

the women's  
the royal women's hospital

# THE WOMEN'S ANNUAL REPORT 2011

# CONTENTS

The Women's Declaration	2
Chair's and Chief Executive's Message	3
Report of Operations	7
Key Financial and Service Performance Reporting	15
2010/11 Financial Report	23

# THE WOMEN'S DECLARATION

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

**We are committed to the  
social model of health**

**We will care for women  
from all walks of life**

**We will lead health research  
for women and newborns**

**We will innovate healthcare  
for women and newborns**

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

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

# CHAIR'S AND CHIEF EXECUTIVE'S MESSAGE

## Year in Review

It is with great pride that we present the Royal Women's Hospital 2010/11 Annual Report.

## Quality Health Services

The Women's, as Australia's only independent women's hospital, continues to provide innovative, high-quality care, teaching and research in our program areas of gynaecology, oncology, maternity, mental health and newborn services. In the past year, 6,605 babies were born, we provided 30,285 inpatient services and 157,351 outpatient appointments.

We achieved strong results against our strategic priorities for the 2010/11 financial year and received an outstanding accreditation result from The Australian Council on Healthcare Standards (ACHS). Our hospital received five 'Outstanding Achievements' and The Council was particularly impressed with our clinical services, research, initiatives in population health, and community access to information and care appropriate to needs.

This year we further improved the care we provide for women with breast cancer by now providing a service for simultaneous breast reconstruction during surgery for radical mastectomy.

As a Joint Venture partner in the Victorian Comprehensive Cancer Centre, the Women's continues to have a strong leadership role in the development of cancer care services for women.

We further developed our menopause service in 2010. The Women's Menopause Clinic incorporates menopause, mental health and cancer services to provide specialist multi-disciplinary care for women experiencing difficulty during their menopause transition.

As a result of a process redesign project, the 'Steps Towards Excellence in Perioperative Services', we have improved efficiency in theatre scheduling and patient flow, and optimised the use of space in theatre and day surgery for elective surgery. Importantly, we increased the number of gynaecology operations by an average of 30 additional cases per month.

We are still the only public hospital in Australia with a Magnetic Resonance guided Focused Ultrasound that, through a non invasive method, treats women with uterine fibroids as a day patient. In 2010/11, the first two babies were born to women who have received this treatment.

The technology was made possible at the Women's by the philanthropic support of Mrs Pauline Gandel and the Gandel Charitable Trust.

As part of the Perinatal Depression Initiative to improve detection and treatment for expectant and new mothers experiencing depression, the Women's Pharmacy extended the telephone service for its specialist medicines information hotline. The Pharmacy also launched a Web site—the *Perinatal Psychotropic Medicines Information Service (PPMIS)*—to assist proscribing practitioners caring for women using psychotropic drugs during pregnancy.

The PPMIS Web site contains summaries of individual psychotropic medicines along with articles on pregnancy and breastfeeding information, consumer fact sheets and links to other resources for staff and health professionals.

To further improve the care we provide for pregnant women who have a severe mental illness, each maternity team at the hospital now includes a mental health consultant to increase capacity for post-natal follow-up and treatment.

Our hospital increasingly works with migrant and refugee women. In October 2010, the Women's established Australia's first nurse-led De-infibulation Clinic for women subjected to female genital mutilation (FGM). The service provides a reversal of FGM and our health advocacy program is working towards eliminating this barbaric practice.

## Leadership and Innovation

Developing innovative programs, research and services at the Women's is fundamental to advancing the health and wellbeing of women and newborns.

As part of the Women's commitment to build on our research and workforce capacity, a Chair of Midwifery position has been established and jointly funded by the Women's and Latrobe University. We were delighted to appoint Ms Della Forster as Professor of Midwifery and Maternity Services Research.

Professor Forster's work as a prolific researcher in midwifery and maternity care is internationally recognised, with ongoing collaborative partnerships including the Karolinska Institute in Sweden, and the University of New Mexico and Yale University in the United States. Her clinical and research work will add considerably to the Women's and help further our mission in providing high-quality research-led care.

The most recent addition to our suite of research centres, which includes mental health, cancer, infectious diseases, pregnancy and newborns, is the Women's Gynaecological Research Centre, which brings together our research in menopause and gynaecological disorders.

The Women's leadership in providing high-quality services and programs was acknowledged in 2010/11 through a number of awards and commendations.

In recognition of our services tailored to meet the specific needs of culturally diverse women over many years, we received the 2010 Premier's Award for Community Harmony for our Language Aide Pilot Program.

The Language Aide Program was run in partnership with the Victorian Multicultural Commission. It involved training for our bilingual staff to allow them to translate the non-medical needs of patients and visitors who speak English as their second language.

Our Sexual Assault Prevention Program in Secondary Schools (SAPPSS), a program developed by the Women's Centre Against Sexual Assault and now being implemented by schools in three states, received a Silver Award at the 2010 Victorian Public Healthcare Awards. The SAPPSS program involves working with high schools to develop young people's skills in relation to talking about sex and consent. We also received a Certificate of Merit for the program at the 2010 Australian Crime and Violence Prevention Awards.

The Women's was highly commended at the 2010 Victorian Public Healthcare Awards for the Model of Care in our Newborn Intensive and Special Care nurseries. The model provides a collaborative multi-disciplinary team approach that acknowledges how families and whole teams contribute to a baby's care and development.

Our reputation as a leader in developing Consumer Health Information was acknowledged with a prestigious Victorian Quality Council Travelling Fellowship in 2010/11. Awarded to the Women's Consumer Health Information Manager Maureen Johnson, the fellowship enabled Ms Johnson to investigate health literacy in other parts of the world to further raise the profile of consumer health literacy in Victoria.

Gynaecology Senior Registrar, Dr Hong Tran, was another recipient of a Victorian Quality Council Travelling Fellowship in 2010/11. The fellowship enabled Dr Tran to travel

to the United Kingdom and Italy to further explore the topic of Heavy Menstrual Bleeding. In particular, she studied access improvements to medical care and the feasibility of outpatient hysteroscopy services.

## **Our Community**

The care and services we provide are shaped by women. Our hospital prides itself on wide consultation with our stakeholders, to help deliver relevant and appropriate care and services for women and newborns.

After extensive consultation with the community, our staff and partners in 2009 and 2010, we developed the Women's Strategic Plan for 2011–2015. The plan takes a 'life course' approach in recognising that women have different health issues and health care needs at different points in their life.

Consultations undertaken for the plan reaffirmed the community's expectations for a specialist women's hospital, and provided guidance on improving consumers' experience at the Women's. The Aboriginal community was specifically consulted for the plan to provide additional insight on improving services and access at the hospital.

At the Women's, we strive to remove barriers women may face in accessing healthcare and to make their experience a positive one. We are 12 months into our three-year Diversity Framework that provides a strategic approach to strengthen our services and support for women from diverse communities. Five of the key strategies have now been incorporated into our hospital's Strategic Operational Plans.

The organisation-wide Diversity Framework is underpinned by our action plans for Aboriginal and Torres Strait Islander women, culturally and linguistically diverse women, and women with a disability.

In 2010/11, the Women's Community Advisory Committee evaluated consumer involvement across the organisation, and identified new opportunities for consumer participation to develop and refine services. A new Community Participation Plan to guide our consumer engagement has been developed for 2011–2015.

We continue to provide care and advocacy for women affected by violence. The Women's hosted a special breakfast event to mark White Ribbon Day on 25 November 2010, the International Day for the Elimination of Violence Against Women.

# CHAIR'S AND CHIEF EXECUTIVE'S MESSAGE

## Our People

Our dedicated and talented staff are at the heart of the high-quality services we provide at the Women's, a point highlighted by the findings of the ACHS surveyors this year.

After considerable consultation and research, the Women's identified our core value set. *Courage, passion, discovery and respect* reflect the beliefs our committed workforce. These values will be used to guide our behaviours and decision making processes.

Our Women's@Work Strategy, a targeted recruitment and retention program, increased the number of people wanting to work at the Women's over the last financial year. Despite a nation-wide shortage of midwives, the Women's achieved full employment in 2010/11, moving from 40 vacant midwife positions to a waiting list of applicants for vacant positions.

The Women's is committed to developing our workforce through the provision of professional development opportunities.

We designed a Resource Management Training Program for our managers. The sessions covered workforce planning, budgeting, forecasting and a new business intelligence reporting tool, the *Women's Reporting and Information System Exchange*. The reporting tool provides managers with timely and accurate data on the hospital's performance, to help guide and support management decisions.

As part of our Reconciliation Action Plan, and commitment to improve the health and wellbeing of the Aboriginal and Torres Strait Islander workforce and consumers, we appointed a Senior Aboriginal Women's Education and Support Worker. We welcomed Ms Joanne Pappas in 2010 to the Aboriginal Women's Business Unit.

Nineteen staff received recognition for their achievements and outstanding contributions to the hospital and our community at the hospital's annual staff awards night.

Head of Neonatal Research, Professor Peter Davis received the prestigious Woodward Family Medal of Excellence, which is awarded to outstanding individuals who demonstrate excellence in their field and within the hospital community.

In winning this award, Professor Davis was recognised by peers and the hospital leadership team for extraordinary achievements that have done so much to improve the health of newborns over the years.

The Chair's Medal, awarded for integrity, professionalism, dedication, commitment and service, was presented to two highly esteemed members of staff: Ms Janet Joss, Project Manager in Strategy, Planning and Performance, and Associate Professor James King, Perinatal Epidemiologist.

Ms Joss was honored for her work as an advocate for women's health for more than 20 years, including 16 years at the Women's. Associate Professor King was recognised for his outstanding contributions over many years to maternal and perinatal quality and safety, and for research excellence at the Women's, as well as at state, national and international levels.

The Liliana Ferrara Diversity Award recognises our ongoing commitment to ensuring diversity. Ms Jacinta Waters Manager of the Women's Health Information Centre and Well Women's Services received the award. Under Ms Water's management, the Well Women's Services work with migrant and refugee women, women with disabilities and homeless women has greatly increased.

Congratulations also to Professor Suzanne Garland for her research at the Women's Centre for Infectious Diseases, which has been identified as being one of the top 10 health research projects in Australia in 2010, by the National Health and Medical Research Council.

Professor Garland was Chief Investigator for a national research project, 'Infectious Diseases in Reproductive Health: Particularly Women and Babies'. Her work on the phase III clinical trials of the human papilloma virus vaccine determined the efficacy and safety of the cervical cancer vaccine.

We also acknowledge our dedicated team of 98 volunteers, ranging in age from 18 to 84, who provide invaluable support across clinical and administrative areas. We thank them for their generosity of spirit and incredible commitment.

## Financial Performance

For the year ending 30 June 2011, the Women's recorded a net deficit of \$11.9m after taking into account the impact of capital, depreciation and net results from its controlled entities, the Royal Women's Hospital Foundation Limited and Royal Women's Hospital Foundation Trust Fund.

The Victorian Government provides separately for depreciation costs via capital payments, in response to submissions by health services. Excluding capital payments and controlled entities results, the Women's recorded an operational surplus of \$0.7m compared to an operational deficit of \$1.2 million the previous year.

## Our Supporters

The Women's is grateful to those in our community who support the work of our hospital through volunteering, holding fundraisers, or donating to our quarterly appeals.

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

## Acknowledgements

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



*Rhonda Galbally*

**Rhonda Galbally, AO**

Chair  
The Royal Women's Hospital



*Dale Fisher*

**Dale Fisher**  
Chief Executive  
The Royal Women's Hospital

# REPORT OF OPERATIONS

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

## Manner of Establishment and Relevant Minister

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

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

The Hon. Daniel Andrews MP was the responsible Minister during the 2009/10 financial year until the 27 November 2010 state election, when The Hon. David Davis MP was voted in as the responsible Minister.

## Objectives, Functions, Powers and Duties

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

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

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

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

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

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

## Nature and Range of Services

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

Our services are informed by research and are provided within an environment of innovation and education. The Women's is a major teaching hospital with academic affiliations with several universities and tertiary educational institutions, notably the University of Melbourne and La Trobe University. It is a key state provider of training programs for obstetricians, gynaecologists and neonatologists, nurses, midwives and allied health professionals. The hospital draws on its academic links with a range of universities to provide leadership in clinical care, research and teaching. It is a recognised international leader in research in areas of women's and newborn health including pregnancy, gynaecological disorders and infertility.

For more than 150 years, the Women's has led the advocacy and advancement of women's health and well-being. Each year, we care for more than 100,000 women from 165 countries, who speak more than 60 different languages and follow 42 separate religious faiths. The hospital is committed to a holistic philosophy of health and provides comprehensive health services, ranging from health promotion to clinical expertise and leadership.

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

## Board of Directors

The functions of the Board of a public health service are prescribed by the Act. Some of those functions are detailed below:

- a) To develop statements of priorities and strategic plans for the operation of the public health service and to monitor compliance with those statements and plans;
- b) To develop financial and business plans, strategies and budgets to ensure accountable and efficient provision of health services by the public health service and the long term financial viability of the public health service;
- c) To establish and maintain effective systems to ensure that the health services provided meet the needs of the communities serviced by the public health service and that the views of users and providers of health services are taken into account;
- d) To monitor the performance of the public health service; and
- e) To facilitate health research and education.

In performing its functions and exercising its powers, the board of a public health service must have regard to:

- a) The needs and views of patients and other users of the health services that the public health service provides and the community that the public health service serves;
- b) The need to ensure that the public health service uses its resources in an effective and efficient manner; and
- c) The need to ensure that resources of the Victorian public health sector generally are used effectively and efficiently.

The Directors serving on the Board of the Royal Women's Hospital during the 2010/11 reporting period:

**Dr Rhonda Galbally (Chair)**

**Mr Stewart Leslie (Deputy Chair)**

**Ms Maria Butera**

**Ms Elleni Bereded-Samuel**

**Ms Aileen Berry**

**Ms Felicity Pantelidis**

**Ms Christina Liosis** – commenced 1 July 2010

**Dr Nicolas Radford** – commenced 1 July 2010

**Mr Paul Slape** – commenced 1 July 2010

The following Board members retired during 2010/11

**Prof. Robert Thomas** and **Ms Janet Whiting**.

# REPORT OF OPERATIONS

## Board Committees

The following committees provided advice to the Royal Women's Hospital Board of Directors during the 2010/11 financial year:

### Finance Committee

**Chair:** Mr Stewart Leslie  
**Members:** Ms Christina Liosis, Ms Felicity Pantelidis

### Audit and Corporate Risk Management Committee

**Chair:** Ms Christina Liosis  
**Members:** Ms Maria Butera, Mr Paul Slape, Ms Christine Wigg

### Community Advisory Committee

**Chair:** Ms Elleni Bereded-Samuel  
**Members:** Ms Aileen Berry, Ms Afshan Mantoo, Ms Toni Mason, Ms Anna Moo, Ms Renza Scibilia, Ms Deepa Kandathil Mathews, Ms Kate Graham, Ms Heather Beanland, Ms Serena Bridges, Ms Tricia Malowney, Ms Irene Ryder

### Information Technology Committee

**Chair:** Mr Stewart Leslie  
**Members:** Ms Christina Liosis, Ms Christine Wigg

### Board Research Committee

**Chair:** Dr Nicolas Radford  
**Members:** Mr Stewart Leslie, Dr George Morstyn, Prof Lex Doyle, Prof Peter Rogers

### Primary Care and Population Health Advisory Committee

**Chair:** Ms Felicity Pantelidis  
**Members:** Ms Christina Liosis, Ms Elleni Bereded-Samuel, Ms Georgia Birch, Ms Alison Coe, Dr Helen McLachlan, Dr Ines Rio, Prof Anne Kavanagh, Ms Marianne Glen, Ms Fiona Beale, Ms Tricia Malowney

## RWH Foundation Board

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

## Remuneration Committee

**Chair:** Ms Rhonda Galbally  
**Members:** Mr Stewart Leslie, Ms Maria Butera

## Quality Committee

**Chair:** Dr Nicolas Radford  
**Members:** Mr Paul Slape, Ms Aileen Berry, Ms Rhonda Brown

## Investment Committee

**Chair:** Ms Maria Butera  
**Members:** Dr Nicolas Radford, Ms Christina Liosis

## Management

**Chief Executive:** Ms Dale Fisher

**Executive Director Clinical Operations:** Ms Lisa Dunlop

**Medical Advisor:** Dr Christine Bessell

**Executive Director Contracts and Support Services (& Nursing and Midwifery Advisor):** Ms Bobbie Carroll

**Chief Finance Officer:** Mr Zak Gruevski

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

**Executive Director Strategy, Planning and Performance:** Ms Nicole Tweddle

**Corporate Counsel:** Ms Karen Cusack

**Director Communications and Foundation:** Dr Sarah White

**Director Research:** Professor Jock Findlay

## Management and Organisational Structure



## Workforce Data

### Full Time Equivalent (FTE) Employees June 2011

LABOUR CATEGORY	2010/11	2010/11	2009/10	2009/10
	CURRENT MONTH FTE	YEAR TO DATE FTE	CURRENT MONTH FTE	YEAR TO DATE FTE
Nursing	664.8	657.5	644.9	627.1
Administration and Clerical	254.6	245.4	241.5	245.8
Medical Support	90.9	89.5	84.6	86.6
Hotel and Allied Health Services	17.5	17.2	15.3	16.8
Medical Officers	26.7	27.6	26.6	26.5
Hospital Medical Officers	103.6	107.2	111.8	104.2
Sessional Clinicians	49.3	44.2	46.1	41.4
Ancillary Staff (Allied Health)	54.3	54.8	53.7	53.7
<b>TOTAL</b>	<b>1,261.7</b>	<b>1,243.4</b>	<b>1,224.3</b>	<b>1,202.1</b>

# REPORT OF OPERATIONS

## Operational and Budgetary Objectives and Performance

In line with Key Performance Indicators agreed in the Statement of Priorities, the hospital's objective was to meet these performance measures. With respect to patient activity targets, the hospital's target was to achieve 98–102% of its inpatient services target and it finished the year achieving 104% of this measure. With respect to the targets for outpatient services (100%), the hospital achieved both its medical and allied health outpatient services targets.

From a financial perspective, the hospital's objective was to deliver a break-even operational result, against which it recorded an operational surplus of \$0.7 million. This better than budgeted result was predominantly due to increased private patient and commercial activity revenue and the recognition of prior year inpatient funding that was agreed with the Department of Health.

## Summary of Financial Results

For the year ending 30 June 2011, the Women's recorded a net deficit of \$11.9m after taking into account the impact of capital, depreciation and net results from its controlled entities, the Royal Women's Hospital Foundation Limited and Royal Women's Hospital Foundation Trust Fund.

The Victorian Government provides separately for depreciation costs via capital payments, in response to submissions by health services. Excluding capital payments and controlled entities results, the Women's recorded an operational surplus of \$0.7m compared to an operational deficit of \$1.2 million the previous year.

