



**The Royal
Women's Hospital
Annual Report
2022**



the women's
the royal women's hospital



Acknowledgement of Traditional Owners

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

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

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

Please consider the environment before choosing to print this document.

Our Vision

Creating healthier futures
for women and babies

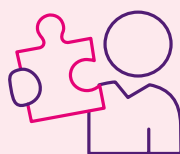
Our Strategic Directions



We provide
leading care
for women
and newborns



We partner to
create exceptional
experiences
every day



We are the best
place to work,
learn and
contribute



We lead
and partner
to influence
change

Our Declaration

We are committed to the social model of health

We care for women from all walks of life

We recognise that sex and gender affect health and healthcare

We are a voice for women's health

We seek to achieve health equity

Our Values



Courage



Passion



Discovery



Respect



Contents

Report from the Women's Board Chair and Chief Executive	4
Report of operations	8
Key financial and service performance reporting	23
Financial statements	35

Report from the Women's Board Chair and Chief Executive

Over the past 12 months, we experienced a significant shift at the Women's, as did many other health services. While we continued to respond and manage the impacts of the pandemic, we had a strong focus on getting back on track to progress our key priorities and business goals, as we continued to deliver exceptional healthcare for women and newborns.

Unsurprisingly, 'living with COVID' proved to be a challenging experience that has required us to respond and adapt to risks and pressures while continuing to progress several important strategic and operational goals. This has meant that we have had to focus on embedding our COVID measures into normal operations, ensuring we have the capacity to scale up or down in response to various pandemic waves and plan for a longer-term approach that is sustainable.

Alongside this, we returned our attention to several significant projects, including the creation of our new Social Model of Health Division, significant upgrades to our electronic medical record, completion of a major infrastructure remediation program, introduction of new workforce models, several service improvements, and the delivery of a comprehensive health and housing program for homeless pregnant women. In addition, after many months of consultation and development, we were thrilled to complete and launch our new strategic plan.

During the past year, we've asked a lot of our employees, many of whom have worked tirelessly within an environment of pandemic surges and high demand. Our staff and volunteers really are the heroes of the past 12 months as they continued to provide exceptional care, despite the ongoing COVID measures required in health services, the added complexity of the virus itself, the strain and anxiety over a prolonged period, and the impact of the pandemic on workforce numbers.

We have been buoyed by the support of the Victorian Government through a number of mechanisms, including wellbeing grants for our workforce and additional funding for COVID related initiatives. We're also encouraged by the collaborative efforts of our health service colleagues as we work together to ensure women and babies, especially those needing critical care, gain access to timely and appropriate services.

The coming year brings with it additional opportunities and challenges, including the development of new workforce support initiatives, the implementation of our new strategic plan, progression of our advocacy goals, a continued focus on delivering safe and effective care, and ensuring we are a sustainable and responsive health service.

Our vision: Creating healthier futures for women and babies

The Women's vision describes our aspirations for the future; it paves the way forward and informs the Women's declaration, values, and ultimately our strategic priorities.

During 2021-22, we actively engaged a wide variety of stakeholders to help us articulate our vision statement. This process was critically important and helped to inspire and motivate our people to achieve.

Creating healthier futures for women and babies declares our aspiration to be impactful beyond the confines of our hospital, ambitious in our pursuit of change, and deliberate in our approach to partnering with and listening to the varied and powerful voices of women.

Year in review

After many months of consultation with hundreds of patients, consumers, staff, volunteers, partners and other stakeholders, we completed and launched our new organisational plan in June. *The Women's Strategic Plan 2022-2025* is a high-level roadmap outlining how we will build on our foundations and implement change over the next three years. The key areas of focus are:

- Providing leading care for women and newborns
- Partnering to create exceptional experiences every day
- Being the best place to work, learn and contribute
- Leading and partnering to influence change

The plan was developed at the height of the pandemic and so it recognises and proactively plans for an ongoing, dynamic environment. It identifies the challenges we need to address and outlines how we will draw on our current and future resources to transform the way we operate and achieve our goals.

Providing leading care for women and newborns

Over the past year, the Women's remained committed to providing accessible, high-quality, and safe care that achieves the best possible health outcomes for women and newborns. This year, we worked to continue our development of new models of care including various hospital in the home programs and an expansion of our midwifery-led care models. Demand for midwifery-led care (where a known midwife provides antenatal, birthing and post-natal care) is extremely high and is viewed as the 'gold standard' in maternity care. We also progressed work on improving access to public fertility services in Victoria and developing solutions to meet current and future demand. Our new Social Model of Health Division, which considers the socio-economic, health and other needs of each woman, was established in July and throughout the year, we worked to bring our social and support services into the one strategic and organisational structure. In the coming year we will continue to consolidate this area and work on enhancing our capacity to deliver a comprehensive package of care for women who need it most.

Partnering to create exceptional experiences every day

Creating exceptional experiences with our patients and consumers is fundamental to the provision of leading care. During 2021-22, we commenced the development of our second Disability Action Plan, which provides a framework for how we increase access and inclusion for people with disability at our hospital. Our Senior Disability Champion continued to lead work to advance access and inclusion for patients, consumers, staff and volunteers, as did our Women's Disability Advisory Group, which includes consumers with lived experience.

We continued to engage with patients and consumers through several committees including our People, Culture and Engagement Committee, Research Committee and Consumer Advisory Committee. We encouraged participation in a number of other ways and held significant consultations related to key programs and initiatives. In 2021-22, we worked with Monash University and Safer Care Victoria on research into how we can work with patients, clinicians and stakeholders to improve shared decision making. We also made significant progress with the Parkville Health Hub patient portal introducing enhanced functionality so patients can interact with clinicians in a timely manner.

More information on how we engaged our community to address their needs is on page 26.

Being the best place to work, learn and contribute

Our people are instrumental to our success and to ensuring we continue to provide safe and high quality care. During 2021-22, we prioritised programs that support our workforce, keep them safe and help to build a positive workplace culture. Several initiatives were implemented over the past 12 months to support staff wellbeing including resilience workshops, an expansion of the Employee Assistance Program, psychological safety training, reward and recognition initiatives, and resources to help managers support their teams.

Training and professional development is critical to delivering safe and effective care as well as recruiting and retaining staff. This year, the Gandel Simulation Service at the Women's continued to work with our teams developing real-time simulation scenarios within clinical spaces. This helps to improve quality and safety, clinical and operational processes and pathways, as well improving team knowledge and experience.

More information on how we strengthened our workplace culture and people is on page 25.

Leading and partnering to influence change

Fulfilling our role as a health system leader enables more women and newborns to access leading care and exceptional experiences. This is reliant on our translational research, strong partnerships, focused advocacy and leadership approach.

This year we completed and commenced implementation of our advocacy plan, which draws on our legacy of promoting women's health and addressing systemic issues. Over the past 12 months, our areas of activity included the role of hospitals in addressing family violence, abortion access and training, public fertility services, sex and gender in research, the needs of women with disability, healthcare for First Nations women and babies, equity in healthcare access, and contemporary models of healthcare for women.

Working with our partners helped us to achieve a number of significant outcomes during 2021-22. In August, after years of collaborate effort with HousingFirst and Launch Housing, and with the support of the Victorian Government and two generous donors, we launched the Cornelia Program, a health, housing and social support initiative for pregnant women.

We had another great year in translational research. Highlights for 2021-22 included work by our Centre for Family Violence Prevention on the effectiveness of antenatal screening; new research with La Trobe University examining pregnancy and birth outcomes of women with various types of disabilities; several important neonatal studies; and the launch of The Endometriosis Longitudinal Fertility Study.

Celebrating our achievements

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

- The launch of *The Women's Strategic Plan 2022-25*, our bold, new roadmap outlining how we will achieve our goals and progress our vision over the next three years.
- A celebration with Gandel Philanthropy of the two-year anniversary of the Gandel Simulation Service. This innovative program has changed our approach to training and education, leading to real-life improvements for patients and clinicians.
- Recognition of our dedicated volunteers when the Women's Volunteer Program won the COVID Innovation Award at the 2021 Volunteering Awards at Government House.
- A celebration for National Reconciliation Week, with the launch of *The Women's Innovate Reconciliation Action Plan 2022-24*.
- Recognition of our research work, with the granting of \$10.6 million from the Medical Research Future Fund.
- The launch of the Cornelia Program, a health and housing program that aims to break the cycle of insecure housing for vulnerable women and their babies.
- An event for International Women's Day, with a fascinating online discussion exploring how sex and gender impact health and healthcare.
- Our annual Meet a Scientist virtual event, enabling hundreds of female school students to be inspired by the work of our clinicians and researchers.
- The launch of *The Women's 2020 Research Report*, which showcases the highlights of current and published research that is improving health outcomes for women and newborn babies.
- Acknowledgement of the unique contributions of our nurses and midwives, with our annual Nurses and Midwives Awards.
- Our annual Cool Topics conference, showcasing the best in neonatal research and clinical practice.

Financial results

For the year ending 30 June 2022, the Women's recorded a surplus of \$0.006 million, a deterioration on the \$6.74 million operating surplus recorded in 2020-21 (noting that the 2020-21 result excluded revenue and expenditure associated with centralised Personal Protective Equipment (PPE) and the wind-up of The Royal Women's Hospital Foundation).

During the 2021-22 financial year, the Women's Board, management and staff continued to ensure the Women's provides exceptional patient care while implementing a number of initiatives to work towards financial sustainability. Whilst there has been significant effort to deliver a balanced operational result, the increasing complexity of delivering services to women and newborns in a COVID environment has put additional pressure on the Women's operational result for 2021-22, and has played a part in the deterioration from the previous year.

Acknowledgements

We are immensely proud to lead such a strong, vibrant and innovative organisation, which includes approximately 2,500 individual staff and 95 volunteers and auxiliary members. The Women's Board and management would like to thank our staff and volunteers for their outstanding dedication and hard work and their commitment and resilience throughout the year.

Together, we cared for 75,995 patients who speak over 80 different languages and come from approximately 200 different regions across the globe. A total of 8,577 babies were born across our two campuses at Parkville and Sandringham. We provided 31,242 inpatient services and recorded 169,482 outpatient visits, of which 62 per cent were for maternity services. The Women's Emergency Centre saw over 26,309 emergency presentations. In total, we provided 227,033 episodes of care.

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

We extend our thanks to the many donors, charitable trusts, staff, alumni, patients and families who generously supported our hospital during the year. Without their support, much of what we do would not be possible.

On behalf of the Women's board and executive team, we thank each and every staff member and volunteer for their dedication and unwavering commitment to the vision and goals of the Women's.

We are very pleased to present *The Women's 2022 Annual Report*.



Ms Cath Bowtell
Chair, Board of Directors
The Royal Women's Hospital



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

Report of operations

Nature and range of services

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

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

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

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

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

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

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

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

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

The responsible Ministers during 2021-22 were:

From 1 July 2021 to 27 June 2022

The Hon. Martin Foley MP
Minister for Health
Minister for Ambulance Services
Minister for Equality

From 27 June 2022 to 30 June 2022

The Hon. Mary-Anne Thomas MP
Minister for Health
Minister for Ambulance Services

Management and governance structure

Board of Directors

The Directors serving on the Women's board during the 2021-22 reporting period were:

Ms Lyn Swinburne AO (Chair)
Ms Cath Bowtell (Deputy Chair)
Mr Michael O'Neill
Ms Helga Svendsen
Ms Mandy Frostick
Ms Naomi Johnston
Adjunct Professor Alan Lilly
Ms Rosie Batty AO
Mr Ken Parsons
Associate Professor Marie Bismark

Governing Committees

Finance and Information Technology Committee

Chair: Mr Ken Parsons

Directors: Ms Cath Bowtell, Ms Helga Svendsen

Member: Mr Peter Williams

In attendance: Professor Sue Matthews, Mr Sam Garrasi, Mr George Cozaris, Ms Lisa Lynch, Mr Eric Kochskamper

Audit and Corporate Risk Management Committee

Chair: Mr Michael O'Neill

Directors: Ms Naomi Johnston Mr Ken Parsons

In attendance: Professor Sue Matthews, Mr Sam Garrasi, Ms Lisa Lynch, Mr Damian Gibney, Mr Eric Kochskamper, Mr Frank Lo Monaco

Community Advisory Committee

Chair: Ms Naomi Johnston

Director: Ms Mandy Frostick, Ms Rosie Batty AO

Members: Ms Alison Soutar*, Ms Ivy Wang*, Ms Bronwyn Hogan*, Ms Lauren Indiveri-Clarke*, Ms Mija Gwyn*, Ms Mary Salter* (joined December 2021)

In attendance: Ms Sherri Huckstep, Ms Alix Candy

Research Committee

Chair: Associate Professor Marie Bismark

Directors: Ms Rosie Batty AO

Member: Professor Lisa McKenna, Professor David Vaux AO, Ms Margaret Lodge*

In attendance: Professor Sue Matthews, Dr Mark Garwood, Professor Peter Rogers, Dr Megan Cock

Board Quality and Safety Committee

Chair: Adjunct Professor Alan Lilly

Directors: Ms Lyn Swinburne AO, Ms Cath Bowtell, Ms Naomi Johnston, Associate Professor Marie Bismark

Members: Mr Simon Gullery* (to December 2021), Ms Amelia Jalland*, Professor Caroline Homer AO, Dr Bernadette White

In attendance: Professor Sue Matthews, Ms Lisa Lynch, Dr Mark Garwood, Ms Sherri Huckstep, Ms Laura Bignell, Ms Jenny Ryan, Ms Sandra Gates (to August 2021), Mr Damian Gibney, Ms Catherine Jones, Dr Stefan Kane (June - Dec 2021), Dr Vicki Woodward (January to June 2022), Ms Alison Smith (from February 2022)

People, Culture and Engagement Committee

Chair: Ms Mandy Frostick

Directors: Adjunct Professor Alan Lilly, Ms Helga Svendsen, Mr Michael O'Neill

Member: Ms Charlene Edwards* (to September 2021), Ms Amanda Bingham*

In attendance: Professor Sue Matthews, Ms Sherri Huckstep, Dr Mark Garwood, Ms Laura Bignell, Ms Alix Candy, Ms Robin Copeland, Ms Sandra Gates (to September 2021)

Remuneration Committee

Chair: Ms Lyn Swinburne AO

Directors: Ms Cath Bowtell, Mr Michael O'Neill

In attendance: Professor Sue Matthews

Primary Care and Population Health Committee

Chair: Ms Helga Svendsen

Directors: Adjunct Professor Alan Lilly, Associate Professor Marie Bismark

In attendance: Professor Sue Matthews, Ms Sandy Bell (to December 2021)

Philanthropy and Community Investment Committee

Chair: Ms Cath Bowtell

Directors: Ms Lyn Swinburne AO, Ms Rosie Batty AO

Members: Ms Jane Trembath, Dr Penelope Foster

In attendance: Professor Sue Matthews, Ms Tania Angelini, Mr Sam Garrasi, Mr Jason Smith

* Denotes community representative

Senior officers

Chief Executive Officer: Professor Sue Matthews

Chief Operating Officer: Ms Lisa Lynch

Executive Director, Clinical Excellence and Systems Improvement: Mr Damian Gibney

Chief Financial Officer: Mr Sam Garrasi

Chief Midwifery and Nursing Officer: Ms Laura Bignell

Chief Medical Officer: Dr Mark Garwood

Chief Communications Officer: Ms Tania Angelini

Chief Experience Officer: Ms Sherri Huckstep

Executive Director, Information Management and Technology: Mr George Cozaris

General Counsel: Ms Leanne Dillon

Executive Director, Philanthropy and Community Investment: Mr Jason Smith

Organisational chart

Chief Executive Prof Sue Matthews				
General Counsel Ms Leanne Dillon				
Chief Operating Officer Ms Lisa Lynch	Chief Medical Officer Dr Mark Garwood	Chief Financial Officer Mr Sam Garrasi	Executive Director, Information Management and Technology Mr George Cozaris	
Women's Health Services; Maternity Services; Neonatal Services; Hospital Access and After Hours Management; Allied Health and Clinical Support Services; Allied Health Education, Leadership Development and Professional Practice; Business Intelligence and Analytics; Informatics; Social Model of Health; Women's at Sandringham	Research Program; University Relationships; Medical Workforce; Medico Legal; Medical Education; Leadership Development and Professional Practice	Budget Management; Business Development; Commercial Contracts; Financial Governance and Compliance; Financial Planning, Policy and Risk Management; Payroll Services; Public Private Partnerships; Revenue Management	IMT Services; IMT Strategy; Biomedical Engineering; Health Information Services	
Chief Midwifery and Nursing Officer Ms Laura Bignell	Executive Director, Clinical Excellence and Systems Improvement Mr Damian Gibney	Chief Communications Officer Ms Tania Angelini	Chief Experience Officer Ms Sherri Huckstep	Executive Director, Philanthropy and Community Investment Mr Jason Smith
Nursing and Midwifery Education; Leadership Development and Professional Practice	Quality and Safety; Risk and Compliance; Strategy, Planning and Performance; Strategic Projects; COVID Response	External Communications; Internal Communications; Digital Communications; Reputation Management; Media and Public Affairs; Advocacy	Patient and Consumer Experience; Consumer Health Information; Consumer partnerships; Health Hub (patient portal); Patient and Visitor Services; Volunteer Program; Switchboard; Welcome Centre and Hospital Support; People Experience; Employee Relations; Health, Safety and Wellbeing; Childcare Centre; Organisational Development; Executive Office	Philanthropy and Community Investment Program; Donor Relations and Stewardship; Fundraising and Major Gifts

Note: as at 30 June 2022

Workforce information

Full Time Equivalent Employees

Labour category	Current Full Time Equivalent (FTE) Employees at June 2022		Average monthly FTE	
	2021	2022	2021	2022
Nursing and midwifery	772.0	786.2	768.3	772.2
Administration and clerical	318.0	316.6	317.6	313.9
Medical support	76.7	82.2	77.9	77.5
Hotel and allied health services	7.9	8.2	9.8	7.8
Medical officers	26.8	30.4	27.4	28.3
Hospital medical officers	130.4	135.4	133.0	132.6
Sessional clinicians	64.9	63.5	62.6	62.4
Ancillary staff (Allied health)	84.2	83.3	81.6	86.5
TOTAL	1480.9	1505.8	1478.2	1481.2

The FTE figures in the table exclude overtime and do not include contracted staff (e.g. Agency nurses, fee-for-service visiting medical officers) who are not regarded as employees for this purpose.

Employment and conduct principles

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

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

Summary of financial results

For the year ending 30 June 2022, the Women's recorded an operating loss of \$5.40 million after taking into account the impact of capital and depreciation.

The Victorian Government provides separately for depreciation costs via capital payments, in response to submissions by health services. Excluding capital payments, the Women's recorded an operating surplus of \$0.006 million (excluding revenue and expenditure associated with the centralised PPE).

Subsequent events

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

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

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

Financial information - 5 year summary	2022 \$000	2021 \$000	2020 \$000	2019 \$000	2018 \$000
Total revenue	362,282	350,021	332,381	311,478	311,560
Total expenses	(367,681)	(348,658)	(329,398)	(311,434)	(291,860)
Net result from transactions	(5,399)	1,363	2,983	44	19,700
Total other economic flows	4,725	8,553	670	1,786	12,759
Net result	(674)	9,916	3,653	1,830	32,459
Total assets	543,606	545,494	544,146	545,989	508,621
Total liabilities	(279,253)	(280,467)	(289,035)	(292,351)	(286,922)
Net assets / Total equity	264,353	265,027	255,111	253,638	221,699

	2022 \$000
Parent Net Operating Result	6
Capital purpose income	13,819
COVID State Supply Arrangements	
– State Supply items received free of charge or for nil consideration under the State Supply Arrangements	1,591
– State supply items consumed up to 30 June 2022	(1,591)
– Assets received free of charge or for nil consideration under the State Supply Arrangements	362
Expenditure for capital purpose	(1,525)
Depreciation and amortisation	(18,384)
Finance costs (other)	(23)
Net result from transactions - Joint Arrangements (excluding depreciation)	346
Net Result from Transactions	(5,399)

The net operating result is the result for which the Royal Women's Hospital is monitored in its Statement of Priorities.

Consultancies (under \$10,000)

In 2021-22 there were two consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2021-22 in relation to these consultancies is provided in the table below.

Consultant	Purpose	Start date	End date	Total approved project fee \$'000 (excluding GST)	Expenditure 2021-22 \$'000 (excluding GST)	Future expenditure \$'000 (excluding GST)
Aspire Change	Facilitation of Disability Action Plan workshop	Feb-22	Mar-22	3	3	-
Baenziger Coles Pty Ltd	Design and architectural advice	Oct-21	Dec-21	-	6	-

Consultancies (\$10,000 or greater)

In 2021-22 there were five consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2021-22 in relation to these consultancies is \$466,218 GST exclusive.

Consultant	Purpose	Start date	End date	Total approved project fee \$'000 (excluding GST)	Expenditure 2021-22 \$'000 (excluding GST)	Future expenditure \$'000 (excluding GST)
Aspex Consulting Pty Ltd	Specialist tender development	Jan-22	Jan-22	38	38	-
Deloitte Consulting Pty Limited	Allied Health program review	Oct-21	Dec-21	146	146	-
Johnstaff Projects (VIC) Pty Ltd	Asset Strategies, Land Utilisation Assessment Program and Relocation of Imaging Infrastructure	Jan-22	Mar-24	429	214	215
RMIT University	Cornelia Program evaluation	May-22	Jul-23	80	18	62
Impact Collaborative Pty Ltd	Social Model of Health review	Mar-22	Aug-22	80	51	29
				773	467	306

Information and communication technology expenditure

The total ICT expenditure incurred during 2021-22 is \$20.1 million (excluding GST) with the details shown below.

Business as usual (BAU) ICT Expenditure	Non-Business as usual (Non-BAU) ICT expenditure		
Total excluding GST	Total = Operational expenditure and Capital expenditure (excluding GST) (a) + (b)	Operational expenditure (excluding GST) (a)	Capital expenditure (excluding GST) (b)
17.27	2.88	-	2.88

Disclosure of major contracts

Nil to report for 2021-22.

Car parking fees

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

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

Occupational health and safety

The Women's is committed to providing a safe and healthy workplace. To achieve this, the hospital's Safety Management System is based on a continuous improvement model of planning, implementing, monitoring and reviewing health, safety and wellbeing related prevention, promotion and response activities.

