

# THE WOMEN'S ANNUAL REPORT 2018



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

# THE WOMEN'S DECLARATION

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

We will be a voice for  
women's health

We are committed to the  
social model of health

We will care for women  
from all walks of life

We will lead health research  
for women and newborns

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

We will innovate healthcare  
for women and newborns

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# REPORT FROM THE CHAIR AND CHIEF EXECUTIVE

On behalf of the Board, Executive team and staff at the Royal Women's Hospital, we are pleased to present *The Women's 2018 Annual Report*.

This year, the Women's celebrated ten years at our campus in the Parkville precinct where we have expanded our leadership role in women's and newborn care and research. We are proud of our achievements over the past year, working alongside our health service colleagues and research and academic partners, and providing exceptional and integrated care to thousands of women and babies who have come through our doors.

There were many highlights this financial year, demonstrating our unwavering commitment to Victoria's women and newborns, our drive to succeed, and our persistence in building a sustainable organisation that delivers value to our community.

In August, the Minister for Health, the Hon. Jill Hennessy MP opened the Women's new \$1.5m special care nursery at Sandringham Hospital, which now provides contemporary facilities for families, and more special care beds for preterm babies. Also in August, we hosted the Strengthening Hospital Responses to Family Violence state-wide forum and acknowledged the legacy of one of our supporters, the late Fiona Richardson MP, Australia's first Minister for Family Violence.

October saw Safer Care Victoria's CEO, Professor Euan Wallace, deliver the 53rd Tracy Maund Oration, and we were very pleased to welcome the Federal Health Minister, the Hon. Greg Hunt MP, when he visited our hospital that same month. In November, we celebrated the extraordinary 45 year career of world-leading neonatal researcher, Professor Lex Doyle.

The Women's Patron and Governor of Victoria, Her Excellency, the Hon. Linda Dessau AC, welcomed several of our female researchers and over 150 young women from secondary schools across Victoria to Government House in February, to celebrate International Day of Women and Girls in Science.

In March, we were thrilled to have former Prime Minister, the Hon. Julia Gillard AC join us as keynote speaker at our annual International Women's Day breakfast event, raising funds and awareness for women's mental health.

In the past financial year, we cared for 68,469 women (>16 years) who speak 91 different languages and follow 71 separate religious faiths. A total of 9,365 babies were born across our two campuses at Parkville and Sandringham. We provided in excess of 34,000 inpatient services and recorded more than 188,000 outpatient visits of which 100,000 (53 per cent) were for maternity services. The Women's Emergency Centre had just over 26,000 emergency presentations. In total, we provided approximately 249,000 episodes of care.

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## Year in review

The *Women's Strategic Plan 2016-2020*, outlines our strategic direction and areas of focus. It captures the breadth of our work across our clinical streams of neonatal, gynaecology, women's cancer, maternity and associated services at our Parkville and Sandringham campuses, as well as our leadership and advocacy role. Our strategic plan positions the Women's to meet current and future demands, embrace opportunities, and deliver exceptional experiences of care that improve health outcomes.

Now at the end of the plan's second year, we have made considerable progress towards achieving our goals as outlined below.

### Creating exceptional patient and consumer experiences

*The Women's Patient and Consumer Experience Strategy 2016-2020* outlines our approach to ensuring patients and consumers are at the heart of everything we do. It outlines the principles of this significant cultural change program and the strategies we are putting in place to transform our hospital. We're now half way through, and the progress we have made has attracted interest from other health services keen to implement a similar change program.

In our first year, we focused on rolling out a training and cultural change program that has now seen over 700 staff complete a 5 week patient experience course with more to participate in the coming year. We have introduced a patient feedback process that uses Victorian Health Experience Survey data to help clinical staff receive specific feedback and in response, identify priority areas for improvement. More recently, we've focused on creating a framework to embed a partnering approach with patients, consumers and staff to foster a culture that values participation and collaboration, and challenges assumptions. Feedback so far has been very positive, and over the next few months we will continue this work to include more patients and consumers on our Board committees and in developing a 'near-real-time' patient feedback system.

We are proud of our achievements over the past year, and the exceptional and integrated care we have delivered to the thousands of women and babies who have come through our doors.

### Delivering value through state-wide leadership

Our work as a state-wide leader is broad and includes the provision of services, the establishment of governance systems, advocacy, research and education. Pleasingly, a number of our state-wide programs were continued or extended during the past 12 months. We received additional funding for another year to extend the Regional Perinatal and Maternal Mortality and Morbidity Committee's governance framework, which commenced in 2016 and is making progress towards creating a sustainable system that supports improved quality and safety. We continued with our successful state-wide Maternity Services Education Program (MSEP), which aims to enhance maternity practice across metropolitan, rural and remote Victoria. Last year, this accredited education program presented 28 workshops across Victoria and reached over 600 health workers. MSEP also worked with Ambulance Victoria to develop and deliver a new training package for 110 Ambulance Victoria clinical trainers and champions.

During the past year, we rolled out stage 4 of the Strengthening Hospital Responses to Family Violence (SHRFV) program and the Women's is now providing mentoring support to 24 metropolitan hospitals, convening regular network meetings, and will host the highly anticipated SHRFV state-wide forum in August 2018. Work is underway on the 4th edition of the SHRFV toolkit of resources that includes new tools, training modules and updated guidance for Victorian hospitals. In the past 12 months, we introduced a new Family Violence Workplace Support Program for our staff and we are now providing support to 89 other hospitals across the state to develop and implement their own programs.

We are also one of four health services involved in a DHHS pilot to implement routine screening for family violence in our antenatal clinics, sharing our learnings and experiences with services across the state.

Our commitment to the government's Victorian Women's Sexual and Reproductive Health Strategy is evident in the realignment of our abortion and contraception services to provide better access for marginalised women and women with complex needs. We have received funding to lead the Victorian Women's Sexual and Reproductive Health Clinical Community of Practice, and have also provided support to Women's Health Victoria in the establishment of the new state-wide 1800 My Options information and referral service.

In the coming year, we look forward to providing even greater value to the Victorian community by leading innovative partnerships with other health services and providers that help us to deliver high quality, safe and effective care to more women, and introduce new models of care, such as our 'jaundice in the home' treatment program, and day long maternal mental health services for vulnerable women.

### Partnering to transform patient care in Parkville

Creating a world-class, integrated clinical record system across the continuum of a patient's medical journey is critical to improving patient safety, streamlining the delivery of care, and enhancing our patients' experience. During 2017/18, the four Parkville partners: the Women's, Melbourne Health, Peter MacCallum Cancer Centre and the Royal Children's Hospital were successful in securing a \$124 million State Budget investment for the *Connecting Care* electronic medical record (EMR) program. Working together, the four health services developed a robust business case articulating a visionary new model that would deliver substantial benefits to the Victorian community. Implementation of the *Connecting Care* program has now commenced and this complex, multi-site program is scheduled for delivery in mid-2020.

### Driving better health outcomes through research, knowledge translation and innovation

The outstanding quality of our experts and their research is highlighted by our network of partnerships with other health services, academic and research centres, and our success in attracting much sought after funding. Collectively, our ten research centres were awarded competitive research grants worth \$18.9 million in the calendar year 2017, an increase of 34 per cent compared to 2016. In 2017, more than 3,100 patients participated in 61 clinical trials. Our experts published a total of 231 peer-reviewed papers and supervised 79 students to complete their higher education studies.

The Women's hosted 'Cool Topics in Neonatology', Australia's largest international neonatal conference over two days in November. Our annual Research Week program, also in November, celebrated our research and offered professional development opportunities to our researchers, and six of our young female scientists presented at a special event for secondary school students at Government House in celebration of International Day of Women and Girls in Science.

Our 2017/18 research highlights include:

- A world-first study at the Women's that assessed the safety of skin-to-skin care for very preterm babies on breathing support, and confirmed the practice is safe and should be encouraged. Our hospital immediately adopted this new practice encouraging skin-to-skin care in preterm babies as young as 29 weeks.
- Ground-breaking research by the Women's, published in *The Australian and New Zealand Journal of Obstetrics and Gynaecology*, that found over the past 10 years, women with a history of preterm labour and miscarriage referred to our specialist preterm labour clinic halved their risk of giving birth early. Patient Louisa Chan spoke about her four failed pregnancies and several rounds of IVF, and finally the successful birth of her daughter Samantha after she was referred to our Preterm Labour Clinic.
- Findings of the Women's research project 'Diabetes and Antenatal Milk Expression' were published in *The Lancet*, and the project won the Victorian Public Healthcare Award for Clinical Research. For the first time, we have evidence that shows in this low-risk population, antenatal expressing is safe and does not cause harm to babies.
- In the largest study of its kind, researchers at the Women's and the Victorian Cytology Service found up to 93 per cent of cervical cancers in Australia could be prevented by a new HPV vaccination, Gardasil 9. The research contributed to the decision by the Federal Health Minister to expand the national HPV vaccination program in Australian schools to ensure all 12 and 13 year olds received the new Gardasil 9 vaccine from 2018.
- The Women's Research Centre for Family Violence Prevention began an Australian-wide study in 2017/18 looking to understand and support the integration of evidence-based, effective screening, risk assessment and first-line response to domestic violence into the complex system of antenatal care.
- A study by the Women's, and published in the *Journal of Pregnancy*, found that a healthy diet alone can control gestational diabetes and does not put the mother at greater risk of having a big baby. Former patient, Marlouka von Eisenhart Rothe explained how she had successfully managed her blood glucose levels through diet while attending our Diabetes Clinic weekly.
- In collaboration with the University of Queensland, and published in *Human Reproduction*, our researchers examined the genetic factors that alter expression of selected genes making some women susceptible to endometriosis.

## Financial results

The Women's recorded an operating deficit in 2017/18 of (\$1.45) million, a deterioration on the operating deficit recorded in 2016/17 of (\$0.99) million. During the past financial year, the Women's Board, management and staff made a concerted effort to implement a number of business improvement strategies to improve the hospital's operating performance and work towards financial sustainability. While the Women's was on track towards a break-even budget result, unanticipated year-end adjustments have resulted in an operating deficit.

## Acknowledgements

We are immensely proud to lead such a strong, vibrant and innovative organisation, which includes approximately 2,400 staff and 270 volunteers and auxiliary members. In 2017/18 volunteers contributed 10,072 hours and we welcomed 27 new volunteers to complement the patient-centred work of the Women's. It is our staff and volunteers who help drive our quest to be exceptional. We particularly thank our people for their outstanding dedication and hard work during what has been a year of challenge and change. They exemplify our declaration and values: In everything we do, we value courage, passion, discovery and respect.

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

The Women's Foundation and the Foundation Board have been a strong support, raising funds and supporting our vital work. Drawing on the generous backing of donors, charitable trusts, patients and families, past and present, and community supporters, they help the Women's to serve the community and achieve success.

On behalf of the Women's Board and Executive, we thank each and every staff member, volunteer, our partners and donors for their dedication and unwavering commitment to the goals and objectives of the Women's. We look forward to continuing our work together in providing exceptional experiences for our patients and consumers, and building a legacy here at the Women's for future generations.



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

**Ms Lyn Swinburne AM**  
Board Chair  
The Royal Women's Hospital



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

**Dr Sue Matthews**  
Chief Executive Officer  
The Royal Women's Hospital



# REPORT OF OPERATIONS

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## Nature and range of services

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

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

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

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

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

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

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

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

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

The Hon. Jill Hennessy MP was the responsible Minister during the 2017/18 financial year.

# ADMINISTRATIVE STRUCTURE

## Board and governing committees

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### Board of Directors

The Directors serving on the Board of the Women's during the 2017/18 reporting period were:

Ms Lyn Swinburne AM (Chair)

Ms Felicity Pantelidis (Deputy Chair)

Dr Nicolas Radford AM

Ms Christina Liosis

Mr Michael O'Neill

Professor David Copolov AO

Ms Helga Svendsen

Ms Cath Bowtell

Ms Mandy Frostick

Ms Patricia Malowney OAM

(commenced September 2017)

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### Board committees

The following committees provided advice to the Women's Board of Directors during the 2017/18 financial year:

#### Finance and Information Technology Committee

**Chair:** Ms Felicity Pantelidis

**Directors:** Mr Michael O'Neill, Ms Cath Bowtell

**Members:** Ms Debbie Goodin, Ms Christine Wigg

**In attendance:** Dr Sue Matthews, Mr Zak Gruevski, Ms Lisa Dunlop, Mr Sam Garrasi, Associate Professor Carl Kuschel (membership concluded March 2018), Mr George Cozaris, Ms Allison Kenwood, Mr Damian Gibney

#### Audit and Corporate Risk Management Committee

**Chair:** Mr Michael O'Neill

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

**Member:** Ms Christine Wigg

**In attendance:** Dr Sue Matthews, Mr Zak Gruevski, Mr Sam Garrasi, Mr Damian Gibney

#### Community Advisory Committee

**Chair:** Ms Christina Liosis

**Director:** Ms Mandy Frostick

**Members:** Ms Deepa Mathews, Ms Heather Beanland, Ms Rebecca Harris, Ms Charlene Edwards, Ms Alison Soutar, Ms Ivy Wang, Mr Simon Gullery, Ms Lorraine Parsons, Ms Aydanur Sabri (July 2017 to March 2018 - resigned), Ms Heikma Siraj

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

#### Board Research Committee

**Chair:** Professor David Copolov AO

**Directors:** Dr Nicolas Radford AM

**Member:** Professor Lisa McKenna, Ms Jane Trembath (commenced January 2018)

**In attendance:** Dr Sue Matthews, Dr Mark Garwood, Professor Peter Rogers, Ms Tania Angelini, Ms Jan Chisholm

## Primary Care and Population Health Advisory Committee

**Chair:** Ms Helga Svendsen

**Director:** Professor David Copolov AO, Ms Patricia Malowney OAM

**Members:** Professor Helen McLachlan (membership term concluded December 2017), Ms Patricia Malowney OAM (membership term concluded December 2017), Dr Adele Murdolo, Associate Professor Christopher Carter, Ms Lyn Morgain, Professor Kelsey Hegarty, Ms Sue Casey, Ms Karen Field, Associate Professor Jane Tomnay (membership term concluded December 2017), Professor Rhonda Small (membership commenced January 2018),

**In attendance:** Dr Sue Matthews, Ms Allison Kenwood, Ms Tanya Farrell, Professor Louise Newman AM, Ms Helena Maher

## Quality Committee

**Chair:** Dr Nicolas Radford AM

**Directors:** Ms Lyn Swinburne AM, Ms Mandy Frostick (July 2017 – Dec 2017), Ms Cath Bowtell

**Members:** Dr Jack Bergman, Ms Heather Beanland

**In attendance:** Dr Sue Matthews, Ms Lisa Dunlop, Dr Mark Garwood, Ms Tanya Farrell, Ms Sherri Huckstep, Ms Allison Kenwood, Associate Professor Leslie Reti AM, Associate Professor Carl Kuschel, Professor Mark Umstad, Professor Louise Newman AM, Ms Cvetka Sedmak, Ms Jenny Ryan, Ms Jill Butty, Ms Sandra Gates, Mr Damian Gibney

## People, Culture and Engagement Committee

**Chair:** Ms Mandy Frostick

**Directors:** Dr Nicolas Radford AM

**Member:** Ms Simone Hartley-Keane

**In attendance:** Dr Sue Matthews, Ms Tanya Farrell, Ms Allison Kenwood, Ms Sherri Huckstep, Ms Edwyna Wilson

## Remuneration Committee (re-established in December 2017)

**Chair:** Ms Lyn Swinburne AM

**Directors:** Ms Felicity Pantelidis, Ms Cath Bowtell

**In attendance:** Dr Sue Matthews

## Royal Women's Hospital Foundation Board

**Chair:** Ms Lynda Jane Trembath (Appointed Chair October 2017), Ms Sue Zablud (Chair appointment concluded October 2017)