## Subsequent Events

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

## Five Year Financial Summary

THE ROYAL WOMEN'S HOSPITAL AND ITS CONTROLLED ENTITIES	2010/11 \$000	2009/10 \$000	2008/09 \$000	2007/08 \$000	2006/07 \$000
Total Revenue	219,275	205,464	200,164	163,625	149,159
Total Expenses	(231,233)	(221,775)	(221,183)	(164,427)	(156,108)
<b>Operating Surplus/(Deficit) after Capital and Controlled Entities*</b>	<b>(11,958)</b>	<b>(16,311)</b>	<b>(21,019)</b>	<b>(802)</b>	<b>(6,949)</b>
Retained Surplus/(Accumulated Deficit)	(86,180)	(74,221)	(53,773)	(30,629)	(24,746)
Total Assets	375,344	390,590	406,357	396,146	113,414
Total Liabilities	308,108	311,585	311,762	286,534	38,419
Net Assets	67,236	79,005	94,595	109,612	74,995
<b>Total Equity</b>	<b>67,236</b>	<b>79,005</b>	<b>94,595</b>	<b>109,612</b>	<b>74,995</b>

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

\* For 2009/10, comprise the net deficit from operations \$1,215,532, net capital income, specific items and depreciation expense \$15,176,575 and controlled entities surplus of \$82,873.

## Privacy

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

### Nominated Officer

**Privacy Officer:** Ms Lena McCormack

## Additional Information

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

## Application of Merit and Workplace Equity Principles

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

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

Following an extensive consultation process regarding public sector values and how they may apply at the Women's, the hospital introduced in 2010/11 values that are specific to the culture and way we work at the Women's. The values are Courage, Passion, Discovery and Respect. The values are being incorporated in all internal communications as well as being imbedded in annual performance reviews, position descriptions and are more explicitly guiding managers in their interactions with staff.

## Occupational Health and Safety

During the 2010/2011 financial year, the Women's Occupational Health and Safety (OH&S) activities focused on several key areas. Progress of some of the key initiatives include:

### Hospital Wide Accreditation

Preparation for and completion of the Hospital Wide Accreditation Survey in March 2011 was one of the main OH&S objectives for 2010/2011. The accreditation achievements for OH&S during this survey reflect the organisation wide commitment to Health and Safety. Four out of the five Safety criteria were rated Extensive Achievement by the accreditors.

### Health and Wellbeing Strategies

Over the last 15 months, the Women's has promoted the Victorian government WorkHealth initiative; Workers' Health Checks with staff to support their health and wellbeing. More than 400 staff participated in the Worker Health Checks program.

Another key health and wellbeing initiative for the staff to promote teamwork, health and fitness was completed over May and June 2011 called "A Million Steps in May". Teams of five, from different departments, competed to complete the most number of walking steps over a six-week period. More than 60 teams registered for this event and achieved a total of 116,523 kilometres.

### Bariatric Patient Management

A multidisciplinary team has been working on developing bariatric patient management guidelines over the last 12 months, to ensure our consumers continue to be provided with equity of access to the services at the hospital and excellent care that is respectful and responsive to their needs.

### Workcover Performance

The hospital's Workcover performance rating remains better than the Industry Standard and compares favourably to other comparable Victorian health services. Our claims cost rating is 17.06% better than the rest of the industry.

The main focus of the Women's safety program for the coming year will include development of a new OH&S Return to Work training program for Managers and implementation of the new training framework for the Management of Behavioural Emergencies Project.

# REPORT OF OPERATIONS

## Compliance with Building Act

The Occupancy Permit for the new hospital building was issued in March 2008 and commissioned for use in June 2008. The new hospital was built under the Government's 'Partnership Victoria' policy with the contract requiring the State's private sector partner, Royal Women's Health Partnership (RWHP) to design, build and maintain the new building to the commissioning standards for a period of 25 years.

The purpose built hospital was opened in June 2008 and complies with all of the necessary legislative requirements, for example, the building code and fire regulations. Ongoing maintenance is the responsibility of United Group Services through its contractual obligations with RWHP. Performance is monitored via a suite of extensive key performance indicators. The new hospital is operated by the public sector and will revert to full public ownership at the end of the 25 year operating phase.

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

## Freedom of Information

The *Victorian Freedom of Information (FOI) Act 1982* provides members of the public the right to apply for access to information held by the Royal Women's Hospital. The hospital has obstetric medical records from 1960 onwards and gynaecology records from 1968 onwards. Prior to 1960, minimal birth details (for example time of birth, weight and length) are available from Birth Registers.

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

## Nominated Officers

**Freedom of Information Officer:** Ms Lena McCormack

**Medico-legal officer:** Dr Christine Bessell

REQUESTS RECEIVED	2010/11	2009/10	2008/09
Total	311	336	325

OUTCOMES OF REQUEST	2010/11	2009/10	2008/09
Access	262	294	276
No information available	22	26	33
Withdrawn (including requests not proceeded with)	10	11	13
Denied in Full	2	1	3

## Whistleblowers Protection

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

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

## Environmental Performance

In addition to the comprehensive recycling programs and initiatives in place, the Women's has participated in the ResourceSmart Healthcare initiative with the Department of Health and Sustainability Victoria. A comprehensive Environmental Management Plan was developed and implemented during 2010/11.

The Environmental Management Plan identifies achievements to date and an action plan for new initiatives throughout the coming year.

## Consultancies

The Royal Women's Hospital did not utilise any consultancy in excess of \$100,000 during the 2010/11 year. Throughout the financial year, the hospital engaged 27 consultancies at a total cost of \$267,935.

## Competitive Neutrality/ National Competition Policy

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

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

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

Under the CPA, Victoria is obliged to apply competitive neutrality policy and principles to all significant business activities undertaken by government agencies and local governments where the benefits of applying competitive neutrality exceed the costs. Competitive Neutrality Policy Victoria (the Policy) sets out the Victorian approach to competitive neutrality. The Royal Women's Hospital has regard to this policy and integrates rigorous financial principles with a strong public interest test and transparency in its decision making.

SUMMARY OF SERVICE STATISTICS	2010/11
Births	6,605
Inpatient stays	30,285
Outpatient visits	157,351
Emergency Services – Attendances	25,315
Percentage of emergency patients admitted to an inpatient bed within 8 hours	98%
Percentage of non-admitted emergency patients with length of stay less than 4 hours	85%
Number of patients with length of stay in the emergency department greater than 24 hours	0
Percentage of Triage Category 1 emergency patients seen immediately	100%
Percentage of Triage Category 2 emergency patients seen within 10 minutes	93%
Percentage of Triage Category 3 emergency patients seen within 30 minutes	86%

# KEY FINANCIAL AND SERVICE PERFORMANCE REPORTING

## PART A – Strategic Priorities for 2010/11

STRATEGIC PRIORITY	DELIVERABLES	OUTCOME
1. Workforce	1.1 Develop management capability & performance through the implementation of management reporting system (RISE) and Resource Management Training Program.	<p>RISE (an electronic business reporting tool) was introduced in September 2010. It provides timely management information about a broad range of operational data. The tool has been well received, with an average of 195 reports run daily by operational managers.</p> <p>Resource Management Training Program was designed and delivered in partnership with DeakinPrime. Six half-day sessions were run and attended by Executives, Directors and Managers.</p>
	1.2 Develop our workforce with an emphasis on knowledge and skill development to enable the implementation of the Hospital's Diversity Plan.	<p>The RWH Diversity Framework has been developed in consultation with relevant Board sub-committees and incorporates the Cultural Responsiveness Action Plan, the Disability Action Plan and the Reconciliation Action Plan. The Hospital's Diversity Management Committee oversees the implementation of the Diversity Framework. Three working parties who are responsible for the implementation of the action plans meet regularly.</p> <p>A Diversity Training Working Group has been established to develop and oversee a Diversity Training Strategy.</p> <p>The Aboriginal and Torres Strait Islander Health Workforce Project has commenced and a project officer appointed.</p>
	1.3 Review and enhance performance and professional development frameworks to increase staff capability, improve professional accountability and create an environment that supports staff wellbeing.	<p>Performance development procedures, guidelines and tools have been reviewed and updated.</p> <p>A pilot of a performance development tool specifically for senior medical staff based on the Department of Health Partnering for Performance Process was undertaken.</p> <p>Centralised recording of performance development reviews is now in place, and regular reporting of compliance occurs.</p> <p>An organisational Professional Development Framework is being developed.</p>

STRATEGIC PRIORITY	DELIVERABLES	OUTCOME
<b>2. Finance &amp; Technology</b>	<b>2.1</b> Review the Strategic Information Technology (IT) Plan to ensure that our use of reliable contemporary technologies supports our work.	A review of the governance and accountability framework that supports the delivery of the Women's IT Strategy has been completed. Outcomes from the review included: <ul style="list-style-type: none"> <li>- A refresh of the current IT strategy;</li> <li>- Restructure of the IT governance framework to include greater clinical input and focus on clinical information technologies;</li> <li>- A review of the Women's IT operational capability and capacity.</li> </ul>
	<b>2.2</b> Implement HealthSMART Cerner Clinical Systems Pre-implementation Project.	The Women's Cerner Clinicals Pre-implementation Project has been completed.  The Women's has also been an active participant in the scoping and development of the Victorian Comprehensive Cancer Centre Joint Strategic Information, Communications and Technology/Information Management Investment Plan (released December 2010).
	<b>2.3</b> Ensure financial stability through the implementation of the Financial Management Plan.	Implementation of year one of the hospital's three year Finance Plan. The hospital recorded a surplus of \$744k at the end of the financial year.
<b>3. Planning &amp; Service Delivery</b>	<b>3.1</b> Design the Strategic Plan 2011–2015 to enhance women's health and newborn services that are relevant to community needs.	The Women's Strategic Plan 2011–2015 was developed after extensive consultation with the community and other internal and external stakeholders. It was endorsed by the Board of Directors in June 2011.
	<b>3.2</b> Achieve the Australian Council on Healthcare Standards (ACHS) Accreditation, March 2011.	The hospital achieved full four year accreditation in March 2011. The hospital was awarded five 'outstanding achievements', 21 'extensive achievements', and 9 'moderate achievements'.
	<b>3.3</b> Strengthen clinical partnerships with Melbourne Health to enhance clinical service delivery.	The following activities have been undertaken: <ul style="list-style-type: none"> <li>- An external review to identify opportunities for strengthening the clinical relationship with Melbourne Health was completed;</li> <li>- A Clinical Round Table was held in May between clinicians from the Royal Melbourne and Royal Women's Hospitals, hosted by Chief Executives. A documented, formalised clinical service agreement between the hospitals is now in development;</li> <li>- Strategy, structures and people are in place for the Women's to be active in the Victorian Comprehensive Cancer Centre collaboration;</li> <li>- A Diagnostic Imaging Partnership project has commenced that will better integrate imaging services between hospitals.</li> </ul>

# KEY FINANCIAL AND SERVICE PERFORMANCE REPORTING

## PART A – Strategic Priorities for 2010/11

STRATEGIC PRIORITY	DELIVERABLES	OUTCOME
3.4	Improve our service delivery through quality improvement and redesign projects.	<p>A specialist de-infibulation clinic for women who have been subjected to genital mutilation commenced in October 2010.</p> <p>Perioperative services have undertaken a redesign project to improve the flow through operating theatres.</p> <p>Realignment of mental health staff has occurred so there is a psychiatry registrar and consultant attached to and working with each maternity team thereby increasing capacity and continuity. Capacity for post-natal follow-up and treatment by mental health staff has also been increased.</p> <p>The Centre for Women’s Mental Health is notified of women who book in for pregnancy care who have schizophrenia or bipolar disorder so they can be proactively contacted and to arrange early psychiatric review.</p> <p>An SMS reminder project has been piloted for outpatient appointments with good success and a proposal is being developed to broaden the scope.</p> <p>Fortnightly report &amp; follow up of outpatient appointment cancellations and ‘Did Not Attend’ established to follow up women who DNA with mental health issues.</p>
4. Community & Advocacy	4.1 Implement phase 1 of the Women’s Health Advocacy Plan 2010–2013.	<p>Key actions implemented from the Advocacy Plan were:</p> <ul style="list-style-type: none"> <li>- Two submissions to inform state government policy and strategy;</li> <li>- Five applications for funding to support improved information and care for women;</li> <li>- Five training sessions and a policy workshop, an ARC linkage grant, a journal publication and health information to support best practice in sexual and reproductive health. Four conference presentations, two internationally and two nationally, about best practice in sexual and reproductive health and violence prevention;</li> <li>- Establishment of a working group to support five metropolitan hospitals develop capacity to treat violence as a women’s health issue;</li> <li>- Continued expansion of our violence prevention and respectful relationship education programs.</li> </ul>

STRATEGIC PRIORITY	DELIVERABLES	OUTCOME
	<p><b>4.2</b> Differentiate our services by adapting our models of care in response to our community consultation.</p>	<p>Following consultation with the Community Advisory Committee, a project was initiated to evaluate consumer involvement across the organisation to identify new opportunities for consumer feedback to services and to identify groups and communities not represented by current consumers.</p> <p>The Community Participation Plan for 2011–2015 was submitted to the Department of Health to set out consumer, carer and community participation.</p>
	<p><b>4.3</b> Develop the framework for a medication abortion service that could be used by other health services in Victoria.</p>	<p>A framework for a medication abortion service has been developed.</p>
<b>5. Research &amp; Education</b>	<p><b>5.1</b> Develop an integrated Training and Education Plan.</p>	<p>A mapping exercise of current training and education program capacity and resourcing is underway.</p>
	<p><b>5.2</b> Revise our Research Plan 2011–2015.</p>	<p>The Women’s Research Plan 2011–2015 has been developed.</p>
	<p><b>5.3</b> Collaborate with partnering Universities and Health Services to increase student clinical placements.</p>	<p>The Women’s actively participates in the Central Clinical Placement Network. The purpose of the Clinical Placement Network is to build capacity and increase the quality of clinical placements for all entry level health professional students including allied health, nursing and medicine.</p> <p>A shared project with Melbourne Health for funding from Health Workforce Australia to expand training opportunities has commenced.</p> <p>Health professional students from a range of universities are oriented to the hospital upon commencement and are supported by either clinical academics who hold dual appointments between their university and the Women’s or specifically trained clinical teachers. Many staff throughout the organisation have also undergone formal preceptoring education.</p>

# KEY FINANCIAL AND SERVICE PERFORMANCE REPORTING

## PART B – Performance Priorities

### Financial Performance

OPERATING RESULT	2010/11
Annual operating result	0.7 \$M

CASH MANAGEMENT/LIQUIDITY	2010/11
Creditors	51 days
Debtors	44 days
Net movement in cash balance	(0.2) (\$M)

### Service Performance

WIES ACTIVITY PERFORMANCE	2010/11
WIES (public & private) performance targets	104%

ELECTIVE SURGERY	2010/11
Elective surgery admissions – quarter 1	1,073
Elective surgery admissions – quarter 2	1,021
Elective surgery admissions – quarter 3	971
Elective surgery admissions – quarter 4	1,042

CRITICAL CARE	2010/11
NISC usual operating capacity and flex capacity	20.2

QUALITY AND SAFETY	2010/11
Health service accreditation	Full accreditation for 4 years
Cleaning standards *	96%
Submission of data to VICNISS	100%**
Hand Hygiene Program Compliance	72%
Victorian Patient Satisfaction Monitor	75.4 #

\* Based on RISE YTD data from 1st July 2011

\*\* Based on most up to date information at time of reporting (VICNISS 2010/11 3rd Quarter)

# Based on the Wave 19 VPSM report for July–Dec 2010

MATERNITY	2010/11
Postnatal home care	95%

## PART B – Performance Priorities

### Access Performance

ELECTIVE SURGERY	2010/11
Percentage of Category 1 elective patients admitted within 30 days	99.8%
Percentage of Category 2 elective surgery patients waiting less than 90 days at 30 June 2011	100%
Percentage of Category 3 elective surgery patients waiting less than 365 days at 30 June 2011	100%
Number of patients on the elective surgery waiting list	736
Number of hospital initiated postponements (HiPs) per 100 scheduled admissions	2.5%

## PART C – Activity and Funding

ACTIVITY AND FUNDING TYPE	2010/11 ACTIVITY ACHIEVEMENT
WIES Public	20,033
WIES Private	6,089
Total WIES (Public and Private)	26,122
WIES DVA	12
WIES TAC	12
WIES Total	26,146
WIES benchmark achieved	104.%
Ambulatory	
VACS – Allied Health	19,166
VACS – Variable	116,340

# KEY FINANCIAL AND SERVICE PERFORMANCE REPORTING

## Responsible Bodies Declaration

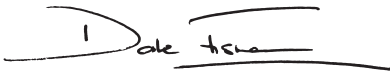
In accordance with the *Financial Management Act 1994*, I am pleased to present the Report of Operations for the Royal Women's Hospital for the year ending 30 June 2011.



Rhonda Galbally,  
Chair, Royal Women's Hospital  
26 August 2011

## Attestation on Data Integrity

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



Dale Fisher,  
Chief Executive, Royal Women's Hospital  
26 August 2011

## Attestation on Compliance with Australian/New Zealand Risk Management Standards

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



Rhonda Galbally,  
Chair, Royal Women's Hospital  
26 August 2011

## Disclosure Index

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

LEGISLATION	REQUIREMENT	PAGE REFERENCE
<b>Ministerial Directions</b>		
<b>Report of Operations</b>		
<b>Charter and purpose</b>		
FRD 22B	Manner of establishment and the relevant Minister	7
FRD 22B	Objectives, functions, powers and duties	7
FRD 22B	Nature and range of services provided	7
<b>Management and structure</b>		
FRD 22B	Organisational structure	10
<b>Financial and other information</b>		
FRD 10	Disclosure Index	22
FRD 11	Disclosure of ex-gratia payments	n/a
FRD 21A	Responsible person and executive officer disclosures	79
FRD 22B	Application and operation of <i>Freedom of Information Act 1982</i>	13
FRD 22B	Application and operation of <i>Whistleblowers Protection Act 2001</i>	13
FRD 22B	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	13
FRD 22B	Details of consultancies over \$100,000	14
FRD 22B	Details of consultancies under \$100,000	14
FRD 22B	Major changes or factors affecting performance	11
FRD 22B	Occupational Health and Safety	12
FRD 22B	Operational and budgetary objectives and performance against objectives	11
FRD 22B	Significant changes in financial position during the year	11
FRD 22B	Statement of availability of other information	12
FRD 22B	Statement of merit and equity	12
FRD 22B	Statement on National Competition Policy	14
FRD 22B	Subsequent events	11
FRD 22B	Summary of the financial results for the year	11
FRD 22B	Workforce Data Disclosures including a statement on the Application of Employment and Conduct Principles	10,12
FRD 25	Victorian Industry Participation Policy disclosures	n/a
SD 3.4.13	Attestation on Data Integrity	21
SD 4.2 (j)	Sign-off requirements	21
SD 4.5.5	Attestation on Compliance with Australian/New Zealand Risk Management Standard	21
<b>Financial Statements</b>		
<b>Financial Statements required under Part 7 of the FMA</b>		
SD 4.2 (b)	Statement of Changes in Equity 45	29
SD 4.2 (b)	Operating Statement	27
SD 4.2 (b)	Balance Sheet	28
SD 4.2 (b)	Cash Flow Statement	30
<b>Other Requirements under Standing Directions 4.2</b>		
SD 4.2 (a)	Compliance with Australian accounting standards and other authoritative pronouncements	32
SD 4.2 (c)	Accountable Officer's Declaration	24
SD 4.2 (c)	Compliance with Ministerial Directions	32
SD 4.2 (d)	Rounding of amounts	39
<b>Legislation</b>		
	<i>Freedom of Information Act 1982</i>	13
	<i>Whistleblowers Protection Act 2001</i>	13
	<i>Victorian Industry Participation Policy Act 2003</i>	n/a
	<i>Building Act 1993</i>	13
	<i>Financial Management Act 1994</i>	32

# FINANCIAL REPORT

2010/11



the women's  
the royal women's hospital

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www.thewomens.org.au

## Board member's, accountable officer's and chief finance and accounting officer's declaration

We certify that the attached financial statements for the Royal Women's Hospital and its Controlled Entities have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards, Australian Accounting Interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2011 and the financial position of the Royal Women's Hospital and its Controlled Entities as at 30 June 2011.