The Women's approaches health and safety holistically including the work system factors that contribute to and acknowledge the physical and non-physical hazards (psychosocial) in the workplace.

During 2021-22, the Women's focused on key risks key risks related to manual handling, slips trips and falls, occupational violence and aggression, COVID and psychological wellbeing. Highlights include the completion of a new occupational health and safety (OHS) eLearning Module, a new OHS induction module for the Board, and an injury prevention project in high priority manual handling areas. Other achievements include: N95 fit testing of over 1,800 staff, the development of educational resources for prevention of slips, trips and falls, updates to the Chemical Management Guideline, in line with updates to the Dangerous Goods (Storage and Handling) Regulations 2012, and a review of critical departmental business continuity plans.

Manual handling

Over the past 12 months, the Women's focused on improving the clinical and non-clinical components of its manual handling program, including improvements to ergonomics, such as workstation assessments, worksite assessments, and the trial and purchase of new equipment, such as patient transferring devices. The Women's has also worked towards eliminating and reducing a number of hazardous manual handling activities including facilitating the replacement of 20 birthing beds.

Focused improvements during 2021-22 have resulted in an increase in staff completion of the Smart Move (safe patient handling) mandatory competency to 87 per cent. Manual handling related incident reporting has also increased as awareness was raised. A comparison of results from the 2020-21 and 2021-22 period shows a 37.5 per cent increase in incidents reported relating to patient handling, as well as a slight increase in lost time injuries (manual handling). The top two work areas reporting incidents were the Women's Birth Centre and operating theatres. The top causes involved awkward/prolonged postures and transferring patients. While there was close to a 40 per cent increase in manual handling incidents, there was only a 9 per cent increase in incidents requiring treatment. The OHS team are in the final stages of implementing a bespoke musculoskeletal disorder injury prevention program in 'hot spot' departments, including Birth Centre and theatres, where the hospital is in the process of acquiring new air assisted transfer devices to further reduce risk when transferring patients.

Occupational violence and aggression

The Women's occupational violence and aggression (OVA) framework includes a number of preventative and responsive hazard controls such as code grey and black procedures, behavioural emergency procedures, safety inspection checklists, behavioural contracts, controlled access and signage, fixed and portable duress alarms, education and training, and a multi-disciplinary OVA working group.

Key actions over the last 12 months to prevent and manage OVA included:

- Continued efforts to raise awareness with staff, consumers, patients and their families that violence and aggression is unacceptable and will not be tolerated.
- The development of educational videos on "breaks and escapes" techniques for staff during incidents of physical aggression.
- Reviewing and updating the Women's Occupational Violence and Aggression Framework.
- Education and training for staff, supervisors and members on the Code Grey responses.

Occupational violence statistics	2022	2021
Number of accepted WorkCover claims with an occupational violence cause per 100 FTE	0	0
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0	0
Number of occupational violence incidents reported	17	29
Number of occupational violence incidents reported per 100 FTE	1.17	1.9
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	5.88% (N=1/17)	0 (N=0)

As at 30 June 2022

Keeping our workplace safe during the COVID pandemic

During the COVID pandemic, the Women's implemented a number of risk control strategies to manage occupational risks, both physical and psychological, for staff. Controls included:

- Protecting healthcare workers by ensuring adequate and appropriate supplies of hand sanitiser and personal protective equipment (PPE)
- Implementation of air scrubbers across sites which were provided using a risk-based approach
- Providing staff with the knowledge and skills to work safely
- Providing information and training to staff on physical distancing requirements while working and socialising (eg. during lunchbreaks, meetings)
- Providing staff with safe private spaces for meal and break times
- Fit testing staff for N95 masks as part of the larger Respiratory Protection Program
- Facilitating staff and patient access to the COVID vaccines
- Partnering with the Royal Melbourne Hospital to tailor the Asymptomatic Staff COVID Surveillance Testing Program to ensure that all staff have ready access to PCR COVID testing when required

- Implementing a free RAT Kit Program across all sites for staff, students, volunteers and contractors to provide access to RAT kits for personal use
- Focusing on the wellbeing of the workforce and dealing with the sense of uncertainty caused by the pandemic
- Ensuring staff felt supported and had additional access to the Employee Assistance Program.

The Women's COVID Safe Plan is available to all staff, students, volunteers and contractors on the Staff COVID Hub. It is updated regularly to reflect changes to the Department of Health Pandemic Guidance and the Minister of Health Pandemic Orders.

Respiratory Protection Program

The Women's Respiratory Protection Program was established in August 2020 to prevent staff exposure to airborne hazards. A key component of the program is to ensure that staff have access to an appropriately sized N95 mask that has been 'fit tested' to ensure their protection.

The Women's was one of the first health services to adopt quantitative fit testing and has a dedicated Respiratory Protection Program team that ensures all relevant new staff are fit tested and existing staff are up to date. The team also ensures that PPE guidelines are in place, distributed and followed, that training is available, and that records and mask supplies are up to date.

Psychological wellbeing

The Women's Psychological Wellbeing Framework takes an integrated approach to developing and maintaining psychological wellbeing and a positive workplace culture. A broad range of initiatives were implemented over 2021-22 to support staff wellbeing including resilience workshops, an expansion of the Employee Assistance Program, psychological safety training, a new psychological wellbeing eLearning tool, and resources to help managers support their teams.

In partnership with Southwest Healthcare, the Women's was awarded a grant through the Department of Health for the Create and Sustain a Psychologically Healthy Workplace project. As part of this funding, the Women's employed a psychological wellbeing consultant and commenced implementation of its Peer Support Program. This program has a strong focus on mental health first aid training and works alongside the Respectful Workplace Behaviours Program.

The Women's continues to provide a safe and inclusive workplace for its diverse employees with significant progress against the Disability Action Plan and Aboriginal Employment Plan. Key achievements include the development of the Women's Staff Diversity and Inclusion Policy, the establishment of the Aboriginal Employment Plan working group, and the implementation of cultural awareness training, which has been made available to all staff.

Respectful workplace behaviours

The Women's Respectful Workplace Behaviours Program and associated policies, guidelines and procedures define the positive culture and behaviours expected of staff and volunteers, as well as the process for addressing incidents of zero-tolerance behaviours.

This year saw a project focussed on positive workplace culture that progressed recommendations from the Independent Facilitator trial program, funded by the Department of Health. Based on the learnings from the trial the hospital progressed a range of strategies including:

- Finalisation of the new Respectful Workplace Behaviours Framework and Respectful Workplace Behaviours Issue Resolution Procedure and supporting information and guidance available on the staff intranet.
- Revision and updates to the Respectful Workplace Behaviours eLearning module to reflect revised policies. The revised materials incorporate a stronger focus on early resolution of concerns using alternative dispute resolution approaches.
- Ongoing development of a Psychological Safety education program to include an orientation module and short guides that builds a consistent language and approach to raising concerns early and respectfully.
- Consultation with the Safe to Speak up Leadership Committee (chaired by the CEO), through People Pulse Checks, and with the Culture Working Group (chaired by the Chief Experience Officer) to provide input regarding positive workplace culture initiatives.

- Expansion of the number of peer supporters as part of the Respectful Workplace Behaviour program to provide a first point of call for staff and support people to speak up early and locally and provide early warning of emerging issues.

Incident reporting

While incident reporting for manual handling incidents has increased, the overall occupational health and safety (OHS) incident reporting rate has decreased slightly over the past 12 months. OHS incidents are reviewed by the Women's Workplace Health and Safety team and the relevant department manager and a number of controls and treatments are implemented in response to these reports.

	2022	2021	2020
The number of reported hazards/ incidents per 100 FTE	19.91	27.0	22.7

As at 30 June 2022

Injury reporting

Lost time injuries (all)

The Women's has seen a decrease in work-related lost time injuries during 2021-22, this was due to a reduction in the number of COVID related injuries in comparison to the previous year.

Lost time injury frequency rate

	2022	2021	2020
The number of 'lost time' injuries (1 day or more) reported per million hours worked	10.8	13	7.6

As at 30 June 2022

Lost time injury claims (standard)

The Women's Standard Claims (where over 10 working days were lost) decreased during the 2021-22 period. This was due to a reduction in the number of COVID related standard claims in comparison to the previous year.

Lost time injury rate

	2022	2021	2020
'Lost time' injury rate The number of lost time standard claims per 100 FTE	0.74	1.31	0.42

As at 30 June 2022

WorkCover performance rating

The Women's WorkCover performance rating for the 2021-22 premium period again performed significantly better than the hospital industry rate average. For 2021-22 the Women's rating was 45 per cent better than the hospital industry rate.

	2022	2021	2020
Average cost of claims per premium period	\$60,477	\$78,387	\$41,177

As at 30 June 2022

Focus for 2022-23

The Women's is committed to improving the health, safety and wellbeing of all its employees and volunteers, in partnership with the individuals themselves. This is why in 2022-23, the Women's will continue to consult and collaborate with staff and volunteers to ensure we understand and appreciate the elements of occupational health, safety and wellbeing that are important to them.

The Women's safety program for 2022-23 will include working on the key priorities outlined in the Workplace Health and Safety Operational Plan. One focus will be ensuring the Women's Psychological Wellbeing Framework is aligned with the amended OHS (Psychological Health) Regulations. The framework is an essential component of the hospital's psychological wellbeing strategy and is designed to support its people to maintain and promote psychological health.

In 2022-23, the Women's will:

- deliver ongoing development and promotion of the organisation's holistic wellbeing program, including psychological wellbeing;
- further develop its safety culture to build psychological safety and support staff to feel safe to speak up;
- continue to deliver the Peer Support Program (Mental Health First Aid and Respectful Workplace Behaviour);
- continue to optimise the Women's Respiratory Protection Program, including coordinating the re-testing of high priority staff;
- finalise the implementation of a bespoke musculoskeletal disorder injury prevention program in 'hot spot' departments; and
- expand the Women's leadership development programs.

A key focus over the year will be enhancing the resources, information and development opportunities provided to staff to support a psychologically safe workplace and psychological wellbeing.

Definitions

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

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

Accepted Workcover claims – Accepted Workcover claims that were lodged in 2021-22.

Lost time – is defined as greater than one day.

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

Legislation and compliance

Compliance with *Freedom of Information Act 1982*

The *Freedom of Information Act 1982* gives members of the public the right to apply for access to information held by the Women's.

The Women's has obstetric medical records from 1960 onwards and gynaecology records from 1968 onwards. Prior to 1960, minimal birth details (for example time of birth, weight and length) are available from birth registers.

Adoption records (excluding obstetric information) are not held by the Women's. This information was transferred to Community Services Victoria in 1987 when the Women's formally closed its adoption agency. Information relating to adoptions can be accessed through Adoption Information Services (Department of Justice and Community Services) www.justice.vic.gov.au/your-rights/adoption.

Access to information about birth mothers will depend on the type of information recorded in the medical record. Individuals who do not have the consent of their birth mother, or their next of kin, may seek assistance from the Women's Freedom of Information team. Applications for medical records relating to adoption are available at https://thewomens.r.worldssl.net/images/uploads/general-downloads/Application_for_medical_records_relating_to_adoption.pdf.

The majority of applications under Freedom of Information (FOI) are requests by patients for access to their own personal medical records. In line with the Women's commitment to protecting patient privacy, all care is taken to ensure information is released only to the individual to whom it pertains or to a recognised guardian.

During 2021-22, the Women's received requests from individuals, solicitors, Worksafe agents, insurance companies, the Department of Health and Human Services and the Transport Accident Commission.

FOI requests received	2022	2021	2020	2019
Total	365	301	244	269
FOI request outcomes	2022	2021	2020	2019
Access (includes partial)	319	255	212	240
No information available	6	3	3	6
Withdrawn	6	12	12	7
Denied in full	1	0	2	2
Incomplete /outstanding	33	31	15	14

Making FOI requests

Requests for information may include:

- Copies of medical records
- Summaries of medical records
- Time of birth

All requests must be received with completed application forms and must include appropriate identification. Charges associated with requests include:

- \$30.60 Standard Application Fee
- \$22.94 Search Fee
- 20 cents per page photocopying charge
- 5 cents per PDF page for Scanning (EMR)
- All other external costs associated with retrieving, handling, and processing requests are provided with an estimation after receiving an application and a deposit may be payable before proceeding

The standard FOI application fee will be waived for applicants who can provide a photocopy of their certified Department of Social Services card (Pensioner Concession Card or Health Care Card). This is not applicable for time of birth requests. There is no cost for FOI requests seeking to access medical records related to historical adoptions.

Following the requirements of the *FOI Act 1982*, requests will receive attention as soon as possible but no later than 30 days upon acceptance of a valid application. In some cases, this time may be extended.

The Women's FOI Application Form is available for download on the Women's website: www.thewomens.org.au/patients-visitors/patient-record-requests

Other information can be found at the Office of the Victorian Information Commissioner's website: ovic.vic.gov.au/

The *FOI Act 1982* can be found at: www.legislation.gov.au/Details/C2018C00016

Information on accessing adoption records in Victoria can be found on the Birth Deaths and Marriages Victoria website: www.bdm.vic.gov.au/births/adoptions/adoption-information-services

FOI officer

The Women's FOI and Privacy Officer Ms Angela Mayhew can be contacted as follows:

Freedom of Information Officer
Health Information Services
The Royal Women's Hospital

Locked Bag 300 Parkville VIC 3052

P: (+61 3) 8345 2610

F: (+61 3) 8345 2642

E: foi@thewomens.org.au

Compliance with *Building Act 1993*

The Occupancy Permit for the hospital's Parkville building was issued in March 2008 and commissioned for use in June 2008. The hospital was built under the Victorian Government's 'Partnership Victoria' policy with the contract requiring the State's private sector partner, the Royal Women's Health Partnership (RWHP), to design, build and maintain the new building to the commissioning standards for a period of 25 years. Ongoing maintenance is the responsibility of Cushman and Wakefield (formerly DTZ), through its contractual obligations with RWHP.

Performance is monitored via a suite of extensive key performance indicators, regular meeting updates as well as organised hospital inspections. An annual written report is required under the contract to confirm the following information:

- The facility complies with the minimum requirements of all relevant building and emergency services legislation relating to fire safety.
- 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.
- Current status of fire certification - The Royal Women's Hospital has been inspected, tested and maintained in accordance with the Building Act 1993 and the Building Regulations 2018. The required inspections and tests are completed as per the occupancy permit as outlined by the building surveyor.

During 2018-19, the original building owner replaced external cladding at the Women's Parkville building. The building is now compliant with the National Construction Code of Australia.

Public Interest Disclosure Act 2012

A public interest disclosure is a disclosure made in line with the *Public Interest Disclosures Act 2012* (this act replaced the *Protected Disclosures Act 2012*). The Women's is not prescribed under the *Public Interest Disclosure Act* to receive a public interest disclosure.

Information about the procedures established by the Women's under Part 9 of the *Public Interest*

Disclosure Act 2012 can be found on the Women's website at www.thewomens.org.au

National Competition Policy

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

Carers Recognition Act 2012

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

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

The Women's takes all practicable measures to ensure its employees and agents have an awareness and understanding of care relationship principles, and this is reflected in its commitment to a patient-centred model of care.

Local Jobs First Act 2003

The *Local Jobs First Act 2003* requires the Women's to consider competitive local suppliers, including small to medium enterprises, when awarding contracts valued at \$43 million or more. The Women's factors this into any tender evaluation conducted. There were no relevant contracts awarded or commenced in 2021-22.

Gender Equality Act 2020

The *Gender Equality Act 2020* requires the Women's to take positive action towards achieving workplace gender equality; it requires the organisation to consider and promote gender equality in its policies, programs and services. The Act came into effect on 31 March 2021 with compliance required within 12 months.

During 2021-22, the Women's established a Gender Equality Working Group with three key areas of focus:

- A Workplace Gender Audit - an essential part in helping the Women's understand how it is performing in regard to the systems, structures, policies and practices that promote workplace gender equality.
- Gender Equality Action Plan - strategies and measures to improve gender equality in the workplace based on the results of the Workplace Gender Audit.

- Embedding Gender Impact Assessments - applying a gender lens to its work when developing policies, programs and delivering services that directly and significantly impact patients and the community

The Women's is on track to meet its obligations under these areas of focus.

Environmental performance

The World Health Organisation has described climate change as the defining issue for public health in the 21st century. It is an urgent challenge, and the Women's recognises the impacts of climate change, and how these impacts are directly affecting the health system and overarching services to the Victorian community.

As a result, the Women's is committed to improving environmental sustainability through the establishment of formal performance reporting and infrastructure reform. This commitment is documented in The Women's Environmental Management Plan 2022-2027 and subsequent action plan.

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

The Women's initiated 'Greening the Women's' in 2016, an initiative guided by its refreshed environment management plan, to encourage adoption of the strategic objectives within it. Greening the Women's focuses on improvement in the areas of:

- Energy management
- Water management
- Waste management
- Procurement
- Air, noise and soil contamination

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

The ongoing replacement of the hospital lighting system with energy saving light globes continues. Of 32,000 lights, the Women's replaced 48 per cent, an increase of 28 per cent over the past 12 months. Unfortunately, the replacement program was affected during pandemic restrictions, which required the hospital to limit contractor access at various points throughout the year to essential maintenance contractors only.

Annual environmental and clinical waste audits were conducted and these help to inform staff education programs to improve waste collection and recycling in the following year.

Reporting of office-based environmental impacts

Public environment report

- The Royal Women's Hospital Organisation Hierarchy - KPI 2022

GREENHOUSE GAS EMISSIONS	2020	2021*	2022
Total greenhouse gas emissions (tonnes CO2e)			
Scope 1	130	106	109
Scope 2	10,971	10,456	7,817
Total	11,101	10,563	7,926
Normalised greenhouse gas emissions			
Emissions per unit of floor space (kgCO2e/m2)	104.52	99.46	74.63
Emissions per unit of Separations (kgCO2e/Separations)	364.47	373.04	293.59
Emissions per unit of bed-day (LOS+Aged Care OBD) (kgCO2e/OBD)	136.17	136.25	107.20
STATIONARY ENERGY	2020	2021	2022
Total stationary energy purchased by energy type (GJ)			
Cogen Electricity - Gj	16,968	21,049	14,664
Electricity - Gj	25,232	21,550	25,141
Natural Gas - Gj	1,893	1,847	1,897
Steam	0	0	0
Total - Gj	44,093	44,446	41,702
Normalised stationary energy consumption			
Energy per unit of floor space (GJ/m2)	0.42	0.42	0.39
Energy per unit of Separations (GJ/Separations)	1.45	1.57	1.54
Energy per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)	0.54	0.57	0.56
WATER	2020	2021	2022
Total water consumption by type (kL)			
Class A Recycled Water	N/A	N/A	N/A
Potable Water	79,690	75,977	72,480
Reclaimed Water	N/A	N/A	N/A
Total	79,690	75,977	72,480
Normalised water consumption (Potable + Class A)			
Water per unit of floor space (kL/m2)	0.75	0.72	0.68
Water per unit of Separations (kL/Separations)	2.62	2.68	2.68
Water per unit of bed-day (LOS+Aged Care OBD) (kL/OBD)	0.98	0.98	0.98
Water re-use aand recycling			
Re-use or recycling rate % (Class A + Reclaimed/Potable + Class A + Reclaimed)	N/A	N/A	N/A
WASTE AND RECYCLING	2020	2021	2022
Waste			
Total Waste Generated - Kg (Clinical+General +Recycling)	506,301	508,044	573,599
Total Waste to Landfill - Kg (Clinical + General)	467,730	476,040	545,367
Total Waste to Landfill per patient treated - Kg/PPT	3.40	3.63	4.29
Recycling rate % (Kg Recycling /general +recycling)	10.04	8.00	5.00

*Note - 2021 updated data

Additional information

Details in respect of the items listed below have been retained by the health service and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the Freedom of Information requirements, if applicable):

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers;
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary;
- details of publications produced by the entity about itself, and how these can be obtained;
- details of changes in prices, fees, charges, rates and levies charged by the entity;
- details of any major external reviews carried out on the entity;
- details of major research and development activities undertaken by the entity;
- details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services;
- details of assessments and measures undertaken to improve the occupational health and safety of employees;
- a general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes.





Key financial and service performance reporting

Reporting against the Statement of Priorities – Strategic Priorities – Part A

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

For the financial year 2021-22, there have been no individual deliverables that constitute the Statement of Priorities Part A due to the COVID pandemic. Below is a report against the Women's overarching strategic priorities as outlined in the 2021-22 Statement of Priorities letter from the Minister for Health.

Maintaining COVID readiness and response

Ensuring the organisation is able to prepare and respond effectively to the impacts of the COVID pandemic has continued to be a priority for the Women's over the past 12 months. Of particular note, this year the Women's:

- Updated its ventilation systems to ensure compliance with the Department of Health requirements.
- Created a dedicated ward to provide care for COVID positive and at-risk patients. The ward improved access to safe and timely care for patients resulting in a smoother admission, transfer and discharge experience.
- Partnered with the Royal Melbourne Hospital to provide COVID vaccinations for staff and volunteers, streamlining maternity care for COVID positive patients needing significant respiratory care, and supporting staff with access to the COVID Surveillance Testing Program.
- Refreshed and strengthened the Workforce Wellbeing and Recovery Plan, to ensure safe and sustainable staffing levels are accessible to deliver 'business as usual' clinical and non-clinical operations.
- Provided ready access to rapid antigen tests for all staff, students, volunteers and contractors who require them.
- Increased the number of Hospital Guide volunteers onsite to reduce overcrowding and provide a key point of contact for staff, patients, and families. This award-winning program provided support to ensure patient and visitors understood and complied with COVID Safe principles, including the wearing of masks, physical distancing and visitor policy requirements.

As COVID moved through its various waves, the Women's continued to introduce and adapt processes and systems to ensure the provision and maintenance of a safe and healthy environment for both patients and staff. Policies, resources and strategies were continually refreshed and longer-term planning undertaken to ensure the delivery of safe and effective care, regardless of potential variations or evolutions of the COVID pandemic.

The Women's remained an active participant in COVID state-wide programs and initiatives, upholding public confidence in the health system and protecting the health and safety of the community. The Women's COVID Safe Leadership Team continued to provide robust governance and leadership of the hospital's COVID response and continued to focus on managing short term requirements and issues, while strategically working to ensure sustainable operations. As a result, COVID responses are now largely embedded in business-as-usual operations.

