel shift of +1.5% and -1% in market interest rates (AUD)
- A parallel shift of +20% and -20% in managed investment fund prices.

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

	CONSOLID'D CARRYING AMOUNT \$'000	INTEREST RATE RISK				OTHER PRICE RISK			
		-1%		+1.5%		-20%		+20%	
		PROFIT \$'000	EQUITY \$'000	PROFIT \$'000	EQUITY \$'000	PROFIT \$'000	EQUITY \$'000	PROFIT \$'000	EQUITY \$'000
2012									
FINANCIAL ASSETS									
Cash and Cash Equivalents ⁱ	2,372	(19)	(19)	29	29	-	-	-	-
Financial Assets Available-for-Sale	9,490	-	-	-	-	-	(1,853)	-	1,853

	CONSOLID'D CARRYING AMOUNT \$'000	INTEREST RATE RISK				OTHER PRICE RISK			
		-1%		+1%		-12%		+12%	
		PROFIT \$'000	EQUITY \$'000	PROFIT \$'000	EQUITY \$'000	PROFIT \$'000	EQUITY \$'000	PROFIT \$'000	EQUITY \$'000
2011									
FINANCIAL ASSETS									
Cash and Cash Equivalents ⁱ	1,981	(20)	(20)	20	20	-	-	-	-
Financial Assets Available-for-Sale	9,752	-	-	-	-	-	(1,170)	-	1,170

i e.g.: Sensitivity of cash and cash equivalents to a +1.50% movement in interest rates. Similar for a -1.00% movement in interest rate.

Impact is calculated using the following formula:

$(\text{Carrying value} * \text{current Weighted Average Interest Rate} + \% \text{ Movement Interest Rate}) - (\text{Carrying value} * \text{current Weighted Average Interest Rate})$

FINANCIAL LIABILITIES

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

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair Value

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

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

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

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

Comparison between carrying amount and fair value

	CONSOL'D CARRYING AMOUNT 2012 \$'000	FAIR VALUE 2012 \$'000	CONSOL'D CARRYING AMOUNT 2011 \$'000	FAIR VALUE 2011 \$'000
FINANCIAL ASSETS				
Cash and Cash Equivalents	2,372	2,372	1,981	1,981
Receivables				
- Trade Debtors	2,227	2,227	1,915	1,915
- Patient Fees	1,708	1,708	868	868
- Other Receivables ⁱ	1,933	1,933	1,909	1,909
Financial Assets Available-for-Sale	9,490	9,490	9,752	9,752
Total Financial Assets	17,730	17,730	16,425	16,425
FINANCIAL LIABILITIES				
Payables	11,372	11,372	10,986	10,986
Other Payables ⁱ	1,955	1,955	2,213	2,213
Interest Bearing Liabilities	260,924	260,924	264,679	264,679
Other Financial Liabilities	416	416	611	611
Total Financial Liabilities	274,667	274,667	278,489	278,489

i The carrying amount exclude statutory financial assets and liabilities (i.e. GST receivable, DH receivables and GST payable).

Financial assets measured at fair value

	CONSOL'D CARRYING AMOUNT 2012 \$'000	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:		
		LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000
2012				
FINANCIAL ASSETS				
Available-for-Sale Financial Assets				
- Managed Investment Schemes	8,849	-	8,849	-
- Australian Listed Equity Schemes	641	641	-	-
Total Financial Assets	9,490	641	8,849	-
2011				
FINANCIAL ASSETS				
Financial Assets Available-for-Sale				
- Managed Investment Schemes	9,037	-	9,037	-
- Australian Listed Equity Schemes	715	715	-	-
Total Financial Assets	9,752	715	9,037	-