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 this day.

**Rhonda Galbally, AO**  
Chair  
The Royal Women's Hospital  
Melbourne  
26 August 2011

**Dale Fisher**  
Accountable Officer  
The Royal Women's Hospital  
Melbourne  
26 August 2011

**Zak Gruevski**  
Chief Finance and Accounting Officer  
The Royal Women's Hospital  
Melbourne  
26 August 2011



Victorian Auditor-General's Office

## INDEPENDENT AUDITOR'S REPORT

### To the Board Members, The Royal Women's Hospital

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2011 of The Royal Women's Hospital which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a statement of significant accounting policies and other explanatory information, and the Board Member's, Accountable Officer's and Chief Finance and Accounting Officer's declaration has been audited. The financial report includes the consolidated financial statements of the economic entity, comprising The Royal Women's Hospital and the entities it controlled at the year's end as disclosed in note 25 to the financial statements.

#### *The Board Members' Responsibility for the Financial Report*

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

#### *Auditor's Responsibility*

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

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

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

#### *Independence*

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

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*Auditing in the Public Interest*

# VAGO

Victorian Auditor-General's Office

## Independent Auditor's Report (continued)

### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of The Royal Women's Hospital and the economic entity as at 30 June 2011 and of their financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*.

### *Matters Relating to the Electronic Publication of the Audited Financial Report*

This auditor's report relates to the financial report of The Royal Women's Hospital for the year ended 30 June 2011 included both in The Royal Women's Hospital's annual report and on the website. The Board Members of The Royal Women's Hospital are responsible for the integrity of The Royal Women's Hospital's website. I have not been engaged to report on the integrity of The Royal Women's Hospital's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE  
26 August 2011



For  
D D R Pearson  
Auditor-General

2

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*Auditing in the Public Interest*

## COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	PARENT ENTITY 2011 \$'000	PARENT ENTITY 2010 \$'000	CONSOLIDATED 2011 \$'000	CONSOLIDATED 2010 \$'000
Revenue from Operating Activities	2	179,906	169,537	180,478	169,925
Revenue from Non-Operating Activities	2	618	738	711	801
Employee Expenses	3	(130,884)	(125,188)	(131,284)	(125,494)
Non Salary Labour Costs	3	(5,509)	(5,228)	(5,509)	(5,238)
Supplies and Consumables	3	(19,032)	(17,783)	(19,052)	(17,794)
Other Expenses from Continuing Operations	3	(24,355)	(23,292)	(24,602)	(23,373)
<b>Net Result Before Capital &amp; Specific Items</b>		<b>744</b>	<b>(1,216)</b>	<b>742</b>	<b>(1,173)</b>
Capital Purpose Income	2	38,172	34,685	38,086	34,738
Impairment of Financial Assets	3	-	(181)	(6)	(182)
Depreciation and Amortisation	4	(15,975)	(15,864)	(15,985)	(15,877)
Finance Costs	5	(21,258)	(21,252)	(21,258)	(21,252)
Expenditure using Capital Purpose Income	3	(13,536)	(12,565)	(13,537)	(12,565)
<b>NET RESULT FOR THE YEAR</b>		<b>(11,853)</b>	<b>(16,393)</b>	<b>(11,958)</b>	<b>(16,311)</b>
<b>Other Comprehensive Income</b>					
Net Fair Value Gains/(Losses) on Available-for-Sale Financial Investments	17a	135	632	189	721
<b>COMPREHENSIVE RESULT FOR THE YEAR</b>		<b>(11,718)</b>	<b>(15,761)</b>	<b>(11,769)</b>	<b>(15,590)</b>

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

## BALANCE SHEET AS AT 30 JUNE 2011

		PARENT ENTITY 2011 \$'000	PARENT ENTITY 2010 \$'000	CONSOLIDATED 2011 \$'000	CONSOLIDATED 2010 \$'000
	NOTE				
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	6	1,463	1,652	1,981	2,162
Receivables	7	5,669	3,932	5,522	3,879
Investments and Other Financial Assets	8	-	1,200	-	1,200
Inventories	9	177	246	177	246
Other Current Assets	10	868	658	901	658
<b>Total Current Assets</b>		<b>8,177</b>	<b>7,688</b>	<b>8,581</b>	<b>8,145</b>
<b>NON-CURRENT ASSETS</b>					
Receivables	7	1,728	2,292	1,728	2,292
Investments and Other Financial Assets	8	8,573	9,792	9,752	10,911
Property, Plant and Equipment	11	332,196	344,401	332,215	344,420
Intangible Assets	12	22,527	24,102	22,534	24,118
Other Non-Current Assets	10	534	704	534	704
<b>Total Non-Current Assets</b>		<b>365,558</b>	<b>381,291</b>	<b>366,763</b>	<b>382,445</b>
<b>Total Assets</b>		<b>373,735</b>	<b>388,979</b>	<b>375,344</b>	<b>390,590</b>
<b>CURRENT LIABILITIES</b>					
Payables	13	13,098	14,291	13,199	14,349
Borrowings	14	3,755	3,411	3,755	3,411
Provisions	15	24,937	23,099	24,959	23,115
Other Liabilities	16	611	627	611	627
<b>Total Current Liabilities</b>		<b>42,401</b>	<b>41,428</b>	<b>42,524</b>	<b>41,502</b>
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	14	260,924	264,680	260,924	264,680
Provisions	15	4,654	5,397	4,660	5,403
<b>Total Non-Current Liabilities</b>		<b>265,578</b>	<b>270,077</b>	<b>265,584</b>	<b>270,083</b>
<b>Total Liabilities</b>		<b>307,979</b>	<b>311,505</b>	<b>308,108</b>	<b>311,585</b>
<b>Net Assets</b>		<b>65,756</b>	<b>77,474</b>	<b>67,236</b>	<b>79,005</b>
<b>EQUITY</b>					
Property, Plant and Equipment Revaluation Surplus	17a	25,166	25,166	25,166	25,166
Financial Assets Available-for-Sale Revaluation Surplus	17a	621	486	795	606
General Purpose Surplus	17a	31,704	26,527	31,704	26,527
Restricted Specific Purpose Surplus	17a	8,625	9,191	9,209	9,820
Contributed Capital	17b	91,107	91,107	91,107	91,107
Accumulated Surpluses/(Deficits)	17c	(91,467)	(75,003)	(90,745)	(74,221)
<b>Total Equity</b>	17d	<b>65,756</b>	<b>77,474</b>	<b>67,236</b>	<b>79,005</b>
Commitments	20				
Contingent Assets and Contingent Liabilities	21				

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

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

		PROPERTY, PLANT AND EQUIPMENT REVALUATION SURPLUS	FINANCIAL ASSETS AVAILABLE- FOR-SALE REVALUATION SURPLUS	GENERAL PURPOSE SURPLUS	RESTRICTED SPECIFIC PURPOSE SURPLUS	CONTRIBUTED CAPITAL	ACCUMULATED SURPLUSES/ (DEFICITS)	TOTAL
<b>CONSOLIDATED</b>	NOTE	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>BALANCE AT 1 JULY 2009</b>		<b>25,166</b>	<b>(115)</b>	<b>21,621</b>	<b>10,589</b>	<b>91,107</b>	<b>(53,773)</b>	<b>94,595</b>
Net result for the year		-	-	-	-	-	(16,311)	(16,311)
Other comprehensive income for the year	17a	-	721	-	-	-	-	721
Transfer to accumulated surplus	17a,c	-	-	4,906	(769)	-	(4,137)	-
<b>Balance at 30 June 2010</b>		<b>25,166</b>	<b>606</b>	<b>26,527</b>	<b>9,820</b>	<b>91,107</b>	<b>(74,221)</b>	<b>79,005</b>
Net result for the year		-	-	-	-	-	(11,958)	(11,958)
Other comprehensive income for the year	17a	-	189	-	-	-	-	189
Transfer to accumulated surplus	17a,c	-	-	5,177	(611)	-	(4,567)	-
<b>Balance at 30 June 2011</b>		<b>25,166</b>	<b>795</b>	<b>31,704</b>	<b>9,209</b>	<b>91,107</b>	<b>(90,745)</b>	<b>67,236</b>

		PROPERTY, PLANT AND EQUIPMENT REVALUATION SURPLUS	FINANCIAL ASSETS AVAILABLE- FOR-SALE REVALUATION SURPLUS	GENERAL PURPOSE SURPLUS	RESTRICTED SPECIFIC PURPOSE SURPLUS	CONTRIBUTED CAPITAL	ACCUMULATED SURPLUSES/ (DEFICITS)	TOTAL
<b>PARENT</b>	NOTE	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>BALANCE AT 1 JULY 2009</b>		<b>25,166</b>	<b>(146)</b>	<b>21,621</b>	<b>10,128</b>	<b>91,107</b>	<b>(54,641)</b>	<b>93,235</b>
Net result for the year		-	-	-	-	-	(16,393)	(16,393)
Other comprehensive income for the year	17a	-	632	-	-	-	-	632
Transfer to accumulated surplus	17a,c	-	-	4,906	(937)	-	(3,969)	-
<b>Balance at 30 June 2010</b>		<b>25,166</b>	<b>486</b>	<b>26,527</b>	<b>9,191</b>	<b>91,107</b>	<b>(75,003)</b>	<b>77,474</b>
Net result for the year		-	-	-	-	-	(11,853)	(11,853)
Other comprehensive income for the year	17a	-	135	-	-	-	-	135
Transfer to accumulated surplus	17a,c	-	-	5,177	(566)	-	(4,611)	-
<b>Balance at 30 June 2011</b>		<b>25,166</b>	<b>621</b>	<b>31,704</b>	<b>8,625</b>	<b>91,107</b>	<b>(91,467)</b>	<b>65,756</b>

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

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

		PARENT ENTITY	PARENT ENTITY	CONSOLIDATED	CONSOLIDATED
		2011	2010	2011	2010
	NOTE	\$'000	\$'000	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating Grants from Government		140,962	136,632	140,962	136,632
Patient and Resident Fees Received		5,949	5,628	5,949	5,628
Private Practice Fees Received		1,865	2,197	1,865	2,197
Donations and Bequests Received		1,562	1,627	2,022	1,922
GST Received from/(paid to) ATO		1,614	1,638	1,617	1,637
Interest and Investment Income Received		98	54	173	66
Car Park Income Received		5,726	5,138	5,726	5,138
Other Receipts		16,883	17,316	17,174	17,369
Employee Expenses Paid		(134,699)	(127,907)	(135,094)	(128,212)
Payments for Supplies and Consumables		(20,899)	(20,486)	(20,540)	(20,450)
Payments for Repairs and Maintenance		(3,124)	(3,100)	(3,126)	(3,103)
Finance Costs		(1,573)	(1,601)	(1,573)	(1,601)
Other Payments		(16,336)	(16,885)	(17,032)	(16,963)
<b>Cash Generated from Operations</b>		<b>(1,972)</b>	<b>251</b>	<b>(1,877)</b>	<b>260</b>
Capital Grants from Government		1,209	(1,051)	1,209	(1,051)
Capital Donations and Bequests Received		105	(53)	19	-
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	18	<b>(658)</b>	<b>(853)</b>	<b>(649)</b>	<b>(791)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of Non-Financial Assets		(2,045)	(1,090)	(2,046)	(1,098)
Purchase of Intangible Assets		(145)	(1,195)	(145)	(1,192)
Proceeds from Disposal of Non-Financial Assets	2c	18	6	18	6
Purchase of Investments and Other Financial Assets		(6,647)	(5,323)	(6,647)	(5,331)
Proceeds from Disposal of Investments and Other Financial Assets		9,747	8,703	9,747	8,711
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>		<b>928</b>	<b>1,101</b>	<b>927</b>	<b>1,096</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Repayment of Borrowings		(443)	(414)	(443)	(414)
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>		<b>(443)</b>	<b>(414)</b>	<b>(443)</b>	<b>(414)</b>
<b>Net Increase/(Decrease) in Cash Held</b>		<b>(173)</b>	<b>(166)</b>	<b>(165)</b>	<b>(109)</b>
Cash and Cash Equivalents at Beginning of Period		1,025	1,191	1,535	1,644
<b>Cash and Cash Equivalents at End of Period</b>	6	<b>852</b>	<b>1,025</b>	<b>1,370</b>	<b>1,535</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2011

## TABLE OF CONTENTS

NOTE	PAGE REFERENCE	
1	Statement of Significant Accounting Policies	32
2	Revenue	42
2a	Analysis of Revenue by Source	44
2b	Patient Fees	46
2c	Net Gain/(Loss) on Disposal of Non-Financial Assets	46
2d	Assets Received Free of Charge or For Nominal Consideration	46
3	Expenses	47
3a	Analysis of Expenses by Source	49
3b	Analysis of Expenses by Internal and Restricted Specific Purpose Funds for Services Supported by Hospital and Community Initiatives	51
4	Depreciation and Amortisation	51
5	Finance Costs	52
6	Cash and Cash Equivalents	52
7	Receivables	53
8	Investments and Other Financial Assets	54
9	Inventories	55
10	Other Assets	55
11	Property, Plant and Equipment	56
12	Intangible Assets	59
13	Payables	60
14	Borrowings	61
15	Provisions	62
16	Other Liabilities	63
17	Reserves	64
18	Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities	65
19	Financial Instruments	66
19a	Financial Risk Management Objectives and Policies	66
19b	Credit Risk	67
19c	Liquidity Risk	69
19d	Market Risk	70
19e	Fair Value	73
20	Commitments	74
21	Contingent Assets and Contingent Liabilities	76
22	Jointly Controlled Operations and Assets	77
23a	Responsible Persons Disclosures	79
23b	Executive Officer Disclosures	80
24	Events Occurring after the Balance Sheet Date	81
25	Controlled Entities	81

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Statement of Compliance

These financial statements are a general purpose financial report which have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AASs) and Australian Accounting Interpretations and other mandatory requirements. AASs includes Australian equivalents to International Financial Reporting Standards.

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

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

The annual financial statements were authorised for issue by the Board of the Royal Women's Hospital on 26 August 2011.

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2011, and the comparative information presented in these financial statements for the year ended 30 June 2010.

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

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

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

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

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

In the application of AASs management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised

in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods. Judgements made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, are disclosed throughout the notes to the financial statements.

### (b) (ii) Going Concern

The financial statements are prepared on a going concern basis. The Royal Women's Hospital is wholly dependant on the continued financial support of the State Government and in particular, the Department of Health. The Department of Health has provided confirmation that it will continue to provide the Royal Women's Hospital adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to September 2012. This position is reviewed annually to ensure continuity under the going concern basis.

### (c) Reporting Entity

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

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

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

### (d) Principles of Consolidation

The assets, liabilities, incomes and expenses of all controlled entities of the Royal Women's Hospital have been included at the values shown in their audited 30 June 2011 Annual Financial Statements. Subsidiaries are entities controlled by Royal Women's Hospital; control exists when Royal Women's Hospital has the power to govern the financial and operating policies of a Health Service so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The consolidated financial statements include the audited financial statements of the controlled entities listed in Note 25.

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

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

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

### Intersegment Transactions

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

### Jointly Controlled Operations and Assets

Interests in jointly controlled assets are accounted for by recognising in the Royal Women's Hospital financial statements its proportionate share of assets, liabilities and any income and expenses of such assets. Details of the jointly controlled operations and assets are set out in note 22.

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Scope and Presentation of Financial Statements

#### *Fund Accounting*

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

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

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

#### *Comprehensive Operating Statement*

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

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

- Capital purpose income, which comprises grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works, plant and equipment or intangible assets. It also includes donations of plant and equipment (refer note 1(g)). Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided.
- Specific income/expense, comprises the following items, where material:
  - Non-current asset revaluation increments/decrements
- Impairment of financial and non financial assets, includes all impairment losses (and reversal of previous impairment losses), which have been recognised in accordance with note 1(i).
- Depreciation and amortisation, as described in note 1(h).
- Assets provided or received free of charge (refer to note 1(g) and (h)).
- Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold (note 1(h)), or doesn't meet asset recognition criteria and therefore does not result in the recognition of an asset in the Balance Sheet, where funding for that expenditure is from capital purpose income.

#### *Balance Sheet*

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

#### *Statement of Changes in Equity*

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

#### *Cash Flow Statement*

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

#### *Comparative Information*

There have been no changes to prior years figures.

### (f) Change in Accounting Policies

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

### (g) Income Recognition

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

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

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

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

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

#### *Indirect Contributions from the Department of Health*

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

#### *Patient Fees*

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

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *Private Practice Fees*

Private practice fees are recognised as revenue at the time invoices are raised, except for anaesthetic billings where revenue is recognised on a cash receipts basis.

### *Revenue from Commercial Activities*

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

### *Donations and Other Bequests*

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

### *Dividend Revenue*

Dividend revenue is recognised on a receivable basis.