As the pandemic has evolved, so too has the hospital's response with a marked shift away from an incident management approach to a more sustainable focus on living with the pandemic and beyond. Towards the end of June 2022, the Women's Pandemic Response Plan was updated using the expertise and experiences of the last two and a half years to ensure the organisation is ready to manage and respond to new or different pandemic waves.

Aboriginal cultural safety

The Women's is committed to improving health equity for Aboriginal and Torres Strait Islander women, children and families and recognises the fundamental significance of cultural traditions, beliefs and connection to Country for the health and wellbeing of Aboriginal and Torres Strait Islander peoples. Key to this commitment is the hospital's work in promoting Reconciliation by building relationships, respect and trust between the Women's and Aboriginal and Torres Strait Islander peoples, and partnering with community controlled health and other Aboriginal organisations.

Over the past 12 months, the Women's spent time listening to, and collaborating with, Aboriginal and Torres Strait Islander patients, consumers, staff, the hospital's Aboriginal Advisory Committee and members of the staff Reconciliation Working Group to develop and finalise *The Women's Innovate Reconciliation Action Plan (2022-2024)*. Launched in June 2022, the Innovate plan builds on the foundational work of the Reflect plan, taking the organisation further on the journey as it continuously strengthens its reconciliation commitments and strives to apply new learnings.

Despite the significant disruption caused by the COVID pandemic, development of the new plan remained a priority. Through the Women's second Reconciliation Action Plan, the hospital looks forward to:

- strengthening its relationships and partnerships with Aboriginal and Torres Strait Islander programs and services exploring new opportunities and collaborations;
- promoting culturally safe practices across the organisation to ensure Aboriginal and Torres Strait Islander people receive high quality, accessible, and culturally appropriate care;
- increasing and improving Aboriginal and Torres Strait Islander employment opportunities and providing a culturally safe workplace for Aboriginal and Torres Strait Islander staff and volunteers; and
- increasing its collective understanding of Aboriginal and Torres Strait Islander histories, cultures, customs, and identities.

Other achievements for 2021-22 include:

- An increase in staff completion rates of four Cultural Awareness Training e-learning modules. These were developed in partnership with Aboriginal Community Controlled Health Organisations and help to increase and continue to improve organisational understanding of cultural traditions, beliefs and connection to Country. As at 15 June 2022, the modules had been completed by over 537 employees and volunteers.
- Completion of Aboriginal Cultural Competency training with the Koorie Heritage Trust for leaders, staff and Cultural Safety Champions.
- Confirmation of a \$100,000 grant from the Liptember Foundation to employ a new Aboriginal Health Social Worker to provide culturally specific care to Aboriginal and Torres Strait Islander patients.
- Investment to improve the cultural capability of the workforce through a range of new training packages, and the recruitment of 85 Cultural Safety Champions from across the hospital.
- Release of significant research and data through the Yurongi Partnerships Project - a collaborative five-year research project, funded by the National Health and Medical Research Centre. This project, led by a team from the Judith Lumley Centre at La Trobe University, included the Women's, Western Health, Mercy Hospital for Women and the peak body, Victorian Aboriginal Community Controlled Health Organisation. It explores the capacity of maternity services to implement culturally safe models of care for Aboriginal and Torres Strait Islander women.
- The Kareeta Networking and Mentoring group for the hospital's Aboriginal and Torres Strait Islander staff continued to meet throughout the year. The initiative aims to create stronger community, connection and support networks, provide professional development opportunities, and address workplace issues.

- Improvements to the identification and documentation of Aboriginal and Torres Strait Islander patients at the Women's via the enhancement of Epic (the electronic medical record) and advocacy across the wider Parkville Precinct, to improve access through Epic to special programs and support services for Aboriginal and Torres Strait Islander patients across the precinct.

Health service partnership

While preserving local autonomy, Victoria's Health Service Partnership model requires health services to work together on health system priorities that would benefit from a collaborative approach.

As a member of the Western Metro Health Service Partnership, the Women's participated in the Better At Home program with the aim of delivering more healthcare at a patient's home, when clinically appropriate and preferred by the patient. Evidence suggests that home-based and virtual care can deliver improved clinical outcomes, enhance patient experience and create efficiencies, particularly with acute inpatient resources. During 2021-22, the Women's Better at Home activities included:

- implementation of the Enhanced Recovery After Surgery pathway for women having a low risk planned caesarean section birth;
- the establishment of a Maternity Hospital in the Home postnatal program;
- planning for a pilot Maternity Hospital in the Home antenatal program to commence in October 2022;
- implementation of an Induction of Labour Balloon Catheter outpatient pathway;
- expansion of the Women's existing Neonatal Hospital in the Home service; and
- the development of a collaboration and care pathway with the Royal Melbourne Hospital (RMH) to enable breast surgery patients and women with complex wounds to have access to the specialised RMH at Home - Acute Service program.

Over the past 12 months, the Women's remained committed to improving elective surgery performance and was able to ensure that all category 1 patients were treated within their clinically recommended times. Unfortunately, due to the impacts of the COVID pandemic and the progressive waves over the past 12 months, the hospital experienced significant reductions in elective surgery activity, which meant it was unable to meet the clinically recommended treatment times for Category 2 and Category 3 surgery.

In early October 2021, the Women's implemented a planned reduction in elective surgery activity to support the re-allocation of nursing resources to a second emergency theatre to cope with the added out-of-hours COVID demand. Elective surgery activity was further impacted by the loss of in-patient beds after the opening of an 18 bed COVID ward, which required the re-location of obstetric beds into the Women's surgical ward. In addition, junior medical staff needed to be re-allocated to support patients on the COVID ward and care for pregnant COVID patients in the RMH Hospital in the Home program.

The pandemic continued to negatively impact elective surgery activity into 2022 with elective surgery restrictions being introduced during the health system's Code Brown in January. This resulted in only Category 1 patients being listed for surgery from 17 January.

Despite support from the Department of Health for a return to normal elective surgery activity from February 2022, COVID continued to have a significant impact on operational performance of surgical services. This was due to short notice patient cancellations as a result of contracting COVID; high levels of staff on unplanned leave (sick leave), and significant workforce recruitment pressures across the system, which have impacted the Women's ability to recruit additional staff.

In order to respond to these demand and workforce pressures, the Women's has, where suitable, re-directed surgical procedures offsite in an effort to ensure more elective surgery patients had their needs addressed as a priority.

The Women's is continuously looking at ways to increase elective surgery activity and deliver better outcomes for patients. This year, it submitted a number of initiatives for consideration under the Elective Surgery Grant Program being run via the West Metro Health Services Partnership, which, at time of writing, are pending approval. These comprise: funding for a Rapid Access Hub, additional funding for elective surgery activity, and funding to strengthen non-surgical pathways and programs.

Strengthening workplace culture and people

Throughout 2021-22, the Women's focused on increased support for its people in response to the significant challenges and increased demands that the pandemic presented. Managing and responding to the day-to-day pressures of a busy public hospital, while striving to create exceptional experiences with patients and consumers, in the context of COVID, required the Women's to focus on how best to support its people so that they can deliver high-quality person-centred care.

The Women's continued to conduct People Pulse Checks throughout 2021-22 asking staff for feedback about areas that are important to them. The results led to a focus on diversity, inclusion and belonging, broadening and deepening the staff wellbeing program, building up the reward and recognition program and strengthening leadership capability.

In the past 12 months, the hospital undertook an extensive gender workplace audit and developed its first Gender Equality Action Plan to address the hidden barriers faced by women and people of diverse genders in the workplace. The Women's has an overrepresentation of female employees compared to the general population, the public sector, and the wider healthcare sector. This makes it even more important to address the invisible barriers to success and advocate for system-wide change.

As part of the Women's first Disability Action Plan, the hospital strengthened its partnership with the Australian Network on Disability (AND) and participated in the Positive Action towards Career Engagement (PACE) mentoring program, which resulted in five staff stepping forward in the role of mentors to mentees provided by AND. It also participated in AND's internship program which was able to support an intern who was engaged with the Women's Alcohol and Drug Service team.

The Positive Workplace Culture program continued to focus on building an environment in which staff feel psychologically safe and are confident to raise concerns at work. During 2021-22, the Women's finalised a new Respectful Workplace Behaviours Framework and developed psychological safety guides and tools that emphasise, encourage and support early resolution of issues and concerns with clear alternative dispute pathways. A safety culture project was initiated that places psychological safety and feeling 'safe to speak up' as fundamental to all elements of safety, including but not limited to, occupational health and safety, clinical patient safety and cultural safety.

The ongoing implementation of the Women's Peer Support Network during 2021-22 also ensured that staff have access to suitably trained and supportive colleagues who can provide general and practical wellbeing support.

In November 2021, the Women's launched Project Care. Funded through Safer Care Victoria's Healthcare Worker Wellbeing Grants program, this project enabled the hospital to invest in practical measures to immediately support the health and wellbeing of its workforce. Initiatives included the distribution of healthy snacks and pre-packaged meals to clinical wards, installation of phone charging stations and coffee machines in selected staff tea rooms, provision of onsite massages, team grant applications, increased EAP onsite sessions, wellbeing check-ins for nursing and midwifery graduates, and onsite manager coaching.

Recognising staff and volunteers is an important driver for the engagement and retention of staff. The new Reward and Recognition Framework incorporates the Women's organisational values and includes a range of informal and formal ways for managers to recognise and celebrate an individual or team's contribution. It includes small gestures of appreciation through to development and wellbeing opportunities and formal recognition and scholarships.

The Women's is committed to investing in the capability and skills of its leaders. During 2021-22, the hospital implemented a 9-month Director Leadership Development Program, attended by the majority of clinical and non-clinical directors. This dynamic program incorporated coaching, workshops and peer collaboration, with a focus on promoting wellbeing and mindfulness and strengthening relationships. The hospital also scoped a new front line manager program, with a pilot commencing in early 2022-23.

Creating exceptional patient and consumer experiences

The Parkville EMR Health Hub patient portal went live in August 2020, and, as at June 2022, has over 8,000 registered users. Health Hub allows patients to become more engaged with their care by viewing appointments, outpatient clinical notes, test results and more. It has the potential to facilitate deeper partnerships between patients and clinicians, and improve shared decision making.

In collaboration with patients, consumers and healthcare partners across the Parkville Precinct, the Women's developed a vision for the ongoing use and optimisation of the functionality within the Health Hub and the broader electronic medical record system. This vision places a focus on enhancing care and improving patient experience by utilising technology as a tool that enables patients to be informed about, and actively participate in, decisions about their care.

In March 2022, the Women's was presented with the COVID Innovation Award at the 2021 Volunteering Awards run by Volunteering Victoria. This award was in recognition of the Women's Guide and Waitroom Support Volunteer Program, launched in January 2021, to alleviate COVID related pressures experienced by patients, their families and support people. The program helped over 20,000 patients navigate the hospital, access their appointments whilst feeling safe, cared for and supported.

Women with disability experience barriers to health services, a lack of accessible health information, and discrimination and exclusion from decisions that affect their care and treatment. The Women's Disability Action Plan provides a framework for how the hospital responds to this need and how it will increase access and inclusion for people with disability. Through this plan, the Women's:

- Increased usage and support for telehealth for the Women with Individual Needs (WIN) Clinic, when clinically appropriate.
- Developed virtual parenting and mentoring groups to support WIN Clinic patients. This enables them to meet current and former patients with the same disability, so they can support and learn from one another's lived experience.
- Held a staff web event for International Day of People with Disability on Friday 3 December 2021 supporting the UN theme 'Towards an inclusive post-COVID world'.

- Partnered with La Trobe University to conduct the first study in Australia to examine pregnancy and birth outcomes of women with various types of disabilities. The findings were published in July 2021 in *The Australian and New Zealand Journal of Obstetrics and Gynaecology*. This research adds to the global evidence base acknowledging that women with disability have higher rates of poor perinatal outcomes – including preterm births, low birthweight babies and admittances to Special Care and Neonatal intensive Care Units – when compared with general maternity data. Lead researcher Charlie Smithson is a member of the DAP Advisory Committee and DAP Staff Working Group.

Engaging with the community and addressing their needs

As part of the Creating Exceptional Experiences program, the Women's continued to actively engage and partner with diverse patients and consumers. This includes ensuring that patients are involved in decisions about their care as much as they wish to be, able to actively bring their voice and perspectives to shaping and improving its programs and services, as well as providing consumers with opportunities to contribute to organisational governance.

In the past year, the Women's continued to listen to the varied and powerful voices of patients and families through surveys, focus groups, and enhancing representation on working groups and committees. In 2021-22 the hospital held significant consultations related to the development of the new strategic plan, advocacy priorities, improving the process for patient experience feedback, the Disability Action Plan, Reconciliation Action Plan; and the Gender Equality Action Plan.

This year, the hospital partnered with Monash University and Safer Care Victoria on research related to shared decision making in maternity care. Through interviews and focus groups, it explored what helps and hinders patients, clinicians and stakeholders from participating in shared decision making which resulted in a range of possible interventions that will be prioritised and implemented in the next financial year.

Reporting against the Statement of Priorities – Part B

High quality and safe care

Key performance measure	Target	2022 Results
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	85%	82.9%*
Percentage of healthcare workers immunised for influenza	92%	92%

*Target not met due to challenges associated with working from home arrangements, impact of pandemic on workforce and COVID vaccination schedules during 2021-22.

Key performance measure	Target	2022 Results*
Patient experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 1	95%	91%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	95%	94%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3	95%	89%

*2022 results impacted by delays to surgery, visitor restrictions, and increased demand for services due to the pandemic

Key performance measure	Target	2022 Results
Healthcare associated infections (HAI's)		
Rates of patients with surgical site infection	No outliers	Q1 - 0.1 Q2 - No outliers Q3 - Not met
Rate of patients with SAB per 10,000 occupied bed days	≤ 1/10,000	Q1 - 0.4 Q2 - 0.9 Q3 - 0.5

Key performance measure	Target	2022 Results
Maternity and Newborn		
Rate of singleton term infants without birth anomalies with Apgar score <7 at 5 minutes	≤1.4%	1.3%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤28.6%	24.7%
Proportion of urgent maternity patients referred for obstetric care to a level 4, 5 or 6 maternity service who were booked for a specialist clinic appointment within 30 days of accepted referral	100%	92%

Strong governance, leadership and culture

Note: The Women's did not implement the People Matter Survey during 2021-22 so there is no data to report.

Timely access to care

Key performance measure	Target	2022 Results
Emergency care		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	97.9%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	83.2%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	79%
Number of patients with a length of stay in the emergency department greater than 24 hours	0%	0%

Key performance measure	Target	2022 Results
Elective surgery		
Number of patients on the elective surgery waiting list as at 30 June 2022	1,680	1,580
Number of patients admitted from the elective surgery waiting	3,250	3,227
Percentage of urgency category 1 elective surgery patients admitted within 30 days	100%	100%
Percentage of urgency category 1, 2 and 3 elective surgery patients admitted within clinically recommended time	94%	61%
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5% or 15% proportional improvement from prior year	45.1%
Number of hospital-initiated postponements per 100 scheduled elective surgery admissions	≤7	5.1

Key performance measure	Target	2022 Results
Specialist clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	92%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	96.7%

Emergency indicators are reported at the campus level, elective indicators at an entity level.

Elective surgery waiting list is reported as at 30 June 2022.

Effective financial management

Key performance indicator	Target	Result
Operating result (\$m)	\$0	\$0
Average number of days to pay trade creditors	60 days	28 days
Average number of days to receive patient fee debtors	60 days	55 days
Adjusted Current Asset Ratio	0.7 or 3% improvement from health service base target	Not Achieved
Actual number of days of available cash, measured on the last day of each month	14 days	Not Achieved
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June	Variances < \$250,000	Not Achieved

Reporting against the Statement of Priorities – Part C

Activity and funding

Funding Type	2021-22 Activity Achievement *
Acute admitted, subacute admitted, emergency services, non-admitted NWAU	42,606
Acute admitted TAC	-
Acute non-admitted (genetic services and specialist clinics)	13,718

As at 30 June 2022

Summary of service statistics

	2022
Births (number of babies born)	8,577
Inpatient stays	31,242
Outpatient visits	169,482
Emergency services – attendances	26,309
Triage category 1-5 seen within recommended timeframes	83.2%
Percentage of emergency patients with a length of stay of less than four hours	79%
Number of patients with length of stay in the emergency department greater than 24 hours	0
Percentage of triage category 1 emergency patients seen immediately	100%
Ambulance transfers within 40 mins	97.9%

Attestations and declarations

Responsible bodies declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the report of operations for the Royal Women's Hospital for the year ending 30 June 2022.



Ms Cath Bowtell

Chair, Board of Directors
The Royal Women's Hospital

15 September 2022

Financial management compliance attestation

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



Ms Cath Bowtell

Chair, Board of Directors
The Royal Women's Hospital

15 September 2022

Asset Management Accountability Framework

I, Cath Bowtell, on behalf of the Responsible Body, certify that the Royal Women's Hospital complies with the mandatory requirements of the Asset Management Accountability Framework (AMAF).



Ms Cath Bowtell

Chair, Board of Directors
The Royal Women's Hospital

15 September 2022

Data integrity declaration

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



Professor Sue Matthews

Chief Executive Officer
The Royal Women's Hospital

15 September 2022

Conflict of interest declaration

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



Professor Sue Matthews

Chief Executive Officer
The Royal Women's Hospital

15 September 2022

Integrity, fraud and corruption declaration

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



Professor Sue Matthews

Chief Executive Officer
The Royal Women's Hospital

15 September 2022

Safe Patient Care Act 2015

The Women's has nil to report in relation to its obligations under Section 40 of the *Safe Patient Care Act 2015*.

Disclosure index

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

Legislation	Requirement	Page Reference
Ministerial Directions		
Report of operations		
FRD 22	Manner of establishment and the relevant Ministers	8
FRD 22	Purpose, functions, powers and duties	8
FRD 22	Nature and range of services provided	8
FRD 22	Activities, programs and achievements for the reporting period	5
FRD 22	Significant changes in key initiatives and expectations for the future	5
Management and structure		
FRD 22	Organisational structure	10
FRD 22	Workforce data / employment and conduct principles	11
FRD 22	Occupational health and safety	14
Financial information		
FRD 22	Summary of the financial results for the year	12
FRD 22	Significant changes in financial position during the year	12
FRD 22	Operational and budgetary objectives and performance against objectives	12
FRD 22	Subsequent events	12
FRD 22	Details of consultancies over \$10,000	13
FRD 22	Details of consultancies under \$10,000	13
FRD 22	Details of ICT expenditure	14
Legislation		
FRD 22	Application and operation of <i>Freedom of Information Act 1982</i>	17
FRD 22	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	18
FRD 22	Application and operation of <i>Public Interest Disclosure Act 2012</i>	19
FRD 22	Statement on National Competition Policy	19
FRD 22	Application and operation of <i>Carers Recognition Act 2012</i>	19
FRD 22	Summary of the entity's environmental performance	19
FRD 22	Additional information available on request	21

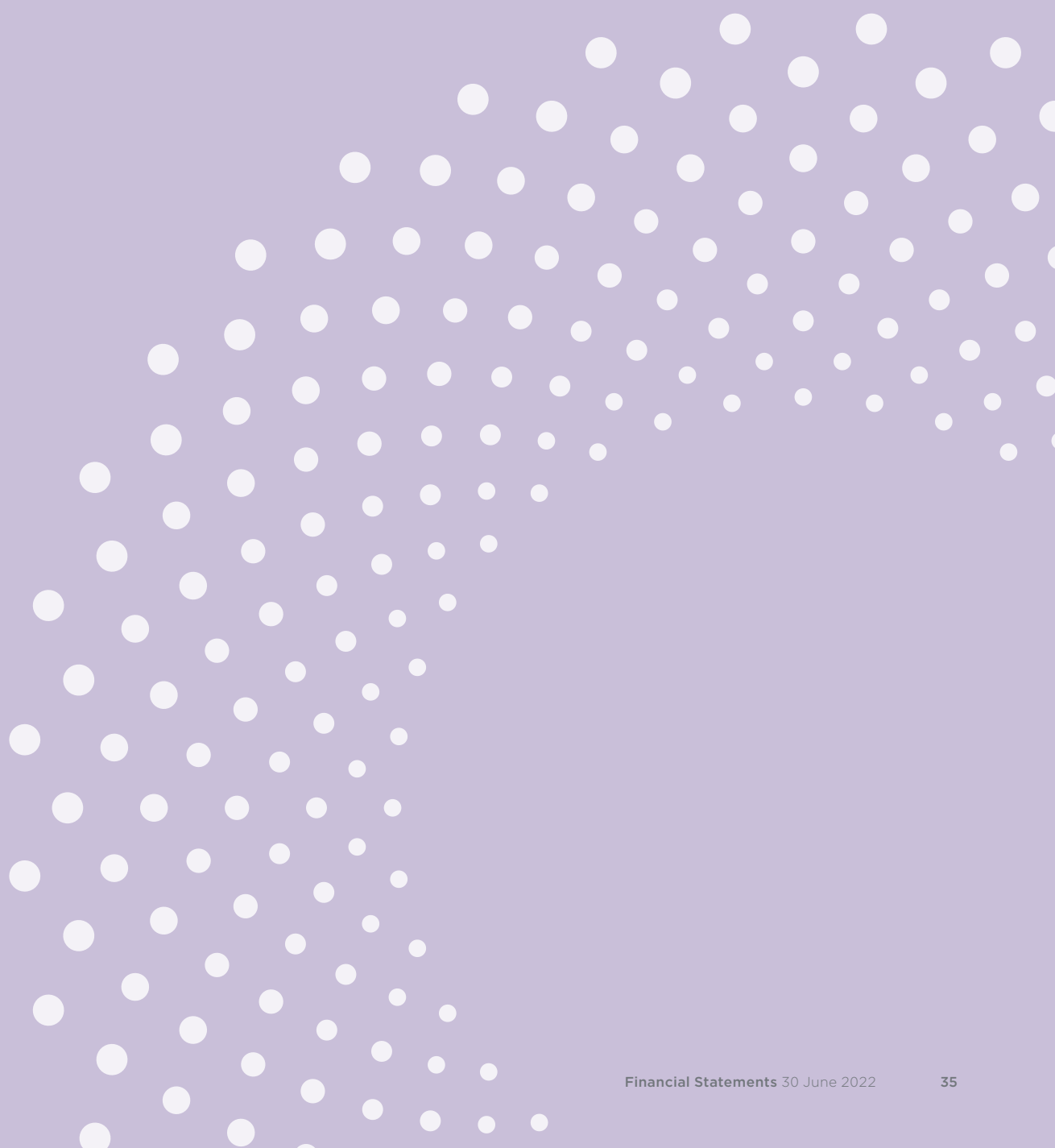
Legislation	Requirement	Page Reference
Other relevant reporting directives		
FRD 25D	<i>Local Jobs First Act 2003</i> disclosures	19
SD 5.1.4	Financial Management Compliance attestation	30
Sd 5.2.3	Declaration in report of operations	7
Attestations		
	Attestation on data integrity	30
	Attestation on managing conflicts of interest	31
	Attestation on Integrity, fraud and corruption	31
Other reporting requirements		
	Reporting of outcomes from Statement of Priorities 2021-22	23
	Occupational violence reporting	15
	<i>Gender Equality Act 2020</i>	19
	Reporting obligations under the <i>Safe Patient Care Act 2015</i>	31
	Reporting of compliance regarding car parking fees	14



The Royal Women's Hospital

Financial Statements

30 June 2022



How this report is structured

The Royal Women's Hospital presents its audited general purpose financial statements for the financial year ended 30 June 2022 in the following structure to provide users with the information about The Royal Women's Hospital's stewardship of the resources entrusted to it.