**Directors:** Ms Lyn Swinburne AM, Associate Professor Leslie Reti AM, Associate Professor John McBain AO, Ms Lynda Jane Trembath (July to October 2017), Ms Elaine Canty AM, Ms Brigid Robertson, Ms Gaya Raghavan Byrne, Ms Elisa Robinson (appointed April 2018), A/Prof Orla McNally (appointed April 2018), Ms Cassy Liberman (appointed June 2018)

**In attendance:** Ms Jan Chisholm, Dr Sue Matthews, Mr Zak Gruevski

## Management

Chief Executive Officer: Dr Sue Matthews

### Executive Director, Clinical Operations:

Ms Lisa Dunlop (resigned June 2018)

### Executive Director, Clinical Operations:

Mr Damian Gibney (commenced May 2018)

### Executive Director, Finance and Corporate

**Services:** Mr Zak Gruevski

### Executive Director, Nursing and Midwifery:

Adjunct Professor Tanya Farrell

### Executive Director, Strategy, Planning and

**Performance:** Ms Allison Kenwood

**Chief Medical Officer:** Dr Mark Garwood

**Chief Communications Officer:** Ms Tania Angelini

**Chief eXperience Officer:** Ms Sherri Huckstep

### Executive Director, Information Management and

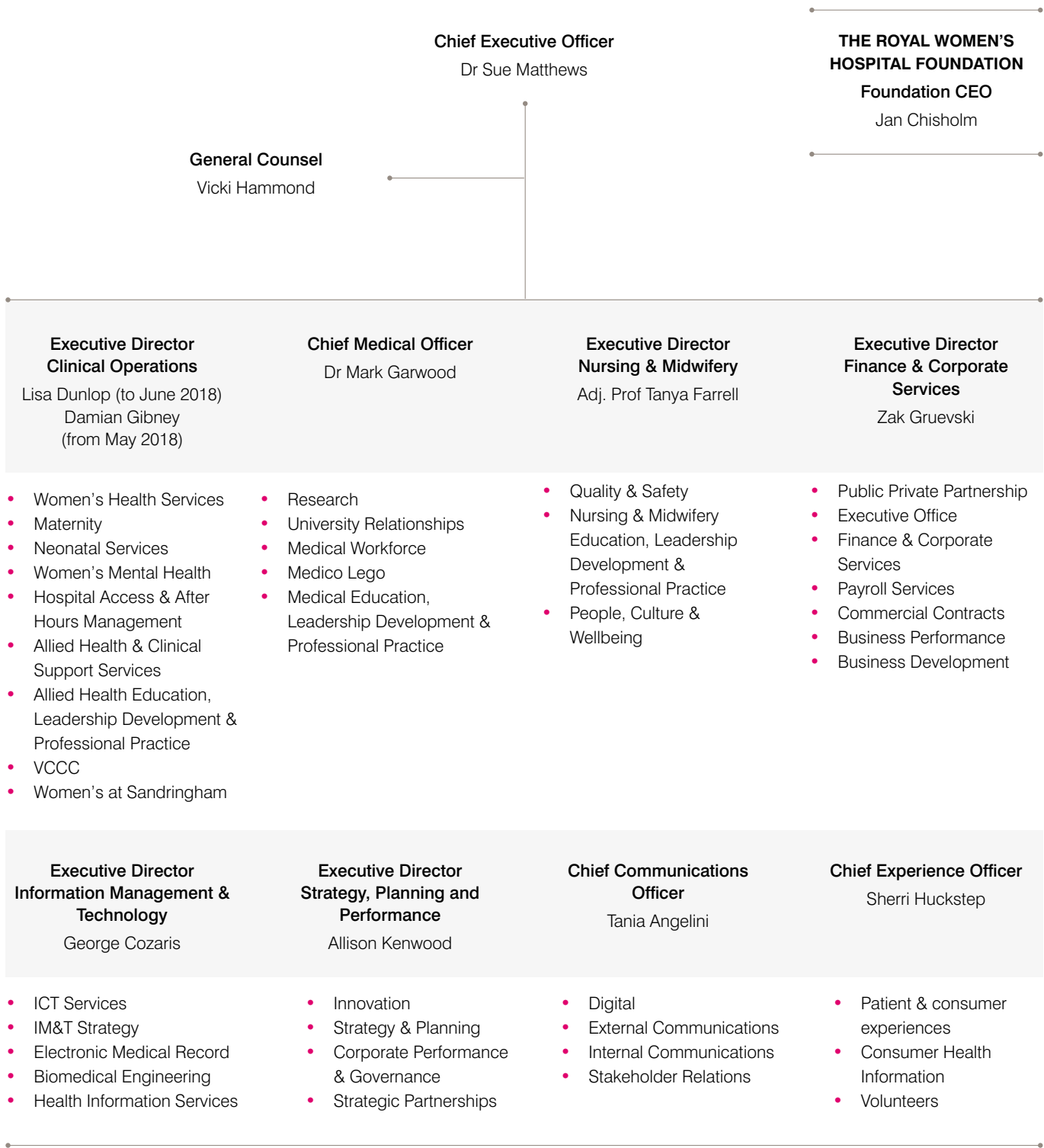
**Technology:** Mr George Cozaris

**Corporate Counsel:** Ms Vicki Hammond

### Chief Executive Officer Royal Women's Hospital

**Foundation:** Ms Jan Chisholm

**Senior officers**



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## 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 2018.



**Ms Lyn Swinburne AM**

Board Chair

The Royal Women's Hospital

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## Workforce information

Full Time Equivalent (FTE) Employees June 2018

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Labour category	Current Month FTE		Year to Date FTE	
	2017/18	2016/17	2017/18	2016/17
Nursing	757.4	763.3	753.5	740.2
Administration and clerical	303.9	293.2	301.5	286.5
Medical support	76.1	96.1	80.3	92.5
Hotel and Allied Health Services	11.6	10.7	11.1	10.9
Medical officers	26.5	30.8	27.2	28.8
Hospital medical officers	120.9	111.0	116.5	112.0
Sessional clinicians	53.5	57.4	53.3	50.9
Ancillary staff (Allied Health)	70.7	63.9	69.3	62.7
<b>TOTAL</b>	<b>1,420.6</b>	<b>1,426.3</b>	<b>1,412.7</b>	<b>1,384.4</b>

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## Employment and conduct principles (Application of Merit and Workplace Equity Principles)

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

It is the hospital's objective to ensure that its procedures dealing with grievances such as discrimination, sexual harassment and workplace bullying are consistent, fair and equitable. The Women's continues to evaluate its policy and processes for Respectful Workplace Behaviours.

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## Workforce data disclosures

Excludes: overtime and agency FTE (per FRD 29A)

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### Subsequent events

Refer to Note 8.8: Events Occurring after the Balance Sheet Date.

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### Disclosure of ex gratia expenses

Nil to report for 2017/18.

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### Operational and budgetary objectives and performance

The Statement of Priorities (SoP) is the hospital's key accountability agreement with the Minister for Health and sets out a number of financial, access and service performance priorities and agreed targets. One of these key measures relates to patient activity targets where the hospital's target was to achieve 100 per cent of its inpatient services target and it finished the year achieving 99.8 per cent of this measure.

The hospital recorded an operating deficit of (\$1.45) million.

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### Summary of financial results

For the year ending 30 June 2018, the Women's recorded a net surplus of \$14.11 million after taking into account the impact of capital, depreciation and net results from its controlled entities, The Royal Women's Hospital Foundation Limited and Royal Women's Hospital Foundation Trust Fund.

The Victorian Government provides separately for depreciation costs via capital payments, in response to submissions by health services. Excluding capital payments and controlled entities results, the Women's recorded an operating deficit of (\$1.45) million compared to an operating deficit of (\$0.99) million the previous year.

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### Five year financial summary

The Royal Women's Hospital and its controlled entities	2017/18 \$'000s	2016/17 \$'000s	2015/16 \$'000s	2014/15 \$'000s	2013/14 \$'000s
Total Revenue	311,561	289,151	274,575	264,337	249,172
Total Expenses	(296,220)	(298,060)	(279,322)	(270,749)	(258,036)
Other Economic Flows Included in Net Result	(1,231)	49	(1,121)	-	-
<b>Net Result for the Year</b>	<b>14,110</b>	<b>(8,860)</b>	<b>(5,868)</b>	<b>(6,412)</b>	<b>(8,864)</b>
Operating Result <sup>i</sup>	(1,445)	(990)	816	1,552	226
Total Assets	508,622	445,516	443,194	425,997	435,691
Total Liabilities	286,922	299,570	305,485	300,458	303,377
<b>Net Assets</b>	<b>221,700</b>	<b>145,946</b>	<b>137,709</b>	<b>125,539</b>	<b>132,314</b>
<b>Total Equity</b>	<b>221,700</b>	<b>145,946</b>	<b>137,709</b>	<b>125,539</b>	<b>132,314</b>

<sup>i</sup> The operating result is the result for which the hospital is monitored in its Statement of Priorities also referred to as the Net Result before capital and specific items.

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## Consultancies

Details of consultancies (under \$10,000)

In 2017/18, there were six consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2017/18 in relation to these consultancies was \$35,368 (excl. GST).

Details of consultancies (valued at \$10,000 or greater)

In 2017/18, there were four consultancies where the total fees payable to the consultants were greater than \$10,000. The total expenditure incurred during 2017/18 in relation to these consultancies was \$295,226 (excl. GST).

Details of individual consultancies can be viewed at [www.thewomens.org.au/about/reports-publications/annual-report-details/](http://www.thewomens.org.au/about/reports-publications/annual-report-details/)

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## Disclosure of major contracts

Nil to report for 2017/18.

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## Government advertising spend > \$100K

Nil to report for 2017/18.

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## Information and communication technology expenditure

The total information and communication technology (ICT) expenditure incurred during 2017/18 was \$9.46m (excluding GST) with the detail shown below.

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### Total ICT expenditure incurred during 2017/18 (excluding GST) (\$m)

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Business as usual (BAU) ICT expenditure	Total non-business as usual ICT expenditure	Operational expenditure	Capital expenditure
6.68	2.78	-	2.78

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## Car parking fees

The Royal Women's Hospital complies with the DHHS hospital circular on car parking fees effective 1 February 2016. Details of car parking fees can be viewed at: <https://www.thewomens.org.au/search/?keywords=car+parking+fees>

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

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## Occupational health and safety

The Women's occupational health and safety (OHS) focus during 2017/18 remained on key organisational OHS risks related to manual handling, slips, trips and falls and occupational violence and aggression. As well as implementing a number of initiatives to address these (as outlined below) several activities were undertaken to ensure the progress of the health, safety and wellbeing components of the Women's People Strategy.

The OHS Committees were restructured in 2017/18 including the appointment of an overarching governance committee for OHS and emergency management, this committee has a quarterly focus report on high risk areas such as manual handling, occupational violence and aggression and slips, trips and falls.

## Manual handling

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

Significant work has been undertaken in refining the ergonomic program including updated resources, videos, self-assessments, self-care and information posters.

The 'Smart Move' program underwent a thorough review in early 2018 with a number of improvement areas identified including governance, prevention, training, and equipment. The Smart Move Competency was upgraded to align it to contemporary clinical practice. A number of videos and resources were developed for example: birth centre postures, injury prevention for tall staff and cot use for neonatal high risk admissions. A new bariatric bed and electric bed mover were purchased via the Women's Foundation to support the program.

## Occupational violence and aggression

The Women's Occupational Violence and Aggression (OVA) program was reviewed against the DHHS framework and WorkSafe Guidance released in 2017. A comprehensive gap analysis has formed the Women's OVA action plan with a number of improvements including the establishment of the OVA Working Group to progress this plan. Some of the key improvements include the revision of the 'Code Grey' and 'Code Black' procedures and training and the improvement of coverage of duress alarms, better reporting to ensure staff are supported, and revised policies and procedures relating to OVA.

Occupational violence statistics		2017/18
1	Number of WorkCover accepted claims with an occupational violence cause per 100 FTE	0
2	Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0
3	Number of occupational violence incidents reported	32
4	Number of occupational violence incidents reported per 100 FTE	0.56
5	Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0

### Definitions

*For the purposes of the above statistics the following definitions apply:*

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

**Accepted WorkCover claims** - accepted WorkCover claims that were lodged in 2017/18.

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

**Incident** - occupational health and safety incidents reported in the health service incident reporting system. Code Grey reporting is not included.



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## Slips, trips and falls

A key improvement over the last 12 months has been the revised safety inspection checklists to increase awareness and review of slip, trip and fall hazards in all areas of the hospital. The Health, Safety and Wellbeing unit in conjunction with the site manager at the Women's Carlton Innovation Hub undertook an environmental audit of the site car parks relating to slips, trips and falls and work is now progressing on improving hazard controls in the car park to reduce the occurrence of incidents.

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## Wellbeing

The provider of the Women's Staff Support Program underwent a change in early 2018 with a new direction and greater emphasis on prevention and wellbeing. The service now provides a holistic approach to employee health and wellbeing with new service offerings, a wider range of helpful information, easier ways to access support, and new initiatives. The Women's signed up to services including a library of health and wellbeing resources available 24/7 through a range of desktop and mobile devices. There is also a 'My Coach' service providing one-on-one, customised support to all staff.

A total of 98 employees contacted the Women's Staff Support Program for coaching and counselling and related services during 2017/18.

Detailed below is benchmarking data provided by the Women's Staff Support Program provider for the period:

Annual utilisation rate	
RWH	4.3%
Healthcare Organisations <sup>1</sup>	2.6%
All Organisations <sup>2</sup>	3.0%

<sup>1</sup> 95 organisations with over 115,792 employees

<sup>2</sup> Organisations across all industry sectors

Staff accessing one-on-one support through the Staff Support Program received an average of 2.7 hours of support during the reporting period. This is within the provider's benchmark guidelines of 2-3 hours of support for short term assistance.

In conjunction with the Women's People Strategy, preliminary work commenced last year on the Women's psychological safety and health program for staff. This included a strategic review of existing policies, procedures and programs and an action plan to further enhance these will be implemented in 2018/19.

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## Respectful workplace behaviours

The People, Culture and Wellbeing team has focused on increasing awareness of the *Respectful Workplace Behaviours Guideline and Policy* via education forums such as orientation, manager training and when requested, specific team refresher sessions.

During 2017/18, seven new Respectful Workplace Behaviours (RWB) Contact Officers from various departments across the Women's were recruited and trained to provide initial assistance and support to employees who may be experiencing bullying and harassment or other workplace and/or personal concerns, bringing the total number to 16 RWB contact officers. Contact officers meet regularly to review the types of behaviours being reported to them, trends in incidents investigated by the hospital and to discuss the effectiveness of the RWB policy and guidelines.

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## Incident reporting

The Women's OHS incident reporting rate has increased over the past 12 months. This is considered an improvement as higher incident reporting provides an accurate representation of safety issues within the organisation and is a reflection of a positive safety culture. All OHS incidents are reviewed by the Health, Safety and Wellbeing team and department managers. A number of hazard controls and treatments have been planned or implemented due to these reports.

### Incidence rate

the number of OHS hazards/incidents reported per 100 FTE

2017/18	23.41
2016/17	18.88
2015/16	18.29

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## Injury reporting

### Lost time injury claims (all)

The Women's lost-time injury workers' compensation claims frequency rate (ie. number of lost-time injury workers' compensation claims as a percentage of total productive working hours per million hours worked) has trended favourably below target for 2017/18.

### Lost time injury frequency rate

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

As at 30/06/2018.

2017/18	8.6
2016/17	11
2015/16	9.2
<b>Benchmark</b>	
2017/18	11
2016/17	11
2015/16	11

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### Lost time injury claims (standard)

The number of standard Workcover claims (i.e. where over 10 working days were lost) at the Women's decreased in the 2017/18 period. This resulted in a significant reduction in the Women's Workcover premium and can be attributed to effective risk mitigation, good case management and successful return to work strategies.

#### Lost time injury rate (standard claims)

the number of 'lost time' standard claims per 100 FTE

As at 30/06/2018.