### *Interest Revenue*

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

### *Sale of Investments*

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

### *Resources Provided and Received Free of Charge or for Nominal Consideration*

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

### **(h) Expense Recognition**

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

### *Cost of Goods Sold*

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

### *Employee Expenses*

Employee expenses include:

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

### **Defined Contribution Plans**

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

### **Defined Benefit Plans**

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

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

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

FUND	CONTRIBUTIONS PAID OR PAYABLE FOR THE YEAR	
	2011 \$'000	2010 \$'000
<b>DEFINED BENEFIT PLANS:</b>		
Health Super Scheme	827	904
<b>DEFINED CONTRIBUTION PLANS:</b>		
Health Super Scheme	7,487	7,515
Hesta	2,231	2,032
<b>Total</b>	<b>10,545</b>	<b>10,451</b>

### *Depreciation*

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

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

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

	2010/11	2009/10
Leased Buildings:		
- Structure/Shell/Building Fabric	52 Years	52 Years
- Other (Site Engineering services and central plant, Fit out, Trunk Reticulated Building systems)	23 to 24 Years	23 to 24 Years
- Building Leasehold Improvements	25 Years	25 Years
Leased Plant and Equipment	5 to 30 Years	5 to 30 Years
Leased Audiovisual	8 to 30 Years	8 to 30 Years
Leased Computers and Communication Equipment	4 to 9 Years	4 to 9 Years
Leased Furniture and Fittings	6 to 30 Years	6 to 30 Years
Leased Medical Equipment	3 to 30 Years	3 to 30 Years
Leased Scientific Equipment	3 to 20 Years	3 to 20 Years
Buildings	50 Years	50 Years
Leasehold Improvements	5 Years	5 Years
Plant and Equipment	5 to 21 Years	5 to 21 Years
Medical Equipment	7 to 10 Years	7 to 10 Years
Computers and Communications	3 Years	3 Years
Furniture & Fittings	13 Years	13 Years
Motor Vehicles	10 Years	10 Years

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

During 2010/11, the Hospital identified an error relating to the 2009/10 plant and equipment depreciation rate disclosed in the annual report. There is no financial impact as the correct depreciation rates were used in calculating the depreciation charge for 2009/10 and the error relates to disclosure only.

### Amortisation

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

Intangible assets with finite useful lives are amortised over a 3–25 year period (2010: 3–25 years).

### Finance Costs

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

Finance costs include:

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

### Resources Provided or Received Free of Charge or for Nominal Consideration

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

### (i) Financial Assets

#### Cash and Cash Equivalents

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

#### Receivables

Receivables consist of:

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

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred. Bad debts are written off when identified.

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables that are contractual are classified as financial instruments. Statutory receivables are not classified as financial instruments.

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

### **Investments and Other Financial Assets**

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

Investments are classified in the following categories:

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

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

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

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

### **Loans and Receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less any accumulated impairment.

### **Financial Assets Available-for-Sale**

Other financial assets held by the Royal Women's Hospital are classified as being available-for-sale and are measured at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in result for the period. Fair value is determined in the manner described in note 19.

### **Impairment of Financial Assets**

At the end of each reporting period the Royal Women's Hospital assesses whether there is objective evidence that a financial asset or group of financial asset is impaired. Objective evidence includes financial difficulties of the debtor, default payments and debts which are more than 60 days overdue. All financial instruments assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Bad and doubtful debts for financial assets are assessed on a regular basis. Those bad debts considered as written off and allowance for doubtful receivables are recognised as expenses in the net result.

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

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

In order to determine an appropriate fair value as at 30 June 2011 for its portfolio of financial assets, the Royal Women's Hospital used the market value of individual units in the funds invested by Victorian Funds Management Corporation.

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

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

### **Net Gain/(Loss) on Financial Instruments**

Net gain/(loss) on financial instruments includes:

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

### **Revaluations of Financial Instruments at Fair Value**

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

## **(j) Non-Financial Assets**

### **Inventories**

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

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

### **Property, Plant and Equipment**

All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

**Crown Land** is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or constructive restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset(s) are not taken into account until it is virtually certain that any restrictions will no longer apply.

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

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

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

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *Restrictive Nature of Crown Land*

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

### *Revaluations of Non-current Physical Assets*

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

Revaluation increments are credited directly to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, the increment is recognised as income in the net result.

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

Revaluation increases and revaluation decreases relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation surpluses are normally not transferred to accumulated funds on derecognition of the relevant asset.

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

### *Intangible Assets*

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

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

### *Other Non-Financial Assets*

#### **Prepayments**

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

#### **Disposal of Non-Financial Assets**

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

#### **Impairment of Non-Financial Assets**

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

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

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

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

## **(k) Liabilities**

### *Payables*

These amounts consist predominantly of liabilities for goods and services.

Payables are initially recognised at fair value, and then subsequently carried at amortised cost and 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 arise when the Royal Women's Hospital becomes obliged to make future payments in respect of the purchase of these goods and services.

The normal credit terms are usually Nett 60 days.

### *Borrowings*

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

### *Provisions*

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

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

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

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *Employee Benefits*

#### **Wages and Salaries, Annual Leave and Accrued Days Off**

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

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

#### **Long Service Leave**

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

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

The components of this current LSL liability are measured at:

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

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

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using interest rates of Commonwealth Government guaranteed securities in Australia.

#### **Termination Benefits**

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

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

#### **On-Costs**

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

#### **Superannuation Liabilities**

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

The Department of Treasury and Finance administers and discloses the State's defined benefit liabilities in its financial statements.

### **(I) Leases**

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

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

#### **Finance Leases**

##### **Entity as lessor**

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

##### **Entity as lessee**

Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the Comprehensive Operating Statement.

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

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

#### **Operating Leases**

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

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

#### **Lease Incentives**

All incentives for the agreement of a new or renewed operating lease shall be recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

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

#### **Leasehold Improvements**

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

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (m) Equity

#### *Contributed Capital*

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

#### *Property, Plant and Equipment Revaluation Surplus*

The property, plant and equipment revaluation surplus is used to record increments and decrements on the revaluation of property, plant and equipment.

#### *Financial Assets Available-for-Sale Revaluation Surplus*

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

#### *General Purpose Surplus*

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

#### *Specific Restricted Purpose Surplus*

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

### (r) New Accounting Standards and Interpretations

Certain new Australian accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting period. As at 30 June 2011, the following standards and interpretations had been issued but were not mandatory for the reporting period ending 30 June 2011. The Royal Women's Hospital has not and does not intend to adopt these standards early.

STANDARD / INTERPRETATION	SUMMARY	APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING ON	IMPACT ON THE ROYAL WOMEN'S HOSPITALS FINANCIAL STATEMENTS
AASB 9 Financial instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 124 Related Party Disclosures (Dec 2009)	Government related entities have been granted partial exemption with certain disclosure requirements.	Beginning 1 Jan 2011	Preliminary assessment suggests the impact is insignificant. However, the Royal Women's Hospital is still assessing the detailed impact and whether to early adopt.

### (n) Commitments

Commitments are not recognised on the Balance Sheet. Commitments are disclosed at their nominal value and are inclusive of GST payable.

### (o) Contingent Assets and Contingent Liabilities

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

### (p) Goods and Services Tax

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

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

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

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

### (q) Rounding of Amounts

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

Figures in the financial statements may not equal due to rounding.

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

STANDARD / INTERPRETATION	SUMMARY	APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING ON	IMPACT ON THE ROYAL WOMEN'S HOSPITALS FINANCIAL STATEMENTS
AASB 1053 Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	Beginning 1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented to the Victorian Public Sector.
AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]	This Standard gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	Amendments to Interpretation 14 arise from the issuance of prepayments of a minimum funding requirement.	Beginning 1 Jan 2011	Expected to have no significant impact.
AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.	Beginning 1 July 2013	Does not affect financial measurement or recognition, so is not expected to have any impact on financial result or position. May reduce some note disclosures in financial statements.
AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]	This Standard makes numerous improvements designed to enhance the clarity of standards.	Beginning 1 Jan 2011	No significant impact on the financial statements.
AASB 2010-5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	This amendment contains editorial corrections to a range of Australian Accounting Standards and Interpretations, which includes amendments to reflect changes made to the text of IFRSs by the IASB.	Beginning 1 Jan 2011	No significant impact on the financial statements.
AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]	This amendment adds and changes disclosure requirements about the transfer of financial assets. This includes the nature and risk of the financial assets.	Beginning 1 July 2011	This may impact on departments and public sector entities as it creates additional disclosure for transfers of financial assets. Detail of impact is still being assessed.
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	These amendments are in relation to the introduction of AASB 9.	Beginning 1 Jan 2013	This amendment may have an impact on departments and public sector bodies as AASB 9 is a new standard and it changes the requirements of numerous standards. Detail of impact is still being assessed.

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

STANDARD / INTERPRETATION	SUMMARY	APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING ON	IMPACT ON THE ROYAL WOMEN'S HOSPITALS FINANCIAL STATEMENTS
AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]	This amendment affects multiple Australian Accounting Standards and AASB Interpretations for the objective of increased alignment with IFRSs and achieving harmonisation between both Australian and New Zealand Standards. It achieves this by removing guidance and definitions from some Australian Accounting Standards, without changing their requirements.	Beginning 1 July 2011	This amendment will have no significant impact on public sector bodies.
AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054]	The objective of this amendment is to include some additional disclosure from the Trans-Tasman Convergence Project and to reduce disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.	Beginning 1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented to Victorian Public Sector.
AASB 2011-3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments [AASB 1049]	This amends AASB 1049 to clarify the definition of the ABS GFS Manual, and to facilitate the adoption of changes to the ABS GFS Manual and related disclosures.	Beginning 1 July 2012	This amendment provides clarification to users on the version of the GFS Manual to be used and what to disclose if the latest GFS Manual is not used. No impact on performance measurements will occur.

### (s) Category Groups

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

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

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

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

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

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

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

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

## NOTE 2: REVENUE

	PARENT						CONSOLIDATED					
	HSA 2011 \$'000	HSA 2010 \$'000	H&CI 2011 \$'000	H&CI 2010 \$'000	TOTAL 2011 \$'000	TOTAL 2010 \$'000	HSA 2011 \$'000	HSA 2010 \$'000	H&CI 2011 \$'000	H&CI 2010 \$'000	TOTAL 2011 \$'000	TOTAL 2010 \$'000
<b>REVENUE FROM OPERATING ACTIVITIES</b>												
Government Grants												
- Department of Health	141,527	98,895	-	-	141,527	98,895	141,527	98,895	-	-	141,527	98,895
- Department of Human Services	1,720	35,698	-	-	1,720	35,698	1,720	35,698	-	-	1,720	35,698
- Commonwealth Government - Other	1,194	1,098	495	554	1,689	1,652	1,194	1,098	495	554	1,689	1,652
<b>Total Government Grants</b>	<b>144,441</b>	<b>135,691</b>	<b>495</b>	<b>554</b>	<b>144,936</b>	<b>136,245</b>	<b>144,441</b>	<b>135,691</b>	<b>495</b>	<b>554</b>	<b>144,936</b>	<b>136,245</b>
Indirect Contributions by Department of Health *												
- Insurance	5,904	4,496	-	-	5,904	4,496	5,904	4,496	-	-	5,904	4,496
- Long Service Leave	(564)	704	-	-	(564)	704	(564)	704	-	-	(564)	704
<b>Total Indirect Contributions by the Department of Health</b>	<b>5,340</b>	<b>5,200</b>	<b>-</b>	<b>-</b>	<b>5,340</b>	<b>5,200</b>	<b>5,340</b>	<b>5,200</b>	<b>-</b>	<b>-</b>	<b>5,340</b>	<b>5,200</b>
Patient and Resident Fees												
- Patient and Resident Fees (refer note 2b)	5,364	4,167	1,197	1,261	6,561	5,428	5,364	4,167	1,197	1,261	6,561	5,428
<b>Total Patient &amp; Resident Fees</b>	<b>5,364</b>	<b>4,167</b>	<b>1,197</b>	<b>1,261</b>	<b>6,561</b>	<b>5,428</b>	<b>5,364</b>	<b>4,167</b>	<b>1,197</b>	<b>1,261</b>	<b>6,561</b>	<b>5,428</b>
Business Units & Specific Purpose Funds:												
- Private Practice and Other Patient Activities Fees	-	-	2,282	2,178	2,282	2,178	-	-	2,282	2,178	2,282	2,178
- Pharmacy Services	457	346	241	231	698	577	457	346	241	231	698	577
- Car Park	-	9	5,205	4,662	5,205	4,671	-	9	5,205	4,662	5,205	4,671
- Property Income	117	223	2,250	2,106	2,367	2,329	117	223	2,253	2,106	2,370	2,329
- Research	283	175	1,245	1,399	1,528	1,574	283	175	1,247	1,399	1,530	1,574
- Other	-	-	2,628	1,868	2,628	1,868	-	-	2,745	1,961	2,745	1,961
<b>Total Business Units &amp; Specific Purpose Funds</b>	<b>857</b>	<b>753</b>	<b>13,851</b>	<b>12,444</b>	<b>14,708</b>	<b>13,197</b>	<b>857</b>	<b>753</b>	<b>13,973</b>	<b>12,537</b>	<b>14,830</b>	<b>13,290</b>
Donations & Bequests	828	514	734	1,113	1,562	1,627	-	514	2,022	1,408	2,022	1,922
Recoupment from Private Practice for Use of Hospital Facilities	209	206	(209)	(206)	-	-	209	206	(209)	(206)	-	-
Other Revenue from Operating Activities	6,799	7,840	-	-	6,799	7,840	6,789	7,840	-	-	6,789	7,840
<b>Sub-Total Revenue from Operating Activities</b>	<b>163,838</b>	<b>154,371</b>	<b>16,068</b>	<b>15,166</b>	<b>179,906</b>	<b>169,537</b>	<b>163,000</b>	<b>154,371</b>	<b>17,478</b>	<b>15,554</b>	<b>180,478</b>	<b>169,925</b>

\* Indirect contributions by the Department of Health:

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

## NOTE 2: REVENUE (CONTINUED)

	PARENT						CONSOLIDATED					
	HSA 2011 \$'000	HSA 2010 \$'000	H&CI 2011 \$'000	H&CI 2010 \$'000	TOTAL 2011 \$'000	TOTAL 2010 \$'000	HSA 2011 \$'000	HSA 2010 \$'000	H&CI 2011 \$'000	H&CI 2010 \$'000	TOTAL 2011 \$'000	TOTAL 2010 \$'000
<b>REVENUE FROM NON-OPERATING ACTIVITIES</b>												
Interest & Dividends	618	738	-	-	618	738	618	738	93	63	711	801
<b>Sub-Total Revenue from Non-Operating Activities</b>	<b>618</b>	<b>738</b>	<b>-</b>	<b>-</b>	<b>618</b>	<b>738</b>	<b>618</b>	<b>738</b>	<b>93</b>	<b>63</b>	<b>711</b>	<b>801</b>
<b>REVENUE FROM CAPITAL PURPOSE INCOME</b>												
State Government Capital Grants												
- Targeted Capital Works and Equipment	38,043	34,723	-	-	38,043	34,723	38,043	34,723	-	-	38,043	34,723
Assets Received Free of Charge (refer note 2d)	-	-	25	-	25	-	-	-	25	-	25	-
Net Gain/(Loss) on Disposal of Non Financial Assets (refer note 2c)	-	-	(1)	(7)	(1)	(7)	-	-	(1)	(7)	(1)	(7)
Donations & Bequests	-	-	105	(53)	105	(53)	-	-	19	-	19	-
Other Capital Purpose Income	-	-	-	22	-	22	-	-	-	22	-	22
<b>Sub-Total Revenue from Capital Purpose Income</b>	<b>38,043</b>	<b>34,723</b>	<b>129</b>	<b>(38)</b>	<b>38,172</b>	<b>34,685</b>	<b>38,043</b>	<b>34,723</b>	<b>43</b>	<b>15</b>	<b>38,086</b>	<b>34,738</b>
<b>Total Revenue (refer to note 2a)</b>	<b>202,499</b>	<b>189,832</b>	<b>16,197</b>	<b>15,128</b>	<b>218,696</b>	<b>204,960</b>	<b>201,661</b>	<b>189,832</b>	<b>17,614</b>	<b>15,632</b>	<b>219,275</b>	<b>205,464</b>

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

## NOTE 2A: ANALYSIS OF REVENUE BY SOURCE

(based on the consolidated view of note 2)

	ADMITTED PATIENTS 2011 \$'000	OUTPATIENTS 2011 \$'000	EDS 2011 \$'000	AMBULATORY 2011 \$'000	MENTAL HEALTH 2011 \$'000	PRIMARY HEALTH 2011 \$'000	OTHER 2011 \$'000	TOTAL 2011 \$'000
<b>REVENUE FROM SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT</b>								
Government Grants	111,020	26,805	2,802	611	386	1,987	830	144,441
Indirect contributions by Department of Health *	3,796	732	325	259	50	92	86	5,340
Patient & Resident Fees (refer note 2b)	4,306	1,033	-	25	-	-	-	5,364
Recoupment from Private Practice for Use of Hospital Facilities	-	-	-	-	-	-	209	209
Business Units & Specific Purpose Funds	206	129	15	12	2	5	488	857
Other Revenue from Operating Activities	1,434	943	90	134	29	28	4,131	6,789
Interest & Dividends	456	77	34	27	5	10	9	618
Capital Purpose Income (refer note 2)	28,095	4,718	2,093	1,668	325	592	552	38,043
<b>Sub-Total Revenue from Services Supported by Health Services Agreement</b>	<b>149,313</b>	<b>34,437</b>	<b>5,359</b>	<b>2,736</b>	<b>797</b>	<b>2,714</b>	<b>6,305</b>	<b>201,661</b>
<b>REVENUE FROM SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES *</b>								
Donations & Bequests (non capital)	-	-	-	-	-	-	2,022	2,022
Business Units & Specific Purpose Funds	-	-	-	-	-	-	13,973	13,973
Government Grants	-	-	-	-	-	-	495	495
Patient & Resident Fees (refer note 2b)	-	-	-	-	-	-	1,197	1,197
Interest & Dividends	-	-	-	-	-	-	93	93
Recoupment from Private Practice for Use of Hospital Facilities	-	-	-	-	-	-	(209)	(209)
Capital Purpose Income (refer note 2)	19	3	1	1	-	-	19	43
<b>Sub-Total Revenue from Services Supported by Hospital and Community Initiatives</b>	<b>19</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>17,590</b>	<b>17,614</b>
<b>Total Revenue</b>	<b>149,332</b>	<b>34,440</b>	<b>5,360</b>	<b>2,737</b>	<b>797</b>	<b>2,714</b>	<b>23,895</b>	<b>219,275</b>

\* Indirect contributions by Department of Health:

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

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

(based on the consolidated view of note 2)