Table of contents

Board Member's, Chief Executive Officer's and Chief Financial Officer's Declaration	39
Victorian Auditor-General's Report	40
Comprehensive Operating Statement	42
Balance Sheet	43
Statement of Changes in Equity	44
Cash Flow Statement	45
Notes to the financial statements	46
Note 1 Basis of preparation	46
Note 1.1 Basis of preparation of the financial statements	47
Note 1.2 Impact of COVID-19 pandemic	47
Note 1.3 Abbreviations and terminology used in the financial statements	48
Note 1.4 Principles of consolidation	48
Note 1.5 Joint arrangements	48
Note 1.6 Key accounting estimates and judgements	48
Note 1.7 Accounting standards issued but not yet effective	49
Note 1.8 Goods and Services Tax (GST)	49
Note 1.9 Reporting entity	49
Note 1.10 Comparatives	49
Note 2 Funding delivery of our services	50
Note 2.1 Revenue and income from transactions	52
Note 2.2 Commitments for operating lease income	56
Note 3 The cost of delivering our services	58
Note 3.1 Expenses from transactions	60
Note 3.2 Other economic flows included in net result	62
Note 3.3 Employee benefits and related on-costs	63
Note 3.4 Superannuation	66
Note 4 Key assets to support service delivery	68
Note 4.1 Investments and other financial assets	70
Note 4.2 Property, plant and equipment	71
Note 4.3 Right-of-use assets	74
Note 4.4 Revaluation surplus	76
Note 4.5 Intangible assets	76
Note 4.6 Depreciation and amortisation	78
Note 4.7 Investment properties	80
Note 4.8 Impairment of assets	81

Note 5	Other assets and liabilities	82
Note 5.1	Receivables and contract assets	84
Note 5.2	Payables and contract liabilities	86
Note 6	How we finance our operations	88
Note 6.1	Borrowings	90
Note 6.2	Cash and cash equivalents	94
Note 6.3	Commitments for expenditure	95
Note 7	Risks, contingencies and valuation uncertainties	96
Note 7.1	Financial instruments	98
Note 7.2	Financial risk management objectives and policies	100
Note 7.3	Contingent assets and contingent liabilities	104
Note 7.4	Fair value determination	105
Note 8	Other disclosures	112
Note 8.1	Reconciliation of net result for the year to net cash flow from operating activities	113
Note 8.2	Responsible persons	114
Note 8.3	Remuneration of executives	116
Note 8.4	Related parties	117
Note 8.5	Remuneration of auditors	120
Note 8.6	Ex-gratia expenses	120
Note 8.7	Events occurring after the balance sheet date	120
Note 8.8	Controlled entities	121
Note 8.9	Joint arrangements	123
Note 8.10	Equity	124
Note 8.11	Economic dependency	124

Board Member's, Chief Executive Officer's and Chief Financial Officer's Declaration

The attached financial statements for The Royal Women's Hospital have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2022 and the financial position of The Royal Women's Hospital at 30 June 2022.

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

We authorise the attached financial statements for issue on 15 September 2022.



Ms Cath Bowtell
Chair, Board of Directors
The Royal Women's Hospital
Melbourne
15 September 2022



Professor Sue Matthews
Chief Executive Officer
The Royal Women's Hospital
Melbourne
15 September 2022



Mr Sam Garrasi
Chief Financial Officer
The Royal Women's Hospital
Melbourne
15 September 2022

Independent Auditor's Report

To the Board of the The Royal Women's Hospital

Opinion	<p>I have audited the financial report of the The Royal Women's Hospital (the health service), which comprises the:</p> <ul style="list-style-type: none">• Balance Sheet as at 30 June 2022• Comprehensive Operating Statement for the year then ended• Statement of Changes in Equity for the year then ended• Cash Flow Statement for the year then ended• Notes to the financial statements, including significant accounting policies• Board member's, chief executive officer's and chief financial officer's declaration. <p>In my opinion, the financial report presents fairly, in all material respects, the financial positions of the health service as at 30 June 2022 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Other Information	<p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>
Board's responsibilities for the financial report	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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

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

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

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

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



MELBOURNE
3 October 2022

Dominika Ryan
as delegate for the Auditor-General of Victoria

The Royal Women's Hospital

Comprehensive Operating Statement

For the financial year ended 30 June 2022

	Note	Total 2022 \$'000	Total 2021 \$'000
Revenue and income from transactions			
Operating activities	2.1	359,959	347,656
Non-operating activities	2.1	2,323	2,365
Total revenue and income from transactions		362,282	350,021
Expenses from transactions			
Employee expenses	3.1	(232,945)	(221,499)
Supplies and consumables	3.1	(31,567)	(27,113)
Finance costs	3.1	(13,997)	(14,741)
Other administrative expenses	3.1	(10,713)	(11,519)
Other operating expenses	3.1	(60,075)	(57,078)
Depreciation and amortisation	3.1, 4.6	(18,384)	(16,708)
Total expenses from transactions		(367,681)	(348,658)
Net result from transactions - net operating balance		(5,399)	1,363
Other economic flows included in net result			
Net gain on non-financial assets	3.2	7,041	3,626
Net gain/(loss) on financial instruments	3.2	(2,274)	877
Other gain/(loss) from other economic flows	3.2	(42)	4,050
Total other economic flows included in net result		4,725	8,553
Net result for the year		(674)	9,916
Other comprehensive income		-	-
Comprehensive result for the year		(674)	9,916

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

The Royal Women's Hospital

Balance Sheet

As at 30 June 2022

	Note	Total 2022 \$'000	Total 2021 \$'000
Current assets			
Cash and cash equivalents	6.2	10,716	7,089
Receivables and contract assets	5.1	6,166	5,636
Investments and other financial assets	4.1	400	-
Inventories		165	192
Prepaid expenses		2,338	2,030
Total current assets		19,785	14,947
Non-current assets			
Receivables and contract assets	5.1	12,970	12,048
Investments and other financial assets	4.1	16,469	19,031
Property, plant and equipment	4.2	28,444	96,795
Right-of-use assets	4.3	308,789	251,232
Intangible assets	4.5	34,698	38,101
Investment properties	4.7	122,451	113,340
Total non-current assets		523,821	530,547
Total assets		543,606	545,494
Current liabilities			
Payables and contract liabilities	5.2	28,533	22,778
Borrowings	6.1	11,911	11,146
Employee benefits and related on-costs	3.3	57,730	52,791
Total current liabilities		98,174	86,715
Non-current liabilities			
Payables and contract liabilities	5.2	70	140
Borrowings	6.1	173,733	185,178
Employee benefits and related on-costs	3.3	7,276	8,434
Total non-current liabilities		181,079	193,752
Total liabilities		279,253	280,467
Net assets		264,353	265,027
Equity			
Revaluation surplus	4.4	178,115	178,115
Restricted specific purpose surplus		6,608	7,471
Contributed capital		67,423	67,423
Accumulated surplus/(deficit)		12,207	12,018
Total equity		264,353	265,027

This Balance Sheet should be read in conjunction with the accompanying notes.

The Royal Women's Hospital

Statement of Changes in Equity

For the financial year ended 30 June 2022

	Revaluation surplus \$'000	Restricted specific purpose surplus \$'000	Contributed capital \$'000	Accumulated surplus / (deficit) \$'000	Total \$'000
Balance at 1 July 2020	178,115	7,351	67,423	2,222	255,111
Net result for the year	-	-	-	9,916	9,916
Transfer from/(to) accumulated surplus/(deficit)	-	120	-	(120)	-
Balance at 30 June 2021	178,115	7,471	67,423	12,018	265,027
Net result for the year	-	-	-	(674)	(674)
Transfer from/(to) accumulated surplus/(deficit)	-	(863)	-	863	-
Balance at 30 June 2022	178,115	6,608	67,423	12,207	264,353

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

The Royal Women's Hospital

Cash Flow Statement

For the financial year ended 30 June 2022

	Note	Total 2022 \$'000	Total 2021 \$'000
Cash flows from operating activities			
Operating grants from State Government		268,701	248,762
Operating grants from Commonwealth Government		1,200	1,169
Capital grants from State Government		5,176	2,377
Patient fees received		10,121	9,583
Private practice fees received		1,083	1,309
Donations and bequests received		1,165	2,158
GST received from ATO		7,834	7,187
Interest and investment income received		235	188
Car park income received		7,211	6,798
Other receipts received		24,517	26,624
Other capital receipts		16	7,225
Total receipts		327,259	313,380
Employee expenses		(227,852)	(215,630)
Payments for supplies and consumables		(32,923)	(29,164)
Payments for medical indemnity insurance		(14,155)	(14,184)
Payments for repairs and maintenance		(8,577)	(7,449)
Payments for low value or short-term lease payments		(398)	(545)
Finance costs		(1,133)	(1,192)
GST paid to ATO		(2,886)	(3,695)
Other payments		(30,119)	(27,711)
Total payments		(318,043)	(299,570)
Net cash flows from operating activities	8.1	9,216	13,810
Cash flows from investing activities			
Purchase of non-financial assets		(2,261)	(967)
Purchase of intangible assets		(1,496)	(15,078)
Proceeds from sale of financial assets		1,112	5,368
Purchase of financial assets		(1,323)	(4,000)
Net cash flows used in investing activities		(3,968)	(14,677)
Cash flows from financing activities			
Repayment of borrowings		(921)	(859)
Repayment of principal portion of lease liabilities		(700)	(509)
Net cash flows used in financing activities		(1,621)	(1,368)
Net increase/(decrease) in cash and cash equivalents held		3,627	(2,235)
Cash and cash equivalents at beginning of year		7,089	9,324
Cash and cash equivalents at end of year	6.2	10,716	7,089

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

Note 1 Basis of preparation

Structure

Note 1.1	Basis of preparation of the financial statements	47
Note 1.2	Impact of COVID-19 pandemic	47
Note 1.3	Abbreviations and terminology used in the financial statements	48
Note 1.4	Principles of consolidation	48
Note 1.5	Joint arrangements	48
Note 1.6	Key accounting estimates and judgements	48
Note 1.7	Accounting standards issued but not yet effective	49
Note 1.8	Goods and Services Tax (GST)	49
Note 1.9	Reporting entity	49
Note 1.10	Comparatives	49

Note 1 Basis of preparation

These financial statements represent the audited general purpose financial statements for The Royal Women's Hospital for the year ended 30 June 2022. The report provides users with information about The Royal Women's Hospital's stewardship of resources entrusted to it.

This section explains the basis of preparing the financial statements.

Note 1.1 Basis of preparation of the financial statements

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, which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 *Presentation of Financial Statements*.

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

The Royal Women's Hospital is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a "not-for-profit" health service under the Australian Accounting Standards. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Apart from the changes in accounting policies, standards and interpretations as noted below, material accounting policies adopted in the preparation of these financial statements are the same as those adopted in the previous period.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements have been prepared on a going concern basis (refer to Note 8.11).

The financial statements are presented in Australian dollars.

The amounts presented in the financial statements have been rounded to the nearest thousand dollars. Minor discrepancies in tables between totals and sum of components are due to rounding.

The annual financial statements were authorised for issue by the Board of The Royal Women's Hospital on 15 September 2022.

Note 1.2 Impact of COVID-19 pandemic

In March 2020 a state of emergency was declared in Victoria due to the global coronavirus pandemic, known as COVID-19. On 2 August 2020 a state of disaster was added with both operating concurrently. The state of disaster in Victoria concluded on 28 October 2020 and the state of emergency concluded on 15 December 2021.

The COVID-19 pandemic has created economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the hospital at the reporting date. Management recognises that it is difficult to reliably estimate with certainty, the potential impact of the pandemic after the reporting date on the hospital, its operations, its future results and financial position.

In response to the ongoing COVID-19 pandemic, The Royal Women's Hospital has:

- Introduced restrictions on non-essential visitors;
- Utilised telehealth services;
- Deferred elective surgery and reduced activity;
- Transferred inpatients to private health facilities;
- Performed COVID-19 testing for inpatients, outpatients and visitors;
- Changed infection control practices; and
- Implemented work from home arrangements, where appropriate.

Where financial impacts of the pandemic are material to The Royal Women's Hospital, they are disclosed in the explanatory notes. For The Royal Women's Hospital, this includes:

- Note 2 Funding delivery of our services;
- Note 3 The cost of delivering our services; and
- Note 5 Other assets and liabilities.

Note 1 Basis of preparation (continued)

Note 1.3 Abbreviations and terminology used in the financial statements

The following table sets out the common abbreviations used throughout the financial statements:

Reference	Title
AASB	Australian Accounting Standards Board
AASs	Australian Accounting Standards, which include Interpretations
ATO	Australian Taxation Office
DH	Department of Health
DTF	Department of Treasury and Finance
GST	Goods and Services Tax
FMA	<i>Financial Management Act 1994</i>
FRD	Financial Reporting Direction
NWAU	National Weighted Activity Unit
PPP	Public Private Partnership
SD	Standing Direction
VAGO	Victorian Auditor General's Office
VGV	Valuer-General Victoria
WIES	Weighted Inlier Equivalent Separation
RWH	The Royal Women's Hospital

Note 1.4 Principles of consolidation

The Royal Women's Hospital had control of the following entities:

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

Royal Women's Hospital Foundation Ltd and The Royal Women's Hospital Foundation Trust Fund were wound up on 7 December 2020 under a voluntary deregistration and all activities were transferred across to the parent entity, The Royal Women's Hospital.

The financial statements include consolidated results and cash flows up to the 7 December 2020. Details are set out in Note 8.8.

An entity is considered to be a controlled entity where The Royal Women's Hospital has the power to govern the financial and operating policies of an organisation so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

The Royal Women's Hospital consolidate the results of its controlled entities from the date on which the Hospital gains control until the date the Hospital ceases to have control. 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.

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.

Note 1.5 Joint arrangements

Interests in joint arrangements are accounted for by recognising in The Royal Women's Hospital's financial statements, its share of assets and liabilities and any revenue and expenses of such joint arrangements.

The Royal Women's Hospital has the following joint arrangements:

- Victorian Comprehensive Cancer Centre - Joint Operation

Details of the joint arrangements are set out in Note 8.9.

Note 1.6 Key accounting estimates and judgements

Management make estimates and judgements when preparing the financial statements.

These estimates and judgements are based on historical knowledge and best available current information and assume any reasonable expectation of future events. Actual results may differ.

Revisions to key estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

The accounting policies and significant management judgements and estimates used, and any changes thereto, are identified at the beginning of each section where applicable and are disclosed in further detail throughout the accounting policies.

Note 1.7 Accounting standards issued but not yet effective

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to The Royal Women's Hospital and their potential impact when adopted in future periods is outlined below:

Standard	Adoption date	Impact
AASB 17: <i>Insurance Contracts</i>	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2020-3: <i>Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments</i>	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2021-2: <i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates</i>	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-6: <i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards</i>	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-7: <i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections</i>	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.

There are no other accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to The Royal Women's Hospital in future periods.

Note 1.8 Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except where the GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

Cash flows are included in the Cash Flow Statement on a gross basis, except for the GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO. These GST components are disclosed as operating cash flows.

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

Note 1.9 Reporting entity

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

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

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

Note 1.10 Comparatives

Where applicable, the comparative figures have been restated to align with the presentation in the current year.

Note 2 Funding delivery of our services

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

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

Structure

Note 2.1	Revenue and income from transactions	52
Note 2.2	Commitments for operating lease income	56

Telling the COVID-19 story

Revenue recognised to fund the delivery of our services increased during the financial year which was partially attributable to the COVID-19 Coronavirus pandemic.

Activity Based Funding decreased as the level of activity agreed in the Statement of Priorities couldn't be delivered due to reductions in the number of patients being treated at various times throughout the financial year.

This was offset by additional funding provided by the Department of Health to compensate for reductions in revenue and to cover certain direct and indirect COVID-19 related costs, including:

- Establishment of a dedicated COVID-19 ward;
- Increased salaries and wages;
- Increased personal protective equipment costs; and
- Reduction in commercial revenue.

Funding provided included:

- COVID-19 and state repurposing grant;
- Sustainability funding; and
- Additional elective surgery funding.

For the year ended 30 June 2022, the COVID-19 pandemic has impacted The Royal Women's Hospital's ability to satisfy its performance obligations contained within its contracts with customers. The Royal Women's Hospital received an indication there would be no obligation to return funds to each relevant funding body where performance obligations had not been met.

This resulted in approximately \$25.7m being recognised as income for the year ended 30 June 2022 (2021: \$3.5m) which would have otherwise been recognised as a contract liability in the Balance Sheet until subsequent years when underlying performance obligations were fulfilled. The impact of contract modifications obtained for The Royal Women's Hospital's most material revenue streams, where applicable, is disclosed within this note.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Identifying performance obligations	<p>The Royal Women's Hospital applies significant judgment when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations.</p> <hr/> <p>If this criteria is met, the contract/funding agreement is treated as a contract with a customer, requiring The Royal Women's Hospital to recognise revenue as or when the hospital transfers promised goods or services to beneficiaries.</p> <hr/> <p>If this criteria is not met, funding is recognised immediately in the net result from operations.</p>
Determining timing of revenue recognition	<p>The Royal Women's Hospital applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.</p>
Determining time of capital grant income recognition	<p>The Royal Women's Hospital applies significant judgement to determine when its obligation to construct an asset is satisfied. Costs incurred is used to measure the hospital's progress as this is deemed to be the most accurate reflection of the stage of completion.</p>

Note 2.1 Revenue and income from transactions

	Note	Total 2022 \$'000	Total 2021 \$'000
Operating activities			
Revenue from contracts with customers			
Government grants (State) - Operating		193,746	164,808
Government grants (Commonwealth) - Operating		1,200	1,169
Patient fees		10,854	9,849
Commercial activities ¹		18,380	17,343
Total revenue from contracts with customers	2.1(a)	224,180	193,169
Other sources of income			
Government grants (State) - Operating		108,557	123,361
Government grants (State) - Capital		13,805	11,128
Other capital purpose income		14	7,232
Fair value of assets and services received free of charge or for nominal consideration	2.1(b)	3,118	2,501
Other income from operating activities		10,285	10,265
Total other sources of income		135,779	154,487
Total revenue and income from operating activities		359,959	347,656
Non-operating activities			
Income from other sources			
Rental income - investment properties		1,264	1,658
Interest income		52	57
Dividends received from investments		1,007	650
Total income from other sources		2,323	2,365
Total income from non-operating activities		2,323	2,365
Total revenue and income from transactions		362,282	350,021

¹ Commercial activities represent business activities which The Royal Women's Hospital enter into to support their operations.

Note 2.1(a) Timing of revenue recognition from contracts with customers

	Note	Total 2022 \$'000	Total 2021 \$'000
The Royal Women's Hospital disaggregates revenue by the timing of revenue recognition.			
Goods and services transferred to customers:			
At a point in time		214,169	184,020
Over time		10,011	9,149
Total revenue from contracts with customers	2.1	224,180	193,169

How we recognise revenue and income from operating activities**Government operating grants**

To recognise revenue, The Royal Women's Hospital assesses each grant to determine whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15 *Revenue from Contracts with Customers*.

When both these conditions are satisfied, The Royal Women's Hospital:

- Identifies each performance obligation relating to the revenue;
- Recognises a contract liability for its obligations under the agreement; and
- Recognises revenue as it satisfies its performance obligations, at the time or over time when services are rendered.

If a contract liability is recognised, The Royal Women's Hospital recognises revenue in the Comprehensive Operating Statement as and when it satisfies its obligations under the contract, unless a contract modification is entered into between all parties. A contract modification may be obtained in writing, by oral agreement or implied by customary business practices.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, The Royal Women's Hospital:

- Recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example, AASB 9, AASB 16, AASB 116 and AASB 138);
- Recognises related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities from a contract with a customer); and
- Recognises income immediately in the Comprehensive Operating Statement as the difference between the initial carrying amount of the asset and the related amount in accordance with AASB 1058.

In contracts with customers, the 'customer' is typically a funding body, who is the party that promises funding in exchange for The Royal Women's Hospital's goods or services. The Royal Women's Hospital's funding bodies often direct that goods or services are to be provided to third party beneficiaries, including individuals or the community at large. In such instances, the customer remains the funding body that has funded the program or activity, however the delivery of goods or services to third party beneficiaries is a characteristic of the promised good or service being transferred to the funding body.

This policy applies to each of The Royal Women's Hospital's revenue streams, with information detailed below relating to The Royal Women's Hospital's significant revenue streams:

Government grant	Performance obligation
Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES) casemix	<p>The performance obligations for ABF are the number and mix of patients admitted to hospital (defined as 'casemix') in accordance with the levels of activity agreed to, with the Department of Health in the annual Statement of Priorities.</p> <hr/> <p>Revenue is recognised at a point in time, which is when a patient is discharged, in accordance with the WIES activity when an episode of care for an admitted patient is completed.</p> <hr/> <p>WIES activity is a cost weight that is adjusted for time spent in hospital, and represents a relative measure of resource use for each episode of care in a diagnosis related group (DRG).</p> <hr/> <p>WIES was superseded by NWAU from 1 July 2021, for acute, sub-acute and state-wide (which includes specified grants, state-wide services and teaching and training). Services not transitioning at this time include mental health and small rural services.</p>
Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU)	<p>NWAU funding commenced 1 July 2021 and supersedes WIES for acute, sub-acute and state-wide services (which includes specified grants, state-wide services and teaching and training). Services not transitioning at this time include mental health and small rural services.</p> <hr/> <p>NWAU is a measure of health service activity expressed as a common unit against which the National Efficient Price (NEP) is paid.</p> <hr/> <p>The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity.</p> <hr/> <p>Revenue is recognised at point in time, which is when a patient is discharged.</p>

Government capital grants

Where The Royal Women's Hospital receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities arising from a contract with a customer) recognised under other Australian Accounting Standards.