2017/18	0.92
2016/17	1.66
2015/16	1.64

The Women's WorkCover performance rating for the 2018/19 premium period is 20 per cent better than the hospital industry rate. This is attributed to the lower overall numbers and costs of claims and improvements in the Women's Return to Work Program.

#### Average cost of claims

this includes payments to date and an estimate of outstanding claim costs as advised by WorkSafe

As at 30/06/2018.

2017/18	\$40,780.00
2016/17	\$45,836.00
2015/16	\$29,541.00

The focus of the Women's safety program for 2018/19 will include work on the key priorities outlined in the Women's Health, Safety and Wellbeing Operational Plan. In particular bullying and harassment has been listed as a Statement of Priority deliverable in 2018/19 with a number of key enhancements to be undertaken over the next 12 months. These include: increasing employee awareness, upgrading learning and development, strengthening grievance and support processes and improving reporting to the Board and Executive. Occupational violence and aggression training has also been listed as a Statement of Priority deliverable. The OVA training framework will be reviewed against the DHHS learning principles including annual mandatory competency training for staff relevant to their role. The Women's is committed to continuously strengthening its safety culture, supporting staff to identify, control and treat workplace hazards that may cause injury to themselves or others.

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### Privacy

To protect its patients, consumers, staff and organisation, the Women's is committed to ensuring it complies with relevant privacy, confidentiality and security legislation. All new employees are provided with the hospital's Privacy, Confidentiality and Security Agreement and are required to understand their obligations and responsibilities, including what it means to sign the agreement. The employee retains the signed original of the agreement and a copy is retained by People, Culture and Wellbeing in their employee record file.

### Nominated Officer

Privacy Officer: Mr Neil Goodwin

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## Competitive Neutrality/ National Competition Policy

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

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

The Government of Victoria is a party to the intergovernmental Competition Principles Agreement (CPA), which is one of three agreements that collectively underpin National Competition Policy. The Victorian Government is committed to the ongoing implementation of the National Competition Policy in a considered and responsible manner.

This means that public interest considerations should be taken into account explicitly in any government decisions on the implementation of this policy.

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## Environmental performance

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

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

The Women's initiated 'Greening the Women's' in 2016, an initiative guided by the Women's Environmental Management Plan to encourage adoption of the strategic objectives within it.

'Greening the Women's' focuses on improvement in the areas of:

- energy management
- water management
- waste management
- procurement
- air, noise and soil contamination.

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

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## Reporting of office-based environmental impacts

The Women's Environmental Management Committee continuously seeks opportunities from staff, contractors and suppliers to increase the rate of recycling and identify new recycling waste streams.

Environmental specifications are incorporated into key service contracts, including cleaning. Waste trolleys have three separate bags to assist staff with segregation of general waste, paper and co-mingled waste.

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## Additional information

Consistent with the requirements of FRD 22H Standard Disclosures in the Report of Operations, details in respect of the items listed below have been retained by the Women's and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

- a. A statement of pecuniary interest has been completed;
- b. Details of shares held by senior officers as nominee or held beneficially;
- c. Details of publications produced by the Department about the activities of the Health Service and where they can be obtained;
- d. Details of changes in prices, fees, charges, rates and levies charged by the Health Service;
- e. Details of any major external reviews carried out on the Health Service;
- f. Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the Report of Operations or in a document that contains the financial statements and Report of Operations;
- g. Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- h. Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services;
- i. Details of assessments and measures undertaken to improve the occupational health and safety of employees;
- j. General statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the Report of Operations;
- k. A list of major committees sponsored by the Health Service, the purposes of each committee and the extent to which those purposes have been achieved;
- l. Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

# DISCLOSURES

## Victorian Industry Participation Policy disclosures

In accordance with the *Victorian Industry Participation Policy Act 2003*, there was a 'nil' return for the Royal Women's Hospital. No contracts commenced and/or were completed in the financial year.

## Freedom of Information

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

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

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

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

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

## Nominated officers

Freedom of Information Officer: Mr Neil Goodwin  
Medico-legal Officer: Dr Mark Garwood

FOI requests received	2017/18	2016/17	2015/16	2014/15
Total	315	265	305	287
FOI request outcomes	2017/18	2016/17	2015/16	2014/15
Access ( includes partial)	277	220	249	230
No information available	15	23	18	17
Withdrawn	2	12	13	16
Denied in full	3	3	1	1
Incomplete /outstanding	18	7	24	23

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### **Application and operation of *Protected Disclosure Act 2012***

The *Protected Disclosure Act 2012* commenced operation in August 2013. The *Protected Disclosure Act* repealed and replaced the *Whistleblowers Protection Act 2001*.

There were no protected disclosures made under the previous *Whistleblowers Protection Act* for the period up to the commencement of the *Protected Disclosure Act*.

In accordance with the *Protected Disclosure Act 2012* there were no matters referred to the Independent Broad-based Anti-corruption Commission (IBAC).

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### **Carers recognition**

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

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

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

The Women's Quality Account, to be released late 2018, provides details on its services and the efforts to improve patient outcomes and care.

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### **Compliance with *Building Act 1993***

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

Ongoing maintenance is the responsibility of Cushman and Wakefield (formerly DTZ), through its contractual obligations with RWHP. Performance is monitored via a suite of extensive key performance indicators.

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

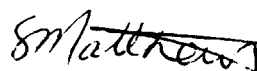
- I. The facility complies with the minimum requirements of all relevant building and emergency services legislation relating to fire safety.
- II. Procedures, including emergency procedures and contingency plans, (as these relate to the fire safety policies in the Emergency Procedures Manual), comply with the minimum requirements of all relevant building and emergency services legislation relating to fire safety.
- III. Current status of fire certification.

The Royal Women's Hospital has been inspected, tested and maintained in accordance with the *Building Act 1993* and the *Building Regulations 2018*.

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### ***Safe Patient Care Act 2015***

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



#### **Dr Sue Matthews**

Chief Executive Officer  
The Royal Women's Hospital  
June 2018

# KEY FINANCIAL AND SERVICE PERFORMANCE REPORTING

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## PART A – Reporting against the Statement of Priorities

The Statement of Priorities is the key accountability agreement between the Royal Women’s Hospital and the Minister for Health.

This annual agreement ensures delivery of, or substantial progress towards, the key shared objectives of financial viability, improved access and quality of service provision.

Goals	Strategies	Health service deliverables	Outcome
<p><b>Better Health</b> A system geared to prevention as much as treatment</p> <p>Everyone understands their own health and risks</p> <p>Illness is detected and managed early</p> <p>Healthy neighbourhoods and communities encourage healthy lifestyles</p>	<p><b>Better Health</b> Reduce state-wide risks</p> <p>Build healthy neighbourhoods</p> <p>Help people to stay healthy</p> <p>Target health gaps</p>	<p>Complete phase three of the Regional Perinatal and Maternal Mortality and Morbidity Committees project by embedding a sustainable approach at a regional level to the review of selected morbidity including fetal growth restriction and all perinatal and maternal deaths. Implement the plan to transition the secretariat function back for each committee to the regional leads.</p>	<p>Achieved.</p> <p>The Women’s has received funding to support this project for a further 12 months.</p> <p>Regional committees have been established in the following six regions: Barwon South Western, Grampians, Gippsland, Hume 1, Hume 2 and Loddon Mallee.</p> <p>During 2016 and 2017, there were a total of 40 committee meetings; 723 participants attended one or more meetings; most attendees (61.5 per cent) were midwifery, obstetric and paediatric clinicians. Others were executives and midwifery directors and managers, other workers and students.</p> <p>A multimodal evaluation of the project has commenced.</p>
		<p>Increase awareness and access to the Growing Together app for families and health care professionals through;</p> <ul style="list-style-type: none"> <li>– refreshing the content and enhancing its usability on mobile devices</li> <li>– making the app available through iTunes and adding a link from the website</li> <li>– integrating information about the app into the maternity information, including childbirth education materials, for families</li> <li>– integrating information about the app into communications to General Practitioners.</li> </ul>	<p>Partially achieved.</p> <p>Health information content on the Growing Together app has been refreshed and usability enhanced for mobile devices.</p> <p>The enhanced app is available from online App Stores as at June 2018.</p> <p>Communication with key stakeholders is planned and information will be integrated into the Women’s maternity material, website and promoted during hospital visits.</p>

## PART A - Reporting against the Statement of Priorities (Continued)

Goals	Strategies	Health service deliverables	Outcome
	<p>Strengthening Hospital Responses to Family Violence (SHRFV) Project and Family Violence Workplace Support Program for health services;</p> <ul style="list-style-type: none"> <li>- in partnership with Bendigo Health, support the implementation of the whole-of-hospital model for identifying and responding to family violence experienced by patients in metropolitan hospitals</li> <li>- lead, develop and implement a Family Violence workplace support program to build Victorian hospitals' capacity to identify and respond to staff that are experiencing family violence.</li> </ul>	<p>Achieved.</p> <p>The Women's is now providing mentoring support to 24 metropolitan hospitals as part of its leadership role of Stage Four of the state-wide SHRFV program. This includes:</p> <ul style="list-style-type: none"> <li>• management of the metro online community of practice and the response process for individual requests for information and advice</li> <li>• convening network meetings every six weeks with project teams from each metropolitan hospital to enhance capacity building through information, resources and support</li> <li>• running a schedule of individual workshops for metropolitan hospitals</li> <li>• phone, email and face-to-face support to metro hospitals and response to ad hoc requests from regional and rural services.</li> </ul> <p>Work is underway on the 4th edition of the SHRFV toolkit of resources to include new tools, training modules and updated guidance for Victorian hospitals. The toolkit will be launched at the third annual SHRFV state-wide Forum in August 2018 hosted by the Women's as part of its state-wide leadership role.</p> <p>The Women's provides support to hospitals across the state to develop and implement their own Family Violence Workplace Support Programs for staff. This has included:</p> <ul style="list-style-type: none"> <li>• development of a community of practice for Human Resource managers in all public hospitals</li> <li>• ten workshops for 213 participants at regional and metro health services</li> <li>• phone, email and face-to-face support to hospitals across the state</li> </ul> <p>In partnership with the University of Melbourne, the Women's will launch the development of a digital story telling resource about health professionals who have experienced family violence in late 2018.</p>	

Goals	Strategies	Health service deliverables	Outcome
		<p>Continue to implement the National Health and Medical Research Council (NHMRC) funded research into caseload midwifery care for Aboriginal women at the Women's. Measure uptake of the model within the population and collect data about women's views, experiences and workforce issues in relation to the sustainability of the caseload model at the Women's.</p>	<p>Achieved.</p> <p>During 2017-18, the Women's caseload midwifery care for Aboriginal women, Baggarook Yurrongi, saw a group of four midwives working in the maternity team. As at June 2018, 107 eligible women were referred to Baggarook and 94 per cent of accepted care under this Aboriginal caseload model.</p> <p>To date, 65 women have agreed to be part of the evaluation of this model of care. Feedback from the Victorian Aboriginal Health Service is that communication has improved and women in the community are positive about the model. System wide issues with meeting demand and accurate identification of Aboriginal and Torres Strait Islander women or partners are being identified through this research.</p>
<p><b>Better Access</b></p> <p>Care is always there when people need it</p> <p>More access to care in the home and community</p> <p>People are connected to the full range of care and support they need</p> <p>There is equal access to care</p>	<p><b>Better Access</b></p> <p>Plan and invest</p> <p>Unlock innovation</p> <p>Provide easier access</p> <p>Ensure fair access</p>	<p>With funding from Better Care Victoria develop a model for home-based assessment of jaundice and phototherapy to treat jaundice and prevent bilirubin encephalopathy. This model aims to expand the role of postnatal care in the home midwives to provide a pathway that reduces the rate of presentations of newborns with jaundice at the Women's emergency care.</p>	<p>Achieved.</p> <p>Funding was secured from Better Care Victoria in August 2017 for the Women's program to treat jaundiced babies at home.</p> <p>A new pathway of care has been developed whereby newborns who need phototherapy management for jaundice are either admitted to the Maternity Ward or Neonatal Intensive Care Unit and subsequently transferred to the Women's Neonatal Hospital in the Home program.</p> <p>Emergency presentations for these babies has been avoided and now, neonatal hospital-in-the-home (NHITH) nurses undertake the management and care of these babies within their own homes.</p> <p>NHITH activity has increased meeting the predicted growth in services. This community based model means babies are no longer separated from their families and in-demand beds are available for more complex NICU patients.</p> <p>Evaluation of the pathway is planned for July 2018.</p>

## PART A - Reporting against the Statement of Priorities (Continued)

Goals	Strategies	Health service deliverables	Outcome
		<p>As part of improving women's sexual and reproductive health and wellbeing, develop a pathway within the Victorian Comprehensive Cancer Centre for women with cancer to access information about fertility preservation and treatment services and management of menopausal symptoms that arise following cancer treatment.</p>	<p>Achieved. A pathway is now in place for routine referrals to the Women's for both fertility preservation and management of menopause following cancer treatment A Menopause After Cancer telehealth pilot is underway for rural women. It is on track to be completed and evaluated at the end 2018. The referral criteria for general practitioners has been updated and information has been disseminated.</p>
		<p>Support the implementation of the Victorian Women's Sexual and Reproductive Health Strategy and priorities, with a focus on building capacity to offer medical termination of pregnancy and contraception in primary care and developing the specialist workforce so that hospitals are better able to manage cases that involve social and medical complexity.</p>	<p>Achieved. The Women's Pregnancy Advisory Service was restructured in early 2018 to align with the government's Women's Sexual and Reproductive Health Strategy. The Women's now provides abortion and contraception services through a multidisciplinary clinical service model. The team also collaborated with service partners to support the creation of Victoria's 1800 My Options information and referral service.</p>
		<p>Increase the capability of the Sandringham special care nursery to manage a higher level of neonatal acuity through:</p> <ul style="list-style-type: none"> <li>- providing in-service education</li> <li>- training and clinical rotations to nursing, midwifery and medical clinicians and</li> <li>- introducing Low Flow Nasal Prong oxygen into clinical care.</li> </ul>	<p>Achieved. The Women's has invested in developing capability at the Sandringham special care nursery to enable staff to manage a higher level of neonatal acuity. Activities during 2017-18 include:</p> <ul style="list-style-type: none"> <li>- purchasing of new equipment</li> <li>- a review of clinical team competencies</li> <li>- provision of in-service education training and clinical rotations to nursing, midwifery and medical clinicians</li> <li>- the introduction of Low Flow Nasal Prong oxygen into clinical care.</li> </ul>

Goals	Strategies	Health service deliverables	Outcome
<p><b>Better Care</b> Target zero avoidable harm</p> <p>Healthcare that focusses on outcomes</p> <p>Patients and carers are active partners in care</p> <p>Care fits together around people's needs</p>	<p><b>Better Care</b></p> <p>Put Quality First</p> <p>Join up care</p> <p>Partner with patients</p> <p>Strengthen the workforce</p> <p>Embed evidence</p> <p>Ensure equal care</p>	<p>Lead the implementation of the Happy People at Work pilot program, which aims to increase the resilience, stamina and happiness of 2,500 nurses and midwives employed in shift work. This program will be piloted at the Women's, Peter MacCallum Cancer Centre, Royal Melbourne Hospital, Ballarat Health Service and health services in the Grampians region.</p>	<p>Achieved</p> <p>The program was offered to 2,761 nurses and midwives across the Women's, Peter MacCallum Cancer Centre, Royal Melbourne Hospital, Ballarat Health Service and health services in the Grampians region; 1,474 signed up to participate. Statistically significant results of the pilot include:</p> <ul style="list-style-type: none"> <li>• improvements in incidental physical activity, energy levels and sleep, and</li> <li>• reductions in stress levels and physical exhaustion.</li> </ul> <p>Macquarie University prepared a data report, which has been provided to DHHS.</p> <p>Since the conclusion of this pilot the Women's has been engaging with nurses and midwives to enhance wellbeing by reviewing rostering patterns and practices, and introducing new business rules following consultation with staff.</p>