	ADMITTED PATIENTS 2010 \$'000	OUTPATIENTS 2010 \$'000	EDS 2010 \$'000	AMBULATORY 2010 \$'000	MENTAL HEALTH 2010 \$'000	PRIMARY HEALTH 2010 \$'000	OTHER 2010 \$'000	TOTAL 2010 \$'000
<b>REVENUE FROM SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT</b>								
Government Grants	104,192	25,155	2,806	581	326	1,854	777	135,691
Indirect contributions by Department of Health *	4,012	563	253	201	35	67	69	5,200
Patient & Resident Fees (refer note 2b)	3,497	651	-	18	-	-	1	4,167
Donations & Bequests (non capital)	378	64	29	23	4	8	8	514
Recoupment from Private Practice for Use of Hospital Facilities	-	-	-	-	-	-	206	206
Business Units & Specific Purpose Funds	85	56	7	5	1	2	597	753
Other Revenue from Operating Activities	1,912	1,032	130	248	33	140	4,345	7,840
Interest & Dividends	543	92	42	33	6	11	11	738
Capital Purpose Income (refer note 2)	26,046	4,433	1,996	1,585	278	528	(143)	34,723
<b>Sub-Total Revenue from Services Supported by Health Services Agreement</b>	<b>140,665</b>	<b>32,046</b>	<b>5,263</b>	<b>2,694</b>	<b>683</b>	<b>2,610</b>	<b>5,871</b>	<b>189,832</b>
<b>REVENUE FROM SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES *</b>								
Donations & Bequests (non capital)	-	-	-	-	-	-	1,408	1,408
Commercial Activities & Specific Purpose Funds	-	-	-	-	-	-	12,537	12,537
Government Grants	-	-	-	-	-	-	554	554
Patient & Resident Fees (refer note 2b)	-	-	-	-	-	-	1,261	1,261
Interest & Dividends	-	-	-	-	-	-	63	63
Recoupment from Private Practice for Use of Hospital Facilities	-	-	-	-	-	-	(206)	(206)
Capital Purpose Income (refer note 2)	(35)	(6)	(3)	(2)	-	(1)	62	15
<b>Sub-Total Revenue from Services Supported by Hospital and Community Initiatives</b>	<b>(35)</b>	<b>(6)</b>	<b>(3)</b>	<b>(2)</b>	<b>-</b>	<b>(1)</b>	<b>15,679</b>	<b>15,632</b>
<b>Total Revenue</b>	<b>140,630</b>	<b>32,040</b>	<b>5,260</b>	<b>2,692</b>	<b>683</b>	<b>2,609</b>	<b>21,550</b>	<b>205,464</b>

\* Indirect contributions by Department of Health:

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

## NOTE 2B: PATIENT FEES

	PARENT ENTITY 2011 \$'000	PARENT ENTITY 2010 \$'000	CONSOL'D 2011 \$'000	CONSOL'D 2010 \$'000
<b>PATIENT FEES RAISED</b>				
<b>Recurrent:</b>				
Acute				
- Inpatients	4,306	3,495	4,306	3,495
- Outpatients	2,255	1,933	2,255	1,933
<b>Total Recurrent</b>	<b>6,561</b>	<b>5,428</b>	<b>6,561</b>	<b>5,428</b>

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

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

	PARENT ENTITY 2011 \$'000	PARENT ENTITY 2010 \$'000	CONSOL'D 2011 \$'000	CONSOL'D 2010 \$'000
<b>Proceeds from Disposal of Non-Financial Assets</b>				
Medical Equipment	18	-	18	-
Motor Vehicles	-	6	-	6
<b>Total Proceeds from Disposal of Non-Financial Assets</b>	<b>18</b>	<b>6</b>	<b>18</b>	<b>6</b>
<b>Less: Written Down Value of Non-Financial Assets Sold</b>				
Medical Equipment	(19)	(2)	(19)	(2)
Motor Vehicles	-	(11)	-	(11)
<b>Total Written Down Value of Non-Financial Assets Sold</b>	<b>(19)</b>	<b>(13)</b>	<b>(19)</b>	<b>(13)</b>
<b>Net Gains/(Losses) on Disposal of Non-Financial Assets</b>	<b>(1)</b>	<b>(7)</b>	<b>(1)</b>	<b>(7)</b>

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

	PARENT ENTITY 2011 \$'000	PARENT ENTITY 2010 \$'000	CONSOL'D 2011 \$'000	CONSOL'D 2010 \$'000
During the reporting period, the fair value of assets received free of charge, was as follows:				
Medical Equipment	25	-	25	-
<b>Total</b>	<b>25</b>	<b>-</b>	<b>25</b>	<b>-</b>

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

## NOTE 3: EXPENSES

	PARENT						CONSOLIDATED					
	HSA 2011 \$'000	HSA 2010 \$'000	H&CI 2011 \$'000	H&CI 2010 \$'000	TOTAL 2011 \$'000	TOTAL 2010 \$'000	HSA 2011 \$'000	HSA 2010 \$'000	H&CI 2011 \$'000	H&CI 2010 \$'000	TOTAL 2011 \$'000	TOTAL 2010 \$'000
<b>EMPLOYEE EXPENSES</b>												
- Salaries & Wages	111,896	106,128	4,925	4,712	116,821	110,840	111,896	106,128	5,301	4,995	117,197	111,123
- Work Cover Premium	1,357	924	46	45	1,403	969	1,357	924	48	47	1,405	971
- Long Service Leave	2,095	3,136	47	142	2,142	3,278	2,095	3,136	47	143	2,142	3,279
- Superannuation	10,086	9,697	432	404	10,518	10,101	10,086	9,697	454	424	10,540	10,121
<b>Total Employee Expenses</b>	<b>125,434</b>	<b>119,885</b>	<b>5,450</b>	<b>5,303</b>	<b>130,884</b>	<b>125,188</b>	<b>125,434</b>	<b>119,885</b>	<b>5,850</b>	<b>5,609</b>	<b>131,284</b>	<b>125,494</b>
<b>NON SALARY LABOUR COSTS</b>												
Agency Costs – Nursing	1,454	1,398	-	-	1,454	1,398	1,454	1,398	-	-	1,454	1,398
Agency Costs – Other	3,246	3,068	809	762	4,055	3,830	3,246	3,068	809	772	4,055	3,840
<b>Total Non Salary Labour Costs</b>	<b>4,700</b>	<b>4,466</b>	<b>809</b>	<b>762</b>	<b>5,509</b>	<b>5,228</b>	<b>4,700</b>	<b>4,466</b>	<b>809</b>	<b>772</b>	<b>5,509</b>	<b>5,238</b>
<b>SUPPLIES AND CONSUMABLES</b>												
Drug Supplies	3,055	2,924	90	115	3,145	3,039	3,055	2,924	90	115	3,145	3,039
Medical, Surgical Supplies and Prosthesis	13,620	12,738	448	308	14,068	13,046	13,620	12,738	448	308	14,068	13,046
Food Supplies	1,773	1,658	46	40	1,819	1,698	1,773	1,658	66	51	1,839	1,709
<b>Total Supplies and Consumables</b>	<b>18,448</b>	<b>17,320</b>	<b>584</b>	<b>463</b>	<b>19,032</b>	<b>17,783</b>	<b>18,448</b>	<b>17,320</b>	<b>604</b>	<b>474</b>	<b>19,052</b>	<b>17,794</b>
<b>OTHER EXPENSES FROM CONTINUING OPERATIONS</b>												
Domestic Services & Supplies	1,668	1,587	27	32	1,695	1,619	1,668	1,587	31	32	1,699	1,619
Fuel, Light, Power and Water	1,300	1,432	386	349	1,686	1,781	1,300	1,432	386	349	1,686	1,781
Insurance costs funded by the Department of Health	5,904	4,496	-	-	5,904	4,496	5,904	4,496	-	-	5,904	4,496
Motor Vehicle Expenses	63	66	24	34	87	100	63	66	26	35	89	101
Repairs & Maintenance	2,412	2,461	428	357	2,840	2,818	2,412	2,461	430	360	2,842	2,821
Patient Transport	380	413	266	202	646	615	380	413	266	202	646	615
Bad & Doubtful Debts	62	180	24	35	86	215	62	180	24	35	86	215
Lease Expenses	332	372	1,264	1,080	1,596	1,452	332	372	1,264	1,080	1,596	1,452
Other Administrative Expenses	7,136	7,357	900	1,052	8,036	8,409	7,053	7,287	1,218	1,195	8,271	8,482
Audit Fees												
- VAGO – Audit of Financial Statements	60	65	-	-	60	65	60	65	4	4	64	69
- Other – Internal Audit	146	120	-	1	146	121	146	120	-	1	146	121
Finance Costs	-	-	1,573	1,601	1,573	1,601	-	-	1,573	1,601	1,573	1,601
<b>Total Other Expenses from Continuing Operations</b>	<b>19,463</b>	<b>18,549</b>	<b>4,892</b>	<b>4,743</b>	<b>24,355</b>	<b>23,292</b>	<b>19,380</b>	<b>18,479</b>	<b>5,222</b>	<b>4,894</b>	<b>24,602</b>	<b>23,373</b>

### NOTE 3: EXPENSES (CONTINUED)

	PARENT						CONSOLIDATED					
	HSA 2011 \$'000	HSA 2010 \$'000	H&CI 2011 \$'000	H&CI 2010 \$'000	TOTAL 2011 \$'000	TOTAL 2010 \$'000	HSA 2011 \$'000	HSA 2010 \$'000	H&CI 2011 \$'000	H&CI 2010 \$'000	TOTAL 2011 \$'000	TOTAL 2010 \$'000
<b>EXPENDITURE USING CAPITAL PURPOSE INCOME</b>												
Employee Expenses												
- Salaries & Wages	-	-	182	-	182	-	-	-	182	-	182	-
- Work Cover Premium	-	-	1	-	1	-	-	-	1	-	1	-
- Superannuation	-	-	6	-	6	-	-	-	6	-	6	-
<b>Total Employee Expenses</b>	-	-	<b>189</b>	-	<b>189</b>	-	-	-	<b>189</b>	-	<b>189</b>	-
<b>NON SALARY LABOUR COSTS</b>												
Agency Costs - Other	-	-	50	-	50	-	-	-	50	-	50	-
<b>Total Non Salary Labour Costs</b>	-	-	<b>50</b>	-	<b>50</b>	-	-	-	<b>50</b>	-	<b>50</b>	-
<b>OTHER EXPENSES</b>												
- Fuel, Light, Power and Water	-	-	200	125	200	125	-	-	200	125	200	125
- Motor Vehicle Expenses	-	-	2	-	2	-	-	-	2	-	2	-
- Repairs and Equipment Purchases	-	-	272	254	272	254	-	-	272	254	272	254
- Administrative Expenses	-	-	216	355	216	355	-	-	216	355	216	355
- Other	-	-	12,607	11,831	12,607	11,831	-	-	12,608	11,831	12,608	11,831
<b>Total Other Expenses</b>	-	-	<b>13,297</b>	<b>12,565</b>	<b>13,297</b>	<b>12,565</b>	-	-	<b>13,298</b>	<b>12,565</b>	<b>13,298</b>	<b>12,565</b>
<b>Total Expenditure using Capital Purpose Income</b>	-	-	<b>13,536</b>	<b>12,565</b>	<b>13,536</b>	<b>12,565</b>	-	-	<b>13,537</b>	<b>12,565</b>	<b>13,537</b>	<b>12,565</b>
Impairment of Financial Assets Available-for-Sale	-	-	-	181	-	181	-	-	6	182	6	182
<b>Total Impairment of Financial Assets</b>	-	-	-	<b>181</b>	-	<b>181</b>	-	-	<b>6</b>	<b>182</b>	<b>6</b>	<b>182</b>
Depreciation and Amortisation	-	-	15,975	15,864	15,975	15,864	-	-	15,985	15,877	15,985	15,877
Specific Expense	-	-	-	-	-	-	-	-	-	-	-	-
Finance Costs	-	-	21,258	21,252	21,258	21,252	-	-	21,258	21,252	21,258	21,252
Assets Provided Free-of Charge	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	<b>37,233</b>	<b>37,116</b>	<b>37,233</b>	<b>37,116</b>	-	-	<b>37,243</b>	<b>37,311</b>	<b>37,243</b>	<b>37,129</b>
<b>Total Expenses (refer to note 3a)</b>	<b>168,045</b>	<b>160,220</b>	<b>62,504</b>	<b>61,133</b>	<b>230,549</b>	<b>221,353</b>	<b>167,962</b>	<b>160,150</b>	<b>63,271</b>	<b>61,807</b>	<b>231,233</b>	<b>221,775</b>

## NOTE 3A: ANALYSIS OF EXPENSES BY SOURCE

(based on the consolidated view of note 3)

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

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

(based on the consolidated view of note 3)

	ADMITTED PATIENTS 2010 \$'000	OUTPATIENTS 2010 \$'000	EDS 2010 \$'000	AMBULATORY 2010 \$'000	MENTAL HEALTH 2010 \$'000	PRIMARY HEALTH 2010 \$'000	OTHER 2010 \$'000	TOTAL 2010 \$'000
<b>SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT</b>								
Employee Expenses	84,574	17,903	6,188	6,742	1,245	1,474	1,759	119,885
Non Salary Labour Costs	2,289	1,088	249	382	419	21	18	4,466
Supplies & Consumables	7,554	8,864	380	334	37	70	81	17,320
Other Expenses from Continuing Operations	13,135	2,564	960	1,005	150	316	349	18,479
<b>Sub-Total Expenses from Services Supported by Health Services Agreement</b>	<b>107,552</b>	<b>30,419</b>	<b>7,777</b>	<b>8,463</b>	<b>1,851</b>	<b>1,881</b>	<b>2,207</b>	<b>160,150</b>
<b>SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES</b>								
Employee Expenses	-	-	-	-	-	-	5,609	5,609
Non Salary Labour Costs	-	-	-	-	-	-	772	772
Supplies & Consumables	-	-	-	-	-	-	474	474
Other Expenses from Continuing Operations	-	-	-	-	-	-	4,894	4,894
<b>Sub-Total Expense from Services Supported by Hospital and Community Initiatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,749</b>	<b>11,749</b>
<b>SERVICES SUPPORTED BY CAPITAL SOURCES</b>								
Depreciation and Amortisation (refer note 4)	11,670	1,986	894	710	125	236	256	15,877
Finance Costs (refer note 5)	15,635	2,661	1,198	951	167	317	323	21,252
Impairment of Financial Assets Available-for-Sale	133	23	10	8	1	3	4	182
Other Expenses	9,245	1,574	708	563	99	187	189	12,565
<b>Sub-Total Expenses from Services Supported by Capital Resources</b>	<b>36,683</b>	<b>6,244</b>	<b>2,810</b>	<b>2,232</b>	<b>392</b>	<b>743</b>	<b>772</b>	<b>49,876</b>
<b>Total Expenses</b>	<b>144,235</b>	<b>36,663</b>	<b>10,587</b>	<b>10,695</b>	<b>2,243</b>	<b>2,624</b>	<b>14,728</b>	<b>221,775</b>

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

	PARENT ENTITY 2011 \$'000	PARENT ENTITY 2010 \$'000	CONSOL'D 2011 \$'000	CONSOL'D 2010 \$'000
Private Practice and Other Patient Activities	4,044	3,572	4,044	3,574
Laboratory Medicine	218	186	218	186
Pharmacy Services	215	236	215	236
Car Park	416	401	416	401
Property Expenses	2,398	2,482	2,398	2,482
<b>OTHER ACTIVITIES</b>				
Education and Training	373	644	373	644
Fundraising and Community Support	4	5	567	386
Major Equipment Replacement	91	80	91	80
Research and Scholarship	3,560	3,274	3,560	3,274
Other	416	391	603	486
<b>Total</b>	<b>11,735</b>	<b>11,271</b>	<b>12,485</b>	<b>11,749</b>

**NOTE 4: DEPRECIATION AND AMORTISATION**

	PARENT ENTITY 2011 \$'000	PARENT ENTITY 2010 \$'000	CONSOL'D 2011 \$'000	CONSOL'D 2010 \$'000
<b>DEPRECIATION</b>				
Buildings	1,018	1,015	1,018	1,015
Building Leasehold Improvements	345	74	345	74
Plant and Equipment	39	32	39	32
Medical Equipment	1,605	1,638	1,605	1,638
Computers and Communication	469	503	469	504
Furniture and Equipment	46	45	47	48
Motor Vehicles	10	11	10	11
Leased Building	8,871	8,871	8,871	8,871
Leased Building Leasehold Improvements	25	20	25	20
Leased Plant and Equipment	219	185	219	185
Leased Audiovisual	153	320	153	320
Leased Computer and Communication Equipment	438	310	438	310
Leased Furniture and Fittings	239	252	239	252
Leased Medical Equipment	681	621	681	621
Leased Scientific Equipment	97	202	97	202
<b>Total Depreciation</b>	<b>14,255</b>	<b>14,099</b>	<b>14,256</b>	<b>14,103</b>
<b>AMORTISATION</b>				
Intangible Assets	1,720	1,765	1,729	1,774
<b>Total Amortisation</b>	<b>1,720</b>	<b>1,765</b>	<b>1,729</b>	<b>1,774</b>
<b>Total Depreciation and Amortisation</b>	<b>15,975</b>	<b>15,864</b>	<b>15,985</b>	<b>15,877</b>

## NOTE 5: FINANCE COSTS

	PARENT ENTITY 2011 \$'000	PARENT ENTITY 2010 \$'000	CONSOL'D 2011 \$'000	CONSOL'D 2010 \$'000
Finance Charges on Finance Leases *	21,258	21,252	21,258	21,252
Interest on Long Term Borrowings	1,573	1,601	1,573	1,601
<b>Total Finance Costs</b>	<b>22,831</b>	<b>22,853</b>	<b>22,831</b>	<b>22,853</b>

\* Construction and fit out of the Royal Women's Hospital was funded as a Public Private Partnership under a Project Agreement between the State of Victoria and Royal Women's Health Partnerships Pty Ltd. This amount represents the interest payments made for the 2010/11 year (including any contingent rentals).

The value of the contingent rental recognised as an expense in the operating statement for the period 2010/11 is \$1.701 million (2009/10: \$1.394 million). Refer to note 14, for the basis for calculation of contingent rentals.