Income is recognised progressively as the asset is constructed which aligns with The Royal Women's Hospital's obligation to construct the asset. The progressive percentage of costs incurred is used to recognise income, as this most accurately reflects the stage of completion.

Patient fees

Patient fees are charges that can be levied on patients for some services they receive. Patient fees are recognised at a point in time when the performance obligation, the provision of services, is satisfied.

Private practice fees

Private practice fees include recoupments from private practices for the use of hospital facilities. Private practice fees are recognised at the point in time when the performance obligation, and the provision of facilities, is provided to customers.

Commercial activities

Revenue from commercial activities includes items such as car park income, pharmacy income and childcare fees. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer. Rental income is recognised over time as the customer simultaneously receives and consumes the benefit as it is provided. Research income is recognised over time as the performance obligations are met.

Other income from operating activities

Other income includes recoveries for salaries and wages and external services provided. The recoveries are recognised immediately as income in the Comprehensive Operating Statement.

How we recognise revenue and income from non-operating activities

Rental income - investment properties

Rental income from investment properties is recognised on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the pattern of use of the underlying asset.

Where a lease incentive is provided to a lessee, this is considered an integral part of the net consideration agreed for the use of the lease asset and therefore the incentive is recognised as a reduction of rental income over the period to which it relates.

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

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

Interest income

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

Dividend income

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

Note 2.1(b) Fair value of assets and services received free of charge or for nominal consideration

	Note	Total 2022 \$'000	Total 2021 \$'000
Cash donations and gifts		1,165	2,158
Plant and equipment	4.2(b)	362	19
Personal protective equipment and other consumables		1,591	324
Total fair value of assets and services received free of charge or for nominal consideration	2.1	3,118	2,501

How we recognise the fair value of assets and services received free of charge or for nominal consideration

Donations and bequests

Donations and bequests are generally recognised as income upon receipt (which is when The Royal Women's Hospital usually obtained control of the asset) as they do not contain sufficiently specific and enforceable performance obligations. Where sufficiently specific and enforceable performance obligations exist, revenue is recorded as and when the performance obligation is satisfied.

Personal protective equipment

In order to meet the State of Victoria's health system supply needs during the COVID-19 pandemic, the purchasing of essential personal protective equipment (PPE) and other essential plant and equipment was centralised.

Generally, the State Supply Arrangement stipulates that HealthShare Victoria sources, secures and agrees terms for the purchase of PPE. The purchases are funded by the Department of Health, while Monash Health takes delivery and distributes an allocation of the products to health services. The Royal Women's Hospital received these resources free of charge and recognised them as income.

Contributions

The Royal Women's Hospital may receive assets for nil or nominal consideration to further its objectives. The assets are recognised at their fair value when The Royal Women's Hospital obtains control over the asset, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

On initial recognition of the asset, The Royal Women's Hospital recognises related amounts being contributions by owners, lease liabilities, financial instruments, provisions and revenue or contract liabilities arising from a contract with a customer.

The Royal Women's Hospital recognises income immediately in the Comprehensive Operating Statement as the difference between the initial fair value of the asset and the related amounts.

The exception to this policy is when an asset is received from another government agency or department as a consequence of a restructuring of administrative arrangements, in which case the asset will be recognised at its carrying value in the financial statements of The Royal Women's Hospital as a capital contribution transfer.

Voluntary services

The Royal Women's Hospital receives volunteer services from members of the community in the following areas:

- Guide and wait room volunteers, who assist the public with hospital navigation; and
- The Women's emergency care and the neonatal intensive care unit volunteers, who provide comfort, support and care to families during their stay.

The Royal Women's Hospital recognises contributions by volunteers in its financial statements, if the fair value can be reliably measured and the services would have been purchased had they not been donated.

The Royal Women's Hospital greatly values the services contributed by volunteers but it does not depend on volunteers to deliver its services.

Non-cash contributions from the Department of Health

The Department of Health make payments on behalf of The Royal Women's Hospital as follows:

Supplier	Description
Victorian Managed Insurance Authority	The Department of Health purchases non-medical indemnity insurance for The Royal Women's Hospital which is paid directly to the Victorian Managed Insurance Authority. To record this contribution, such payments are recognised as income with a matching expense in the net result from transactions.
Department of Health	Long Service Leave (LSL) revenue is recognised upon finalisation of movements in the LSL liability in line with the long service leave funding arrangements with the Department of Health.
RW Health Partnership Pty Ltd	The Department of Health enters into lease arrangements and services which are paid directly to RW Health Partnership Pty Ltd. To record this contribution, such payments are recognised as income offset by operating expenses and interest expense in the net result from transactions, in accordance with the nature and timing of the monthly payment.
	Such PPP's are not accounted for as a Service Concession Arrangement as the definition of a public service is not met.

Note 2.2 Commitments for operating lease income

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

	Total 2022 \$'000	Total 2021 \$'000
Non-cancellable operating lease receivablesⁱ		
Within one year	5,374	4,640
Within one to two years	4,045	3,895
Within two to three years	4,104	3,414
Within three to four years	3,573	3,446
Within four to five years	3,688	3,522
After five years	47,035	46,893
Total non-cancellable operating lease receivables (inclusive of GST)	67,819	65,810

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

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

Note 3 The cost of delivering our services

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

Structure

Note 3.1	Expenses from transactions	60
Note 3.2	Other economic flows included in net result	62
Note 3.3	Employee benefits and related on-costs	63
Note 3.4	Superannuation	66

Telling the COVID-19 story

Expenses incurred to deliver our services increased during the financial year which was partially attributable to the COVID-19 Coronavirus pandemic.

Additional costs were incurred to:

- Establish facilities within The Royal Women's Hospital for the treatment of suspected and admitted COVID-19 patients resulting in an increase in employee costs and additional equipment purchases;
- Implement COVID-19 safe practices throughout The Royal Women's Hospital including increased cleaning, increased security and consumption of personal protective equipment provided as resources free of charge;

- Assist with COVID-19 case management, contact tracing and outbreak management contributing to an increase in employee costs; and
- Implement work from home arrangements resulting in increased ICT infrastructure costs and additional equipment purchases.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Classifying employee benefit liabilities	The Royal Women's Hospital applies significant judgment when classifying its employee benefit liabilities.
	Employee benefit liabilities are classified as a current liability if The Royal Women's Hospital does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category.
	Employee benefit liabilities are classified as a non-current liability if The Royal Women's Hospital has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category.
Measuring employee benefit liabilities	The Royal Women's Hospital applies significant judgment when measuring its employee benefit liabilities.
	The Royal Women's Hospital applies judgement to determine when it expects its employee entitlements to be paid.
	With reference to historical data, if The Royal Women's Hospital does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees.
	Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields on government bonds at the end of the reporting period.
	All other entitlements are measured at their nominal value.

Note 3.1 Expenses from transactions

	Note	Total 2022 \$'000	Total 2021 \$'000
Salaries and wages		183,300	175,622
On-costs		43,346	40,528
Agency and external contractor expenses		4,612	3,984
Fee for service medical officer expenses		177	175
Workcover premium		1,510	1,190
Total employee expenses		232,945	221,499
Drug supplies		3,272	3,324
Medical and surgical supplies		9,645	8,564
Diagnostic and radiology supplies		10,149	9,452
Other supplies and consumables		8,501	5,773
Total supplies and consumables		31,567	27,113
Finance costs		1,133	1,192
Finance costs - public private partnership arrangements		12,864	13,549
Total finance costs		13,997	14,741
Other administrative expenses		10,713	11,519
Total other administrative expenses		10,713	11,519
Fuel, light, power and water		4,575	4,332
Repairs and maintenance		2,189	1,837
Maintenance contracts		4,691	5,252
Medical indemnity insurance		12,868	12,895
Expenses related to short-term leases		30	154
Expenses related to leases of low value assets		330	341
Outsourced services		10,289	8,036
Public private partnership operating expenses		23,578	23,220
Expenditure for capital purposes		1,525	1,011
Total other operating expenses		60,075	57,078
Total operating expenses		349,297	331,950
Depreciation and amortisation	4.6	18,384	16,708
Total depreciation and amortisation		18,384	16,708
Total expenses from transactions		367,681	348,658

How we recognise expenses from transactions

Expense recognition

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

Employee expenses

Employee expenses include:

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

Supplies and consumables

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

Finance costs

Finance costs include:

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

Other operating expenses

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

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

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

Non-operating expenses

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

Note 3.2 Other economic flows included in net result

	Note	Total 2022 \$'000	Total 2021 \$'000
Net loss on disposal of property, plant and equipment	4.2(b)	(135)	(36)
Net loss on disposal of intangible assets	4.5(b)	(77)	(181)
Amortisation of intangible non-produced assets	4.5(b)	(980)	(980)
Revaluation of investment properties	4.7(b)	8,233	4,823
Total net gain on non-financial assets		7,041	3,626
Net loss on disposal of financial instruments		(38)	(56)
Net gain/(loss) on revaluation of financial instruments		(2,217)	1,546
Allowance for impairment losses of contractual receivables	5.1(a)	(19)	(613)
Total net gain/(loss) on financial instruments		(2,274)	877
Net gain/(loss) arising from revaluation of long service liability		(42)	4,050
Total other gain/(loss) from other economic flows		(42)	4,050
Total gain from other economic flows included in net result		4,725	8,553

How we recognise other economic flows included in the net result

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions which include:

Net gain/(loss) on non-financial assets

Net gain/(loss) on non-financial assets and liabilities includes:

- Revaluation gain or loss of investment properties (refer to Note 4.7);
- Net gain or loss on the disposal of non-financial assets is recognised at the date of the disposal; and
- Amortisation of intangible non-produced assets.

Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a systematic basis over the asset's useful life. Amortisation begins when the asset is available for use which is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Intangible non-produced assets with finite useful lives are amortised over a 25 year period (2021: 25 years).

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes:

- Realised and unrealised gains and losses from revaluation of financial instruments at fair value;
- Disposals of financial assets and derecognition of financial liabilities; and
- Allowance for impairment losses of contractual receivables are classified as other economic flows in the net result. Contractual receivables are written off when there is no reasonable expectation of recovery. Impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other gains or losses from other economic flows

The revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

Note 3.3 Employee benefits and related on-costs

	Note	Total 2022 \$'000	Total 2021 \$'000
Current employee benefits and related on-costs			
<i>Accrued days off</i>			
Unconditional and expected to be settled wholly within 12 months ⁱ		549	444
<i>Annual leave</i>			
Unconditional and expected to be settled wholly within 12 months ⁱ		16,702	16,126
Unconditional and expected to be settled wholly after 12 months ⁱⁱ		3,606	2,553
<i>Long service leave</i>			
Unconditional and expected to be settled wholly within 12 months ⁱ		3,644	3,188
Unconditional and expected to be settled wholly after 12 months ⁱⁱ		25,833	24,449
Provision for employee entitlement EBA estimates		1,388	855
		51,722	47,615
Provisions related to employee benefit on-costs			
Unconditional and expected to be settled within 12 months ⁱ		2,340	2,168
Unconditional and expected to be settled after 12 months ⁱⁱ		3,668	3,008
		6,008	5,176
Total current employee benefits and related on-costs		57,730	52,791
Non-current employee benefits and related on-costs			
Conditional long service leave ⁱⁱ		6,509	7,622
Provisions related to employee benefit on-costs ⁱⁱ		767	812
Total non-current employee benefits and related on-costs		7,276	8,434
Total employee benefits and related on-costs	3.3(a)	65,006	61,225

ⁱ The amounts disclosed are nominal amounts.ⁱⁱ The amounts disclosed are discounted to present values.

Note 3.3 Employee benefits and related on-costs (continued)**Note 3.3(a) Employee benefits and related on-costs**

	Note	Total 2022 \$'000	Total 2021 \$'000
Current employee benefits and related on-costs			
Unconditional accrued days off		549	444
Unconditional annual leave entitlements		22,640	20,772
Unconditional long service leave entitlements		33,153	30,720
Provision for employee entitlement EBA estimates		1,388	855
Total current employee benefits and related on-costs		57,730	52,791
Non-current employee benefits and related on-costs			
Conditional long service leave entitlements		7,276	8,434
Total non-current employee benefits and related on-costs		7,276	8,434
Total employee benefits and related on-costs	3.3	65,006	61,225
Attribute to:			
Employee benefits		58,231	55,237
Provision for related on-costs	3.3(b)	6,775	5,988
Total employee benefits and related on-costs		65,006	61,225

Note 3.3(b) Provision for related on-costs

	Note	Total 2022 \$'000	Total 2021 \$'000
Carrying amount at start of year		5,988	5,896
Additional provisions recognised		2,924	1,758
Amounts incurred during the year		(2,142)	(1,222)
Net gain/(loss) arising from revaluation of long service leave liability		5	(444)
Carrying amount at end of year	3.3(a)	6,775	5,988

How we recognise employee benefits

Employee benefits recognition

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

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Comprehensive Operating Statement as it is taken.

Annual leave and accrued days off

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

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

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

Long service leave

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

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

The components of this current LSL liability are measured at:

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

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

Termination benefits

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

Provision for on-costs related to employee benefits

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

Note 3.4 Superannuation

	Paid contribution for the year		Contribution outstanding at year end	
	Total 2022 \$'000	Total 2021 \$'000	Total 2022 \$'000	Total 2021 \$'000
Defined benefit plans:				
Aware Super	119	139	22	24
Defined contribution plans:				
Aware Super	9,198	8,955	1,055	969
Hesta	6,849	5,966	877	729
Other	2,456	1,888	321	228
Total superannuation	18,622	16,948	2,275	1,950

How we recognise superannuation

Employees of The Royal Women's Hospital are entitled to receive superannuation benefits and it contributes to both defined benefit and defined contribution plans.

Defined benefit superannuation plans

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

The Royal Women's Hospital does not recognise any unfunded defined benefit liability in respect of the plans because the hospital has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due.

The Department of Treasury and Finance discloses the State's defined benefits liabilities in its disclosure for administered items. However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of The Royal Women's Hospital.

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

Defined contribution superannuation plans

In relation to defined contribution (i.e. accumulation) superannuation plans, the associated expense is 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.

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

Note 4 Key assets to support service delivery

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

Structure

Note 4.1	Investments and other financial assets	70
Note 4.2	Property, plant and equipment	71
Note 4.3	Right-of-use assets	74
Note 4.4	Revaluation surplus	76
Note 4.5	Intangible assets	76
Note 4.6	Depreciation and amortisation	78
Note 4.7	Investment properties	80
Note 4.8	Impairment of assets	81

Telling the COVID-19 story

Assets used to support the delivery of our services during the financial year were not materially impacted by the COVID-19 Coronavirus pandemic.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating useful life of property, plant and equipment	<p>The Royal Women's Hospital assigns an estimated useful life to each item of property, plant and equipment. This is used to calculate depreciation of the asset.</p> <p>The hospital reviews the useful life and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.</p>
Estimating useful life of right-of-use assets	<p>The useful life of each right-of-use asset is typically the respective lease term, except where the hospital is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset.</p> <p>The Royal Women's Hospital applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.</p>
Estimating restoration costs at the end of a lease	<p>Where a lease agreement requires The Royal Women's Hospital to restore a right-of-use asset to its original condition at the end of a lease, the hospital estimates the present value of such restoration costs. This cost is included in the measurement of the right-of-use asset, which is depreciated over the relevant lease term.</p>
Estimating the useful life of intangible assets	<p>The Royal Women's Hospital assigns an estimated useful life to each intangible asset with a finite useful life, which is used to calculate amortisation of the asset.</p>
Identifying indicators of impairment	<p>At the end of each year, The Royal Women's Hospital assesses impairment by evaluating the conditions and events specific to the hospital that may be indicative of impairment triggers. Where an indication exists, the hospital tests the asset for impairment.</p> <p>The Royal Women's Hospital considers a range of information when performing its assessment, including considering:</p> <ul style="list-style-type: none"> • If an asset's value has declined more than expected based on normal use; • If a significant change in technological, market, economic or legal environment which adversely impacts the way the hospital uses an asset; • If an asset is obsolete or damaged; • If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life; and • If the performance of the asset is or will be worse than initially expected. <p>Where an impairment trigger exists, The Royal Women's Hospital applies significant judgement and estimate to determine the recoverable amount of the asset.</p>

Note 4.1 Investments and other financial assets

	Operating fund		Specific purpose fund		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Current						
Financial assets at amortised cost						
Term deposits > 3 months	400	-	-	-	400	-
Total current financial assets	400	-	-	-	400	-
Non-current						
Financial assets at fair value through net result						
Managed investment schemes	9,382	9,998	7,087	9,033	16,469	19,031
Total non-current financial assets	9,382	9,998	7,087	9,033	16,469	19,031
Total investments and other financial assets	9,782	9,998	7,087	9,033	16,869	19,031
Represented by:						
Health service investments	9,382	9,996	7,087	9,033	16,469	19,029
Joint arrangement investments	400	2	-	-	400	2
Total investments and other financial assets	9,782	9,998	7,087	9,033	16,869	19,031

How we recognise investments and other financial assets

The Royal Women's Hospital's investments and other financial assets are made in accordance with Standing Direction 3.7.2 - Treasury Management, including the Central Banking System.

The Royal Women's Hospital manages its investments and other financial assets in accordance with an investment policy approved by the Board.

Investments are recognised when The Royal Women's Hospital enters into a contract to either purchase or sell the investment (i.e. when it becomes a party to the contractual provisions to the investment). Investments are initially measured at fair value, net of transaction costs.

The Royal Women's Hospital classifies its other financial assets between current and non-current assets based on the Board's intention at balance date with respect to the timing of disposal of each asset. Term deposits with original maturity dates of three to twelve months are classified as current, whilst term deposits with original maturity dates in excess of 12 months are classified as non-current.

The Hospital's investments are classified as financial assets at fair value through the Comprehensive Operating Statement.

Note 4.2 Property, plant and equipment**Note 4.2(a) Gross carrying amount and accumulated depreciation**

	Total 2022 \$'000	Total 2021 \$'000
Land at fair value - Crown	13,920	82,876
Land at fair value - Freehold	2,795	2,795
Total Land	16,715	85,671
Buildings at fair value	2,480	2,480
Less accumulated depreciation	(744)	(496)
Total buildings	1,736	1,984
Leasehold improvements at fair value	7	7
Less accumulated depreciation	(3)	(2)
Total leasehold improvements	4	5
Building work in progress at cost	67	14
Total buildings	1,807	2,003
Plant and equipment at fair value	2,214	2,453
Less accumulated depreciation	(1,468)	(1,724)
Total plant and equipment	746	729
Medical equipment at fair value	20,804	20,688
Less accumulated depreciation	(16,412)	(16,684)
Total medical equipment	4,392	4,004
Computers and communication equipment at fair value	7,130	7,220
Less accumulated depreciation	(3,752)	(3,304)
Total computers and communication equipment	3,378	3,916
Furniture and fittings at fair value	581	763
Less accumulated depreciation	(283)	(446)
Total furniture and fittings	298	317
Cultural assets at fair value	147	147
Total cultural assets	147	147
Assets work in progress at cost	961	8
Total property, plant and equipment	28,444	96,795

Note 4.2 Property, plant and equipment (continued)**Note 4.2(b) Reconciliations of the carrying amounts of each class of asset**

	Note	Land \$'000	Buildings \$'000	Leasehold improvements \$'000	Building work in progress \$'000	Plant & equipment \$'000
Balance at 1 July 2020		85,671	2,232	-	-	732
Additions		-	-	-	2	75
Disposals	3.2	-	-	-	-	(7)
Assets received free of charge	2.1(b)	-	-	-	-	-
Net transfers between classes		-	-	6	12	-
Depreciation	4.6	-	(248)	(1)	-	(71)
Balance at 30 June 2021		85,671	1,984	5	14	729
Additions		-	-	-	53	87
Disposals	3.2	-	-	-	-	(92)
Assets received free of charge	2.1(b)	-	-	-	-	91
Net transfers between classes ⁱ		(68,956)	-	-	-	-
Depreciation	4.6	-	(248)	(1)	-	(69)
Balance at 30 June 2022		16,715	1,736	4	67	746

ⁱ \$69m was transferred to right-of-use concessionary land due to the identification of a peppercorn lease over The Royal Women's Hospital Parkville facility held with the Department of Environment and Climate Change for the State of Victoria. The amount transferred represents the fair value of the land.

How we recognise property, plant and equipment

Property, plant and equipment are tangible items that are used by The Royal Women's Hospital in the supply of goods or services, for rental to others, or for administration purposes, and are expected to be used during more than one financial year.

Initial recognition

Items of property, plant and equipment are initially measured at cost. Where an asset is acquired for no or nominal cost, being far below the fair value of the asset, the deemed cost is its fair value at the date of acquisition. Assets transferred as part of an amalgamation/machinery of government change are transferred at their carrying amounts.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

In 2019/20 and 2020/21, The Royal Women's Hospital decided not to reclassify the land on which the Parkville site is situated to a right-of-use asset, instead leaving the parcel of land classified as property.

The land has been leased from the Department of Environment and Climate Change for the State of Victoria on a 99 year peppercorn lease, since June 2008. The Royal Women's Hospital intended to terminate the lease and for the hospital to be recognised as the Committee of Management. The Royal Women's Hospital commenced the process in May 2021 but due to the unexpectedly high cost and lengthy timeframe of pursuing this change, the Board of The Royal Women's Hospital decided not to proceed. The change in intention made by the Board has now clarified that the parcel of land should be re-classified to a right-of-use asset.

Subsequent measurement

Items of property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment losses where applicable.