## PART A - Reporting against the Statement of Priorities (Continued)

Goals	Strategies	Health service deliverables	Outcome
<p><b>Better Care</b></p> <p><b>3 Mandatory actions against the 'Target zero avoidable harm' Goal:</b></p> <p>Develop and implement a plan to educate staff about obligations to report patient safety concerns</p>	<p>Develop and implement an education program for staff about improved responses to patient safety concerns. This is in-line with the development of a revised Clinical Governance Framework, to better reflect the changes outlined in the Safer Care Victoria Clinical Governance Framework. We will:</p> <ul style="list-style-type: none"> <li>- reduce the rate of postpartum haemorrhage &gt; 1500ml for vaginal births to less than 2 per cent.</li> <li>- Based on Australian Council on Healthcare Standards indicator 2.1, reduce the rate of unplanned returns to the operating room during the same admission from the current rate of 0.45% to less than the public hospital aggregate rate of 0.32%.</li> </ul>	<p>Achieved</p> <p>A draft of the Women's Clinical Governance Framework has been presented to the Women's Board Quality Committee. It aligns with the Safer Care Victoria Clinical Governance framework and the Australian Commission for Safety and Quality in Healthcare National Model for Clinical Governance Framework. Feedback on the first draft will be incorporated into the revised version currently in development.</p> <p>An internal audit into the Women's clinical governance structures has been conducted as well as a 'consumer advocate' review to improve responses to patient safety concerns. Recommendations of both have been accepted and used to improve the framework and its implementation. The 'consumer advocate' review recommendations will also be used in training and education for staff to improve responses to patient safety concerns.</p> <p>The rate of post-partum haemorrhage &gt; 1500mLs for vaginal births was reduced from 2.3% in 2016 to 1.8% in 2017 and is currently at 1.6% year to date Jan-May 2018.</p> <p>The rate of unplanned returns to the operating room during the same admission is 0.17% for the Jul-Dec 2017 period and below the public hospital aggregate rate of 0.24%.</p>	

Goals	Health service deliverables		Outcome
<p><b>Strategies</b></p> <p>In partnership with consumers, identify 3 priority improvement areas using Victorian Healthcare Experience Survey data and establish an improvement plan for each. These should be reviewed every 6 months to reflect new areas for improvement in patient experience.</p>	<p>As part of the Women's Patient and Consumer Experience Strategy 2016-2020, the Women's has utilised the VHES data and partnered with patients and consumers to identify the following 3 priority areas for improvement:</p> <ul style="list-style-type: none"> <li>- Improve customer service experience through training and development using best practices in person-centred service.</li> <li>- Improve the comfort levels of patients in waiting areas of clinics.</li> <li>- Progressively introduce near-real-time patient experience surveying that loops regular feedback to staff and enables patient and consumer experience improvement activities based on analysis and constructive discussion of the feedback data.</li> </ul>	<p>Achieved</p> <p>Progress in this area includes:</p> <ol style="list-style-type: none"> <li>1. Patient Centred Customer Service <ul style="list-style-type: none"> <li>• integrating the Women's person-centred principles of responsive, accessible, integrated, safe and effective care (RAISE) into analysis of VHES feedback and engaging regularly with team leaders on patient feedback</li> <li>• conducting workshops with clerical teams, on listening, respect and building rapport</li> <li>• engaging consumer facing staff to develop strong customer service values</li> </ul> </li> <li>2. Experience and comfort levels for patients <ul style="list-style-type: none"> <li>• engaging with patients on their ideas to improve comfort elements and including a consumer as part of the design process and working group</li> <li>• introducing a volunteer role to support waiting room comfort</li> </ul> </li> <li>3. New patient experience feedback loops <ul style="list-style-type: none"> <li>• Conducting a 'near-real-time' patient feedback pilot in clinic waiting areas</li> <li>• Designing a 'near-real-time' measurement program system.</li> </ul> </li> </ol> <p>Designing a survey co-designed with staff and consumers for VHES 'Adult Inpatient' with a plan to roll-out first survey to patients by the end of 2018.</p>	

## PART B - Reporting against the Statement of Priorities

### Safety and quality performance

Key performance indicator	Target	2017/18 Results
<b>Accreditation</b>		
Accreditation against the National Safety and Quality Health Service Standards (NSQHSS)	Full compliance	The Women's is fully accredited against the NSQHSS 5 June 2019
<b>Infection prevention and control</b>		
Compliance with the Hand Hygiene Australia program	80%	83.1%
Percentage of healthcare workers immunised for influenza*	75%	80.1%
<b>Patient experience</b>		
Victorian Health Experience Survey – monthly patient data submission	Full compliance	Full Compliance
Victorian Healthcare Experience Survey – Adult Inpatient <b>experience</b> Quarter 1	95% positive experience	100%
Victorian Healthcare Experience Survey – Adult Inpatient <b>experience</b> Quarter 2	95% positive experience	98%
Victorian Healthcare Experience Survey – Adult Inpatient <b>experience</b> Quarter 3 (Jan-March 2017)	95% positive experience	91.5%
Victorian Healthcare Experience Survey – Adult Inpatient <b>discharge care</b> Quarter 1	75% very positive experience	67.8%
Victorian Healthcare Experience Survey – Adult Inpatient <b>discharge care</b> Quarter 2	75% very positive experience	79%
Victorian Healthcare Experience Survey – Adult Inpatient <b>discharge care</b> Quarter 3	75% very positive experience	75%
Victorian Healthcare Experience Survey – Adult Inpatient <b>perception of cleanliness</b> Quarter 1	70%	82%
Victorian Healthcare Experience Survey – Adult Inpatient <b>perception of cleanliness</b> Quarter 2	70%	75%
Victorian Healthcare Experience Survey – Adult Inpatient <b>perception of cleanliness</b> Quarter 3 (Jan-March 2017)	70%	75%



Key performance indicator	Target	2017/18 Results
<b>Healthcare associated infections (HAI's)</b>		
Number of patients with surgical site infection	No outliers	Quarter 1 & 2: achieved Quarter 3: Caesarean Section outlier; All Risk Index 1 = 2.5 Quarter 4: incomplete data
Rate of patients with SAB1 per occupied bed day	≤ 1/10,000	0.2 (July 17 – Mar 18)
<b>Adverse events</b>		
Number of sentinel events**	Nil	0
Mortality – number of deaths in low mortality DRGs2	N/A	N/A
<b>Maternity and Newborn</b>		
Rate of singleton term infants without birth anomalies with Apgar score <7 at 5 minutes	≤ 1.6%	1.4%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	31.9%

\* Data as per 2017 Calendar year. 2018 influenza vaccination campaign underway at time of publication.

\*\* This indicator was withdrawn during 2017-18 and is currently under review by the Victorian Agency for Health Information

## Access performance

Key performance indicator	Target	2017/18 Results*
<b>Emergency care</b>		
Percentage of ambulance patients transferred within 40 minutes	90%	97.4%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended times	80%	82.2%
Percentage of emergency patients with a length of stay less than four hours	81%	87.5%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	0
<b>Elective surgery</b>		
Percentage of urgency category 1, 2 and 3 elective patients admitted within clinically recommended Timeframes	94%	98.3%
Percentage of Urgency Category 1 elective patients admitted within 30 days	100%	100%
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5% or 15% proportional improvement from prior year	0.8%
Number of patients on the elective surgery waiting list <sup>1</sup>	606	604
Number of hospital initiated postponements per 100 scheduled admissions	<=8/100	3.2%
Number of patients admitted from the elective surgery waiting list - annual total	4,700	4,675

<sup>1</sup> The target shown is the number of patients on the elective surgery waiting list as at 30 June 2017.

\* Interim data as at 20 July 2018

Specialist clinics	Target	2017/18 Results
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	98.6%
Percentage of routine patients referred by a GP or external specialist who attended a first appointment within 365 days	90%	96.7%

## Governance, leadership and culture performance

Key performance indicator	Target	2017/18 results
People matter survey – percentage of staff with a positive response to the question, “I am encouraged by my colleagues to report any patient safety concerns I may have”	80%	83%
People matter survey – percentage of staff with a positive response to the question, “Patient care errors are handled appropriately in my work area”	80%	75%
People matter survey – percentage of staff with a positive response to the question, “My suggestions about patient safety would be acted upon if I expressed them to my manager”	80%	73%
People matter survey – percentage of staff with a positive response to the question, “The culture in my work area makes it easy to learn from the errors of others”	80%	68%
People matter survey – percentage of staff with a positive response to the question, “Management is driving us to be a safety-centred organisation”	80%	74%
People matter survey – percentage of staff with a positive response to the question, “This health service does a good job of training new and existing staff”	80%	70%
People matter survey – percentage of staff with a positive response to the question, “Trainees in my discipline are adequately supervised”	80%	68%
People matter survey – percentage of staff with a positive response to the question, “I would recommend a friend or relative to be treated as a patient here”	80%	82%

## Financial sustainability performance

Key performance indicator	Target	2017/18 Results
<b>Finance</b>		
Operating Result Surplus/(Deficit) (\$m)	\$0.00m	(\$1.45m)
Trade creditors	< 60 days	45 days
Patient fee debtors	< 60 days	72 days
Public & private WIES performance to target <sup>1</sup>	100%	99.8%
Adjusted Current Asset Ratio	0.70 or 3% improvement from health service base target	0.93
Days of Available Cash	14 days	13.9 days

<sup>1</sup> WIES is a Weighted Inlier Equivalent Separation.

## PART C – Activity and funding

Funding Type	2017/18 Activity Achievement*
<b>Acute Admitted</b>	
WIES Public	29,581
WIES Private	2,520
<b>Total WIES (Public and Private)</b>	<b>32,101</b>
WIES DVA	0
WIES TAC	12
<b>WIES TOTAL</b>	<b>32,113</b>
Specialist clinics - public	77,599
<b>Other</b>	
Health workforce	84

\*Interim data as at 20 July 2018

## Summary of service statistics

	2017/18*
Births (number of babies born)	9,365
Inpatient stays	34,430
Outpatient visits	188,707
Emergency Services – attendances	26,688
Triage Category 1-5 seen within recommended timeframes	82.2%
Percentage of emergency patients with a length of stay of less than four hours	87.5%
Number of patients with length of stay in the emergency department greater than 24 hours	0
Percentage of triage Category 1 emergency patients seen immediately	100%
Ambulance transfers within 40 mins	97.4%

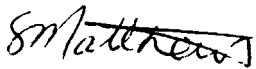
\*Interim data as at 20 July 2018

# ATTESTATIONS

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## Data integrity

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

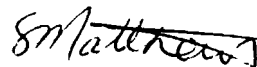


**Dr Sue Matthews**  
Chief Executive Officer  
The Royal Women's Hospital  
20 August 2018

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## Conflict of interest

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

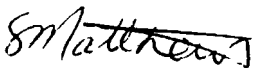


**Dr Sue Matthews**  
Chief Executive Officer  
The Royal Women's Hospital  
20 August 2018

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### **Compliance with Health Purchasing Victoria (HPV) Health Purchasing Policies**

I, Dr Sue Matthews certify that the Royal Women's Hospital has put in place appropriate internal controls and processes to ensure that it has complied with all requirements set out in the HPV Health Purchasing Policies including mandatory HPV collective agreements as required by the *Health Services Act 1988 (Vic)* and has critically reviewed these controls and processes during the year.



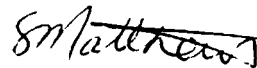
#### **Dr Sue Matthews**

Chief Executive Officer  
The Royal Women's Hospital  
20 August 2018

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### **Financial management compliance**

I, Dr Sue Matthews, on behalf of the Responsible Body, certify that the Royal Women's Hospital has complied with the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and Instructions.



#### **Dr Sue Matthews**

Chief Executive Officer  
The Royal Women's Hospital  
20 August 2018

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## Disclosure Index

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

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# FINANCIAL REPORT 2017/18

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

## Board Member's, Chief Executive Officer's and Executive Director, Finance & Corporate Services' Declaration

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

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2018 and the financial position of the Royal Women's Hospital and its Controlled Entities as at 30 June 2018.

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 17 August 2018.

**Ms Cath Bowtell**  
Deputy Board Chair  
The Royal Women's Hospital  
Melbourne  
17 August 2018

**Dr Sue Matthews**  
Chief Executive Officer  
The Royal Women's Hospital  
Melbourne  
17 August 2018

**Mr Zak Gruevski**  
Executive Director, Finance  
& Corporate Services  
The Royal Women's Hospital  
Melbourne  
17 August 2018

# Independent Auditor's Report

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

<p><b>Opinion</b></p>	<p>I have audited the consolidated financial report of The Royal Women's Hospital (the health service) and its controlled entities (together the consolidated entity), which comprises the:</p> <ul style="list-style-type: none"> <li>• consolidated entity and health service balance sheet as at 30 June 2018</li> <li>• consolidated entity and health service comprehensive operating statement for the year then ended</li> <li>• consolidated entity and health service statement of changes in equity for the year then ended</li> <li>• consolidated entity and health service cash flow statement for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• board member's, chief executive officer's and executive director, finance and corporate services' declaration.</li> </ul> <p>In my opinion, the financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the health service as at 30 June 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<p><b>Basis for Opinion</b></p>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<p><b>Board's responsibilities for the financial report</b></p>	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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

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

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

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

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

MELBOURNE  
21 August 2018



Ron Mak

*as delegate for the Auditor-General of Victoria*

## COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Note	Parent Entity 2018 \$'000	Parent Entity 2017 \$'000	Consol'd 2018 \$'000	Consol'd 2017 \$'000
Revenue from Operating Activities	2.1	264,301	258,824	266,553
Revenue from Non-Operating Activities	2.1	640	631	873
Employee Expenses	3.1	(181,386)	(171,118)	(182,073)
Non Salary Labour Costs	3.1	(5,015)	(5,800)	(5,027)
Supplies and Consumables	3.1	(23,768)	(23,383)	(23,769)
Other Expenses	3.1	(54,907)	(58,788)	(55,284)
Finance Costs - Self Funded Activity	3.1,3.3	(1,310)	(1,356)	(1,310)
<b>Net Result Before Capital &amp; Specific Items</b>		<b>(1,445)</b>	<b>(990)</b>	<b>(37)</b>
Capital Purpose Income	2.1	44,347	27,650	44,135
Depreciation	3.1,4.3	(14,525)	(14,467)	(14,528)
Finance Costs	3.1,3.3	(12,450)	(19,619)	(12,450)
Assets Provided Free of Charge	3.1	-	(61)	-
Expenditure for Capital Purposes	3.1	(1,779)	(2,725)	(1,779)
<b>Net Result After Capital &amp; Specific Items</b>		<b>14,148</b>	<b>(10,212)</b>	<b>15,341</b>
<b>Other Economic Flows Included in Net Result</b>				
Net Gain/(Loss) on Non-Financial Assets		(1,016)	(981)	(1,016)
Net Gain/(Loss) on Financial Instruments		3	20	(12)
Other Gains/(Losses) from Other Economic Flows		(203)	987	(203)
<b>Total Other Economic Flows Included in Net Result</b>		<b>(1,216)</b>	<b>26</b>	<b>(1,231)</b>
<b>NET RESULT FOR THE YEAR</b>		<b>12,932</b>	<b>(10,186)</b>	<b>14,110</b>
<b>Other Comprehensive Income</b>				
<b>Items that will not be reclassified to Net Result</b>				
Changes in Property, Plant and Equipment Revaluation Surplus	8.1a	61,185	16,678	61,185
<b>Items that may be reclassified subsequently to Net Result</b>				
Changes to Financial Assets Available-for-Sale Revaluation Surplus	8.1a	278	234	447
<b>Total Other Comprehensive Income</b>		<b>61,463</b>	<b>16,912</b>	<b>61,632</b>
<b>COMPREHENSIVE RESULT FOR THE YEAR</b>		<b>74,395</b>	<b>6,726</b>	<b>75,742</b>