## NOTE 6: CASH AND CASH EQUIVALENTS

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

	PARENT ENTITY 2011 \$'000	PARENT ENTITY 2010 \$'000	CONSOL'D 2011 \$'000	CONSOL'D 2010 \$'000
Cash on Hand	12	9	12	9
Cash at Bank	1,451	1,643	1,969	2,153
<b>Total Cash and Cash Equivalents</b>	<b>1,463</b>	<b>1,652</b>	<b>1,981</b>	<b>2,162</b>
<b>Represented by:</b>				
Cash for Health Service Operations (as per Cash Flow Statement)	852	1,025	1,370	1,535
Cash for Monies Held in Trust				
- Cash at Bank	611	627	611	627
<b>Total</b>	<b>1,463</b>	<b>1,652</b>	<b>1,981</b>	<b>2,162</b>

## NOTE 7: RECEIVABLES

	PARENT ENTITY 2011 \$'000	PARENT ENTITY 2010 \$'000	CONSOL'D 2011 \$'000	CONSOL'D 2010 \$'000
<b>CURRENT</b>				
<b>Contractual</b>				
Controlled Entity Intercompany	231	94	-	-
Inter Hospital Debtors	415	497	415	497
Trade Debtors	1,452	1,259	1,510	1,274
Patient Fees	887	747	887	747
Accrued Investment Income	131	157	152	176
Accrued Revenue – Other	1,755	1,131	1,757	1,132
<b>Less Allowance for Doubtful Debts</b>				
Inter Hospital Debtors	-	-	-	-
Trade Debtors	(10)	(31)	(10)	(31)
Patient Fees	(19)	(32)	(19)	(32)
	<b>4,842</b>	<b>3,822</b>	<b>4,692</b>	<b>3,763</b>
<b>Statutory</b>				
Accrued Revenue – Department of Health	682	-	682	-
GST Receivable	145	110	148	116
	<b>827</b>	<b>110</b>	<b>830</b>	<b>116</b>
<b>Total Current Receivables</b>	<b>5,669</b>	<b>3,932</b>	<b>5,522</b>	<b>3,879</b>
<b>NON CURRENT</b>				
<b>Statutory</b>				
Long Service Leave – Department of Health	1,728	2,292	1,728	2,292
<b>Total Non-Current Receivables</b>	<b>1,728</b>	<b>2,292</b>	<b>1,728</b>	<b>2,292</b>
<b>Total Receivables</b>	<b>7,397</b>	<b>6,224</b>	<b>7,250</b>	<b>6,171</b>

### (a) Movement in the Allowance for Doubtful Contractual Receivables

	PARENT ENTITY 2011 \$'000	PARENT ENTITY 2010 \$'000	CONSOL'D 2011 \$'000	CONSOL'D 2010 \$'000
Balance at beginning of year	63	80	63	80
Amounts written off during the year	(90)	(113)	(90)	(113)
Increase/(decrease) in allowance recognised in net result	56	96	56	96
<b>Balance at end of year</b>	<b>29</b>	<b>63</b>	<b>29</b>	<b>63</b>

### (b) Ageing analysis of receivables

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

### (c) Nature and extent of risk arising from receivables

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

## NOTE 8: INVESTMENTS AND OTHER FINANCIAL ASSETS

	OPERATING FUND		SPECIFIC PURPOSE FUND		TOTAL	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>PARENT ENTITY</b>						
<b>CURRENT</b>						
Equities and Managed Investment Schemes						
- Managed Investment Schemes	-	437	-	763	-	1,200
<b>Total Current</b>	<b>-</b>	<b>437</b>	<b>-</b>	<b>763</b>	<b>-</b>	<b>1,200</b>
<b>NON CURRENT</b>						
Equities and Managed Investment Schemes						
- Managed Investment Schemes	3,449	3,568	5,124	6,224	8,573	9,792
<b>Total Non Current</b>	<b>3,449</b>	<b>3,568</b>	<b>5,124</b>	<b>6,224</b>	<b>8,573</b>	<b>9,792</b>
<b>Total Investments and Other Financial Assets</b>	<b>3,449</b>	<b>4,005</b>	<b>5,124</b>	<b>6,987</b>	<b>8,573</b>	<b>10,992</b>
<b>Represented by:</b>						
Health Service Investments	3,449	4,005	5,124	6,987	8,573	10,992
<b>Total</b>	<b>3,449</b>	<b>4,005</b>	<b>5,124</b>	<b>6,987</b>	<b>8,573</b>	<b>10,992</b>
<b>CONSOLIDATED ENTITY</b>						
<b>CURRENT</b>						
Equities and Managed Investment Schemes						
- Managed Investment Schemes	-	437	-	763	-	1,200
<b>Total Current</b>	<b>-</b>	<b>437</b>	<b>-</b>	<b>763</b>	<b>-</b>	<b>1,200</b>
<b>NON CURRENT</b>						
Equities and Managed Investment Schemes						
- Australian Listed Equity Securities	715	674	-	-	715	674
- Managed Investment Schemes	3,913	4,013	5,124	6,224	9,037	10,237
<b>Total Non Current</b>	<b>4,628</b>	<b>4,687</b>	<b>5,124</b>	<b>6,224</b>	<b>9,752</b>	<b>10,911</b>
<b>Total Investments and Other Financial Assets</b>	<b>4,628</b>	<b>5,124</b>	<b>5,124</b>	<b>6,987</b>	<b>9,752</b>	<b>12,111</b>
<b>Represented by:</b>						
Health Service Investments	3,449	4,005	5,124	6,987	8,573	10,992
Foundation Investments	1,179	1,119	-	-	1,179	1,119
<b>Total</b>	<b>4,628</b>	<b>5,124</b>	<b>5,124</b>	<b>6,987</b>	<b>9,752</b>	<b>12,111</b>

### (b) Ageing analysis of investments and other financial assets

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

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

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

## NOTE 9: INVENTORIES

	PARENT ENTITY 2011 \$'000	PARENT ENTITY 2010 \$'000	CONSOL'D 2011 \$'000	CONSOL'D 2010 \$'000
<b>PHARMACEUTICALS</b>				
At cost	177	174	177	174
<b>COMMEMORATIVE BOOKS</b>				
At cost	-	72	-	72
<b>Total Inventories</b>	<b>177</b>	<b>246</b>	<b>177</b>	<b>246</b>

## NOTE 10: OTHER ASSETS

	PARENT ENTITY 2011 \$'000	PARENT ENTITY 2010 \$'000	CONSOL'D 2011 \$'000	CONSOL'D 2010 \$'000
<b>CURRENT</b>				
Prepayments	868	658	901	658
<b>Total Current</b>	<b>868</b>	<b>658</b>	<b>901</b>	<b>658</b>
<b>NON CURRENT</b>				
Prepayments	506	676	506	676
Other – Deposits	28	28	28	28
<b>Total Non Current</b>	<b>534</b>	<b>704</b>	<b>534</b>	<b>704</b>
<b>Total Other Assets</b>	<b>1,402</b>	<b>1,362</b>	<b>1,435</b>	<b>1,362</b>

## NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	PARENT ENTITY 2011 \$'000	PARENT ENTITY 2010 \$'000	CONSOL'D 2011 \$'000	CONSOL'D 2010 \$'000
<b>LAND</b>				
Land at Valuation				
- Crown	48,668	48,668	48,668	48,668
- Freehold	29,393	29,393	29,393	29,393
<b>Total Land</b>	<b>78,061</b>	<b>78,061</b>	<b>78,061</b>	<b>78,061</b>
<b>BUILDINGS</b>				
Buildings at Cost	125	82	125	82
Less Accumulated Depreciation	(5)	(1)	(5)	(1)
	120	81	120	81
Buildings at Fair Value	27,719	27,719	27,719	27,719
Less Accumulated Depreciation	(2,028)	(1,014)	(2,028)	(1,014)
	25,691	26,705	25,691	26,705
Leasehold Improvements at Cost	1,040	1,045	1,040	1,045
Less Accumulated Depreciation	(606)	(261)	(606)	(261)
	434	784	434	784
Building Work in Progress	72	25	72	25
<b>Total Buildings</b>	<b>26,317</b>	<b>27,595</b>	<b>26,317</b>	<b>27,595</b>
<b>PLANT AND EQUIPMENT</b>				
Plant and Equipment at Fair Value	3,762	3,647	3,762	3,647
Less Accumulated Depreciation	(3,533)	(3,494)	(3,533)	(3,494)
<b>Total Plant and Equipment</b>	<b>229</b>	<b>153</b>	<b>229</b>	<b>153</b>
<b>MEDICAL EQUIPMENT</b>				
Medical Equipment at Fair Value	24,995	24,086	24,995	24,086
Less Accumulated Depreciation	(20,241)	(19,164)	(20,241)	(19,164)
<b>Total Medical Equipment</b>	<b>4,754</b>	<b>4,922</b>	<b>4,754</b>	<b>4,922</b>
<b>COMPUTERS AND COMMUNICATION</b>				
Computers and Communication at Fair Value	6,243	5,903	6,267	5,925
Less Accumulated Depreciation	(5,779)	(5,317)	(5,801)	(5,338)
<b>Total Computers and Communications</b>	<b>464</b>	<b>586</b>	<b>466</b>	<b>587</b>
<b>FURNITURE AND FITTINGS</b>				
Furniture and Fittings at Fair Value	1,064	999	1,084	1,020
Less Accumulated Depreciation	(598)	(551)	(601)	(554)
<b>Total Furniture and Fittings</b>	<b>466</b>	<b>448</b>	<b>483</b>	<b>466</b>
<b>MOTOR VEHICLES</b>				
Motor Vehicles at Fair Value	103	103	103	103
Less Accumulated Depreciation	(60)	(50)	(60)	(50)
<b>Total Motor Vehicles</b>	<b>43</b>	<b>53</b>	<b>43</b>	<b>53</b>

## NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	PARENT ENTITY 2011 \$'000	PARENT ENTITY 2010 \$'000	CONSOL'D 2011 \$'000	CONSOL'D 2010 \$'000
<b>CULTURAL ASSETS</b>				
Cultural Assets at Fair Value	140	140	140	140
Less Accumulated Depreciation	-	-	-	-
<b>Total Cultural Assets</b>	<b>140</b>	<b>140</b>	<b>140</b>	<b>140</b>
<b>LEASED ASSETS</b>				
Leased Buildings at Valuation	229,016	229,016	229,016	229,016
Less Accumulated Depreciation	(17,741)	(8,871)	(17,741)	(8,871)
	<b>211,275</b>	<b>220,145</b>	<b>211,275</b>	<b>220,145</b>
Leasehold Improvements at Cost	624	624	624	624
Less Accumulated Depreciation	(69)	(44)	(69)	(44)
	<b>555</b>	<b>580</b>	<b>555</b>	<b>580</b>
Plant and Equipment at Fair Value	2,170	2,170	2,170	2,170
Less Accumulated Depreciation	(674)	(456)	(674)	(456)
	<b>1,496</b>	<b>1,714</b>	<b>1,496</b>	<b>1,714</b>
Computers and Communication Equipment at Fair Value	2,990	2,990	2,990	2,990
Less Accumulated Depreciation	(1,351)	(913)	(1,351)	(913)
	<b>1,639</b>	<b>2,077</b>	<b>1,639</b>	<b>2,077</b>
Audiovisual Equipment at Fair Value	1,342	1,342	1,342	1,342
Less Accumulated Depreciation	(473)	(320)	(473)	(320)
	<b>869</b>	<b>1,022</b>	<b>869</b>	<b>1,022</b>
Furniture and Fittings at Fair Value	2,645	2,645	2,645	2,645
Less Accumulated Depreciation	(736)	(497)	(736)	(497)
	<b>1,909</b>	<b>2,148</b>	<b>1,909</b>	<b>2,148</b>
Medical Equipment at Fair Value	5,520	5,520	5,520	5,520
Less Accumulated Depreciation	(2,109)	(1,428)	(2,109)	(1,428)
	<b>3,411</b>	<b>4,092</b>	<b>3,411</b>	<b>4,092</b>
Scientific Equipment at Fair Value	867	867	867	867
Less Accumulated Depreciation	(299)	(202)	(299)	(202)
	<b>568</b>	<b>665</b>	<b>568</b>	<b>665</b>
<b>Total Leased Assets</b>	<b>221,722</b>	<b>232,443</b>	<b>221,722</b>	<b>232,443</b>
<b>Total Property, Plant and Equipment</b>	<b>332,196</b>	<b>344,401</b>	<b>332,215</b>	<b>344,420</b>

## NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	LAND \$'000	BUILDINGS \$'000	PLANT & EQUIPMENT \$'000	MEDICAL EQUIPMENT \$'000	COMPUTERS & COMMUNICTNS \$'000	FURNITURE & FITTINGS \$'000	MOTOR VEHICLES \$'000	CULTURAL ASSETS \$'000	LEASED ASSETS \$'000	TOTAL \$'000
<b>CONSOLIDATED</b>										
<b>Balance at 1 July 2009</b>	<b>78,061</b>	<b>28,569</b>	<b>139</b>	<b>6,024</b>	<b>801</b>	<b>475</b>	<b>75</b>	<b>140</b>	<b>243,155</b>	<b>357,439</b>
Additions	-	115	46	538	290	39	-	-	69	<b>1,097</b>
Disposals	-	-	-	(2)	-	-	(11)	-	-	<b>(13)</b>
Revaluation increments/ (decrements)	-	-	-	-	-	-	-	-	-	-
Net Transfers between classes	-	-	-	-	-	-	-	-	-	-
Depreciation and Amortisation (note 4)	-	(1,089)	(32)	(1,638)	(504)	(48)	(11)	-	(10,781)	<b>(14,103)</b>
<b>Balance at 1 July 2010</b>	<b>78,061</b>	<b>27,595</b>	<b>153</b>	<b>4,922</b>	<b>587</b>	<b>466</b>	<b>53</b>	<b>140</b>	<b>232,443</b>	<b>344,420</b>
Additions	-	85	115	1,455	348	64	-	-	-	<b>2,067</b>
Disposals	-	-	-	(19)	-	-	-	-	-	<b>(19)</b>
Revaluation increments/ (decrements)	-	-	-	-	-	-	-	-	-	-
Net Transfers between classes	-	-	-	-	-	-	-	-	-	-
Depreciation and Amortisation (note 4)	-	(1,363)	(39)	(1,605)	(469)	(47)	(10)	-	(10,723)	<b>(14,256)</b>
<b>Balance at 30 June 2011</b>	<b>78,061</b>	<b>26,317</b>	<b>229</b>	<b>4,754</b>	<b>466</b>	<b>483</b>	<b>43</b>	<b>140</b>	<b>221,720</b>	<b>332,215</b>

### *Land and buildings carried at valuation*

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

The effective date of the valuation is 30 June 2009.

In compliance with FRD 103D, in the year ended 30 June 2011, Royal Women's Hospital's management conducted an annual assessment of the fair value of land and buildings. To facilitate this, management obtained from the Department of Treasury and Finance the Valuer General Victoria indices for March 2011 and applied these indices to the individual assets' 2009 valuation. The indexed value was then compared to individual assets written down book value as at 30 June 2011 to determine the change in their fair values. There was no material financial impact on change in fair value of land and buildings.

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

### *Leased Assets*

An independent valuation of the Royal Women's Hospital's leased buildings was performed by the Valuer-General Victoria to determine the fair value of the land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments.

The effective date of the valuation is 30 June 2009.

In compliance with FRD 103D, in the year ended 30 June 2011, Royal Women's Hospital's management conducted an annual assessment of the fair value of land and buildings. To facilitate this, management obtained from the Department of Treasury and Finance the Valuer General Victoria indices for March 2011 and applied these indices to the leased assets' 2009 valuation. The indexed values were then compared to leased assets written down book value as at 30 June 2011 to determine the change in their fair values. There was no material financial impact on change in the fair value of leased assets.

## NOTE 12: INTANGIBLE ASSETS

	PARENT ENTITY 2011 \$'000	PARENT ENTITY 2010 \$'000	CONSOL'D 2011 \$'000	CONSOL'D 2010 \$'000
Software	4,076	3,932	4,103	3,959
Less Accumulated Amortisation	(3,100)	(2,360)	(3,120)	(2,371)
	<b>976</b>	<b>1,572</b>	<b>983</b>	<b>1,588</b>
Revenue Rights Parkville Car Park	24,490	24,490	24,490	24,490
Less Accumulated Amortisation	(2,939)	(1,960)	(2,939)	(1,960)
	<b>21,551</b>	<b>22,530</b>	<b>21,551</b>	<b>22,530</b>
<b>Total Written Down Value</b>	<b>22,527</b>	<b>24,102</b>	<b>22,534</b>	<b>24,118</b>

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

	SOFTWARE \$'000	REVENUE RIGHTS PARKVILLE CAR PARK \$'000	TOTAL \$'000
<b>PARENT</b>			
<b>Balance at 1 July 2009</b>	<b>1,162</b>	<b>23,510</b>	<b>24,672</b>
Additions	1,195	-	1,195
Amortisation (note 4)	(785)	(980)	(1,765)
<b>Balance at 1 July 2010</b>	<b>1,572</b>	<b>22,530</b>	<b>24,102</b>
Additions	145	-	145
Amortisation (note 4)	(742)	(979)	(1,720)
<b>Balance at 30 June 2011</b>	<b>976</b>	<b>21,551</b>	<b>22,527</b>
<b>CONSOLIDATED</b>			
<b>Balance at 1 July 2009</b>	<b>1,189</b>	<b>23,510</b>	<b>24,699</b>
Additions	1,193	-	1,193
Amortisation (note 4)	(794)	(980)	(1,774)
<b>Balance at 1 July 2010</b>	<b>1,588</b>	<b>22,530</b>	<b>24,118</b>
Additions	145	-	145
Amortisation (note 4)	(749)	(980)	(1,729)
<b>Balance at 30 June 2011</b>	<b>983</b>	<b>21,551</b>	<b>22,534</b>

## NOTE 13: PAYABLES

	PARENT ENTITY 2011 \$'000	PARENT ENTITY 2010 \$'000	CONSOL'D 2011 \$'000	CONSOL'D 2010 \$'000
<b>CURRENT</b>				
<b>Contractual</b>				
Trade Creditors	10,986	9,927	10,986	9,927
Accrued Expenses	1,739	2,047	1,769	2,091
Deposits	9	7	9	7
Revenue In Advance	364	707	435	721
	<b>13,098</b>	<b>12,688</b>	<b>13,199</b>	<b>12,746</b>
<b>Statutory</b>				
Department of Health	-	1,603	-	1,603
<b>Total Current</b>	<b>13,098</b>	<b>14,291</b>	<b>13,199</b>	<b>14,349</b>
<b>Total Payables</b>	<b>13,098</b>	<b>14,291</b>	<b>13,199</b>	<b>14,349</b>

### (a) Maturity analysis of payables

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

### (b) Nature and extent of risk arising from payables

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

## NOTE 14: BORROWINGS

	PARENT ENTITY 2011 \$'000	PARENT ENTITY 2010 \$'000	CONSOL'D 2011 \$'000	CONSOL'D 2010 \$'000
<b>CURRENT</b>				
Finance Lease Liability *	3,282	2,968	3,282	2,968
Loan From Treasury Corporation Victoria (Current)	473	443	473	443
<b>Total Borrowings</b>	<b>3,755</b>	<b>3,411</b>	<b>3,755</b>	<b>3,411</b>
<b>Total Current</b>	<b>3,755</b>	<b>3,411</b>	<b>3,755</b>	<b>3,411</b>
<b>NON CURRENT</b>				
Finance Lease Liability *	238,057	241,340	238,057	241,340
Loan From Treasury Corporation Victoria (Non Current)	22,867	23,340	22,867	23,340
<b>Total Borrowings</b>	<b>260,924</b>	<b>264,680</b>	<b>260,924</b>	<b>264,680</b>
<b>Total Non-Current</b>	<b>260,924</b>	<b>264,680</b>	<b>260,924</b>	<b>264,680</b>
<b>Total Borrowings</b>	<b>264,679</b>	<b>268,091</b>	<b>264,679</b>	<b>268,091</b>

### (a) Maturity analysis of borrowings

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

### (b) Nature and extent of risk arising from borrowings

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

### (c) Defaults and breaches

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

### \* (d) Finance Lease Repayments

	PARENT ENTITY 2011 \$'000	PARENT ENTITY 2010 \$'000	CONSOL'D 2011 \$'000	CONSOL'D 2010 \$'000
<b>FINANCE LEASES</b>				
Repayments in relation to finance leases are payable as follows:				
Not later than one year	23,425	23,167	23,425	23,167
Later than 1 year and not later than 5 years	96,410	95,312	96,410	95,312
Later than 5 years	481,278	505,801	481,278	505,801
Minimum lease payments	601,113	624,280	601,113	624,280
Less future finance charges	(359,774)	(379,972)	(359,774)	(379,972)
<b>Total</b>	<b>241,339</b>	<b>244,308</b>	<b>241,339</b>	<b>244,308</b>

The weighted average interest rate implicit in the finance lease is 8.57%.