NOTE 20: COMMITMENTS

	PARENT ENTITY 2012 \$'000	PARENT ENTITY 2011 \$'000	CONSOL'D 2012 \$'000	CONSOL'D 2011 \$'000
CAPITAL EXPENDITURE COMMITMENTS				
Plant and Equipment	492	459	492	459
Intangibles – Software	-	98	-	98
Total	492	557	492	557
Plant and Equipment				
Payable:				
Not later than one year	492	459	492	459
Total	492	459	492	459
Intangibles – Software				
Payable:				
Not later than one year	-	98	-	98
Total	-	98	-	98
PUBLIC PRIVATE PARTNERSHIP COMMITMENTS *				
Facilities Management	361,640	386,802	361,640	386,802
Asset Replacement	39,219	27,183	39,219	27,183
Total	400,859	413,985	400,859	413,985
Facilities Management *				
Payable:				
Not later than one year	12,468	11,932	12,468	11,932
Later than 1 year and not later than 5 years	51,558	54,847	51,558	54,847
Later than 5 years	297,614	320,023	297,614	320,023
Total	361,640	386,802	361,640	386,802
Asset Replacement *				
Payable:				
Not later than one year	374	1,194	374	1,194
Later than 1 year and not later than 5 years	9,794	1,317	9,794	1,317
Later than 5 years	29,051	24,672	29,051	24,672
Total	39,219	27,183	39,219	27,183

* All amounts shown are exempt from GST.

NOTE 20: COMMITMENTS (CONTINUED)

	PARENT ENTITY 2012 \$'000	PARENT ENTITY 2011 \$'000	CONSOL'D 2012 \$'000	CONSOL'D 2011 \$'000
LEASE COMMITMENTS				
Commitments in relation to leases contracted for at the reporting date:				
Operating Leases	2,364	2,928	2,364	2,928
Total Lease Commitments	2,364	2,928	2,364	2,928
Operating Leases				
Payable as follows:				
Cancellable				
Not later than one year	1,250	1,311	1,250	1,311
Later than 1 year and not later than 5 years	1,114	1,617	1,114	1,617
Total	2,364	2,928	2,364	2,928
Total Commitments for Expenditure (inclusive of GST)	403,715	417,470	403,715	417,470
Less GST recoverable from the Australian Tax Office	(2,597)	(3,168)	(2,597)	(3,168)
Total Commitments for Expenditure (exclusive of GST)	401,118	414,302	401,118	414,302

Basis for calculation of Contingent Rental on Finance Lease

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

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

The value of the contingent rental recognised as an expense in the operating statement for the period 2011/12 is \$1.942 million (2010/11: \$1.701 million).

LEASE RECEIVABLE COMMITMENTS				
Commitments in relation to leases receivable are as follows:				
Not later than one year	2,575	2,041	2,575	2,041
Later than 1 year and not later than 5 years	8,995	8,659	8,995	8,659
Later than 5 years	1,545	3,865	1,545	3,865
Total	13,115	14,565	13,115	14,565
Total Receivable Commitments (inclusive of GST)	13,115	14,565	13,115	14,565
Less GST payable to the Australian Tax Office	(1,192)	(1,324)	(1,192)	(1,324)
Total Receivable commitments (exclusive of GST)	11,923	13,241	11,923	13,241

NOTE 21: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

	PARENT ENTITY 2012 \$'000	PARENT ENTITY 2011 \$'000	CONSOL'D 2012 \$'000	CONSOL'D 2011 \$'000
CONTINGENT LIABILITIES				
Quantifiable				
Contribution to Parkville facility	61,400	61,400	61,400	61,400
Total Quantifiable Liabilities	61,400	61,400	61,400	61,400

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 Partnerships Pty Ltd. The Hospital has recognised the Leased Assets (Note 11) and associated Borrowings (Note 14). The State of Victoria has an expectation that the Royal Women's Hospital will contribute \$61.4M (in cash or in kind) from the disposal of properties at the Carlton site to the cost of constructing the Parkville facility. Settlement of the contingent liability is dependent upon the timing and manner of the disposal of certain properties at the Carlton Site. Although the Hospital has not entered into commitments with respect of disposal of any of these properties, the Board resolved in September 2010 that nominated assets are no longer required for use by the Royal Women's Hospital. As such the Hospital is proceeding with the transfer of these nominated assets to the Department of Health.

In July 2011, the Hospital was advised by the Department of Health that one of the assets no longer required for use by the Royal Women's Hospital, has been sold for \$4.88 million. This amount is expected to be deducted from the \$61.4 million contribution required of the hospital, reducing the contribution to \$56.5 million, with settlement of this property expected to occur in December 2012.