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

## BALANCE SHEET AS AT 30 JUNE 2018

	Note	Parent Entity 2018 \$'000	Parent Entity 2017 \$'000	Consol'd 2018 \$'000	Consol'd 2017 \$'000
<b>Current Assets</b>					
Cash and Cash Equivalents	6.2	14,089	4,844	16,207	6,775
Receivables	5.1	9,052	8,818	9,034	8,723
Investments and Other Financial Assets	4.1	-	-	900	200
Inventories		146	159	146	159
Prepayments and Other Assets		853	486	953	490
<b>Total Current Assets</b>		<b>24,140</b>	<b>14,307</b>	<b>27,240</b>	<b>16,347</b>
<b>Non-Current Assets</b>					
Receivables	5.1	8,707	7,620	8,707	7,620
Investments and Other Financial Assets	4.1	12,266	11,588	16,907	15,904
Property, Plant and Equipment	4.2	438,530	389,123	438,546	389,132
Intangible Assets	4.4	17,216	16,513	17,222	16,513
<b>Total Non-Current Assets</b>		<b>476,719</b>	<b>424,844</b>	<b>481,382</b>	<b>429,169</b>
<b>TOTAL ASSETS</b>		<b>500,859</b>	<b>439,151</b>	<b>508,622</b>	<b>445,516</b>
<b>Current Liabilities</b>					
Payables	5.2	11,946	17,212	11,997	17,244
Borrowings	6.1	8,454	6,595	8,454	6,595
Provisions	3.4	44,766	38,994	44,808	39,028
<b>Total Current Liabilities</b>		<b>65,166</b>	<b>62,801</b>	<b>65,259</b>	<b>62,867</b>
<b>Non-Current Liabilities</b>					
Borrowings	6.1	213,432	229,249	213,432	229,249
Provisions	3.4	8,205	7,437	8,231	7,454
<b>Total Non-Current Liabilities</b>		<b>221,637</b>	<b>236,686</b>	<b>221,663</b>	<b>236,703</b>
<b>TOTAL LIABILITIES</b>		<b>286,803</b>	<b>299,487</b>	<b>286,922</b>	<b>299,570</b>
<b>NET ASSETS</b>		<b>214,056</b>	<b>139,664</b>	<b>221,700</b>	<b>145,946</b>
<b>Equity</b>					
Property, Plant and Equipment Revaluation Surplus	8.1a	223,007	161,822	223,007	161,822
Financial Assets Available-for-Sale Revaluation Surplus	8.1a	979	704	1,456	997
Restricted Specific Purpose Surplus	8.1a	4,613	5,365	8,594	9,413
Contributed Capital	8.1b	67,423	67,423	67,423	67,423
Accumulated Deficits	8.1c	(81,966)	(95,650)	(78,780)	(93,709)
<b>TOTAL EQUITY</b>	<b>8.1d</b>	<b>214,056</b>	<b>139,664</b>	<b>221,700</b>	<b>145,946</b>
Commitments	6.3				
Contingent Assets and Contingent Liabilities	7.2				

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

## STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Consolidated	Note	Property, Plant and Equipment Revaluation Surplus \$'000	Financial Assets Available-for- Sale Revaluation Surplus \$'000	Restricted Specific Purpose Surplus \$'000	Contribution by Owners \$'000	Accumulated Deficits \$'000	Total \$'000
<b>Balance at 1 July 2016</b>		<b>145,144</b>	<b>578</b>	<b>8,718</b>	<b>67,423</b>	<b>(84,154)</b>	<b>137,709</b>
Net Result for the Year	8.1c	-	-	-	-	(8,860)	(8,860)
Other Comprehensive Income for the Year	8.1a	16,678	419	-	-	-	17,097
Transfer from/(to) Accumulated Deficits	8.1a,c	-	-	695	-	(695)	-
<b>Balance at 30 June 2017</b>		<b>161,822</b>	<b>997</b>	<b>9,413</b>	<b>67,423</b>	<b>(93,709)</b>	<b>145,946</b>
Net Result for the Year	8.1c	-	-	-	-	14,110	14,110
Other Comprehensive Income for the Year	8.1a	61,185	459	-	-	-	61,644
Transfer from/(to) Accumulated Deficits	8.1a,c	-	-	(819)	-	819	-
<b>Balance at 30 June 2018</b>		<b>223,007</b>	<b>1,456</b>	<b>8,594</b>	<b>67,423</b>	<b>(78,780)</b>	<b>221,700</b>

Parent		Property, Plant and Equipment Revaluation Surplus \$'000	Financial Assets Available-for- Sale Revaluation Surplus \$'000	Restricted Specific Purpose Surplus \$'000	Contribution by Owners \$'000	Accumulated Deficits \$'000	Total \$'000
<b>Balance at 1 July 2016</b>		<b>145,144</b>	<b>490</b>	<b>5,540</b>	<b>67,423</b>	<b>(85,639)</b>	<b>132,958</b>
Net Result for the Year		-	-	-	-	(10,186)	(10,186)
Other Comprehensive Income for the Year		16,678	214	-	-	-	16,892
Transfer from/(to) Accumulated Deficits		-	-	(175)	-	175	-
<b>Balance at 30 June 2017</b>		<b>161,822</b>	<b>704</b>	<b>5,365</b>	<b>67,423</b>	<b>(95,650)</b>	<b>139,664</b>
Net Result for the Year		-	-	-	-	12,932	12,932
Other Comprehensive Income for the Year		61,185	275	-	-	-	61,460
Transfer from/(to) Accumulated Deficits		-	-	(752)	-	752	-
<b>Balance at 30 June 2018</b>		<b>223,007</b>	<b>979</b>	<b>4,613</b>	<b>67,423</b>	<b>(81,966)</b>	<b>214,056</b>

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



## CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	Parent Entity 2018 \$'000	Parent Entity 2017 \$'000	Consol'd 2018 \$'000	Consol'd 2017 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating Grants from Government		202,304	195,946	202,304	195,946
Capital Grants from Government		8,103	1,848	8,103	1,848
Patient Fees Received		12,134	12,119	12,134	12,119
Private Practice Fees Received		2,604	2,928	2,604	2,928
Donations and Bequests Received		1,909	647	2,625	2,100
Capital Donations and Bequests Received		213	149	-	14
GST Received from/(paid to) ATO		3,005	3,977	2,900	3,935
Interest and Investment Income Received		205	184	235	202
Car Park Income Received		9,172	8,842	9,172	8,842
Other Receipts		18,731	18,855	20,332	19,487
Other Capital Receipts		11,000	269	11,000	269
<b>Total Receipts</b>		<b>269,380</b>	<b>245,764</b>	<b>271,409</b>	<b>247,690</b>
Employee Expenses Paid		(181,516)	(175,808)	(182,198)	(176,376)
Payments for Supplies and Consumables		(28,214)	(26,540)	(28,191)	(26,540)
Payments for Medical Indemnity Insurance		(12,049)	(12,782)	(12,049)	(12,782)
Payments for Repairs and Maintenance		(5,025)	(5,905)	(5,047)	(5,910)
Finance Costs		(1,310)	(1,356)	(1,310)	(1,356)
Other Payments		(26,679)	(26,220)	(27,113)	(26,377)
<b>Total Payments</b>		<b>(254,793)</b>	<b>(248,611)</b>	<b>(255,908)</b>	<b>(249,341)</b>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>8.2</b>	<b>14,587</b>	<b>(2,847)</b>	<b>15,501</b>	<b>(1,651)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of Investments		-	-	(710)	(1,300)
Purchase of Non-Financial Assets		(2,307)	(1,896)	(2,318)	(1,896)
Purchase of Intangible Assets		(2,349)	(63)	(2,355)	(63)
Proceeds from Disposal of Non-Financial Assets		19	19	19	19
<b>NET CASH FLOW USED IN INVESTING ACTIVITIES</b>		<b>(4,637)</b>	<b>(1,940)</b>	<b>(5,364)</b>	<b>(3,240)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Repayment of Borrowings		(705)	(660)	(705)	(660)
<b>NET CASH FLOW USED IN FINANCING ACTIVITIES</b>		<b>(705)</b>	<b>(660)</b>	<b>(705)</b>	<b>(660)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD</b>		<b>9,245</b>	<b>(5,447)</b>	<b>9,432</b>	<b>(5,551)</b>
Cash and Cash Equivalents at Beginning of Year		4,844	10,291	6,775	12,326
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>6.2</b>	<b>14,089</b>	<b>4,844</b>	<b>16,207</b>	<b>6,775</b>

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

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

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## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for the Royal Women's Hospital and its controlled entities for the year ended 30 June 2018. The report provides users with information about the Royal Women's Hospital's stewardship of resources entrusted to it.

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### (a) Statement of Compliance

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

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

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

The annual financial statements were authorised for issue by the Board of the Royal Women's Hospital on 17 August 2018.

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### (b) Reporting Entity

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

Its principal address is:

Cnr Grattan Street and Flemington Road  
Parkville, Victoria 3052

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

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

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

The accounting policies have been applied in preparing the financial statements for the year ended 30 June 2018, and the comparative information presented in these financial statements for the year ended 30 June 2017.

The financial statements are prepared on a going concern basis (refer to Note 8.11 Financial Dependency).

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

All amounts shown in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated. Minor discrepancies in tables between totals and sum of components are due to rounding.

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

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

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Royal Women's Hospital.

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AABSs that have significant effects on the financial statements and estimates relate to:

- The fair value of land, buildings and plant and equipment (refer to Note 4.2 Property, Plant and Equipment);
- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4 Employee Benefits in the Balance Sheet); and
- Managed investment funds classified according to the fair value hierarchy.

### Goods and Services Tax (GST)

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

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

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

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

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### (d) Principles of Consolidation

These statements are presented on a consolidated basis in accordance with AASB 10 *Consolidated Financial Statements*:

- The consolidated financial statements of the Royal Women's Hospital includes all reporting entities controlled by the Royal Women's Hospital as at 30 June 2018.
- Control exists when the Royal Women's Hospital has the power to govern the financial and operating policies of an organisation so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The consolidated financial statements include the audited financial statements of the controlled entities listed in Note 8.9 Controlled Entities.
- The parent entity is not shown separately in the notes.

Where control of an entity is obtained during the financial period, its results are included in the Comprehensive Operating Statement from the date on which control commenced. Where control ceases during a financial period, the entity's results are included for that part of the period in which control existed. Where entities adopt dissimilar accounting policies and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

Entities consolidated into the Royal Women's Hospital reporting entity by virtue of the existence of congruent objectives, exposure to variable returns and significant management control include:

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

### Intersegment Transactions

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

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### (e) Jointly Controlled Operation

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

In respect of any interest in joint operations, the Royal Women's Hospital recognises in the financial statements:

- its assets, including its share of any assets held jointly;
- any liabilities including its share of liabilities that it had incurred;
- its revenue from the sale of its share of the output from the joint operation;
- its share of the revenue from the sale of the output by the operation; and
- its expenses, including its share of any expenses incurred jointly.

The Royal Women's Hospital is a Member of the Victorian Comprehensive Cancer Centre Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.10 Jointly Controlled Operations).

## NOTE 2: FUNDING DELIVERY OF OUR SERVICES

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

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

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**Structure**

Page

2.1 Analysis of Revenue by Source

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## NOTE 2: FUNDING DELIVERY OF OUR SERVICES (CONTINUED)

### Note 2.1: Analysis of Revenue by Source

	Admitted Patients 2018 \$'000	Non- Admitted 2018 \$'000	EDs 2018 \$'000	Mental Health 2018 \$'000	Primary Health 2018 \$'000	Other <sup>i</sup> 2018 \$'000	Total 2018 \$'000
<b>Consolidated</b>							
Government Grants	171,435	40,069	3,207	821	3,240	4,093	222,865
Indirect Contributions by the Department of Health and Human Services	1,150	10	4	1	1	5	1,171
Patient Fees	8,128	1,612	324	-	-	332	10,396
Commercial Activities and Special Purpose Funds	406	141	6	1	4	22,405	22,963
Other Revenue from Operating Activities	2,610	733	103	140	22	5,550	9,158
<b>Total Revenue from Operating Activities</b>	<b>183,729</b>	<b>42,565</b>	<b>3,644</b>	<b>963</b>	<b>3,267</b>	<b>32,385</b>	<b>266,553</b>
Interest and Dividends	485	74	28	6	6	274	873
<b>Total Revenue from Non-Operating Activities</b>	<b>485</b>	<b>74</b>	<b>28</b>	<b>6</b>	<b>6</b>	<b>274</b>	<b>873</b>
Government Grants	-	-	-	-	-	33,806	33,806
Capital Purpose Income (excluding Interest)	-	-	-	-	-	10,329	10,329
<b>Total Capital Purpose Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44,135</b>	<b>44,135</b>
<b>Total Revenue</b>	<b>184,214</b>	<b>42,639</b>	<b>3,672</b>	<b>969</b>	<b>3,273</b>	<b>76,794</b>	<b>311,561</b>

	Admitted Patients 2017 \$'000	Non- Admitted 2017 \$'000	EDs 2017 \$'000	Mental Health 2017 \$'000	Primary Health 2017 \$'000	Other <sup>i</sup> 2017 \$'000	Total 2017 \$'000
<b>Consolidated</b>							
Government Grants	164,690	40,080	3,278	716	2,896	3,369	215,029
Indirect Contributions by the Department of Health and Human Services	862	10	4	1	1	4	882
Patient Fees	11,105	1,587	607	-	-	315	13,614
Commercial Activities and Special Purpose Funds	469	166	8	2	5	22,002	22,652
Other Revenue from Operating Activities	2,776	789	104	28	28	4,948	8,673
<b>Total Revenue from Operating Activities</b>	<b>179,902</b>	<b>42,632</b>	<b>4,001</b>	<b>747</b>	<b>2,930</b>	<b>30,638</b>	<b>260,850</b>
Interest and Dividends	480	77	27	5	5	192	786
<b>Total Revenue from Non-Operating Activities</b>	<b>480</b>	<b>77</b>	<b>27</b>	<b>5</b>	<b>5</b>	<b>192</b>	<b>786</b>
Government Grants	-	-	-	-	-	26,808	26,808
Capital Purpose Income (excluding Interest)	-	-	-	-	-	707	707
<b>Total Capital Purpose Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,515</b>	<b>27,515</b>
<b>Total Revenue</b>	<b>180,382</b>	<b>42,709</b>	<b>4,028</b>	<b>752</b>	<b>2,935</b>	<b>58,345</b>	<b>289,151</b>

<sup>i</sup> Other Programs include Commercial Activities, Special Purpose Funds and Capital.

Revenue has been classified across programs as defined in the Agency Information Management System (AIMS) guidelines. For clinical support, infrastructure and corporate and diagnostic laboratory and medical services, Full Time Equivalent (FTE) has been used to allocate revenue across the programs.

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

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

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

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### **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.

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### **Indirect Contributions from the Department of Health and Human Services**

Revenue is recognised to offset insurance expenses as advised by the Department of Health and Human Services.

Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Department of Health and Human Services Hospital Circular 04/2017.

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### **Patient Fees**

Patient fees are recognised as revenue on an accrual basis.

---

### **Private Practice Fees**

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

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### **Revenue from Commercial Activities**

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

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### **Donations and Other Bequests**

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

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### **Dividend Revenue**

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

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### **Interest Revenue**

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

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### **Other Income**

Other income includes recoveries for salaries and wages, external services provided and also an amount of one-off capital purpose income received in relation to a commercial arrangement.

---

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

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

## NOTE 2: FUNDING DELIVERY OF OUR SERVICES

### 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 acute and subacute admitted patient services, where services are delivered in public hospitals.

**Mental Health Services (Mental Health)** comprises all specialised mental health services providing a range of inpatient and ambulatory services which treat and support people with a mental illness and their families and carers. These services aim to identify mental illness early, and seek to reduce its impact through providing timely acute care services and support for those living with a mental illness.