Medical equipment \$'000	Computers & communication equipment \$'000	Furniture & fittings \$'000	Cultural assets \$'000	Assets work in progress \$'000	Total \$'000
4,773	3,852	357	147	669	98,433
357	292	29	-	7	762
(15)	-	(14)	-	-	(36)
19	-	-	-	-	19
62	594	-	-	(668)	6
(1,192)	(822)	(55)	-	-	(2,389)
4,004	3,916	317	147	8	96,795
1,380	287	11	-	960	2,778
(29)	(1)	(13)	-	-	(135)
243	-	28	-	-	362
1	6	-	-	(7)	(68,956)
(1,207)	(830)	(45)	-	-	(2,400)
4,392	3,378	298	147	961	28,444

Fair value is determined with reference to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset).

Further information regarding fair value measurement is disclosed in Note 7.4.

Revaluation

Fair value is based on periodic valuations by independent valuers, which normally occur once every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate a material change in fair value has occurred.

Where an independent valuation has not been undertaken at balance date, The Royal Women's Hospital perform a managerial assessment to estimate possible changes in fair value of land and buildings since the date of the last independent valuation with reference to Valuer-General of Victoria (VGV) indices.

An adjustment is recognised if the assessment concludes that the fair value of land and buildings has changed by 10% or more since the last revaluation (whether

that be the most recent independent valuation or managerial valuation). Any estimated change in fair value of less than 10% is deemed immaterial to the financial statements and no adjustment is recorded. Where the assessment indicates there has been an exceptionally material movement in the fair value of land and buildings since the last independent valuation, being equal to or in excess of 40%, The Royal Women's Hospital would obtain an interim independent valuation prior to the next scheduled independent valuation.

An independent valuation of The Royal Women's Hospital's land and buildings was performed by the VGV on 30 June 2019. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The managerial assessment performed at 30 June 2022 indicated an overall:

- Increase in fair value of land of 0.7% (\$0.6m); and
- Increase in fair value of buildings of 6.5% (\$15.6m).

As the cumulative movement was less than 10% for land and buildings since the last revaluation, a managerial revaluation adjustment was not required as at 30 June 2022.

Note 4.2 Property, plant and equipment (continued)

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

Revaluation increases (increments) arise when an asset's fair value exceeds its carrying amount. In comparison, revaluation decreases (decrements) arise when an asset's fair value is less than its carrying amount. Revaluation increments and revaluation decrements 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 increments are recognised in 'Other Comprehensive Income' and are credited directly to the property, plant and equipment 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, in which case the increment is recognised as income in the net result.

Revaluation decrements are recognised in 'Other Comprehensive Income' to the extent that a credit balance exists in the property, plant and equipment surplus in respect of the same class of property, plant and equipment. Otherwise, the decrement is recognised as an expense in the net result.

The revaluation surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised.

Note 4.3 Right-of-use assets

Note 4.3(a) Gross carrying amount and accumulated depreciation

	Total 2022 \$'000	Total 2021 \$'000
Right-of-use concessionary land at fair value	68,956	-
Less accumulated depreciation	(1,585)	-
Total right-of-use concessionary land	67,371	-
Right-of-use buildings at fair value	303	605
Less accumulated depreciation	(55)	(343)
Total right-of-use buildings	248	262
Right-of-use plant, equipment and vehicles at fair value	2,026	1,884
Less accumulated depreciation	(697)	(416)
Total right-of-use plant, equipment and vehicles	1,329	1,468
Right-of-use public private partnership (PPP) assets		
Right-of-use PPP building at fair value	265,955	265,751
Less accumulated depreciation	(29,039)	(19,358)
Total right-of-use PPP building	236,916	246,393
Right-of-use PPP plant and equipment at fair value	5,513	5,513
Less accumulated depreciation	(2,588)	(2,404)
Total right-of-use PPP plant and equipment	2,925	3,109
Total right-of-use PPP assets	239,841	249,502
Total right-of-use assets	308,789	251,232

Note 4.3(b) Reconciliations of the carrying amounts of each class of asset

	Note	Right-of-use concessionary land \$'000	Right-of-use buildings \$'000	Right-of-use plant, equip & vehicles \$'000	Right-of-use PPP building \$'000	Right-of-use PPP plant & equip \$'000	Total \$'000
Balance at 1 July 2020		-	329	325	255,926	3,293	259,873
Additions		-	130	1,476	151	-	1,757
Net transfers between classes		-	(6)	-	-	-	(6)
Depreciation	4.6	-	(191)	(333)	(9,684)	(184)	(10,392)
Balance at 30 June 2021		-	262	1,468	246,393	3,109	251,232
Additions		-	260	293	204	-	757
Net transfers between classes ⁱ		68,956	-	-	-	-	68,956
Depreciation	4.6	(1,585)	(274)	(432)	(9,681)	(184)	(12,156)
Balance at 30 June 2022		67,371	248	1,329	236,916	2,925	308,789

ⁱ \$69m was transferred to right-of-use concessionary land due to the identification of a peppercorn lease over The Royal Women's Hospital Parkville facility held with the Department of Environment and Climate Change for the State of Victoria. The amount transferred represents the fair value of the land.

How we recognise right-of-use assets

Where The Royal Women's Hospital enters a contract, which provides the hospital with the right to control the use of an identified asset for a period of time in exchange for payment, this contract is considered to be a lease.

Unless the lease is considered a short-term lease or a lease of a low-value asset (refer to Note 6.1(a)), the contract gives rise to a right-of-use asset and corresponding lease liability.

Right-of-use assets and their respective lease terms include:

Class of right-of-use asset	Lease term
Leased concessionary land	99 Years
Leased buildings	1 to 5 Years
Leased plant, equipment and vehicles	2 to 5 Years

Initial recognition

When a contract is entered into, The Royal Women's Hospital assesses if the contract contains or is a lease. If a lease is present, a right-of-use asset and corresponding lease liability is recognised. The definition and recognition criteria of a lease is disclosed at Note 6.1(a).

The right-of-use asset is initially measured at cost and comprises the initial measurement of the corresponding lease liability, adjusted for:

- Any lease payments made at or before the commencement date;

- Any initial direct costs incurred; and
- An estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The Royal Women's Hospital's right-of-use assets include buildings, electronic carpark equipment, computer equipment and motor vehicles. The lease agreements do not contain purchase options to exercise at the completion of the lease.

The Royal Women's Hospital holds a lease agreement for right-of-use concessionary land. This lease agreement contains significantly below-market terms and conditions, which principally enable the hospital to further its objectives. Refer to Note 6.1(a) for further information regarding the nature and terms of the concessional lease and The Royal Women's Hospital's dependency on such lease agreements.

Subsequent measurement

Right-of-use assets are subsequently measured at fair value, with the exception of right-of-use asset arising from leases with significantly below-market terms and conditions, which are subsequently measured at cost, less accumulated depreciation and accumulated impairment losses where applicable.

Right-of-use assets are also adjusted for certain re-measurements of the lease liability (for example, when a variable lease payment based on an index or rate becomes effective).

Further information regarding fair value measurement is disclosed in Note 7.4.

Note 4.4 Revaluation surplus

	Total 2022 \$'000	Total 2021 \$'000
Land	12,799	54,255
Cultural assets	38	38
Right-of-use concessionary land ⁱ	41,456	-
Right-of-use PPP building	123,822	123,822
Total revaluation surplus	178,115	178,115

ⁱ As the Crown Land was transferred via a contribution by owner's process in June 2008 from the State of Victoria, the revaluation reserve relating to this parcel of land will remain disclosed within the asset revaluation reserve.

Note 4.5 Intangible assets**Note 4.5(a) Gross carrying amount and accumulated amortisation**

	Total 2022 \$'000	Total 2021 \$'000
Software	38,283	36,086
Less accumulated amortisation	(14,886)	(11,180)
Total software	23,397	24,906
Revenue rights Parkville car park ⁱ	24,490	24,490
Less accumulated amortisation	(13,715)	(12,735)
Total revenue rights Parkville car park	10,775	11,755
Software work in progress	526	1,440
Total intangible assets	34,698	38,101

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

Note 4.5(b) Reconciliation of the carrying amount by class of asset

	Note	Software \$'000	Software work in progress \$'000	Revenue rights Parkville car park \$'000	Total \$'000
Balance at 1 July 2020		2,692	12,681	12,735	28,108
Additions		14,336	745	-	15,081
Disposals	3.2	-	(181)	-	(181)
Net transfers between classes		11,805	(11,805)	-	-
Amortisation	3.2, 4.6	(3,927)	-	(980)	(4,907)
Balance at 30 June 2021		24,906	1,440	11,755	38,101
Additions		1,099	383	-	1,482
Disposals	3.2	-	(77)	-	(77)
Net transfers between classes		1,220	(1,220)	-	-
Amortisation	3.2, 4.6	(3,828)	-	(980)	(4,808)
Balance at 30 June 2022		23,397	526	10,775	34,698

How we recognise intangible assets

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

Initial recognition

Purchased intangible assets are initially recognised at cost.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is also recognised at cost if, and only if, all of the following are demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- An intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- The intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

Subsequent measurement

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Note 4.6 Depreciation and amortisation

	Note	Total 2022 \$'000	Total 2021 \$'000
Depreciation			
Property, plant and equipment			
Buildings	4.2(b)	248	248
Leasehold improvements	4.2(b)	1	1
Plant and equipment	4.2(b)	69	71
Medical equipment	4.2(b)	1,207	1,192
Computers and communication equipment	4.2(b)	830	822
Furniture and fittings	4.2(b)	45	55
Total depreciation property, plant and equipment		2,400	2,389
Right-of-use assets			
Right-of-use concessionary land	4.3(b)	1,585	-
Right-of-use buildings	4.3(b)	274	191
Right-of-use plant, equipment and vehicles	4.3(b)	432	333
Right-of-use PPP building	4.3(b)	9,681	9,684
Right-of-use PPP plant and equipment	4.3(b)	184	184
Total depreciation right-of-use assets		12,156	10,392
Total depreciation		14,556	12,781
Amortisation			
Software	4.5(b)	3,828	3,927
Total amortisation		3,828	3,927
Total depreciation and amortisation	3.1	18,384	16,708

How we recognise depreciation

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

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the hospital anticipates to exercise a purchase option, the specific right-of-use asset is depreciated over the useful life of the underlying asset.

How we recognise amortisation

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

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

	2022	2021
Buildings	10 Years	10 Years
Leasehold improvements	10 Years	10 Years
Plant and equipment	7 to 30 Years	8 to 30 Years
Medical equipment	4 to 25 Years	6 to 25 Years
Computers and communication equipment	3 to 10 Years	3 to 10 Years
Furniture and fittings	6 to 13 Years	6 to 13 Years
Right-of-use concessionary land	87 Years	n/a
Right-of-use buildings	1 to 5 Years	1 to 3 Years
Right-of-use plant, equipment and vehicles	2 to 5 Years	1 to 5 Years
PPP building		
Structure, shell building fabric	49 Years	49 Years
Site engineering services and central plant	29 Years	29 Years
PPP central plant		
Fit out	14 Years	14 Years
Trunk reticulated building systems	19 Years	19 Years
PPP plant and equipment	30 Years	30 Years
Software	3 to 10 Years	3 to 10 Years

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

Note 4.7 Investment properties**Note 4.7(a) Gross carrying amount for investment properties**

	Total 2022 \$'000	Total 2021 \$'000
Investment property at fair value	122,451	113,340

Note 4.7(b) Reconciliation of the carrying amount

	Note	Total 2022 \$'000	Total 2021 \$'000
Balance at beginning of year		113,340	108,517
Additions		878	-
Net gain from fair value adjustment	3.2	8,233	4,823
Balance at end of year		122,451	113,340

How we recognise investment properties

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

Initial recognition

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

Subsequent measurement

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

For the year ended 30 June 2022, The Royal Women's Hospital's management conducted an annual assessment of the fair value of investment properties. To facilitate this, management obtained the Valuer General Victoria indices for the financial year ended 30 June 2022 and applied these cumulative indices to the individual assets' 2019 valuation. The indexed value was then compared to the individual assets fair value as at 30 June 2022 to determine the change in their fair values.

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

Further information regarding fair value measurement is disclosed in Note 7.4.

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

Note 4.8 Impairment of assets

How we recognise impairment

At the end of each reporting period, The Royal Women's Hospital reviews the carrying amount of its tangible and intangible assets that have a finite useful life, to determine whether there is any indication that an asset may be impaired.

The assessment will include consideration of external sources of information and internal sources of information.

External sources of information include but are not limited to observable indications that an asset's value has declined during the period by significantly more than would be expected as a result of the passage of time or normal use. Internal sources of information include but are not limited to evidence of obsolescence or physical damage of an asset and significant changes with an adverse effect on The Royal Women's Hospital which changes the way in which an asset is used or expected to be used.

If such an indication exists, an impairment test is carried out. Assets with indefinite useful lives (and assets not yet available for use) are tested annually for impairment, in addition to where there is an indication that the asset may be impaired.

When performing an impairment test, The Royal Women's Hospital compares the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in net result, unless the asset is carried at a revalued amount.

Where an impairment loss on a revalued asset is identified, this is recognised against the asset revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the cumulative balance recorded in the asset revaluation surplus for that class of asset.

Where it is not possible to estimate the recoverable amount of an individual asset, The Royal Women's Hospital estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The Royal Women's Hospital did not record any impairment losses for the year ended 30 June 2022.

Note 5 Other assets and liabilities

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

Structure

Note 5.1	Receivables and contract assets	84
Note 5.2	Payables and contract liabilities	86

Telling the COVID-19 story

The measurement of other liabilities were impacted during the financial year which was partially attributable to the COVID-19 Coronavirus pandemic.

The following other liabilities were impacted:

- Contract liabilities have increased due to the delay of specific programs funded by the Department of Health as a result of COVID-19 restrictions. Research activities have been affected with delays throughout the year with limitations put in place due to the pandemic.

Other assets used to support the delivery of our services during the financial year were not materially impacted by the COVID-19 coronavirus pandemic.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating the provision for expected credit losses	The Royal Women's Hospital uses a simplified approach to account for the expected credit loss provision. A provision matrix is used, which considers historical experience, external indicators and forward-looking information to determine expected credit loss rates.
Classifying a sub-lease arrangement as either an operating lease or finance lease	<p>The Royal Women's Hospital applies significant judgement to determine if a sub-lease arrangement, where the hospital is a lessor, meets the definition of an operating lease or finance lease.</p> <p>The Royal Women's Hospital considers a range of scenarios when classifying a sub-lease. A sub-lease typically meets the definition of a finance lease if:</p> <ul style="list-style-type: none"> • The lease transfers ownership of the asset to the lessee at the end of the term; • The lessee has an option to purchase the asset for a price that is significantly below fair value at the end of the lease term; • The lease term is for the majority of the asset's useful life; • The present value of lease payments amount to the approximate fair value of the leased asset; and • The leased asset is of a specialised nature that only the lessee can use without significant modification. <p>All other sub-lease arrangements are classified as an operating lease.</p>
Measuring deferred capital grant income	<p>Where The Royal Women's Hospital has received funding to construct an identifiable non-financial asset, such funding is recognised as deferred capital grant income until the underlying asset is constructed.</p> <p>The Royal Women's Hospital applies significant judgement when measuring the deferred capital grant income balance, which references the estimated stage of completion at the end of each financial year.</p>
Measuring contract liabilities	The Royal Women's Hospital applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, the hospital assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer.

Note 5.1 Receivables and contract assets

	Note	Total 2022 \$'000	Total 2021 \$'000
Current receivables and contract assets			
Contractual			
Inter hospital debtors		401	354
Trade debtors		1,919	2,141
Patient fees		1,815	1,482
Allowance for impairment losses	5.1(a)	(959)	(1,090)
Amounts receivable from governments and agencies		51	1,011
Accrued revenue		1,950	1,299
Total contractual receivables		5,177	5,197
Statutory			
GST receivable		989	439
Total statutory receivables		989	439
Total current receivables and contract assets		6,166	5,636
Non-current receivables and contract assets			
Contractual			
Other receivables		19	19
Long service leave - Department of Health		12,951	12,029
Total contractual receivables		12,970	12,048
Total non-current receivables and contract assets		12,970	12,048
Total receivables and contract assets		19,136	17,684
Financial assets classified as receivables and contract assets			
Total receivables and contract assets		19,136	17,684
GST receivable		(989)	(439)
Total financial assets	7.1(a)	18,147	17,245

As at 30 June 2022, The Royal Women's Hospital has contract assets of \$18.1m (2021: \$17.2m) which is net of an allowance for expected credit losses of \$0.9m (\$1.0m). This is included in the contractual receivable balances presented above.

Note 5.1(a) Movement in the allowance for impairment losses of contractual receivables

		Total 2022 \$'000	Total 2021 \$'000
Balance at beginning of year		1,090	630
Increase in allowance	3.2	19	613
Amounts written off during the year		(150)	(153)
Balance at end of year	5.1	959	1,090

How we recognise receivables and contract assets

Receivables consist of:

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

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

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

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

Impairment losses of contractual receivables

Refer to Note 7.2(a) for The Royal Women's Hospital's contractual impairment losses.

Note 5.2 Payables and contract liabilities

	Note	Total 2022 \$'000	Total 2021 \$'000
Current payables and contract liabilities			
Contractual			
Trade creditors		3,576	4,804
Inter hospital creditors		1,846	1,075
Amounts payable to governments and agencies		13	29
Accrued salaries and wages		4,979	3,693
Accrued expenses		5,804	5,758
Salary packaging		715	653
Deferred capital grant income	5.2(a)	3,159	2,100
Contract liabilities	5.2(b)	8,441	4,649
Other current liabilities		-	17
Total contractual payables		28,533	22,778
Total current payables and contract liabilities		28,533	22,778
Non-current payables and contract liabilities			
Contractual			
Other payables		70	140
Total contractual payables		70	140
Total non-current payables and contract liabilities		70	140
Total payables and contract liabilities		28,603	22,918
Financial liabilities classified as payables and contract liabilities			
Total payables and contract liabilities		28,603	22,918
Deferred capital grant income		(3,159)	(2,100)
Contract liabilities		(8,441)	(4,649)
Total financial liabilities	7.1(a)	17,003	16,169

How we recognise payables and contract liabilities

Payables consist of:

- Contractual payables predominately include payables in relation to goods and services. These payables are classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to The Royal Women's Hospital prior to the end of the financial year that are unpaid; and
- Statutory payables include Goods and Services Tax (GST) payable. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

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

Note 5.2(a) Deferred capital grant income

	Note	Total 2022 \$'000	Total 2021 \$'000
Balance at beginning of year		2,100	1,926
Grant consideration for capital works received during the year		3,638	1,003
Deferred capital grant income recognised as income due to completion of capital works		(2,579)	(829)
Balance at end of year	5.2	3,159	2,100

How we recognise deferred capital grant income

Grant consideration was received from the Department of Health. Capital grant income is recognised when the asset is acquired, since this is the time when The Royal Women's Hospital satisfies its obligations under the transfer by controlling the asset. As a result, The Royal Women's Hospital has deferred recognition of a portion of the capital grant consideration received as a liability for the outstanding obligations.

The Royal Women's Hospital expects to recognise all of the remaining deferred capital grant income in line with capital works undertaken during future years.

Note 5.2(b) Contract liabilities

	Note	Total 2022 \$'000	Total 2021 \$'000
Balance at beginning of year		4,649	3,200
Grant consideration for sufficiently specific performance obligations received during the year		6,155	1,648
Grant revenue for sufficiently specific performance obligations works recognised consistent with the performance obligations met during the year		(2,799)	(789)
Payments received for performance obligations not yet fulfilled		2,278	2,444
Revenue recognised for the completion of a performance obligation during the year		(1,842)	(1,854)
Balance at end of year	5.2	8,441	4,649
Represented by:			
Current contract liabilities		8,441	4,649

How we recognise contract liabilities

Government grant consideration was received from the Department of Health to fund specific programs to service the needs of the community. Grant income is recognised when the relevant services are provided by The Royal Women's Hospital.

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

Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer (refer to Note 2.1(a)).

Maturity analysis of payables

Refer to Note 7.2(b) for the ageing analysis of payables.

Note 6 How we finance our operations

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

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

Structure

Note 6.1	Borrowings	90
Note 6.2	Cash and cash equivalents	94
Note 6.3	Commitments for expenditure	95

Telling the COVID-19 story

Our finance and borrowing arrangements were not materially impacted by the COVID-19 coronavirus pandemic. Our response was funded by the State Government.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Determining if a contract is or contains a lease	<p>The Royal Women's Hospital applies significant judgement to determine if a contract is or contains a lease by considering if the hospital:</p> <ul style="list-style-type: none"> • Has the right-to-use an identified asset; • Has the right to obtain substantially all economic benefits from the use of the leased asset; and • Can decide how and for what purpose the asset is used throughout the lease.
Determining if a lease meets the short-term or low value asset lease exemption	<p>The Royal Women's Hospital applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria.</p> <p>The Royal Women's Hospital estimates the fair value of leased assets when acquired. Where the estimated fair value is less than \$10,000, the hospital applies the low-value lease exemption.</p> <p>The Royal Women's Hospital also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the hospital applies the short-term lease exemption.</p>
Discount rate applied to future lease payments	<p>The Royal Women's Hospital discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for the hospital's lease arrangements, The Royal Women's Hospital uses its incremental borrowing rate, which is the amount the hospital would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.</p>
Assessing the lease term	<p>The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if The Royal Women's Hospital is reasonably certain to exercise such options.</p> <p>The Royal Women's Hospital determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including:</p> <ul style="list-style-type: none"> • If there are significant penalties to terminate (or not extend), the hospital is typically reasonably certain to extend (or not terminate) the lease; • If any leasehold improvements are expected to have a significant remaining value, the hospital is typically reasonably certain to extend (or not terminate) the lease; and • The Royal Women's Hospital considers historical lease durations and the costs and business disruption to replace such leased assets.

Note 6.1 Borrowings

	Note	Total 2022 \$'000	Total 2021 \$'000
Current borrowings			
Treasury Corporation Victoria loan ⁱ		983	920
Lease liabilities ⁱⁱ	6.1(a)	581	616
Public Private Partnerships (PPP) lease liability ⁱⁱ	6.1(b)	10,347	9,610
Total current borrowings		11,911	11,146
Non-current borrowings			
Treasury Corporation Victoria loan ⁱ		14,937	15,921
Lease liabilities ⁱⁱ	6.1(a)	1,005	1,119
Public Private Partnerships (PPP) lease liability ⁱⁱ	6.1(b)	157,791	168,138
Total non-current borrowings		173,733	185,178
Total borrowings	7.1(a)	185,644	196,324

ⁱ Unsecured loan with a fixed interest rate of 6.67% (2021: 6.67%).