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

### *Basis for calculation of Contingent Rental on Finance Lease*

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

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

The value of the contingent rental recognised as an expense in the operating statement for the period 2010/11 is \$1.701 million (2009/10: \$1.394 million).

## NOTE 15: PROVISIONS

	PARENT ENTITY 2011 \$'000	PARENT ENTITY 2010 \$'000	CONSOL'D 2011 \$'000	CONSOL'D 2010 \$'000
<b>CURRENT PROVISIONS</b>				
Employee Benefits				
- unconditional and expected to be settled within 12 months	10,154	9,479	10,174	9,492
- unconditional and expected to be settled after 12 months	12,382	11,492	12,383	11,494
	<b>22,536</b>	<b>20,971</b>	<b>22,557</b>	<b>20,986</b>
<b>Provisions related to Employee Benefit On-Costs</b>				
Unconditional and expected to be settled within 12 months (nominal value)	837	791	838	792
Unconditional and expected to be settled after 12 months (present value)	1,564	1,337	1,564	1,337
	<b>2,401</b>	<b>2,128</b>	<b>2,402</b>	<b>2,129</b>
<b>Total Current Provisions</b>	<b>24,937</b>	<b>23,099</b>	<b>24,959</b>	<b>23,115</b>
<b>NON-CURRENT PROVISIONS</b>				
Employee Benefits	4,266	4,974	4,272	4,980
Provisions related to Employee Benefit On-Costs	388	423	388	423
<b>Total Non Current Provisions</b>	<b>4,654</b>	<b>5,397</b>	<b>4,660</b>	<b>5,403</b>
<b>Total Provisions</b>	<b>29,591</b>	<b>28,496</b>	<b>29,619</b>	<b>28,518</b>
<b>(a) Employee Benefits And Related On-Costs</b>				
<b>CURRENT EMPLOYEE BENEFITS AND RELATED ON-COSTS</b>				
Unconditional long service leave entitlements	12,518	11,516	12,518	11,516
Annual leave entitlements	9,578	9,208	9,590	9,218
Accrued wages and salaries	2,520	2,056	2,529	2,062
Accrued days off	321	319	322	319
<b>Non Current Employee Benefits and Related On-Costs</b>				
Conditional long service leave entitlements (present value)	4,654	5,397	4,660	5,403
<b>Total Employee Benefits And Related On-Costs</b>	<b>29,591</b>	<b>28,496</b>	<b>29,619</b>	<b>28,518</b>
<b>(b) Movement In Provisions</b>				
<b>MOVEMENT IN LONG SERVICE LEAVE:</b>				
<b>Balance at start of year</b>	<b>16,913</b>	<b>15,492</b>	<b>16,919</b>	<b>15,492</b>
Provision made during the year				
- Revaluations	(13)	(7)	(13)	(7)
- Expense recognising employee service	2,155	3,283	2,155	3,289
Settlement made during the year	(1,883)	(1,855)	(1,883)	(1,855)
<b>Balance at end of year</b>	<b>17,172</b>	<b>16,913</b>	<b>17,178</b>	<b>16,919</b>

## NOTE 16: OTHER LIABILITIES

	PARENT ENTITY 2011 \$'000	PARENT ENTITY 2010 \$'000	CONSOL'D 2011 \$'000	CONSOL'D 2010 \$'000
<b>CURRENT</b>				
Monies Held in Trust				
- Other Monies Held in Trust *	611	627	611	627
<b>Total Current</b>	<b>611</b>	<b>627</b>	<b>611</b>	<b>627</b>
<b>Total Other Liabilities</b>	<b>611</b>	<b>627</b>	<b>611</b>	<b>627</b>
<b>* Total Monies Held in Trust</b>				
<b>Represented by the following assets:</b>				
Cash and Cash Equivalents (note 6)	611	627	611	627
<b>Total</b>	<b>611</b>	<b>627</b>	<b>611</b>	<b>627</b>

## NOTE 17: RESERVES

	PARENT ENTITY 2011 \$'000	PARENT ENTITY 2010 \$'000	CONSOLD 2011 \$'000	CONSOLD 2010 \$'000
<b>(a) Reserves</b>				
<b>Property, Plant and Equipment Revaluation Surplus <sup>1</sup></b>				
Balance at the beginning of the reporting period	25,166	25,166	25,166	25,166
<b>Balance at the end of the reporting period *</b>	<b>25,166</b>	<b>25,166</b>	<b>25,166</b>	<b>25,166</b>
<b>* Represented by:</b>				
Land	17,744	17,744	17,744	17,744
Leased Building	7,422	7,422	7,422	7,422
	<b>25,166</b>	<b>25,166</b>	<b>25,166</b>	<b>25,166</b>
<b>Financial Assets Available-for-Sale Revaluation Surplus/(Deficit) <sup>2</sup></b>				
Balance at the beginning of the reporting period	486	(146)	606	(115)
Valuation gain/(loss) recognised	173	588	221	676
Cumulative (gain)/loss transferred to Comprehensive Operating Statement on sale of financial assets	(38)	(137)	(38)	(137)
Cumulative loss transferred to Comprehensive Operating Statement on impairment of financial assets	-	181	6	182
<b>Balance at end of the reporting period</b>	<b>621</b>	<b>486</b>	<b>795</b>	<b>606</b>
<b>General Purpose Surplus</b>				
Balance at the beginning of the reporting period	26,527	21,621	26,527	21,621
Transfer from/(to) Accumulated Surplus	5,177	4,906	5,177	4,906
<b>Balance at the end of the reporting period</b>	<b>31,704</b>	<b>26,527</b>	<b>31,704</b>	<b>26,527</b>
<b>Restricted Specific Purpose Surplus</b>				
Balance at the beginning of the reporting period	9,191	10,128	9,820	10,589
Transfer from/(to) Accumulated Deficit	(566)	(937)	(611)	(769)
<b>Balance at the end of the reporting period</b>	<b>8,625</b>	<b>9,191</b>	<b>9,209</b>	<b>9,820</b>
<b>Total Reserves</b>	<b>66,116</b>	<b>61,370</b>	<b>66,874</b>	<b>62,119</b>
<b>(b) Contributed Capital</b>				
Balance at the beginning of the reporting period	91,107	91,107	91,107	91,107
<b>Balance at the end of the reporting period</b>	<b>91,107</b>	<b>91,107</b>	<b>91,107</b>	<b>91,107</b>
<b>(c) Accumulated Surpluses/(Deficits)</b>				
Balance at the beginning of the reporting period	(75,003)	(54,641)	(74,221)	(53,773)
Net Result for the Year	(11,853)	(16,393)	(11,958)	(16,311)
Transfers from/(to) General Purpose Surplus	(5,177)	(4,906)	(5,177)	(4,906)
Transfers from/(to) Restricted Specific Purpose Surplus	566	937	611	769
<b>Balance at the end of the reporting period</b>	<b>(91,467)</b>	<b>(75,003)</b>	<b>(90,745)</b>	<b>(74,221)</b>
<b>(d) Total Equity at end of financial year</b>	<b>65,756</b>	<b>77,474</b>	<b>67,236</b>	<b>79,005</b>

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

2 The financial assets available-for-sale revaluation surplus/(deficit) arises on the revaluation of available-for-sale financial assets.

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

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

	PARENT ENTITY 2011 \$'000	PARENT ENTITY 2010 \$'000	CONSOL'D 2011 \$'000	CONSOL'D 2010 \$'000
<b>NET RESULT FOR THE YEAR</b>	(11,853)	(16,393)	(11,958)	(16,311)
Depreciation and Amortisation	15,975	15,864	15,985	15,877
Impairment of Financial Assets	-	181	6	182
Net movement in Finance Lease	(2,969)	(2,691)	(2,969)	(2,691)
Provision for Doubtful Receivables	(34)	(17)	(34)	(17)
Management Fees for Managed Investments	-	-	5	5
Change in Inventories	69	19	69	19
Assets Received Free of Charge	(25)	-	(25)	-
Net (Gain)/Loss from Sale of Plant and Equipment	1	7	1	7
Net (Gain)/Loss from Sale of Investments	(38)	(137)	(38)	(137)
Income from Managed Funds Reinvested	(508)	(634)	(524)	(653)
Change in Operating Assets & Liabilities				
- (Increase)/Decrease in Receivables	(1,139)	54	(1,045)	(35)
- (Increase)/Decrease in Prepayments	(40)	(221)	(73)	(221)
- Increase/(Decrease) in Payables	(1,192)	1,544	(1,149)	1,602
- Increase/(Decrease) in Provisions	1,095	1,571	1,100	1,582
<b>Net Cash Inflow/(Outflow) From Operating Activities</b>	<b>(658)</b>	<b>(853)</b>	<b>(649)</b>	<b>(791)</b>

## NOTE 19: FINANCIAL INSTRUMENTS

### (a) Financial Risk Management Objectives and Policies

The Royal Women's Hospital principal financial instruments comprise of:

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

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

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

#### Categorisation of financial instruments

	CONSOL'D CARRYING AMOUNT 2011 \$'000	CONSOL'D CARRYING AMOUNT 2010 \$'000
<b>FINANCIAL ASSETS</b>		
Cash and Cash Equivalents	1,981	2,162
Loans and Receivables	4,692	3,763
Financial Assets Available-for-Sale	9,752	12,111
<b>Total Financial Assets<sup>i</sup></b>	<b>16,425</b>	<b>18,036</b>
<b>FINANCIAL LIABILITIES</b>		
At Amortised Cost	278,489	281,464
<b>Total Financial Liabilities<sup>i</sup></b>	<b>278,489</b>	<b>281,464</b>

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

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

	NET HOLDING GAIN/(LOSS) 2011 \$'000	NET HOLDING GAIN/(LOSS) 2010 \$'000
<b>FINANCIAL ASSETS</b>		
Cash and Cash Equivalents	116	66
Financial Assets Available-for-Sale at fair value Comprehensive Operating Statement	589	553
<b>Total Financial Assets<sup>i</sup></b>	<b>705</b>	<b>619</b>
<b>FINANCIAL LIABILITIES</b>		
At Amortised Cost	22,831	22,853
<b>Total Financial Liabilities<sup>ii</sup></b>	<b>22,831</b>	<b>22,853</b>

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

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

## NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Credit Risk

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

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

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

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

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

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

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

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

	FINANCIAL INSTITUTIONS (AA CREDIT RATING) \$'000	GOVERNMENT AGENCIES (AAA CREDIT RATING) \$'000	TOTAL \$'000
<b>2011</b>			
<b>FINANCIAL ASSETS</b>			
Cash and Cash Equivalents	1,981	-	1,981
Financial Assets Available-for-Sale <sup>i</sup>	-	8,573	8,573
<b>Total Financial Assets <sup>ii</sup></b>	<b>1,981</b>	<b>8,573</b>	<b>10,554</b>
<b>2010</b>			
<b>FINANCIAL ASSETS</b>			
Cash and Cash Equivalents	2,162	-	2,162
Financial Assets Available-for-Sale <sup>i</sup>	-	10,992	10,992
<b>Total Financial Assets <sup>ii</sup></b>	<b>2,162</b>	<b>10,992</b>	<b>13,154</b>

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

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

## NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Credit Risk (continued)

Ageing analysis of financial asset as at 30 June

	CONSOL'D CARRYING AMOUNT \$'000	NOT PAST DUE AND NOT IMPAIRED \$'000	PAST DUE BUT NOT IMPAIRED				IMPAIRED FINANCIAL ASSETS \$'000
			LESS THAN 1 MONTH \$'000	1-3 MONTHS \$'000	3 MONTHS- 1 YEAR \$'000	1-5 YEARS \$'000	
<b>2011</b>							
<b>FINANCIAL ASSETS</b>							
Cash and Cash Equivalents	1,981	1,981	-	-	-	-	-
Receivables							
- Trade Debtors	1,915	1,443	311	103	58	-	-
- Patient Fees	868	534	226	46	62	-	-
- Other Receivables	1,909	1,909	-	-	-	-	-
Financial Assets Available-for-Sale	9,752	9,752	-	-	-	-	-
<b>Total Financial Assets</b>	<b>16,425</b>	<b>15,619</b>	<b>537</b>	<b>149</b>	<b>120</b>	<b>-</b>	<b>-</b>
<b>2010</b>							
<b>FINANCIAL ASSETS</b>							
Cash and Cash Equivalents	2,162	2,162	-	-	-	-	-
Receivables							
- Trade Debtors	1,740	817	533	210	180	-	-
- Patient Fees	715	374	163	138	38	2	-
- Other Receivables	1,308	1,308	-	-	-	-	-
Financial Assets Available-for-Sale	12,111	12,111	-	-	-	-	-
<b>Total Financial Assets</b>	<b>18,036</b>	<b>16,772</b>	<b>696</b>	<b>348</b>	<b>218</b>	<b>2</b>	<b>-</b>

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

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

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

## NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

### (c) Liquidity Risk

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

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

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

#### *Cash flow Forecast*

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

#### *Cash Advances from the Department of Health*

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

#### *Withdrawal of Investments*

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

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

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

	CONSOL'D CARRYING AMOUNT \$'000	CONTRACTUAL CASH FLOWS \$'000	MATURITY DATES				
			LESS THAN 1 MONTH \$'000	1-3 MONTHS \$'000	3 MONTHS- 1 YEAR \$'000	1-5 YEARS \$'000	OVER 5 YEARS \$'000
			<b>2011</b>				
<b>FINANCIAL LIABILITIES</b>							
Trade Payables	10,986	10,986	5,246	4,618	1,122	-	-
Other Payables	2,213	2,213	550	1,147	516	-	-
Borrowings	264,679	264,679	304	606	2,845	19,079	241,845
Other Financial Liabilities	611	611	-	611	-	-	-
<b>Total Financial Liabilities</b>	<b>278,489</b>	<b>278,489</b>	<b>6,100</b>	<b>6,982</b>	<b>4,483</b>	<b>19,079</b>	<b>241,845</b>
<b>2010</b>							
<b>FINANCIAL LIABILITIES</b>							
Trade Payables	9,927	9,927	5,771	3,422	734	-	-
Other Payables	2,819	2,819	646	1,362	811	-	-
Borrowings	268,091	268,091	277	836	2,299	17,362	247,317
Other Financial Liabilities	627	627	-	627	-	-	-
<b>Total Financial Liabilities</b>	<b>281,464</b>	<b>281,464</b>	<b>6,694</b>	<b>6,247</b>	<b>3,844</b>	<b>17,362</b>	<b>247,317</b>

#### *PPP Arrangement*

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

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

## NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

### **(d) Market Risk**

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

#### ***Interest Rate Risk***

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

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

#### ***Other Price Risk (Investments)***

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

#### **Investment Committee Role**

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

#### **Investment Objectives**

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

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

#### **Role of Victorian Funds Management Corporation**

The role of Victorian Funds Management Corporation is to:

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

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

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

#### **Role of approved Fund Managers**

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

#### **Monthly Performance report (Performance v Benchmarks/investment objectives)**

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

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

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

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

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

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

## NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

### (d) Market Risk (continued)

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

	* WEIGHTED AVERAGE EFFECTIVE INTEREST RATES (%)	CONSOL'D CARRYING AMOUNT \$'000	INTEREST RATE EXPOSURE		
			FIXED INTEREST RATE \$'000	VARIABLE INTEREST RATE \$'000	NON INTEREST BEARING \$'000
<b>2011</b>					
<b>FINANCIAL ASSETS</b>					
Cash and Cash Equivalents	8.76	1,981	-	1,358	623
Receivables					
- Trade Debtors		1,915	-	-	1,915
- Patient Fees		868	-	-	868
- Other Receivables		1,909	-	-	1,909
- Financial Assets Available-for-Sale	5.37	9,752	247	-	9,505
		<b>16,425</b>	<b>247</b>	<b>1,358</b>	<b>14,820</b>
<b>FINANCIAL LIABILITIES</b>					
Trade Payables		10,986	-	-	10,986
Other Payables		2,213	-	-	2,213
Borrowings	8.57	264,679	264,679	-	-
Other Financial Liabilities		611	-	-	611
		<b>278,489</b>	<b>264,679</b>	<b>-</b>	<b>13,810</b>
<b>2010</b>					
<b>FINANCIAL ASSETS</b>					
Cash and Cash Equivalents	4.55	2,162	-	1,526	636
Receivables					
- Trade Debtors		1,740	-	-	1,740
- Patient Fees		715	-	-	715
- Other Receivables		1,308	-	-	1,308
- Financial Assets Available-for-Sale		12,111	1,171	-	10,940
		<b>18,036</b>	<b>1,171</b>	<b>1,526</b>	<b>15,339</b>
<b>FINANCIAL LIABILITIES</b>					
Trade Payables		9,927	-	-	9,927
Other Payables		2,819	-	-	2,819
Borrowings	8.48	268,091	268,091	-	-
Other Financial Liabilities		627	-	-	627
		<b>281,464</b>	<b>268,091</b>	<b>-</b>	<b>13,373</b>

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

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

## NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

### (d) Market Risk (continued)

#### Sensitivity Disclosure Analysis

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

- A parallel shift of +1% and -1% in market interest rates (AUD)
- A parallel shift of +12% and -12% in managed investment fund prices

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

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

	CONSOL'D CARRYING AMOUNT \$'000	INTEREST RATE RISK				OTHER PRICE RISK			
		-1%		+1%		-15%		+15%	
		PROFIT \$'000	EQUITY \$'000	PROFIT \$'000	EQUITY \$'000	PROFIT \$'000	EQUITY \$'000	PROFIT \$'000	EQUITY \$'000
<b>2010</b>									
<b>FINANCIAL ASSETS</b>									
Cash and Cash Equivalents <sup>i</sup>	2,162	(22)	(22)	22	22	-	-	-	-
Financial Assets Available-for-Sale	12,111	-	-	-	-	-	(1,817)	-	1,817