**Non Admitted Services** comprises acute and subacute non admitted services, where services are delivered in public hospital clinics and provide models of integrated community care, which significantly reduces the demand for hospital beds and supports the transition from hospital to home in a safe and timely manner.

**Emergency Department Services (EDs)** comprises all emergency department services.

**Primary and Community Health** comprises services for Community Health including health promotion, counselling and physiotherapy.

**Other Services excluded from National Health Care Agreement (NHCA) (Other)** comprises services not separately classified above, including: sexually transmitted infections clinical services, Koori liaison officers, immunisation and screening services, drugs services and community care programs including sexual assault support, early parenting services and parenting assessment and skills development.



## NOTE 3: THE COST OF DELIVERING SERVICES

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

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## NOTE 3: THE COST OF DELIVERING SERVICES (CONTINUED)

### Note 3.1: Analysis of Expenses by Source

	Admitted Patients 2018 \$'000	Non- Admitted 2018 \$'000	EDs 2018 \$'000	Mental Health 2018 \$'000	Primary Health 2018 \$'000	Other <sup>1</sup> 2018 \$'000	Total 2018 \$'000
<b>Consolidated</b>							
Employee Expenses	137,096	22,012	8,080	2,300	1,393	11,192	182,073
Other Operating Expenses							
Non Salary Labour Costs	2,615	606	156	383	27	1,240	5,027
Supplies and Consumables	18,222	3,099	739	121	130	1,458	23,769
Public Private Partnership Operating Expenses	11,922	1,817	696	141	148	1,014	15,738
Medical Indemnity Insurance	10,954	-	-	-	-	-	10,954
Fuel, Light, Power and Water	2,053	313	120	24	25	759	3,294
Repairs and Maintenance	3,026	499	171	34	42	588	4,360
Other Expenses	15,358	1,357	562	116	115	3,430	20,938
Finance Costs - Self Funded Activity (refer Note 3.3)	-	-	-	-	-	1,310	1,310
<b>Total Expenditure from Operating Activities</b>	<b>201,246</b>	<b>29,703</b>	<b>10,524</b>	<b>3,119</b>	<b>1,880</b>	<b>20,991</b>	<b>267,463</b>
Finance Costs (refer Note 3.3)	-	-	-	-	-	12,450	12,450
Other Non-Operating Expenses							
Expenditure for Capital Purposes	-	-	-	-	-	1,779	1,779
Depreciation (refer Note 4.3)	-	-	-	-	-	14,528	14,528
<b>Total Other Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,757</b>	<b>28,757</b>
<b>Total Expenses</b>	<b>201,246</b>	<b>29,703</b>	<b>10,524</b>	<b>3,119</b>	<b>1,880</b>	<b>49,748</b>	<b>296,220</b>

<b>Consolidated</b>	<b>Admitted Patients 2017 \$'000</b>	<b>Non- Admitted 2017 \$'000</b>	<b>EDs 2017 \$'000</b>	<b>Mental Health 2017 \$'000</b>	<b>Primary Health 2017 \$'000</b>	<b>Other <sup>i</sup> 2017 \$'000</b>	<b>Total 2017 \$'000</b>
Employee Expenses	129,542	22,014	7,432	1,846	1,309	9,507	171,650
Other Operating Expenses							
Non Salary Labour Costs	3,406	624	133	474	18	1,169	5,824
Supplies and Consumables	18,037	3,206	726	107	116	1,191	23,383
Public Private Partnership Operating Expenses	14,280	2,281	800	148	159	1,094	18,762
Medical Indemnity Insurance	11,620	-	-	-	-	-	11,620
Fuel, Light, Power and Water	1,887	301	106	20	21	644	2,979
Repairs and Maintenance	2,834	474	162	29	34	567	4,100
Other Expenses	15,871	1,601	585	106	105	3,243	21,511
Finance Costs - Self Funded Activity (refer Note 3.3)	-	-	-	-	-	1,356	1,356
<b>Total Expenditure from Operating Activities</b>	<b>197,477</b>	<b>30,501</b>	<b>9,944</b>	<b>2,730</b>	<b>1,762</b>	<b>18,771</b>	<b>261,185</b>
Finance Costs (refer Note 3.3)	-	-	-	-	-	19,619	19,619
Other Non-Operating Expenses							
Expenditure for Capital Purposes	-	-	-	-	-	2,725	2,725
Assets Provided Free of Charge	-	-	-	-	-	61	61
Depreciation (refer Note 4.3)	-	-	-	-	-	14,470	14,470
<b>Total Other Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,875</b>	<b>36,875</b>
<b>Total Expenses</b>	<b>197,477</b>	<b>30,501</b>	<b>9,944</b>	<b>2,730</b>	<b>1,762</b>	<b>55,646</b>	<b>298,060</b>

<sup>i</sup> Other Programs include Commercial Activities, Special Purpose Funds and Capital.

Expenditure has been classified across programs as defined in the Agency Information Management System (AIMS) guidelines. For clinical support, infrastructure and corporate and diagnostic laboratory and medical services, FTE has been used to allocate expenditure across the programs.

## NOTE 3: THE COST OF DELIVERING SERVICES (CONTINUED)

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

---

### Employee Expenses

Employee expenses include:

- Salaries and wages;
- Leave entitlements;
- Termination payments;
- Work cover premiums; and
- Superannuation expenses.

---

### Grants and Other Transfers

These include transactions such as: grants, subsidies and personal benefit payments made in cash to individuals.

---

### Other Operating Expenses

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

- Supplies and consumables - Supplies and services costs which are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.
- Fair Value of Assets, Services and Resources Provided Free of Charge or for Nominal Consideration - Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them.
- Borrowing Costs of Qualifying Assets - In accordance with the paragraphs of AASB 123 *Borrowing Costs* applicable to not-for-profit public sector entities, the Royal Women's Hospital continues to recognise borrowing costs immediately as an expense, to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset.

## Note 3.2: Analysis of Expenses and Revenue by Internally Managed and Restricted Specific Purpose Funds

	Expense		Revenue	
	Consol'd 2018 \$'000	Consol'd 2017 \$'000	Consol'd 2018 \$'000	Consol'd 2017 \$'000
<b>Commercial Activities</b>				
Private Practice and Other Patient Activities	600	548	452	432
Laboratory Medicine	129	145	328	306
Pharmacy Services	442	409	533	348
Car Park	2,993	2,759	7,921	8,595
Childcare Centre	494	496	425	425
Property	553	617	2,923	2,926
<b>Other Activities</b>				
Education and Training	538	438	377	423
Fundraising and Community Support	780	590	860	1,515
Research and Scholarship	4,047	3,042	3,709	2,705
Other	584	446	1,659	1,082
<b>Total</b>	<b>11,160</b>	<b>9,490</b>	<b>19,187</b>	<b>18,757</b>

## Note 3.3: Finance Costs

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
Finance Costs - Self Funded Activity	1,310	1,356
Finance Costs - Finance Leases <sup>i</sup>	12,450	19,619
<b>Total Finance Costs</b>	<b>13,760</b>	<b>20,975</b>

<sup>i</sup> Construction and fit out of the Royal Women's Hospital was funded as a Public Private Partnership (PPP) under a Project Agreement between the State of Victoria and Royal Women's Health Partnership Pty Ltd. This amount represents the interest payments made during the financial year.

The obligation of fulfilling PPP interest and principal payments over the PPP term rests with the Department of Health and Human Services. The Royal Women's Hospital records the interest expense and principal payments based on the information provided by the Department of Health and Human Services.

Information provided by the Department of Health and Human Services in 2017/18 to align the finance lease liability to Treasury Corporation Victoria payment schedule, resulted in a \$6.1m adjustment to interest expense and borrowings (Note 6.1) recognised in the current year.

Finance costs include:

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

## NOTE 3: THE COST OF DELIVERING SERVICES (CONTINUED)

### Note 3.4: Employee Benefits in the Balance Sheet

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
<b>Current Provisions</b>		
Employee Benefits <sup>i</sup>		
<i>Accrued Days Off</i>		
Unconditional and expected to be settled wholly within 12 months <sup>ii</sup>	286	257
<i>Annual leave</i>		
Unconditional and expected to be settled wholly within 12 months <sup>ii</sup>	11,816	10,973
Unconditional and expected to be settled wholly after 12 months <sup>iii</sup>	1,235	1,203
<i>Long Service Leave</i>		
Unconditional and expected to be settled wholly within 12 months <sup>ii</sup>	2,381	2,295
Unconditional and expected to be settled wholly after 12 months <sup>iii</sup>	18,425	17,264
	<b>34,143</b>	<b>31,992</b>
<b>Provisions related to Employee Benefit On-Costs</b>		
Unconditional and expected to be settled within 12 months <sup>ii</sup>	1,589	1,485
Unconditional and expected to be settled after 12 months <sup>iii</sup>	2,198	2,066
	<b>3,787</b>	<b>3,551</b>
Accrued salaries and wages	6,878	3,485
<b>Total Current Provisions</b>	<b>44,808</b>	<b>39,028</b>
<b>Non-Current Provisions</b>		
Conditional, Long Service Leave <sup>iii</sup>	7,441	6,714
Conditional, Long Service Leave On-Costs	790	740
<b>Total Non-Current Provisions</b>	<b>8,231</b>	<b>7,454</b>
<b>Total Provisions</b>	<b>53,039</b>	<b>46,482</b>

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
<b>(a) Employee Benefits and Related On-Costs</b>		
<b>Current Employee Benefits and Related On-Costs</b>		
Unconditional long service leave entitlements	23,133	21,748
Annual leave entitlements	14,511	13,538
Accrued salaries and wages	6,878	3,485
Accrued days off	286	257
<b>Non-Current Employee Benefits and Related On-Costs</b>		
Conditional long service leave entitlements <sup>iii</sup>	8,231	7,454
<b>Total Employee Benefits And Related On-Costs</b>	<b>53,039</b>	<b>46,482</b>
<b>(b) Movement in Provisions</b>		
<b>Movement in Long Service Leave:</b>		
<b>Balance at start of year</b>	<b>29,202</b>	<b>28,460</b>
Provision made during the year		
Revaluations	(9)	(1,367)
Expense recognising employee service	4,887	4,228
Settlement made during the year	(2,716)	(2,119)
<b>Balance at end of year</b>	<b>31,364</b>	<b>29,202</b>

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

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

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

## NOTE 3: THE COST OF DELIVERING SERVICES (CONTINUED)

### Employee Benefits Recognition

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

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### Provisions

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

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

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

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

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

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

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### Long Service Leave

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

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

The components of this current LSL liability are measured at:

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

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

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### Termination Benefits

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

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### On-Costs Related to Employee Expense

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



## Note 3.5: Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	Consol'd 2018 \$'000	Consol'd 2017 \$'000	Consol'd 2018 \$'000	Consol'd 2017 \$'000
<b>Defined Benefit Plans:<sup>i</sup></b>				
First State Super	228	266	31	38
<b>Defined Contribution Plans:</b>				
First State Super	8,312	8,521	822	824
Hesta	4,470	4,239	478	439
Other	897	738	89	85
<b>Total</b>	<b>13,907</b>	<b>13,764</b>	<b>1,420</b>	<b>1,386</b>

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

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

### Defined Contribution Superannuation Plans

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

### Defined Benefit Superannuation Plans

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

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

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

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

## NOTE 3: THE COST OF DELIVERING SERVICES (CONTINUED)

### Note 3.6: Other Economic Flows Included in Net Result

Other economic flows are changes in the volume or value of assets or liabilities that do not result from transactions.

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#### Net Gain/(Loss) on Non-Financial Assets

Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

##### Amortisation of Intangible

##### Non-Produced Assets

Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a systematic basis over the asset's useful life. Amortisation begins when the asset is available for use, 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 annually. An assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. Any excess of the carrying amount over the recoverable amount is recognised as an impairment loss.

Intangible non-produced assets with finite useful lives are amortised over a 25 year period (2017: 25 years).

Amortisation of intangible non-produced assets charged in 2018 is \$1.0m (2017: \$1.0m).

##### Net Gain/(Loss) on Disposal of Non-Financial Assets

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal in the Comprehensive Operating Statement, except where an asset is transferred via contributed capital. It is the difference between the proceeds and the carrying value of the asset at that time.

##### Revaluation Gains/(Losses) of Non-Financial Physical Assets

Refer to Note 4.2 Property, Plant and Equipment.

##### Impairment of Non-Financial Assets

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

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 offset to an asset revaluation surplus amount applicable to that same class of asset.

If there is an indication that there has been a reversal 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 of disposal. 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 of disposal.

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#### 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 the Comprehensive Operating Statement;
- Impairment and reversal of impairment for financial instruments at amortised cost (refer to Note 4.1 Investments and Other Financial Assets); and
- Disposals of financial assets and derecognition of financial liabilities.

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

Other gains/(losses) include:

- Where the bad debt is written off following a unilateral decision, the bad debt expense is recognised in the net result as an other economic flow. Bad debts not written off, but included in the provision for doubtful debts, are classified as other economic flows in the net result.
- The revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors.

## NOTE 4: KEY ASSETS TO SUPPORT SERVICE DELIVERY

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

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## NOTE 4: KEY ASSETS TO SUPPORT SERVICE DELIVERY (CONTINUED)

### Note 4.1: Investments and Other Financial Assets

	Operating Fund		Specific Purpose Fund		Consol'd	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Current</b>						
<b>Loans and Receivables</b>						
Australian Dollar Term Deposits < 12 Months	900	200	-	-	900	200
<b>Available-for-Sale</b>						
Managed Investment Schemes	-	-	-	-	-	-
<b>Total Current</b>	<b>900</b>	<b>200</b>	<b>-</b>	<b>-</b>	<b>900</b>	<b>200</b>
<b>Non-Current</b>						
<b>Loans and Receivables</b>						
Australian Dollar Term Deposits > 12 Months	50	100	-	-	50	100
<b>Available-for-Sale</b>						
Managed Investment Schemes	11,425	10,238	5,432	5,566	16,857	15,804
<b>Total Non-Current</b>	<b>11,475</b>	<b>10,338</b>	<b>5,432</b>	<b>5,566</b>	<b>16,907</b>	<b>15,904</b>
<b>Total Investments and Other Financial Assets</b>	<b>12,375</b>	<b>10,538</b>	<b>5,432</b>	<b>5,566</b>	<b>17,807</b>	<b>16,104</b>
<b>Represented by:</b>						
Health Service Investments	6,834	6,022	5,432	5,566	12,266	11,588
Foundation Investments	4,590	4,215	-	-	4,590	4,215
Jointly Controlled Operations Investments	951	301	-	-	951	301
<b>Total Investments and Other Financial Assets</b>	<b>12,375</b>	<b>10,538</b>	<b>5,432</b>	<b>5,566</b>	<b>17,807</b>	<b>16,104</b>

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

Investments are classified as 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 Royal Women's Hospital's investments must comply with Standing Direction 3.7.2 - Treasury and Investment Risk Management. The investment portfolio of the Royal Women's Hospital is managed by Victorian Funds Management Corporation through specialist fund managers and a Master Custodian. The Master Custodian holds the investments and conducts settlements pursuant to instructions from the specialist fund managers.

The Royal Women's Hospital's controlled entities manage their investments in accordance with their own investment policy as approved by their Board and their investments are consolidated into the Royal Women's Hospital for reporting purposes as it is the ultimate beneficiary of the Royal Women's Hospital Foundation.

All financial assets, except for those measured at fair value through the Comprehensive Operating Statement are subject to annual review for impairment.

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## Impairment of Financial Assets

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

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 2018 for its portfolio of financial assets, the Royal Women's Hospital and its controlled entities used the market value of investments held provided by the portfolio managers.