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

How we recognise borrowings

Borrowings refer to interest bearing liabilities mainly raised from advances from the Treasury Corporation of Victoria (TCV) and other funds raised through lease liabilities, service concession arrangements and other interest-bearing arrangements.

Initial recognition

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether The Royal Women's Hospital has categorised its liability as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'.

Subsequent measurement

Subsequent to initial recognition, interest bearing borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net result over the period of the borrowing using the effective interest method. Non-interest bearing borrowings are measured at 'fair value through profit or loss'.

Maturity analysis

Refer to Note 7.2(b) for the maturity analysis of borrowings.

Defaults and breaches

During the current and prior year, there were no defaults or breaches on the loan or lease liabilities.

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

Note 6.1(a) Lease liabilities

The Royal Women's Hospital's lease liabilities are summarised below:

	Total 2022 \$'000	Total 2021 \$'000
Total undiscounted lease liabilities	1,626	1,786
Less unexpired finance expenses	(40)	(51)
Net lease liabilities	1,586	1,735

The following table sets out the maturity analysis of lease liabilities, showing the undiscounted lease payments to be made after the reporting date.

	Note	Total 2022 \$'000	Total 2021 \$'000
Not longer than one year		603	641
Longer than one year and not later than five years		1,023	1,145
Longer than five years		-	-
Minimum future lease liability		1,626	1,786
Less unexpired finance expenses		(40)	(51)
Present value of lease liability		1,586	1,735
Represented by:			
Current liabilities	6.1	581	616
Non-current liabilities	6.1	1,005	1,119
Total lease liabilities		1,586	1,735

How we recognise lease liabilities

A lease is defined as a contract, or part of a contract, that conveys the right for The Royal Women's Hospital to use an asset for a period of time in exchange for payment.

To apply this definition, The Royal Women's Hospital ensures the contract meets the following criteria:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to The Royal Women's Hospital and for which the supplier does not have substantive substitution rights;
- The Royal Women's Hospital has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and The Royal Women's Hospital has the right to direct the use of the identified asset throughout the period of use; and
- The Royal Women's Hospital has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

The Royal Women's Hospital's lease arrangements consist of the following:

Type of asset leased	Lease term
Leased concessionary land	99 Years
Leased buildings	1 to 5 Years
Leased plant, equipment and vehicles	2 to 5 Years

Note 6.1 Borrowings (continued)

All leases are recognised on the Balance Sheet, with the exception of low value leases (less than \$10,000 AUD) and short term leases of less than 12 months. The following low value and short term leases are recognised in the Comprehensive Operating Statement:

Type of payment	Description of payment	Type of leases captured
Low value lease payments	Leases where the underlying asset's fair value, when new, is no more than \$10,000	Computer equipment.
Short-term lease payments	Leases with a term less than 12 months	Motor vehicles and buildings.
Variable lease payments not based on an index or rate	Payments which are not based on an index or rate	Nil.

Separation of lease and non-lease components

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

Initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or The Royal Women's Hospital's incremental borrowing rate. The weighted average interest rate implicit in the leases is 1.66% (2021: 1.82%).

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

- Fixed payments (including in-substance fixed payments) less any lease incentive receivable;
- Variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- Payments arising from purchase and termination options reasonably certain to be exercised.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Some building leases have extension lease terms from six months to the original term of the lease.

These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by The Royal Women's Hospital and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term and lease liability if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Subsequent measurement

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

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

Leases with significantly below market terms and conditions

The Royal Women's Hospital holds a lease arrangement which contains significantly below-market terms and conditions. The lease principally enables The Royal Women's Hospital to further its objectives. These are commonly referred to as a peppercorn or concessionary lease arrangement.

The nature and terms of the lease arrangement, including The Royal Women's Hospital's dependency on such a lease arrangement is described below:

Description of leased asset	Dependence on lease	Nature and terms of lease
Land leased from The Minister for Environment and Climate Change on behalf of the Crown in right of the State of Victoria.	The leased land is occupied by The Royal Women's Hospital main hospital facility at Parkville.	Lease payments of \$104 are required per annum
	The Royal Women's Hospital's dependence on this lease is considered high.	The lease commenced on the 13 June 2008 and has a lease term of 99 years.
	The asset is of a specialised nature and there are limited readily available substitutes within the inner city of Melbourne.	Restrictions placed on the use of the asset include hospital functions and all associated uses including health, academic, research, car parking and retail.

Note 6.1(b) PPP lease liability

The Royal Women's Hospital's PPP lease liability is summarised below:

	Total 2022 \$'000	Total 2021 \$'000
Total undiscounted PPP lease liability	246,174	268,648
Less unexpired finance expenses	(78,036)	(90,900)
Net PPP lease liability	168,138	177,748

The following table sets out the maturity analysis of the PPP lease liability, showing the undiscounted PPP lease payments to be made after the reporting date.

	Note	Total 2022 \$'000	Total 2021 \$'000
Not longer than one year		22,474	22,474
Longer than one year and not later than five years		89,895	89,895
Longer than five years		133,805	156,279
Minimum future PPP lease liability		246,174	268,648
Less unexpired finance expenses		(78,036)	(90,900)
Present value of PPP lease liability		168,138	177,748
Represented by:			
Current liabilities	6.1	10,347	9,610
Non-current liabilities	6.1	157,791	168,138
Total PPP lease liability		168,138	177,748

Note 6.1 Borrowings (continued)

Note 6.1(b) PPP lease liability (continued)

How we recognise commissioned public private partnerships (PPP)

The construction and fit out of The Royal Women's Hospital was funded as a PPP contract between the State of Victoria and RW Health Partnership Pty Ltd. The Royal Women's Hospital is responsible for operating the facility and has recognised the leased asset and associated interest bearing liability.

Such PPP's are not accounted for as a Service Concession Arrangement within the scope of AASB 1059 *Service Concession Arrangements: Grantors* as the public service criterion is not satisfied.

The State of Victoria is obligated to fund monthly service payments over the duration of the project agreement up to a period of 25 years.

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.

The monthly payments include the undertaking of building maintenance and providing ancillary services to the hospital as outlined in the PPP contract.

Initial measurement

PPP leases are recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the PPP lease. The weighted average interest rate implicit in the lease is 7.67% (2021: 7.67%).

Subsequent measurement

The leased assets under the PPP arrangement are accounted for as a non-financial physical asset and are depreciated over the term of the lease plus five years as per the contract except for, the building which is depreciated using the replacement cost method.

Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the Comprehensive Operating Statement.

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

Note 6.2 Cash and cash equivalents

	Total 2022 \$'000	Total 2021 \$'000
Cash on hand	4	3
Cash at bank	415	2,351
Cash at bank - CBS ⁱ	10,297	3,596
Deposits at call	-	1,139
Total cash and cash equivalents	10,716	7,089

ⁱ The Royal Women's Hospital utilises the Central Banking System (CBS), which is mandatory for government agencies, in accordance with the Standing Directions issued by the Assistant Treasurer under the *Financial Management Compliance Act 1994*.

Cash and cash equivalents include salary packaging.

How we recognise cash and cash equivalents

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

Note 6.3 Commitments for expenditure

	Total 2022 \$'000	Total 2021 \$'000
Capital expenditure commitments		
Not longer than one year	716	913
Total capital expenditure commitments	716	913
Operating expenditure commitments		
Not longer than one year	1,238	542
Longer than one year and not later than five years	688	349
Longer than five years	92	149
Total operating expenditure commitments	2,018	1,040
Non-cancellable short-term and low value lease commitments		
Not longer than one year	250	350
Longer than one year and not later than five years	166	335
Total non-cancellable short-term and low value lease commitments	416	685
Commissioned public private partnership commitmentsⁱ		
Not longer than one year	24,641	25,687
Longer than one year and not later than five years	128,393	112,130
Longer than five years	195,714	225,430
Total public private partnership commitments	348,748	363,247
Total commitments for expenditure (inclusive of GST)	351,898	365,885
Less GST recoverable from the Australian Tax Office	(31,991)	(33,262)
Total commitments for expenditure (exclusive of GST)	319,907	332,623

ⁱ The present values of the lease liability for commissioned PPPs are recognised on the Balance Sheet, refer to Note 6.1. Amounts disclosed here are for other commitments related to the PPP arrangement.

How we disclose our commitments

The Royal Women's Hospital's commitments relate to expenditure, public private partnerships (PPP) and short term and low value leases.

Expenditure commitments

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

Short-term and low value leases

The Royal Women's Hospital discloses short-term and low value lease commitments which are excluded from the measurement of right-of-use assets and lease liabilities. Refer to Note 6.1 for further information.

Commissioned public private partnership (PPP)

Pursuant to the requirements of the Operating Deed signed by the State of Victoria and RW Health Partnership Pty Ltd on 13 June 2008, the Department of Health agrees to meet all payments (including leasing and operating) for which the State of Victoria is liable and which are associated with the project.

The Royal Women's Hospital has agreed to record and report all of the obligations of the State of Victoria reflecting The Royal Women's Hospital's position as the government agency that controls the assets.

Refer to Note 6.1 for further information.

Note 7 Risks, contingencies and valuation uncertainties

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

Structure

Note 7.1	Financial instruments	98
Note 7.2	Financial risk management objectives and policies	100
Note 7.3	Contingent assets and contingent liabilities	104
Note 7.4	Fair value determination	105

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of non-financial assets	<p>Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use.</p> <p>In determining the highest and best use, The Royal Women's Hospital has assumed the current use is its highest and best use. Accordingly, characteristics of the hospital's assets are considered, including condition, location and any restrictions on the use and disposal of such assets.</p> <p>The Royal Women's Hospital uses a range of valuation techniques to estimate fair value, which include the following:</p> <ul style="list-style-type: none"> • Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of The Royal Women's Hospital's specialised land, non-specialised land, non-specialised buildings, investment properties and cultural assets are measured using this approach; • Cost approach, which reflects the amount that would be required to replace the service capacity of the asset (referred to as current replacement cost). The fair value of The Royal Women's Hospital's specialised buildings, plant and equipment, medical equipment, computers and communication equipment and furniture and fittings are measured using this approach; and • Income approach, which converts future cash flows or income and expenses to a single undiscounted amount. The Royal Women's Hospital does not use this approach to measure fair value. <p>The Royal Women's Hospital selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.</p> <p>Subsequently, the hospital applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes:</p> <ul style="list-style-type: none"> • Level 1, using quoted prices (unadjusted) in active markets for identical assets that the hospital can access at measurement date. The Royal Women's Hospital does not categorise any fair values within this level; • Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. The Royal Women's Hospital categorises non-specialised land, non-specialised buildings, cultural assets and investment properties in this level; and • Level 3, where inputs are unobservable. The Royal Women's Hospital categorises specialised land, specialised buildings, plant and equipment, medical equipment, computers and communication equipment, furniture and fittings, right-of-use concessionary land, right-of-use buildings, right-of-use plant, equipment and vehicles and investment properties in this level.

Note 7.1 Financial instruments

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

Note 7.1(a) Categorisation of financial instruments

	Note	Financial assets at amortised cost \$'000	Financial assets at fair value through net result \$'000	Financial liabilities at amortised cost \$'000	Total \$'000
30 June 2022					
Financial assets					
Cash and cash equivalents	6.2	10,716	-	-	10,716
Receivables and contract assets	5.1	18,147	-	-	18,147
Investments and other financial assets	4.1	400	16,469	-	16,869
Total financial assetsⁱ		29,263	16,469	-	45,732
Financial liabilities					
Payables	5.2	-	-	17,003	17,003
Borrowings	6.1	-	-	185,644	185,644
Total financial liabilitiesⁱ		-	-	202,647	202,647
30 June 2021					
Financial assets					
Cash and cash equivalents	6.2	7,089	-	-	7,089
Receivables and contract assets	5.1	17,245	-	-	17,245
Investments and other financial assets	4.1	-	19,031	-	19,031
Total financial assetsⁱ		24,334	19,031	-	43,365
Financial liabilities					
Payables	5.2	-	-	16,169	16,169
Borrowings	6.1	-	-	196,324	196,324
Total financial liabilitiesⁱ		-	-	212,493	212,493

ⁱ The carrying amount excludes statutory receivables (i.e. GST receivable) and contractual payables (i.e. deferred capital grant income and contract liabilities).

How we categorise financial instruments

Categories of financial assets

Financial assets are recognised when The Royal Women's Hospital becomes party to the contractual provisions of an instrument. For financial assets, this is at the date

The Royal Women's Hospital commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through net result, in which case transaction costs are expensed to the Comprehensive Operating Statement immediately.

Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.

Financial assets at amortised cost

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

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

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

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

- Cash and cash equivalents;
- Receivables (excluding statutory receivables); and
- Term deposits.

Financial assets at fair value through net result

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

Categories of financial liabilities

Financial liabilities are recognised when The Royal Women's Hospital becomes a party to the contractual provisions of an instrument. Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to the Comprehensive Operating Statement immediately.

Financial liabilities at amortised cost

Financial liabilities are measured at amortised cost using the effective interest method, where they are not held at fair value through net result.

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

- Payables (excluding statutory payables, deferred capital grant income and contract liabilities); and
- Borrowings.

Offsetting financial instruments

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

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

Derecognition of financial assets

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

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

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

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

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

Reclassification of financial instruments

A financial asset is required to be reclassified between amortised cost, fair value through net result and fair value through other comprehensive income when, and only when, The Royal Women's Hospital's business model for managing its financial assets has changed such that its previous model would no longer apply.

A financial liability reclassification is not permitted.

Note 7.2 Financial risk management objectives and policies

As a whole, The Royal Women's Hospital's financial risk management program seeks to manage the risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, included 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 throughout the financial statements.

The Royal Women's Hospital's main financial risks include credit risk, liquidity risk, interest rate risk and equity price risk. The Royal Women's Hospital manages these financial risks in accordance with its financial risk management policy.

The Royal Women's Hospital uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Hospital's Board.

Note 7.2(a) Credit risk

Credit risk refers to the possibility that a customer will default on its financial obligations as and when they fall due. 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.

Credit risk associated with The Royal Women's Hospital's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, the hospital is exposed to credit risk associated with patient and other debtors.

In addition, The Royal Women's Hospital does not engage in hedging for its contractual financial assets. Where permitted under standing Direction 3.7.2 - Treasury Management, including the Central Banking System, The Royal Women's Hospital's policy is to only deal with banks with high credit ratings.

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 and default payments.

Contract financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off by mutual consent is classified as a transaction expense. Bad debt written off following a unilateral decision is recognised as other economic flows in the net result.

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.

There has been no material change to The Royal Women's Hospital's credit risk profile in the current financial year.

Impairment of financial assets under AASB 9 *Financial Instruments*

The Royal Women's Hospital records the allowance for expected credit loss for the relevant financial instruments, applying AASB 9 'Expected Credit Loss' approach. Subject to AASB 9, impairment assessment includes The Royal Women's Hospital's contractual receivables.

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9.

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

Contractual receivables at amortised cost

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

On this basis, The Royal Women's Hospital determines the closing loss allowance at end of the financial year as follows:

	Note	Current \$'000	30 days \$'000	60 days \$'000	90 days \$'000	120 days \$'000	150 days \$'000	365+ days ⁱ \$'000	Total \$'000
30 June 2022									
Patient debtors									
Expected loss rate		4.0%	6.0%	30.0%	43.0%	29.0%	50.0%	100.0%	
Gross carrying amount of contractual receivables		647	701	113	449	173	207	132	2,422
Loss allowance	5.1	26	42	34	193	50	104	132	581
		Current \$'000	30 days \$'000	60 days \$'000	90 days \$'000	120 days \$'000	150 days \$'000	365+ days \$'000	Total \$'000
30 June 2022									
Sundry debtors									
Expected loss rate		1.0%	2.9%	6.8%	3.2%	3.0%	60.0%	100.0%	
Gross carrying amount of contractual receivables		1,670	181	66	14	22	12	343	2,308
Loss allowance	5.1	17	5	5	-	1	7	343	378
	Note	Current \$'000	30 days \$'000	60 days \$'000	90 days \$'000	120 days \$'000	150 days \$'000	365+ days ⁱ \$'000	Total \$'000
30 June 2021									
Patient debtors									
Expected loss rate		2.0%	5.0%	12.0%	7.0%	11.0%	50.0%	100.0%	
Gross carrying amount of contractual receivables		781	389	150	146	113	351	109	2,039
Loss allowance	5.1	15	19	18	10	12	175	109	358
		Current \$'000	30 days ⁱ \$'000	60 days \$'000	90 days \$'000	120 days \$'000	150 days \$'000	365+ days \$'000	Total \$'000
30 June 2021									
Sundry debtors									
Expected loss rate		1.0%	2.0%	5.0%	10.0%	20.0%	60.0%	100.0%	
Gross carrying amount of contractual receivables		1,590	-	278	230	50	38	646	2,832
Loss allowance	5.1	16	-	14	23	10	23	646	732

ⁱ Credits are excluded when calculating the loss allowance provision.

Statutory receivables at amortised cost

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

Statutory receivables are considered to have low credit risk, taking into account the government's credit rating, risk of default and its capacity to meet contractual cash flow obligations in the near term. As a result, no credit loss allowance has been provided in the current financial year (2021: Nil).

Note 7.2 Financial risk management objectives and policies (continued)**Note 7.2(b) Liquidity risk**

Liquidity risk arises from being unable to meet financial obligations as they fall due.

The Royal Women's Hospital is exposed to liquidity risk mainly through the financial liabilities as disclosed in the Balance Sheet. The Royal Women's Hospital manages its liquidity risk by:

- Close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements;
- Maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations;
- Holding investments and other contractual financial assets that are readily tradeable in the financial markets; and
- Careful maturity planning of its financial obligations based on forecasts of future cash flows.

The Royal Women's Hospital's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

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

			Maturity dates					
Note	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000	Over 5 years \$'000	
30 June 2022								
Financial liabilities at amortised cost								
Payables	5.2	17,003	17,003	10,408	6,444	81	70	-
Borrowings	6.1	185,644	185,644	1,016	1,892	9,003	55,586	118,147
Total financial liabilities ⁱ		202,647	202,647	11,424	8,336	9,084	55,656	118,147
30 June 2021								
Financial liabilities at amortised cost								
Payables	5.2	16,169	16,169	10,106	5,794	129	140	-
Borrowings	6.1	196,324	196,324	955	1,739	8,451	51,842	133,337
Total financial liabilities ⁱ		212,493	212,493	11,061	7,533	8,580	51,982	133,337

¹ The ageing analysis of financial liabilities excludes contractual payables (i.e. deferred capital grant income and contract liabilities).

Note 7.2(c) Market risk

The Royal Women's Hospital's exposures to market risk are primarily through interest rate risk, foreign currency risk and equity price risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

Sensitivity disclosure analysis and assumptions

The Royal Women's Hospital's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period. The Royal Women's Hospital's fund managers cannot be expected to predict movements in market rates and prices. The following movements are 'reasonably possible' over the next 12 months:

- A change in interest rates of 1.25% up or down; and
- A change in the top ASX 200 index of 20% up or down.

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Royal Women's Hospital does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Royal Women's Hospital has minimal exposure to cash flow interest rate risks through cash and deposits and term deposits that are at floating rate. The Hospital's loan has a fixed interest rate, therefore no interest rate risk.

Foreign currency risk

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period.

The Royal Women's Hospital has minimal exposure to foreign currency risk.

Equity risk

The Royal Women's Hospital is exposed to equity price risk through its investments in managed investment schemes. Such investments are allocated and traded to match the Hospital's investment objectives.

The Royal Women's Hospital's sensitivity to equity price risk is set out below.

		-20%	20%
	Carrying amount \$'000	Net result \$'000	Net result \$'000
30 June 2022			
Investments and other financial assets	16,469	(3,294)	3,294
Total impact	16,469	(3,294)	3,294

		-15%	15%
	Carrying amount \$'000	Net result \$'000	Net result \$'000
30 June 2021			
Investments and other financial assets	19,031	(2,855)	2,855
Total impact	19,031	(2,855)	2,855

Note 7.3 Contingent assets and contingent liabilities

Details of maximum estimates for contingent assets or contingent liabilities are included in the following table:

	Total 2022 \$'000	Total 2021 \$'000
Contingent liabilities		
Quantifiable		
Contribution to Parkville facility	11,820	11,820
Total quantifiable contingent liabilities	11,820	11,820

How we measure and disclose contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the hospital.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

There were no contingent assets for The Royal Women's Hospital as at 30 June 2022 (2021: Nil).

Contingent liabilities

Contingent liabilities are:

- Possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the hospital; or
- Present obligations that arise from past events but are not recognised because:
 - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
 - The amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

Contribution to Parkville facility

During the year ended 30 June 2008, The Royal Women's Hospital relocated to a new facility. The State of Victoria has an expectation that The Royal Women's Hospital will contribute \$61.40m (in cash or in kind) from the disposal of properties at the Carlton site to the cost of constructing the Parkville facility. Settlement of the contingent liability is dependent upon the timing and manner of the disposal of certain properties at the Carlton site.

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

Note 7.4 Fair value determination

How we measure fair value

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

The following assets and liabilities are carried at fair value:

- Financial assets and liabilities at fair value through net result;
- Property, plant and equipment;
- Right-of-use assets; and
- Investment properties.

In addition, the fair value of other assets and liabilities that are carried at amortised cost, are also reviewed for disclosure.

Valuation hierarchy

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

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

The Royal Women's Hospital determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There have been no transfers between levels during the period.

The Royal Women's Hospital monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required. The Valuer-General Victoria (VGV) is The Royal Women's Hospital's independent valuation agency for property, plant and equipment.

Identifying unobservable inputs (level 3) fair value measurements

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

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

Note 7.4 Fair value determination (continued)**Note 7.4(a) Fair value determination of investments and other financial assets**

	Note	Total carrying amount \$'000	Fair value measurement at end of reporting period using:		
			Level 1 ⁱ \$'000	Level 2 ⁱ \$'000	Level 3 ⁱ \$'000
30 June 2022					
Financial assets at fair value through net result					
Managed investment schemes	4.1	16,469	36	16,433	-
Total investments and other financial assets at fair value		16,469	36	16,433	-
30 June 2021					
Financial assets at fair value through net result					
Managed investment schemes	4.1	19,031	34	18,997	-
Total investments and other financial assets at fair value		19,031	34	18,997	-

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

How we measure fair value of investments and other financial assets**Managed investment schemes**

The Royal Women's Hospital invests in managed funds of which a portion may not be quoted in an active market and which may be subject to restrictions on redemptions.