There were no contingent assets for the Royal Women's Hospital or its Controlled Entities as at 30 June 2012 (2010/11: Nil).

NOTE 22: JOINTLY CONTROLLED OPERATIONS AND ASSETS

NAME OF ENTITY	PRINCIPAL ACTIVITY	OWNERSHIP INTEREST	
		2012 %	2011 %
Victorian Comprehensive Cancer Centre	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.	12.50	14.29

On the 22nd of August 2011 the Member Entities agreed (and confirmed by the Board of Victorian CCC Limited on 24th August 2011) to admit the following organisation as a Member Entity of the Joint Venture with effect from 1 July 2011:

– Western Health

On the 26th of October 2011 the Member Entities agreed (and confirmed by the Board of Victorian CCC Limited) to admit the following organisation as a Member Entity of the Joint Venture with effect from 1 July 2011:

– St Vincent's Hospital Melbourne

The Ludwig Institute of Cancer Research withdrew as a Member Entity of the Joint Venture with effect from 1 March 2012.

The Royal Women's Hospital interest in assets employed in the above jointly controlled operations and assets is detailed below.

The amounts are included in the financial statements and consolidated financial statements under their respective asset categories:

	2012 \$'000 *	2011 \$'000 *
CURRENT ASSETS		
Cash and Cash Equivalents	152	84
Receivables	35	4
Prepayments	3	-
Total Current Assets	190	88
NON CURRENT ASSETS		
Prepayments	-	4
Property, Plant and Equipment	5	5
Total Non Current Assets	5	9
Total Assets	195	97
CURRENT LIABILITIES		
Payables	21	16
Accrued Expenses	23	6
Revenue in Advance	29	-
Total Current Liabilities	73	22
NON CURRENT LIABILITIES		
Provisions	3	-
Total Non Current Liabilities	3	-
Total Liabilities	76	22
Net Assets	119	75
EQUITY		
Accumulated Surpluses/(Deficits)	119	75
Total Equity	119	75

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

NOTE 22: JOINTLY CONTROLLED OPERATIONS AND ASSETS (CONTINUED)

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

	2012 \$'000 *	2011 \$'000 *
REVENUE		
Contributions from Members Entities	173	86
Contributions from Department of Health	211	114
Other Income	3	2
Interest Income	6	5
Total Revenue	393	207
EXPENSE		
Employee Benefits	139	67
Other Expenses from Continuing Operations	209	131
Depreciation and Amortisation	1	-
Total Expenses	349	198
Net Result	44	9

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

Contingent Liabilities and Capital Commitments

There are no known contingent liabilities or capital commitments at balance date.

NOTE 23A: RESPONSIBLE PERSONS DISCLOSURES

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

	PERIOD
RESPONSIBLE MINISTERS:	
Hon David Davis, MLC, Minister for Health and Ageing	01/07/2011–30/06/2012
Hon Mary Wooldridge, MP, Minister for Mental Health	01/07/2011–30/06/2012
GOVERNING BOARDS *	
Dr Rhonda Galbally AO (Chair)	01/07/2011–30/06/2012
Mr Stewart Leslie (Deputy Chair)	01/07/2011–30/06/2012
Ms Aileen Berry	01/07/2011–30/06/2012
Ms Maria Butera	01/07/2011–30/06/2012
Ms Felicity Pantelidis	01/07/2011–30/06/2012
Ms Christina Liosis	01/07/2011–30/06/2012
Dr Nicolas Radford	01/07/2011–30/06/2012
Mr Paul Slape	01/07/2011–30/06/2012
Ms Sue Zablud	01/07/2011–30/06/2012

* Ms Elleni Bereded-Samuel resigned on the 30 June 2011 but was not disclosed in the prior year annual report.

ACCOUNTABLE OFFICERS

Ms Dale Fisher (Chief Executive)	01/07/2011–30/06/2012
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Remuneration of Responsible Persons

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

INCOME BAND	PARENT ENTITY 2012 NO.	PARENT ENTITY 2011 NO.	CONSOL'D 2012 NO.	CONSOL'D 2011 NO.
\$0–\$9,999 *	1	-	1	-
\$10,000–\$19,999	8	8	8	8
\$40,000–\$49,999	1	1	1	1
\$340,000–\$349,999	-	1	-	1
\$380,000–\$389,999	1	-	1	-
Total Numbers	11	10	11	10
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	\$597,160	\$577,952	\$597,160	\$577,952

Amounts relating to Responsible Ministers are reported in the financial statements of the Department of Premier and Cabinet.