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

## NOTE 4: KEY ASSETS TO SUPPORT SERVICE DELIVERY (CONTINUED)

### Note 4.2: Property, Plant and Equipment

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

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
<b>Land</b>		
Land at Fair Value		
Crown	100,162	80,899
Freehold	75,757	59,093
<b>Total Land</b>	<b>175,919</b>	<b>139,992</b>
<b>Buildings</b>		
Buildings at Fair Value	13,162	29,396
Less Accumulated Depreciation	(92)	(13,099)
	<b>13,070</b>	<b>16,297</b>
Leasehold Improvements at Cost	1,047	1,040
Less Accumulated Depreciation	(1,040)	(1,040)
	<b>7</b>	<b>-</b>
Building Work in Progress at Fair Value	74	-
<b>Total Buildings</b>	<b>13,151</b>	<b>16,297</b>
<b>Plant and Equipment</b>		
Plant and Equipment at Fair Value	2,303	2,618
Less Accumulated Depreciation	(1,592)	(1,872)
<b>Total Plant and Equipment</b>	<b>711</b>	<b>746</b>
<b>Medical Equipment</b>		
Medical Equipment at Fair Value	18,892	20,015
Less Accumulated Depreciation	(14,577)	(15,557)
<b>Total Medical Equipment</b>	<b>4,315</b>	<b>4,458</b>
<b>Computers and Communication Equipment</b>		
Computers and Communication Equipment at Fair Value	6,910	6,910
Less Accumulated Depreciation	(6,338)	(6,206)
<b>Total Computers and Communication Equipment</b>	<b>572</b>	<b>704</b>
<b>Furniture and Fittings</b>		
Furniture and Fittings at Fair Value	810	820
Less Accumulated Depreciation	(498)	(516)
<b>Total Furniture and Fittings</b>	<b>312</b>	<b>304</b>

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
<b>Cultural Assets</b>		
Cultural Assets at Fair Value	287	287
<b>Total Cultural Assets</b>	<b>287</b>	<b>287</b>
<b>Leased Assets Contracted under PPP Agreement</b>		
Leased Buildings at Fair Value	239,604	244,376
Less Accumulated Depreciation	-	(21,895)
	<b>239,604</b>	<b>222,481</b>
Building Leasehold Work in Progress at Fair Value	15	19
	<b>239,619</b>	<b>222,500</b>
Plant and Equipment at Fair Value	1,034	1,034
Less Accumulated Depreciation	(348)	(313)
	<b>686</b>	<b>721</b>
Audiovisual Equipment at Fair Value	31	31
Less Accumulated Depreciation	(10)	(9)
	<b>21</b>	<b>22</b>
Furniture and Fittings at Fair Value	2,144	2,144
Less Accumulated Depreciation	(720)	(649)
	<b>1,424</b>	<b>1,495</b>
Medical Equipment at Fair Value	1,835	1,835
Less Accumulated Depreciation	(617)	(556)
	<b>1,218</b>	<b>1,279</b>
Scientific Equipment at Fair Value	469	469
Less Accumulated Depreciation	(158)	(142)
	<b>311</b>	<b>327</b>
<b>Total Leased Assets</b>	<b>243,279</b>	<b>226,344</b>
<b>Total Property, Plant and Equipment</b>	<b>438,546</b>	<b>389,132</b>

## NOTE 4: KEY ASSETS TO SUPPORT SERVICE DELIVERY

### Note 4.2: Property, Plant and Equipment (Continued)

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

Consolidated	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Medical Equipment \$'000	Computers & Comm Equipment \$'000	Furniture & Fittings \$'000	Cultural Assets \$'000	Leased Assets \$'000	Total \$'000
<b>Balance at 1 July 2016</b>	<b>123,314</b>	<b>20,461</b>	<b>439</b>	<b>4,895</b>	<b>943</b>	<b>305</b>	<b>287</b>	<b>233,796</b>	<b>384,440</b>
Additions	-	223	380	1,027	220	54	-	33	1,937
Disposals	-	-	(6)	(14)	-	-	-	-	(20)
Assets provided free of charge	-	-	-	(61)	-	-	-	-	(61)
Revaluation increments/ (decrements)	16,678	-	-	-	-	-	-	-	16,678
Depreciation (refer Note 4.3)	-	(4,387)	(67)	(1,389)	(459)	(55)	-	(7,485)	(13,842)
<b>Balance at 1 July 2017</b>	<b>139,992</b>	<b>16,297</b>	<b>746</b>	<b>4,458</b>	<b>704</b>	<b>304</b>	<b>287</b>	<b>226,344</b>	<b>389,132</b>
Additions	-	91	51	1,310	188	62	-	387	2,089
Disposals	-	-	(2)	(53)	-	-	-	-	(55)
Revaluation increments/ (decrements)	35,927	1,213	-	-	-	-	-	24,045	61,185
Depreciation (refer Note 4.3)	-	(4,450)	(84)	(1,400)	(320)	(54)	-	(7,497)	(13,805)
<b>Balance at 30 June 2018</b>	<b>175,919</b>	<b>13,151</b>	<b>711</b>	<b>4,315</b>	<b>572</b>	<b>312</b>	<b>287</b>	<b>243,279</b>	<b>438,546</b>



## **Land and Buildings and Leased Assets Carried at Valuation**

In compliance with FRD 103F, in the year ended 30 June 2018, the Royal Women's Hospital's management conducted an annual assessment of the fair value of land and buildings and leased buildings. To facilitate this, management obtained from the Department of Treasury and Finance the Valuer General Victoria indices for the financial year ended 30 June 2018.

The indexed value was compared to individual assets written down book value as at 30 June 2018 to determine the change in their fair values. The latest indices identified an independent revaluation was required for the land asset class in 2018. The Department of Health and Human Services last approved a managerial revaluation of the land asset class of \$16.7m in 2017.

The Valuer-General Victoria undertook to re-value all of the Royal Women's Hospital's land to determine its fair value. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation is 30 June 2018.

The movement in land fair value was an increment of \$35.9m which was credited to the asset revaluation reserve for land.

The Valuer-General Victoria undertook a formal valuation of the Royal Women's Hospital's owned and leased buildings to determine their fair value on the 30 June 2014. The movement in buildings and leased buildings fair value as indicated by the compounded impact of the VGV indices, triggered a managerial revaluation in the current year. The Department of Health and Human Services approved a managerial revaluation of the buildings and the leased building asset class of \$25.3m.

## NOTE 4: KEY ASSETS TO SUPPORT SERVICE DELIVERY

### Note 4.2: Property, Plant and Equipment (Continued)

#### (c) Fair Value Measurement Hierarchy for Assets

	Consol'd Carrying Amount \$'000	Fair value measurement at end of reporting period using:		
		Level 1 <sup>i</sup>	Level 2 <sup>i</sup>	Level 3 <sup>i</sup>
		\$'000	\$'000	\$'000
<b>Balance at 30 June 2018</b>				
<b>Land at Fair Value</b>				
Non-Specialised Land	24,317	-	24,317	-
Specialised Land	151,602	-	-	151,602
Total Land at Fair Value	175,919	-	24,317	151,602
<b>Buildings at Fair Value</b>				
Non-Specialised Buildings	13,151	-	13,151	-
Total Building at Fair Value	13,151	-	13,151	-
Plant and Equipment at Fair Value	711	-	-	711
Medical Equipment at Fair Value	4,315	-	-	4,315
Computers and Communication Equipment at Fair Value	572	-	-	572
Furniture and Fittings at Fair Value	312	-	-	312
Cultural Assets at Fair Value	287	-	287	-
<b>Leased Assets at Fair Value</b>				
Specialised Leased Buildings at Fair Value	239,619	-	-	239,619
Other Leased Assets at Fair Value	3,660	-	-	3,660
Total Leased Assets at Fair Value	243,279	-	-	243,279
<b>Total Property, Plant and Equipment</b>	<b>438,546</b>	<b>-</b>	<b>37,755</b>	<b>400,791</b>

	Consol'd Carrying Amount \$'000	Fair value measurement at end of reporting period using:		
		Level 1 <sup>i</sup>	Level 2 <sup>i</sup>	Level 3 <sup>i</sup>
		\$'000	\$'000	\$'000
<b>Balance at 30 June 2017</b>				
<b>Land at Fair Value</b>				
Non-Specialised Land	19,721	-	19,721	-
Specialised Land	120,271	-	-	120,271
Total Land at Fair Value	139,992	-	19,721	120,271
<b>Buildings at Fair Value</b>				
Non-Specialised Buildings	16,297	-	16,297	-
Total Building at Fair Value	16,297	-	16,297	-
Plant and Equipment at Fair Value	746	-	-	746
Medical Equipment at Fair Value	4,458	-	-	4,458
Computers and Communication Equipment at Fair Value	704	-	-	704
Furniture and Fittings at Fair Value	304	-	-	304
Cultural Assets at Fair Value	287	-	287	-
<b>Leased Assets at Fair Value</b>				
Specialised Leased Buildings at Fair Value	222,500	-	-	222,500
Other Leased Assets at Fair Value	3,844	-	-	3,844
Total Leased Assets at Fair Value	226,344	-	-	226,344
<b>Total Property, Plant and Equipment</b>	<b>389,132</b>	<b>-</b>	<b>36,305</b>	<b>352,827</b>

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

## NOTE 4: KEY ASSETS TO SUPPORT SERVICE DELIVERY

### Note 4.2: Property, Plant and Equipment (Continued)

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

<b>Consolidated</b>	<b>Land \$'000</b>	<b>Plant &amp; Equipment \$'000</b>	<b>Medical Equipment \$'000</b>	<b>Computers &amp; Comm Equipment \$'000</b>	<b>Furniture &amp; Fittings \$'000</b>	<b>Leased Assets \$'000</b>
<b>Balance at 1 July 2017</b>	<b>120,271</b>	<b>746</b>	<b>4,458</b>	<b>704</b>	<b>304</b>	<b>226,344</b>
Additions/(Disposals)	-	49	1,257	188	62	387
<i>Gains/(Losses) recognised in Net Result</i>						
Depreciation and Amortisation	-	(84)	(1,400)	(320)	(54)	(7,497)
<i>Items recognised in Other Comprehensive Income</i>						
Revaluation	31,331	-	-	-	-	24,045
<b>Balance at 30 June 2018</b>	<b>151,602</b>	<b>711</b>	<b>4,315</b>	<b>572</b>	<b>312</b>	<b>243,279</b>

<b>Consolidated</b>	<b>Land \$'000</b>	<b>Plant &amp; Equipment \$'000</b>	<b>Medical Equipment \$'000</b>	<b>Computers &amp; Comm Equipment \$'000</b>	<b>Furniture &amp; Fittings \$'000</b>	<b>Leased Assets \$'000</b>
<b>Balance at 1 July 2016</b>	<b>106,299</b>	<b>439</b>	<b>4,895</b>	<b>943</b>	<b>305</b>	<b>233,796</b>
Additions/(Disposals)	-	374	1,013	220	54	33
Assets provided free of charge	-	-	(61)	-	-	-
<i>Gains/(Losses) recognised in Net Result</i>						
Depreciation and Amortisation	-	(67)	(1,389)	(459)	(55)	(7,485)
<i>Items recognised in Other Comprehensive Income</i>						
Revaluation	13,972	-	-	-	-	-
<b>Balance at 30 June 2017</b>	<b>120,271</b>	<b>746</b>	<b>4,458</b>	<b>704</b>	<b>304</b>	<b>226,344</b>

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

## (e) Fair Value Determination

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

\* CSO adjustment of 20% was applied to reduce the market approach value for the Royal Women's Hospital's specialised land.

There were no changes in valuation techniques throughout the period to 30 June 2018.

## NOTE 4: KEY ASSETS TO SUPPORT SERVICE DELIVERY

### Note 4.2: Property, Plant and Equipment (Continued)

#### Initial Recognition

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

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

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

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

The initial cost for non-financial physical assets under finance lease (refer to Note 6.1) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

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#### Subsequent Measurement

Consistent with AASB 13 *Fair Value Measurement*, the Royal Women's Hospital determines the policies and procedures for recurring property, plant and equipment fair value measurements, in accordance with the requirements of AASB 13 and the relevant FRDs.

All property, plant and equipment for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy.

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (Refer to 4.2(e)).

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

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

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

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

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

For non-specialised land, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2018.

For non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the buildings used the same analysis as described for non-specialised land. The effective date of the valuation is 30 June 2014. Subsequent to this date, the movement in the buildings fair value as indicated by the compounded impact of the VGV indices, triggered a managerial revaluation as at 30 June 2018.

For cultural assets, Menzies Fine Art Auctioneers & Valuers is the Royal Women's Hospital's independent valuer.

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#### Specialised Land and Specialised Buildings

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

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

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

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

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

An independent valuation of the Royal Women's Hospital's specialised land was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2018.

The Royal Women's Hospital's specialised buildings were revalued by the Valuer-General Victoria as at 30 June 2014. The valuation was performed using the market approach adjusted for CSO. Subsequent to this date, the movement in the leased buildings fair value as indicated by the compounded impact of the VGV indices, triggered a managerial revaluation as at 30 June 2018.

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## Plant and Equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2018.

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

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## Revaluations of Non-Current Physical Assets

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

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

Revaluation decrements are recognised in 'Other Comprehensive Income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment.

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

Revaluation surplus is not transferred to accumulated funds on derecognition of the relevant asset, except where an asset is transferred via contributed capital.

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

## NOTE 4: KEY ASSETS TO SUPPORT SERVICE DELIVERY (CONTINUED)

### Note 4.3: Depreciation

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
<b>Depreciation</b>		
Buildings	4,450	4,387
Plant and Equipment	84	67
Medical Equipment	1,400	1,389
Computers and Communication Equipment	320	459
Furniture and Fittings	54	55
Intangible Produced Assets	723	628
Leased Assets <sup>i,ii</sup>	7,497	7,485
<b>Total Depreciation</b>	<b>14,528</b>	<b>14,470</b>

<sup>i</sup> Of the balance disclosed under 'Depreciation Leased Assets', \$7.32m (\$7.30m in 2017) relates to leased buildings contracted under the public private partnership (PPP) arrangement.

<sup>ii</sup> Of the balance disclosed under 'Depreciation Leased Assets', \$0.18m (\$0.18m in 2017) relates to leased other assets contracted under the public private partnership (PPP) arrangement.

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

Estimates of the remaining useful lives and depreciation method for all assets are reviewed at least annually, and adjustments made where appropriate.