The Royal Women's Hospital considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investment, to ensure they are reasonable and appropriate. The net asset value of these funds is used as an input into measuring their fair value, and is adjusted as necessary, to reflect restrictions and redemptions, future commitments and other specific factors of the fund.

The Royal Women's Hospital obtains from its Fund Managers, the fair value classification for each asset class of funds held within its portfolio. These funds are either Level 1 or 2.

Note 7.4(b) Fair value determination of non-financial physical assets

	Note	Total carrying amount \$'000	Fair value measurement at end of reporting period using:		
			Level 1 ⁱ \$'000	Level 2 ⁱ \$'000	Level 3 ⁱ \$'000
30 June 2022					
Non-specialised land		2,795	-	2,795	-
Specialised land		13,920	-	-	13,920
Total land at fair value	4.2(a)	16,715	-	2,795	13,920
Non-specialised buildings	4.2(a)	1,740	-	1,740	-
Total building at fair value		1,740	-	1,740	-
Plant and equipment	4.2(a)	746	-	-	746
Medical equipment	4.2(a)	4,392	-	-	4,392
Computers and communication equipment	4.2(a)	3,378	-	-	3,378
Furniture and fittings	4.2(a)	298	-	-	298
Cultural assets	4.2(a)	147	-	147	-
Total plant, equipment and cultural assets at fair value		8,961	-	147	8,814
Right-of-use concessionary land	4.3(a)	67,371	-	-	67,371
Right-of-use buildings	4.3(a)	248	-	-	248
Right-of-use plant, equipment and vehicles	4.3(a)	1,329	-	-	1,329
Right-of-use PPP building	4.3(a)	236,916	-	-	236,916
Right-of-use PPP plant and equipment	4.3(a)	2,925	-	-	2,925
Total right-of-use assets at fair value		308,789	-	-	308,789
Investment properties	4.7(a)	122,451	-	40,626	81,825
Total investment properties at fair value		122,451	-	40,626	81,825
Total non-financial physical assets at fair value		458,656	-	45,308	413,348

ⁱ Classified in accordance with the fair value hierarchy.

Note 7.4 Fair value determination (continued)**Note 7.4(b) Fair value determination of non-financial physical assets (continued)**

	Note	Total carrying amount \$'000	Fair value measurement at end of reporting period using:		
			Level 1 ⁱ \$'000	Level 2 ⁱ \$'000	Level 3 ⁱ \$'000
30 June 2021					
Non-specialised land		2,795	-	2,795	
Specialised land		82,876	-	-	82,876
Total land at fair value	4.2 (a)	85,671	-	2,795	82,876
Non-specialised buildings	4.2 (a)	1,989	-	1,989	-
Total building at fair value		1,989	-	1,989	-
Plant and equipment	4.2 (a)	729	-	-	729
Medical equipment	4.2 (a)	4,004	-	-	4,004
Computers and communication equipment	4.2 (a)	3,916	-	-	3,916
Furniture and fittings	4.2 (a)	317	-	-	317
Cultural assets	4.2 (a)	147	-	147	-
Total plant, equipment and cultural assets at fair value		9,113	-	147	8,966
Right-of-use buildings	4.3(a)	262	-	-	262
Right-of-use plant, equipment and vehicles	4.3(a)	1,468	-	-	1,468
Right-of-use PPP building	4.3(a)	246,393	-	-	246,393
Right-of-use PPP plant and equipment	4.3(a)	3,109	-	-	3,109
Total right-of-use assets at fair value		251,232	-	-	251,232
Investment properties	4.7(a)	113,340	-	37,576	75,764
Total investment properties at fair value		113,340	-	37,576	75,764
Total non-financial physical assets at fair value		461,345	-	42,507	418,838

ⁱ Classified in accordance with the fair value hierarchy.

How we measure fair value of non-financial physical assets

The fair value measurement of non-financial physical assets takes into account the market participant's ability to use the asset in its highest and best use, or to sell it to another market participant that would use the same asset in its highest and best use.

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

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

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

Non-specialised land, non-specialised buildings, investment properties and cultural assets

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

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

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

Specialised land and specialised buildings

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

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

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

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

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

An independent valuation of The Royal Women's Hospital's specialised land and specialised buildings were performed by the Valuer-General Victoria. The effective date of the valuation was 30 June 2019.

Vehicles

The Royal Women's Hospital acquires new vehicles and at times disposes of them before completion of their economic life. The process of acquisition, use and disposal in the market is managed by the hospital who set relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying amount (depreciated cost).

Plant and equipment and furniture and fittings

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

There were no changes in valuation techniques throughout the period to 30 June 2022.

Note 7.4 Fair value determination (continued)**Note 7.4(b) Fair value determination of non-financial physical assets (continued)****Reconciliation of level 3 fair value measurementⁱ**

	Note	Land \$'000	Plant, equipment and cultural assets \$'000	Right-of-use assets \$'000	Investment properties \$'000
Balance at 1 July 2020		82,876	9,714	259,873	72,156
Additions/(disposals)		-	717	1,757	-
Assets provided free of charge		-	19	-	-
<i>Gains/(losses) recognised in net result</i>					
Depreciation and amortisation		-	(2,140)	(10,392)	-
Net gain from fair value adjustment		-	-	-	3,608
Net transfers between classes		-	656	(6)	-
Balance at 30 June 2021	7.4(b)	82,876	8,966	251,232	75,764
Additions/(disposals)		-	1,630	757	-
Assets provided free of charge		-	362	-	-
<i>Gains/(losses) recognised in net result</i>					
Depreciation and amortisation		-	(2,151)	(12,156)	-
Net gain from fair value adjustment		-	-	-	6,061
Net transfers between classes		(68,956)	7	68,956	-
Balance at 30 June 2022	7.4(b)	13,920	8,814	308,789	81,825

ⁱ Classified in accordance with the fair value hierarchy, refer Note 7.4.

Fair value determination of level 3 fair value measurement

Asset class	Likely valuation approach	Significant inputs (level 3 only)
Specialised land - Crown land	Market Approach	Community service obligations adjustments ⁱ
Specialised buildings	Current replacement cost approach	Cost per square metre Useful life of specialised buildings
Plant and equipment	Current replacement cost approach	Cost per unit Useful life of plant and equipment
Medical equipment	Current replacement cost approach	Cost per unit Useful life of medical equipment
Computers and communication equipment	Current replacement cost approach	Cost per unit Useful life of computers and communication equipment
Furniture and fittings	Current replacement cost approach	Cost per unit Useful life of furniture and fittings
Vehicles	Current replacement cost approach	Cost per unit Useful life of vehicles
Investment Properties	Market Approach	Community service obligations adjustments ⁱ

ⁱ A community service obligation (CSO) of 20% was applied to The Royal Women's Hospital's specialised land and to a portion of investment land held.

Note 8 Other disclosures

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of these financial statements.

Structure

Note 8.1	Reconciliation of net result for the year to net cash flow from operating activities	113
Note 8.2	Responsible persons	114
Note 8.3	Remuneration of executives	116
Note 8.4	Related parties	117
Note 8.5	Remuneration of auditors	120
Note 8.6	Ex-gratia expenses	120
Note 8.7	Events occurring after the balance sheet date	120
Note 8.8	Controlled entities	121
Note 8.9	Joint arrangements	123
Note 8.10	Equity	124
Note 8.11	Economic dependency	124

Note 8.1 Reconciliation of net result for the year to net cash flow from operating activities

	Note	Total 2022 \$'000	Total 2021 \$'000
Net result for the year		(674)	9,916
Non-cash movements:			
Depreciation and amortisation of non-financial assets	4.6	18,384	16,708
Amortisation of intangible non-produced assets	3.2	980	980
Net loss from disposal of non-financial assets	3.2	212	217
Net loss from disposal of financial assets	3.2	38	56
Revaluation of financial instruments at fair value through net result	3.2	2,217	(1,546)
Revaluation of investment properties	3.2	(8,233)	(4,823)
Allowance for impairment losses of contractual receivables		(131)	460
Revaluation of long service leave liability	3.2	42	(4,050)
Department of Health non-cash grants		(922)	(907)
Net movement in PPP lease liability ⁱ		(9,610)	(8,925)
Income from managed funds reinvested		(760)	(557)
Management fees for managed investments		-	8
Consumables received free of charge under state supply arrangements	2.1(b)	(1,591)	(324)
Assets received free of charge under state supply arrangements	2.1(b)	(362)	(19)
Consumables provided free of charge under state supply arrangements		1,591	679
Movements in assets and liabilities:			
(Increase)/decrease in receivables and contract assets		(399)	1,953
(Increase)/decrease in prepaid expenses		(308)	(219)
Increase/(decrease) in payables and contract liabilities		4,976	(1,948)
Increase/(decrease) in employee benefits and related on-costs		3,739	6,168
(Increase)/decrease in inventories		27	(17)
Net cash flow from operating activities		9,216	13,810

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

Note 8.2 Responsible persons

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

	Period
The Honourable Martin Foley:	
Minister for Health	1 Jul 2021 - 27 Jun 2022
Minister for Ambulance Services	1 Jul 2021 - 27 Jun 2022
The Honourable James Merlino:	
Minister for Mental Health	1 Jul 2021 - 27 Jun 2022
The Honourable Mary-Anne Thomas:	
Minister for Health	27 Jun 2022 - 30 Jun 2022
Minister for Ambulance Services	27 Jun 2022 - 30 Jun 2022
The Honourable Gabrielle Williams:	
Minister for Mental Health	27 Jun 2022 - 30 Jun 2022
Governing Board	
Ms Lyn Swinburne AO (Chair of the Board) (appointment concluded 30 June 2022)	1 Jul 2021 - 30 Jun 2022
Ms Cath Bowtell (appointed Chair of the Board on 1 July 2022)	1 Jul 2021 - 30 Jun 2022
Mr Michael O'Neill (appointment concluded 30 June 2022)	1 Jul 2021 - 30 Jun 2022
Ms Helga Svendsen	1 Jul 2021 - 30 Jun 2022
Ms Mandy Frostick	1 Jul 2021 - 30 Jun 2022
Ms Naomi Johnston	1 Jul 2021 - 30 Jun 2022
Ms Rosie Batty AO	1 Jul 2021 - 30 Jun 2022
Adjunct Professor Alan Lilly	1 Jul 2021 - 30 Jun 2022
Mr Ken Parsons	1 Jul 2021 - 30 Jun 2022
Associate Professor Marie Bismark	1 Jul 2021 - 30 Jun 2022
Accountable Officer	
Professor Sue Matthews (Chief Executive Officer)	1 Jul 2021 - 30 Jun 2022

Remuneration of responsible persons

The number of responsible persons are shown in their relevant income bands:

	Total 2022 No.	Total 2021 No.
Income band		
\$20,000 - \$29,999	9	9
\$50,000 - \$59,999	-	1
\$60,000 - \$69,999	1	-
\$480,000 - \$489,999	-	1
\$490,000 - \$499,999	1	-
Total	11	11

	Total 2022 \$'000	Total 2021 \$'000
Total remuneration received or due and receivable by responsible persons from the reporting entity amounted to	793	785

Amounts relating to Responsible Ministers are reported within the State's Annual Financial Report.

Note 8.3 Remuneration of executives

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

	Total 2022 \$'000	Total 2021 \$'000
Remuneration of executive officers (including key management personnel disclosed in Note 8.4)		
Short-term benefits	2,340	2,119
Post-employment benefits	242	211
Other long-term benefits	46	45
Total remunerationⁱ	2,628	2,375
 Total number of executives	 9	 9
Total annualised employee equivalent ⁱⁱ	9.0	8.2

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

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

No bonus payments were paid in the current year (2021: nil).

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

Short-term employee benefits

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

Post-employment benefits

Pensions and other retirement benefits (such as superannuation guarantee contributions) paid or payable on a discrete basis when employment has ceased.

Other long-term benefits

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

Termination benefits

Termination of employment payments, such as severance packages.

Note 8.4 Related parties

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

- All key management personnel (KMP) and their close family members and personal business interest;
- Cabinet ministers (where applicable) and their close family members;
- Controlled Entities - Royal Women's Hospital Foundation Limited and The Royal Women's Hospital Foundation Trust Fund (both wound up on 7 December 2020);

- Joint Arrangements - A member of the Victorian Comprehensive Cancer Centre Joint Venture; and
- All hospitals and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

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

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

Entity	KMPs	Position title
The Royal Women's Hospital	Ms Lyn Swinburne AO (appointment concluded 30 June 2022)	Chair of the Board
The Royal Women's Hospital	Ms Cath Bowtell	Board Member
The Royal Women's Hospital	Mr Michael O'Neill (appointment concluded 30 June 2022)	Board Member
The Royal Women's Hospital	Ms Helga Svendsen	Board Member
The Royal Women's Hospital	Ms Mandy Frostick	Board Member
The Royal Women's Hospital	Ms Naomi Johnston	Board Member
The Royal Women's Hospital	Ms Rosie Batty AO	Board Member
The Royal Women's Hospital	Adjunct Professor Alan Lilly	Board Member
The Royal Women's Hospital	Mr Ken Parsons	Board Member
The Royal Women's Hospital	Associate Professor Marie Bismark	Board Member
The Royal Women's Hospital	Professor Sue Matthews	Chief Executive Officer
The Royal Women's Hospital	Mr Sam Garrasi	Chief Financial Officer
The Royal Women's Hospital	Ms Lisa Lynch	Chief Operating Officer
The Royal Women's Hospital	Dr Mark Garwood	Chief Medical Officer
The Royal Women's Hospital	Ms Laura Bignell	Chief Midwifery and Nursing Officer
The Royal Women's Hospital	Ms Tania Angelini	Chief Communications Officer
The Royal Women's Hospital	Ms Sherri Huckstep	Chief Experience Officer
The Royal Women's Hospital	Mr Damian Gibney	Executive Director Clinical Excellence and Systems Improvement
The Royal Women's Hospital	Mr George Cozaris	Executive Director Information Management and Technology
The Royal Women's Hospital	Mr Jason Smith	Executive Director Philanthropy and Community Investment

Note 8.4 Related parties (continued)

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

	Total 2022 \$'000	Total 2021 \$'000
Compensation - KMPs		
Short-term employee benefits	3,083	2,857
Post-employment benefits	293	258
Other long-term benefits	46	45
Total compensationⁱ	3,422	3,160

ⁱ KMPs are also reported in Note 8.2 or Note 8.3.

Significant transactions with government related entities

The Royal Women's Hospital received funding from the Department of Health of \$352m (2021: \$298m) and indirect contributions of \$1m (2021: \$1m). Balance outstanding as at 30 June 2022 is nil receivable (2021: \$0.7m receivable).

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

Professional medical indemnity insurance and other insurance products are obtained from Victorian Managed Insurance Authority.

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

Transactions with KMPs and other related parties

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

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

There were no related party transactions with Cabinet Ministers required to be disclosed in 2022 (2021: nil).

The Executive Director Information Management and Technology of The Royal Women's Hospital has also acted as the Chief Information Officer of Melbourne Health during the 2022 financial year.

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

There were no other related party transactions required to be disclosed for The Royal Women's Hospital Board of Directors, Chief Executive Officer and Executive Directors in 2022.

Controlled entities related party transactions

The Royal Women's Hospital Foundation

Royal Women's Hospital Foundation Limited and The Royal Women's Hospital Foundation Trust Fund were wound up on 7 December 2020 under a voluntary deregistration and all activities were transferred across to the parent entity, The Royal Women's Hospital.

The transactions between the two entities relate to reimbursements made by The Royal Women's Hospital Foundation to The Royal Women's Hospital for goods and services and the transfer of funds by way of distributions made to the hospital. All dealings are in the normal course of business and are on normal commercial terms and conditions.

	2022 \$'000	2021 \$'000
Distribution of funds by The Royal Women's Hospital Foundation Trust Fund during the normal course of business	-	902
Distribution of assets by The Royal Women's Hospital Foundation Trust Fund upon wind up	-	4,804

Total assets transferred to The Royal Women's Hospital upon wind up are disclosed in Note 8.8.

There were no liabilities transferred to The Royal Women's Hospital upon wind up.

Joint arrangements related party transactions

The CEO of The Royal Women's Hospital is a Director of the Victorian Comprehensive Cancer Centre during the 2022 financial year.

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

	2022 \$'000	2021 \$'000
Payments by The Royal Women's Hospital for membership fees	157	154

Note 8.5 Remuneration of auditors

	Total 2022 \$'000	Total 2021 \$'000
Victorian Auditor-General's Office		
Audit of financial statements	82	90
Total remuneration of auditors	82	90

Note 8.6 Ex-gratia expenses

There are no ex-gratia expenses for both individual items and in aggregate that are greater than or equal to \$5,000 (2021: nil).

Note 8.7 Events occurring after the balance sheet date

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

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

Note 8.8 Controlled entities

The Royal Women's Hospital's interest in its controlled entities are detailed below.

Name of Entity	Country of Incorporation	Equity Holding
The Royal Women's Hospital Foundation Trust Fund	Australia	Not Applicable
Royal Women's Hospital Foundation Limited	Australia	Limited by Guarantee

Royal Women's Hospital Foundation Limited and The Royal Women's Hospital Foundation Trust Fund were wound up on 7 December 2020 under a voluntary deregistration and all activities were transferred across to the parent entity, The Royal Women's Hospital.

The company and Trustee were deregistered with the Australian Securities and Investment Commission.

The following amounts are included in The Royal Women's Hospital's financial statements under their respective categories:

	2022 \$'000	2021 ⁱ \$'000
Comprehensive Operating Statement		
Revenue and income from transactions		
Other revenue from operating activities	-	3
Assets received free of charge or for nominal consideration	-	372
Dividends received from investments	-	115
Total revenue and income from transactions	-	490
Expenses from transactions		
Employee expenses	-	99
Other administrative expenses	-	14
Other operating expenses	-	45
Depreciation and amortisation	-	3
Total expenses from transactions	-	161
Net result from transactions - net operating balance	-	329
Other economic flows included in net result		
Net gain/(loss) on financial instruments	-	31
Other loss from other economic flows	-	(1)
Total other economic flows included in net result	-	30
Net result for the year	-	359
Comprehensive result for the year	-	359

ⁱ For the period ended 7 December 2020.

Note 8.8 Controlled entities (continued)

Balance Sheet	2022 \$'000	2021ⁱ \$'000
Total current assets	-	-
Total non-current assets	-	-
Total assets	-	-
Total current liabilities	-	-
Total non-current liabilities	-	-
Total liabilities	-	-
Net assets	-	-
Total equity	-	-

ⁱ At 7 December 2020.

Assets transferred to The Royal Women's Hospital upon wind up:

	2022 \$'000	2021ⁱ \$'000
Cash and cash equivalents	-	4,747
Accrued revenue	-	43
Prepaid expenses	-	6
Plant and equipment	-	2
Intangible assets	-	6
Total assets transferred	-	4,804

ⁱ At 7 December 2020.

Cash Flow Statement	2022 \$'000	2021ⁱ \$'000
Cash flows from operating activities		
Total receipts	-	402
Total payments	-	(247)
Net cash flows from operating activities	-	155
Cash flows from investing activities		
Proceeds from sale of financial assets	-	4,918
Net cash flows from investing activities	-	4,918
Net cash flows used in financing activities	-	-
Net cash flows from discontinued operations	-	5,073

ⁱ For the period ended 7 December 2020.

Note 8.9 Joint arrangements

Name of entity	Principal activity	Ownership interest	
		2022 %	2021 %
Victorian Comprehensive Cancer Centre Limited	The member entities have committed to the establishment of a world leading comprehensive cancer centre in Parkville, Victoria, through the joint venture, with a view to saving lives through the integration of cancer research, education and training and patient care.	10.0%	10.0%

The Royal Women's Hospital interest in assets and liabilities of the above joint arrangement are detailed below. The amounts are included in The Royal Women's Hospital financial statements under their respective categories:

	2022 \$'000 ⁱ	2021 \$'000 ⁱ
Current assets		
Cash and cash equivalents	415	559
Investments and other financial assets	400	-
Receivables and contract assets	61	15
Prepaid expenses	86	8
Total current assets	962	582
Non-current assets		
Investments and other financial assets	-	2
Property, plant and equipment	13	12
Intangible assets	31	5
Total non-current assets	44	19
Total assets	1,006	601
Current liabilities		
Payables and contract liabilities	126	60
Employee benefits	32	39
Total current liabilities	158	99
Non-current liabilities		
Employee benefits	15	9
Total non-current liabilities	15	9
Total liabilities	173	108
Net assets	833	493
Equity		
Accumulated surpluses	833	493
Total equity	833	493

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

Note 8.9 Joint arrangements (continued)

The Royal Women's Hospital interest in revenues and expenses of the above joint arrangement are detailed below. The amounts are included in The Royal Women's Hospital financial statements under their respective categories:

	2022 \$'000 ⁱ	2021 \$'000 ⁱ
Revenue and income from transactions		
Grants	1,275	769
Other income	108	72
Interest income	3	2
Total revenue and income from transactions	1,386	843
Expenses from transactions		
Employee expenses	515	450
Other expenses	523	856
Depreciation and amortisation	6	6
Total expenses from transactions	1,044	1,312
Net result from transactions - net operating balance	342	(469)
Other economic flows included in net result		
Net loss on disposal of financial instruments	(2)	-
Total other economic flows included in net result	(2)	-
Net result for the year	340	(469)

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

Contingent liabilities and capital commitments

There are no known contingent liabilities and capital commitments held by the joint arrangement at balance date.

Operating commitments of \$0.85m in 2022 (2021: \$0.07m) have been disclosed under Note 6.3.

Note 8.10 Equity

How we recognise equity on the Balance Sheet

Contributed capital

Contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of The Royal Women's Hospital.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

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.

Restricted specific purpose surplus

The restricted specific purpose reserve is established where The Royal Women's Hospital has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

Note 8.11 Economic dependency

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

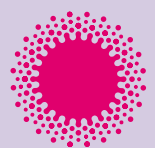


The Royal Women's Hospital

Locked Bag 300
Parkville VIC 3052
Australia

Tel +61 3 8345 2000

www.thewomens.org.au



the women's
the royal women's hospital