* Parent position includes the former Board member who resigned on 30 June 2011 but received payment in current financial year.

* Consolidated position includes four Directors of the Royal Women's Hospital Foundation (RWHF) who are also Directors of the Royal Women's Hospital. These Directors are not paid for their services to the Foundation.

Other Transactions of Responsible Persons and their Related Parties

A Director of the Royal Women's Hospital, Ms Aileen Berry is Corporate Communication Manager for News Custom Publishing, a division of Herald and Weekly Times Pty Ltd (HWT). HWT did not render any services to the Royal Women's Hospital (2011:\$Nil).

NOTE 23A: RESPONSIBLE PERSONS DISCLOSURES (CONTINUED)

Controlled Entities Related Party Transactions

The Royal Women's Hospital Foundation

The Chief Executive of the Royal Women's Hospital, Ms Dale Fisher is also a Director of the Royal Women's Hospital Foundation.

Dr Rhonda Galbally (Chair), Mr Stewart Leslie (Deputy Chair) and Ms Felicity Pantelidis are Directors of the Royal Women's Hospital and the Royal Women's Hospital Foundation.

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

The transactions between the two entities relates 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.

	PARENT 2012 \$'000	PARENT 2011 \$'000
Distribution of funds by the Royal Women's Hospital Foundation	1,135,887	1,619,105
Intercompany receivable at 30 June	32,927	230,732

NOTE 23B: EXECUTIVE OFFICER DISCLOSURES

Executive Officers' Remuneration

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

	PARENT				CONSOLIDATED			
	TOTAL REMUNERATION		BASE REMUNERATION		TOTAL REMUNERATION		BASE REMUNERATION	
	2012 NO.	2011 NO.	2012 NO.	2011 NO.	2012 NO.	2011 NO.	2012 NO.	2011 NO.
\$0-\$49,999	-	-	-	1	-	-	-	1
\$50,000-\$59,999	-	1	-	-	-	1	-	-
\$80,000-\$89,999	1	-	1	-	1	-	1	-
\$90,000-\$99,999 *	-	-	1	-	-	-	1	-
\$150,000-\$159,999	-	-	-	1	-	-	-	1
\$160,000-\$169,999	-	1	-	1	-	1	-	1
\$170,000-\$179,999	-	2	-	1	-	2	-	1
\$180,000-\$189,999	-	-	1	-	-	-	1	-
\$190,000-\$199,999 *	2	1	2	1	2	1	2	1
\$200,000-\$209,999	-	-	-	-	-	-	-	-
\$210,000-\$219,999	2	-	-	-	2	-	-	-
Total	5	5	5	5	5	5	5	5
Total Annualised Employee Equivalent^a	3.9	4.1	3.9	4.1	3.9	4.1	3.9	4.1
Total Remuneration	\$906,246	\$766,348	\$764,527	\$728,754	\$906,245	\$766,348	\$764,527	\$728,754

* Includes an Executive Officer who resigned during the current financial year.

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

NOTE 24: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There are no events occurring after the Balance Sheet Date.

NOTE 25: CONTROLLED ENTITIES

NAME OF ENTITY	COUNTRY OF INCORPORATION	EQUITY HOLDING
The Royal Women's Hospital Foundation Trust Fund	Australia	n/a
The Royal Women's Hospital Foundation Limited	Australia	Limited by Guarantee

CONTROLLED ENTITIES CONTRIBUTION TO THE CONSOLIDATED RESULTS NET RESULT FOR THE YEAR	2012 \$'000	2011 \$'000
The Royal Women's Hospital Foundation Trust Fund	271	(114)
The Royal Women's Hospital Foundation Limited	-	-



australian
made



carbon
neutral



mill
certified



elemental
chlorine
free



processed
chlorine
free



recycled



renewable
energy



sustainable
forest



the women's
the royal women's hospital

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