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

Impact is calculated using the following formula:

$$(\text{Carrying value} * \text{current Weighted Average Interest Rate plus 1.00\%}) - (\text{Carrying value} * \text{current Weighted Average Interest Rate})$$

## NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

### (e) Fair Value

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

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

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

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

#### Comparison between carrying amount and fair value

	CONSOL'D CARRYING AMOUNT 2011 \$'000	FAIR VALUE 2011 \$'000	CONSOL'D CARRYING AMOUNT 2010 \$'000	FAIR VALUE 2010 \$'000
<b>FINANCIAL ASSETS</b>				
Cash and Cash Equivalents	1,981	1,981	2,162	2,162
Receivables				
- Trade Debtors	1,915	1,915	1,740	1,740
- Patient Fees	868	868	715	715
- Other Receivables <sup>i</sup>	1,909	1,909	1,308	1,308
Financial Assets Available-for-Sale	9,752	9,752	12,111	12,111
<b>Total Financial Assets</b>	<b>16,425</b>	<b>16,425</b>	<b>18,036</b>	<b>18,036</b>
<b>FINANCIAL LIABILITIES</b>				
Payables	10,986	10,986	9,927	9,927
Other Payables <sup>i</sup>	2,213	2,213	2,819	2,819
Interest Bearing Liabilities	264,679	264,679	268,091	268,091
Other Financial Liabilities	611	611	627	627
<b>Total Financial Liabilities</b>	<b>278,489</b>	<b>278,489</b>	<b>281,464</b>	<b>281,464</b>

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

#### Financial assets measured at fair value

	CONSOL'D CARRYING AMOUNT 2011 \$'000	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:		
		LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000
<b>2011</b>				
<b>FINANCIAL ASSETS</b>				
Available-for-Sale Financial Assets				
- Managed Investment Schemes	9,037	-	9,037	-
- Australian Listed Equity Schemes	715	715	-	-
<b>Total Financial Assets</b>	<b>9,752</b>	<b>715</b>	<b>9,037</b>	<b>-</b>
<b>2010</b>				
<b>FINANCIAL ASSETS</b>				
Financial Assets Available-for-Sale				
- Managed Investment Schemes	11,437	-	11,437	-
- Australian Listed Equity Schemes	674	674	-	-
<b>Total Financial Assets</b>	<b>12,111</b>	<b>674</b>	<b>11,437</b>	<b>-</b>

## NOTE 20: COMMITMENTS

	PARENT ENTITY 2011 \$'000	PARENT ENTITY 2010 \$'000	CONSOL'D 2011 \$'000	CONSOL'D 2010 \$'000
<b>CAPITAL EXPENDITURE COMMITMENTS</b>				
Land and Buildings	-	25	-	25
Plant and Equipment	459	678	459	678
Intangibles – Software	98	90	98	90
<b>Total</b>	<b>557</b>	<b>793</b>	<b>557</b>	<b>793</b>
<b>Land and Buildings</b>				
Payable:				
Not later than one year	-	25	-	25
Later than 1 year and not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
<b>Total</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>25</b>
<b>Plant and Equipment</b>				
Payable:				
Not later than one year	459	678	459	678
Later than 1 year and not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
<b>Total</b>	<b>459</b>	<b>678</b>	<b>459</b>	<b>678</b>
<b>Intangibles – Software</b>				
Payable:				
Not later than one year	98	90	98	90
Later than 1 year and not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
<b>Total</b>	<b>98</b>	<b>90</b>	<b>98</b>	<b>90</b>
<b>PUBLIC PRIVATE PARTNERSHIP COMMITMENTS *</b>				
Facilities Management	386,802	399,571	386,802	399,571
Asset Replacement	27,183	27,183	27,183	27,183
<b>Total</b>	<b>413,985</b>	<b>426,754</b>	<b>413,985</b>	<b>426,754</b>
<b>Facilities Management *</b>				
Payable:				
Not later than one year	11,932	11,575	11,932	11,575
Later than 1 year and not later than 5 years	54,847	52,242	54,847	52,242
Later than 5 years	320,023	335,754	320,023	335,754
<b>Total</b>	<b>386,802</b>	<b>399,571</b>	<b>386,802</b>	<b>399,571</b>
<b>Asset Replacement *</b>				
Payable:				
Not later than one year	1,194	1,194	1,194	1,194
Later than 1 year and not later than 5 years	1,317	1,317	1,317	1,317
Later than 5 years	24,672	24,672	24,672	24,672
<b>Total</b>	<b>27,183</b>	<b>27,183</b>	<b>27,183</b>	<b>27,183</b>

\* All amounts shown are exempt from GST.

## NOTE 20: COMMITMENTS (CONTINUED)

	PARENT ENTITY 2011 \$'000	PARENT ENTITY 2010 \$'000	CONSOLD 2011 \$'000	CONSOLD 2010 \$'000
<b>LEASE COMMITMENTS</b>				
Commitments in relation to leases contracted for at the reporting date:				
Operating Leases	2,928	4,274	2,928	4,274
<b>Total Lease Commitments</b>	<b>2,928</b>	<b>4,274</b>	<b>2,928</b>	<b>4,274</b>
<b>Operating Leases</b>				
Payable as follows:				
Cancellable				
Not later than one year	1,311	1,362	1,311	1,362
Later than 1 year and not later than 5 years	1,617	2,912	1,617	2,912
Later than 5 years	-	-	-	-
<b>Total</b>	<b>2,928</b>	<b>4,274</b>	<b>2,928</b>	<b>4,274</b>
<b>Total Commitments for Expenditure (inclusive of GST)</b>	<b>417,470</b>	<b>431,821</b>	<b>417,470</b>	<b>431,821</b>
Less GST recoverable from the Australian Tax Office	(3,168)	(4,606)	(3,168)	(4,606)
<b>Total Commitments for Expenditure (exclusive of GST)</b>	<b>414,302</b>	<b>427,215</b>	<b>414,302</b>	<b>427,215</b>
<b>LEASE RECEIVABLE COMMITMENTS</b>				
Commitments in relation to leases receivable are as follows:				
Not later than one year	2,041	1,882	2,041	1,882
Later than 1 year and not later than 5 years	8,659	7,477	8,659	7,477
Later than 5 years	3,865	4,927	3,865	4,927
<b>Total</b>	<b>14,565</b>	<b>14,286</b>	<b>14,565</b>	<b>14,286</b>
<b>Ramsay Health Rental Agreement</b>				
Not later than one year	1,670	1,540	1,670	1,540
Later than 1 year and not later than 5 years	7,160	6,160	7,160	6,160
Later than 5 years	3,067	3,978	3,067	3,978
<b>Total</b>	<b>11,897</b>	<b>11,678</b>	<b>11,897</b>	<b>11,678</b>
<b>Zouki Coffee Box Rental Agreement</b>				
Not later than one year	28	26	28	26
Later than 1 year and not later than 5 years	29	52	29	52
Later than 5 years	-	-	-	-
<b>Total</b>	<b>57</b>	<b>78</b>	<b>57</b>	<b>78</b>
<b>Melbourne Health – Retail Precinct Rental</b>				
Not later than one year	343	316	343	316
Later than 1 year and not later than 5 years	1,470	1,265	1,470	1,265
Later than 5 years	798	949	798	949
<b>Total</b>	<b>2,611</b>	<b>2,530</b>	<b>2,611</b>	<b>2,530</b>
<b>Total Receivable Commitments (inclusive of GST)</b>	<b>14,565</b>	<b>14,286</b>	<b>14,565</b>	<b>14,286</b>
Less GST payable to the Australian Tax Office	(1,324)	(1,299)	(1,324)	(1,299)
<b>Total Receivable commitments (exclusive of GST)</b>	<b>13,241</b>	<b>12,987</b>	<b>13,241</b>	<b>12,987</b>

## NOTE 21: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

	PARENT ENTITY 2011 \$'000	PARENT ENTITY 2010 \$'000	CONSOL'D 2011 \$'000	CONSOL'D 2010 \$'000
<b>CONTINGENT LIABILITIES</b>				
<b>Quantifiable</b>				
Recallable Capital Grant – Department of Health - Health Smart Patient and Client Management System	-	277	-	277
Contribution to Parkville facility	61,400	61,400	61,400	61,400
<b>Total Quantifiable Liabilities</b>	<b>61,400</b>	<b>61,677</b>	<b>61,400</b>	<b>61,677</b>

### *Recallable Capital Grants*

The above contingent liabilities relate to Recallable Capital Grants provided by the Department of Health to the Royal Women's Hospital. Decisions about whether recallable capital grants are to be repaid are solely at the discretion of the Department of Health in consideration of the outcomes arising from the expenditure of the grants funds and other policy decisions. As such, the Royal Women's Hospital at this time, has no obligation to repay the recallable capital grants unless the Department of Health determines at some point in the future that a cash flow adjustment in respect of the recallable grant is warranted.

### *Contribution to Parkville facility*

During the year ended 30 June 2008, the Royal Women's Hospital relocated to a new facility. Construction and fit out of the new Royal Women's Hospital was funded as a Public Private Partnership under a Project Agreement between the State of Victoria and Royal Women's Health Partnerships Pty Ltd. The Hospital has recognised the Leased Assets (note 11) and associated Borrowings (note 14). The State of Victoria has an expectation that the Royal Women's Hospital will contribute \$61.4M (in cash or in kind) from the disposal of properties at the Carlton site to the cost of constructing the Parkville facility. Settlement of the contingent liability is dependent upon the timing and manner of the disposal of certain properties at the Carlton Site. Although the Hospital has not entered into commitments with respect of disposal of any of these properties, the Board resolved in September 2010 that nominated assets are no longer required for use by the Royal Women's Hospital. As such the Hospital is proceeding with the transfer of these nominated assets to the Department of Health.

Subsequent to balance sheet date, the Hospital has been advised by the Department of Health that one of the assets no longer required for use by the Royal Women's Hospital, has been sold for \$4.88 million. This amount is expected to be deducted from the \$61.4 million contribution required of the hospital, reducing the contribution to \$56.5 million.

There were no contingent assets for the Royal Women's Hospital or its Controlled Entities as at 30 June 2011 (2009/10: Nil).

### *Claim for additional salaries*

The Women's is currently defending a claim from staff for under payment of salaries on the basis that the applicants had received all payments to which they were entitled. At this stage, the hospital is unable to accurately quantify the possible financial impact.

## NOTE 22: JOINTLY CONTROLLED OPERATIONS AND ASSETS

NAME OF ENTITY	PRINCIPAL ACTIVITY	OWNERSHIP INTEREST	
		2011 %	2010 %
Victorian Comprehensive Cancer Centre	The Member Entities have committed to the establishment of a world leading comprehensive cancer centre in Parkville, Victoria, through the Joint Venture, with a view to saving lives through the integration of cancer research, education and training and patient care.	14.29	16.67

On the 19th of August 2010 the Member Entities agreed (and confirmed by the Board of Victorian Victorian Comprehensive Cancer Centre Limited on 25th August 2010) to admit the following organisation as a Member Entity of the Joint Venture with effect from 1 July 2010:  
The Royal Children's Hospital

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

	2011 \$'000 *	2010 \$'000 *
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	84	95
Receivables	4	19
<b>Total Current Assets</b>	<b>88</b>	<b>114</b>
<b>NON CURRENT ASSETS</b>		
Prepayments	4	-
Property, Plant and Equipment	5	5
<b>Total Non Current Assets</b>	<b>9</b>	<b>5</b>
<b>Total Assets</b>	<b>97</b>	<b>119</b>
<b>CURRENT LIABILITIES</b>		
Payables	16	-
Accrued Expenses	6	39
Revenue in Advance	-	14
<b>Total Current Liabilities</b>	<b>22</b>	<b>53</b>
<b>Total Liabilities</b>	<b>22</b>	<b>53</b>
<b>Net Assets</b>	<b>75</b>	<b>66</b>
<b>EQUITY</b>		
Accumulated Surpluses/(Deficits)	75	66
<b>Total Equity</b>	<b>75</b>	<b>66</b>

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

## NOTE 22: JOINTLY CONTROLLED OPERATIONS AND ASSETS (CONTINUED)

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

	2011 \$'000 *	2010 \$'000 *
<b>REVENUE</b>		
Contributions from Members Entities	86	162
Contributions from Department of Health	114	-
Other Income	2	-
Interest Income	5	1
<b>Total Revenue</b>	<b>207</b>	<b>163</b>
<b>EXPENSE</b>		
Employee Benefits	67	26
Other Expenses from Continuing Operations	131	69
Depreciation and Amortisation	-	2
<b>Total Expenses</b>	<b>198</b>	<b>97</b>
<b>Net Result</b>	<b>9</b>	<b>66</b>

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

### *Contingent Liabilities and Capital Commitments*

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

## NOTE 23A: RESPONSIBLE PERSONS DISCLOSURES

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

	PERIOD
<b>RESPONSIBLE MINISTERS:</b>	
Hon Daniel Andrews, MLA, Minister for Health	01/07/2010–01/12/2010
Hon Lisa Neville, MP, Minister for Mental Health	01/07/2010–01/12/2010
Hon David Davis, MP, Minister for Health and Ageing	02/12/2010–30/06/2011
Hon Mary Wooldridge, MP, Minister for Mental Health	02/12/2010–30/06/2011
<b>GOVERNING BOARDS</b>	
Dr Rhonda Galbally AO (Chair)	1/07/2010–30/06/2011
Mr Stewart Leslie (Deputy Chair)	1/07/2010–30/06/2011
Ms Elleni Bereded-Samuel	1/07/2010–30/06/2011
Ms Aileen Berry	1/07/2010–30/06/2011
Ms Maria Butera	1/07/2010–30/06/2011
Ms Felicity Pantelidis	1/07/2010–30/06/2011
Ms Christina Liosis	1/07/2010–30/06/2011
Dr Nicolas Radford	1/07/2010–30/06/2011
Mr Paul Slape	
<b>ACCOUNTABLE OFFICERS</b>	
Ms Dale Fisher (Chief Executive)	1/07/2010–30/06/2011

### Remuneration of Responsible Persons

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

INCOME BAND	PARENT ENTITY	PARENT ENTITY	CONSOL'D	CONSOL'D
	2011 NO.	2010 NO	2011 NO	2010 NO
\$0–\$9,999 *	-	-	10	10
\$10,000–\$19,999	8	8	8	8
\$40,000–\$49,999	1	1	1	1
\$340,000–\$349,999	1	1	1	1
<b>Total Numbers</b>	<b>10</b>	<b>10</b>	<b>20</b>	<b>20</b>
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:				
Amounts relating to Responsible Ministers are reported in the financial statements of the Department of Premier and Cabinet.				
	<b>\$577,952</b>	<b>\$541,085</b>	<b>\$577,952</b>	<b>\$541,085</b>

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

### Other Transactions of Responsible Persons and their Related Parties

As Chair of the Royal Women's Hospital, Dr Rhonda Galbally is Chief Executive Officer for Our Community Pty Ltd (ceased December 2009). Our Community renders services to the Royal Women's Hospital. All dealings between Our Community and the Royal Women's Hospital are in the ordinary course of business and are on normal commercial terms and conditions. Total payments made to Our Community for 2011 were \$Nil (2010:\$165.00).

A Director of the Royal Women's Hospital, Ms Aileen Berry is Corporate Communication Manager for News Custom Publishing, a division of Herald and Weekly Times Pty Ltd (HWT). HWT renders services to the Royal Women's Hospital. All dealings between the Herald and Weekly Times and the Royal Women's Hospital are in the ordinary course of business and are on normal commercial terms and conditions. Total payments made to The Herald and Weekly Times for 2011 were \$Nil (2010:\$1,268.53).

## NOTE 23A: RESPONSIBLE PERSONS DISCLOSURES (CONTINUED)

### Controlled Entities Related Party Transactions

#### *The Royal Women's Hospital Foundation*

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

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

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

	PARENT 2011 \$'000	PARENT 2010 \$'000
Distribution of funds by the Royal Women's Hospital Foundation	1,619,105	1,439,993
Intercompany receivable at 30 June	230,732	93,936

## NOTE 23B: EXECUTIVE OFFICER DISCLOSURES

### Executive Officers' Remuneration

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

	PARENT				CONSOLIDATED			
	TOTAL REMUNERATION		BASE REMUNERATION		TOTAL REMUNERATION		BASE REMUNERATION	
	2011 NO.	2010 NO.	2011 NO.	2010 NO.	2011 NO.	2010 NO.	2011 NO.	2010 NO.
\$0-\$49,999	-	-	1	-	-	-	1	-
\$50,000-\$59,999	1	-	-	-	1	-	-	-
\$110,000-\$119,999 *	-	-	-	1	-	-	-	1
\$120,000-\$129,999	-	1	-	-	-	1	-	-
\$130,000-\$139,999	-	-	-	-	-	-	-	-
\$140,000-\$149,999	-	-	-	1	-	-	-	1
\$150,000-\$159,999	-	2	1	1	-	2	1	1
\$160,000-\$169,999	1	-	1	2	1	-	1	2
\$170,000-\$179,999	2	1	1	1	2	1	1	1
\$180,000-\$189,999	-	1	-	1	-	1	-	1
\$190,000-\$199,999	1	1	1	-	1	1	1	-
\$200,000-\$209,999	-	-	-	-	-	-	-	-
\$210,000-\$219,999	-	-	-	-	-	-	-	-
\$220,000-\$229,999	-	1	-	-	-	1	-	-
<b>Total</b>	<b>5</b>	<b>7</b>	<b>5</b>	<b>7</b>	<b>5</b>	<b>7</b>	<b>5</b>	<b>7</b>
<b>Total Remuneration</b>	<b>\$766,348</b>	<b>\$1,210,785</b>	<b>\$728,754</b>	<b>\$1,102,025</b>	<b>\$766,348</b>	<b>\$1,210,785</b>	<b>\$728,754</b>	<b>\$1,102,025</b>

\* Pro-rata payments made to Executive Officers.

## NOTE 24: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

During the period since balance sheet date, the Australian and International share markets have been subject to volatile movements, which impact on the carrying value of the Hospital's and its controlled entities investments. In the current environment it is not appropriate to quantify and disclose the impact of such movements. However a 1% increase or decrease in the consolidated carrying value of Australian and International shares held would equate to \$50k.

## NOTE 25: CONTROLLED ENTITIES

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

<b>CONTROLLED ENTITIES CONTRIBUTION TO THE CONSOLIDATED RESULTS NET RESULT FOR THE YEAR</b>	<b>2011 \$'000</b>	<b>2010 \$'000</b>
The Royal Women's Hospital Foundation Trust Fund	(114)	17
The Royal Women's Hospital Foundation Limited	-	-



australian  
made



carbon  
neutral



mill  
certified



elemental  
chlorine  
free



processed  
chlorine  
free



recycled



renewable  
energy



sustainable  
forest



the women's  
the royal women's hospital

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