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

	2018	2017
<b>Non PPP Assets</b>		
Buildings	5 to 35 Years	5 to 35 Years
Leasehold Improvements	5 Years	5 Years
Plant and Equipment	10 to 30 Years	10 to 30 Years
Medical Equipment	6 to 25 Years	6 to 25 Years
Computers and Communication Equipment	3 to 9 Years	3 to 9 Years
Furniture and Fittings	10 to 13 Years	10 to 13 Years
Intangible Produced Assets	3 Years	3 Years
<b>PPP Assets</b>		
Leased Buildings:		
Structure / Shell/ Building Fabric	54 Years	54 Years
Other (Site Engineering Services and Central Plant, Fit Out, Trunk Reticulated Building Systems)	19 to 34 Years	19 to 34 Years
Building Leasehold Improvements	54 Years	54 Years
Leased Assets	30 Years	30 Years

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



## Note 4.4: Intangible Assets

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

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
Intangible Produced Assets - Software	8,863	6,452
Less Accumulated Depreciation	(6,336)	(5,613)
	<b>2,527</b>	<b>839</b>
Intangible Non-Produced Assets - Revenue Rights Parkville Car Park	24,491	24,491
Less Accumulated Amortisation	(9,796)	(8,817)
	<b>14,695</b>	<b>15,674</b>
<b>Total Intangible Assets</b>	<b>17,222</b>	<b>16,513</b>

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

	Software \$'000	Revenue Rights Parkville Car Park \$'000	Total \$'000
<b>Consolidated</b>			
<b>Balance at 1 July 2016</b>	<b>1,405</b>	<b>16,654</b>	<b>18,059</b>
Additions	62	-	62
Depreciation and Amortisation (refer Note 4.3, 3.6)	(628)	(980)	(1,608)
<b>Balance at 1 July 2017</b>	<b>839</b>	<b>15,674</b>	<b>16,513</b>
Additions	2,411	-	2,411
Depreciation and Amortisation (refer Note 4.3, 3.6)	(723)	(979)	(1,702)
<b>Balance at 30 June 2018</b>	<b>2,527</b>	<b>14,695</b>	<b>17,222</b>

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

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

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

## NOTE 5: OTHER ASSETS AND LIABILITIES

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

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## Note 5.1: Receivables

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
<b>Current</b>		
<b>Contractual</b>		
Inter Hospital Debtors	629	1,071
Trade Debtors	1,683	2,083
Patient Fees	1,583	3,496
Accrued Revenue - Other	3,361	2,166
<b>Less Allowance for Doubtful Debts</b>		
Trade Debtors	(105)	(14)
Patient Fees	(433)	(490)
	<b>6,718</b>	<b>8,312</b>
<b>Statutory</b>		
Department of Health and Human Services	1,916	-
GST Receivable	400	411
	<b>2,316</b>	<b>411</b>
<b>Total Current Receivables</b>	<b>9,034</b>	<b>8,723</b>
<b>Non-Current</b>		
<b>Contractual</b>		
Other Receivables	24	24
	<b>24</b>	<b>24</b>
<b>Statutory</b>		
Long Service Leave - Department of Health and Human Services	8,683	7,596
	<b>8,683</b>	<b>7,596</b>
<b>Total Non-Current Receivables</b>	<b>8,707</b>	<b>7,620</b>
<b>Total Receivables</b>	<b>17,741</b>	<b>16,343</b>

### (a) Movement in the Allowance for Doubtful Debts

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
Balance at beginning of year	504	434
Increase/(decrease) in allowance recognised in net result	34	70
<b>Balance at end of year</b>	<b>538</b>	<b>504</b>

## NOTE 5: OTHER ASSETS AND LIABILITIES

### Note 5.1: Receivables (Continued)

Receivables consist of:

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

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

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

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

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*.

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

## Note 5.2: Payables

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
<b>Current</b>		
<b>Contractual</b>		
Trade Creditors	3,871	5,895
Accrued Expenses	2,743	2,904
Salary Packaging	973	920
Amounts Payable to Governments and Agencies	3,463	3,986
Other Current Liabilities	41	22
Revenue in Advance	906	1,010
	<b>11,997</b>	<b>14,737</b>
<b>Statutory</b>		
Department of Health and Human Services	-	2,507
	-	<b>2,507</b>
<b>Total Current Payables</b>	<b>11,997</b>	<b>17,244</b>
<b>Total Payables</b>	<b>11,997</b>	<b>17,244</b>

Payables consist of:

- Contractual payables are classified as financial instruments and are measured at amortised cost.
- Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

## NOTE 5: OTHER ASSETS AND LIABILITIES

### Note 5.2: Payables (Continued)

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

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

	Consol'd Carrying Amount \$'000	Nominal Amount \$'000	Maturity Dates					
			Less than 1 Month \$'000	1-3 Months \$'000	3 Months - 1 Year \$'000	1-5 Years \$'000	Over 5 Years \$'000	
<b>Consolidated 2018</b>								
<b>Financial Liabilities:</b>								
Payables	11,091	11,091	4,288	6,758	45	-	-	
Borrowings <sup>i</sup>	221,886	221,886	678	1,348	6,429	40,703	172,728	
<b>Total Financial Liabilities</b>	<b>232,977</b>	<b>232,977</b>	<b>4,966</b>	<b>8,106</b>	<b>6,474</b>	<b>40,703</b>	<b>172,728</b>	
<b>Consolidated 2017</b>								
<b>Financial Liabilities:</b>								
Payables	13,727	13,727	5,812	7,769	146	-	-	
Borrowings <sup>i</sup>	235,844	235,844	536	1,067	4,992	33,631	195,618	
<b>Total Financial Liabilities</b>	<b>249,571</b>	<b>249,571</b>	<b>6,348</b>	<b>8,836</b>	<b>5,138</b>	<b>33,631</b>	<b>195,618</b>	

#### <sup>i</sup> 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 and Human Services on a monthly basis, hence there is no cash flow impact on the Royal Women's Hospital. The Royal Women's Hospital will record the non-cash entries in its accounts in accordance with a financial model that has been developed by the Department of Health and Human Services.

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

## NOTE 6: HOW WE FINANCE OUR OPERATIONS

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

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

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## NOTE 6: HOW WE FINANCE OUR OPERATIONS (CONTINUED)

### Note 6.1: Borrowings

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
<b>Current</b>		
<b>Australian Dollar Borrowings</b>		
Finance Lease Liability	7,700	5,890
Loan from Treasury Corporation Victoria	754	705
<b>Total Australian Dollars Borrowings</b>	<b>8,454</b>	<b>6,595</b>
<b>Total Current Borrowings</b>	<b>8,454</b>	<b>6,595</b>
<b>Non-Current</b>		
<b>Australian Dollar Borrowings</b>		
Finance Lease Liability	194,925	209,988
Loan from Treasury Corporation Victoria	18,507	19,261
<b>Total Australian Dollars Borrowings</b>	<b>213,432</b>	<b>229,249</b>
<b>Total Non-Current Borrowings</b>	<b>213,432</b>	<b>229,249</b>
<b>Total Borrowings</b>	<b>221,886</b>	<b>235,844</b>

#### (a) Maturity analysis of borrowings

Refer to Note 5.2 Payables for the ageing analysis of borrowings.

#### (b) Defaults and breaches

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



### (c) Finance Lease Liability

	Minimum Future Lease Payments		Present Value of Minimum Future Lease Payments	
	Consol'd 2018 \$'000	Consol'd 2017 \$'000	Consol'd 2018 \$'000	Consol'd 2017 \$'000
<b>Finance Leases</b>				
Repayments in relation to finance leases are payable as follows:				
Not later than one year	22,474	22,474	7,700	5,890
Later than 1 year and not later than 5 years	89,895	89,895	37,133	34,487
Later than 5 years	223,700	252,275	157,792	175,501
Minimum lease payments	336,069	364,644	202,625	215,878
Less future finance charges	(133,444)	(148,766)	-	-
<b>Total</b>	<b>202,625</b>	<b>215,878</b>	<b>202,625</b>	<b>215,878</b>
<b>Included in the Financial Statements as:</b>				
Current Borrowings Finance Lease Liability	-	-	7,700	5,890
Non-Current Borrowings Finance Lease Liability	-	-	194,925	209,988
<b>Total</b>	<b>-</b>	<b>-</b>	<b>202,625</b>	<b>215,878</b>
Contingent Rental Commitments	<b>88,212</b>	<b>91,441</b>	<b>47,317</b>	<b>46,850</b>

Information provided by the Department of Health and Human Services in 2017/18 to align the finance lease liability to the Treasury Corporation Victoria payment schedule, resulted in a \$6.1m adjustment to interest expense (Note 3.3) and borrowings recognised in the current year.

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

The weighted average interest rate implicit in the finance lease is 7.67% (2017: 7.67%).

The value of the contingent rental recognised as an expense in the operating statement for the period 2018 is \$3.23m (2017: \$3.24m).

## NOTE 6: HOW WE FINANCE OUR OPERATIONS

### Note 6.1: Borrowings (Continued)

A lease is a right to use an asset for an agreed period of time in exchange for payment. Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership.

Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases, in the manner described in Note 6.3 Commitments.

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#### Finance Leases

##### Entity as lessee

Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease assets under the PPP arrangement are accounted for as a non-financial physical asset and is depreciated over the term of the lease plus five years. Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the Comprehensive Operating Statement. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

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

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

The Australian Bureau of Statistics have re-based their published Consumer Price Index (CPI) back to 100 for the 2011/12 financial year. This has led to the publication of a new adjusted historical CPI series which has been applied to the monthly finance lease payments since November 2012 at 81.56.

The finance lease schedule is broken into three components which reflect the consortium's financing arrangements. One component (fixed bond debt service) is not indexed 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.

#### 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.

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#### Borrowings

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

## Note 6.2: Cash and Cash Equivalents

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
Cash on Hand	10	10
Cash at Bank	3,211	3,152
Deposits at Call	11,486	3,613
Short Term Money Market	1,500	-
<b>Total Cash and Cash Equivalents</b>	<b>16,207</b>	<b>6,775</b>
<b>Represented by:</b>		
Cash as per Cash Flow Statement <sup>i</sup>	16,207	6,775
<b>Total Cash and Cash Equivalents</b>	<b>16,207</b>	<b>6,775</b>

<sup>i</sup> Cash and cash equivalents include salary packaging.

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

## NOTE 6: HOW WE FINANCE OUR OPERATIONS (CONTINUED)

### Note 6.3: Commitments

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
<b>Commitments Payable</b>		
<b>Capital Expenditure Commitments</b>		
Not later than 1 year	6,609	553
Later than 1 year but not later than 5 years	8,592	-
<b>Total Capital Expenditure Commitments</b>	<b>15,201</b>	<b>553</b>
<b>Operating Commitments</b>		
Not later than 1 year	1,005	266
Later than 1 year but not later than 5 years	265	-
<b>Total Operating Commitments</b>	<b>1,270</b>	<b>266</b>
<b>Lease Commitments</b>		
Operating Leases		
<i>Cancellable</i>		
Not later than 1 year	971	1,173
Later than 1 year but not later than 5 year	575	702
<b>Total Lease Commitments</b>	<b>1,546</b>	<b>1,875</b>
<b>Commissioned Public Private Partnership Commitments<sup>i iii</sup></b>		
Not later than 1 year	15,614	15,738
Later than 1 year but not later than 5 years	75,857	73,794
Later than 5 years	228,053	245,729
<b>Total Public Private Partnership Commitments</b>	<b>319,524</b>	<b>335,261</b>
<b>Total Commitments (inclusive of GST)</b>	<b>337,541</b>	<b>337,955</b>
Less GST recoverable from the Australian Tax Office	(1,638)	(245)
<b>Total Commitments (exclusive of GST)</b>	<b>335,903</b>	<b>337,710</b>

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

<sup>ii</sup> Certain numbers above do not correspond to the 2017 audited financial statements and have been updated to reflect the schedule provided by Treasury Corporation Victoria.

	Minimum Future Lease Payments		Present Value of Minimum Future Lease Payments	
	Consol'd 2018 \$'000	Consol'd 2017 \$'000	Consol'd 2018 \$'000	Consol'd 2017 \$'000
<b><sup>iii</sup> Commissioned Public Private Partnership Commitments</b>				
<i>Operation and maintenance commitments</i>				
Not later than 1 year	15,614	15,738	14,965	15,100
Later than 1 year and not later than 5 years	75,857	73,794	60,115	57,962
Later than 5 years	228,053	245,729	107,080	110,490
<b>Total Commitments Public Private Partnership</b>	<b>319,524</b>	<b>335,261</b>	<b>182,160</b>	<b>183,552</b>

## Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the Balance Sheet.

## Operating Leases

Operating lease payments, including any contingent rentals, are recognised as an expense in the Comprehensive Operating Statement on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased assets are not recognised in the Balance Sheet.

## Public Private Partnership Commitments

### Service Concession Arrangements

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

The State of Victoria is obliged to fund Monthly Service Payments due under the Project Agreement for the life of that Agreement, a period of up to 25 years, subject to specified performance criteria being met. The Royal Women's Hospital expects that it will continue to operate and control the hospital at the expiry of the lease. The building has been componentised into 4 major asset classes, of which their estimated useful lives are between 19 to 54 years.

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

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
<b>Lease Receivable Commitments</b>		
Not later than 1 year	3,756	2,299
Later than 1 year and not later than 5 years	12,821	543
Later than 5 years	56,720	-
<b>Minimum Lease Receivable</b>	<b>73,297</b>	<b>2,842</b>
Contingent Rental	301	-
<b>Total Receivable Commitments (inclusive of GST)</b>	<b>73,598</b>	<b>2,842</b>
Less GST payable to the Australian Tax Office	(6,691)	(258)
<b>Total Receivable Commitments (exclusive of GST)</b>	<b>66,907</b>	<b>2,584</b>

During 2018, a number of commercial operating leases were entered into for periods up to twenty years.

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

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

In the event that lease incentives are given to the lessee, the aggregate cost of incentives is recognised as a reduction of rental income over the lease term, on a straight-line basis unless another systematic basis is more appropriate of the time pattern over which the economic benefit of the leased asset is diminished.

## NOTE 7: RISKS, CONTINGENCIES AND VALUATION UNCERTAINTIES

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

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## Note 7.1: Financial Instruments

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

### (a) Financial Instruments: Categorisation

	Contractual Financial Assets - Loans and Receivables \$'000	Contractual Financial Assets - Available- for-Sale \$'000	Contractual Financial Liabilities at Amortised Cost \$'000	Total \$'000
<b>Consolidated 2018</b>				
<b>Contractual Financial Assets</b>				
Cash and Cash Equivalents	16,207	-	-	16,207
<i>Receivables</i>				
Trade Debtors	3,357	-	-	3,357
Other Receivables	3,385	-	-	3,385
<i>Investments and Other Financial Assets</i>				
Term Deposits	950	-	-	950
Managed Investment Schemes	-	16,857	-	16,857
<b>Total Financial Assets<sup>i</sup></b>	<b>23,899</b>	<b>16,857</b>	<b>-</b>	<b>40,756</b>
<b>Financial Liabilities</b>				
Payables	-	-	11,091	11,091
Borrowings	-	-	221,886	221,886
<b>Total Financial Liabilities<sup>i</sup></b>	<b>-</b>	<b>-</b>	<b>232,977</b>	<b>232,977</b>
<b>Consolidated 2017</b>				
<b>Contractual Financial Assets</b>				
Cash and Cash Equivalents	6,775	-	-	6,775
<i>Receivables</i>				
Trade Debtors	6,146	-	-	6,146
Other Receivables	2,190	-	-	2,190
<i>Investments and Other Financial Assets</i>				
Term Deposits	300	-	-	300
Managed Investment Schemes	-	15,804	-	15,804
<b>Total Financial Assets<sup>i</sup></b>	<b>15,411</b>	<b>15,804</b>	<b>-</b>	<b>31,215</b>
<b>Financial Liabilities</b>				
Payables	-	-	13,727	13,727
Borrowings	-	-	235,844	235,844
<b>Total Financial Liabilities<sup>i</sup></b>	<b>-</b>	<b>-</b>	<b>249,571</b>	<b>249,571</b>

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

## NOTE 7: RISKS, CONTINGENCIES AND VALUATION UNCERTAINTIES

### Note 7.1: Financial Instruments (Continued)

#### (b) Net Holding Gain/(Loss) on Financial Instruments by Category

	Net Holding Gain/(Loss) \$'000	Total Interest Income/ (Expense) & Dividend Income \$'000	Fee Income / (Expense) \$'000	Impairment Loss \$'000	Total \$'000
<b>Consolidated 2018</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents <sup>i</sup>	-	213	-	-	213
Financial Assets - Loans and Receivables <sup>i</sup>	-	21	-	-	21
Financial Assets - Available-for-Sale <sup>i</sup>	494	638	(25)	(58)	1,049
<b>Total Financial Assets</b>	<b>494</b>	<b>872</b>	<b>(25)</b>	<b>(58)</b>	<b>1,283</b>
<b>Financial Liabilities</b>					
Financial Liabilities at Amortised Cost <sup>ii</sup>	-	(13,760)	-	-	(13,760)
<b>Total Financial Liabilities</b>	<b>-</b>	<b>(13,760)</b>	<b>-</b>	<b>-</b>	<b>(13,760)</b>
<b>Consolidated 2017</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents <sup>i</sup>	-	197	-	-	197
Financial Assets - Loans and Receivables <sup>i</sup>	-	6	-	-	6
Financial Assets - Available-for-Sale <sup>i</sup>	515	582	(32)	(11)	1,054
<b>Total Financial Assets</b>	<b>515</b>	<b>785</b>	<b>(32)</b>	<b>(11)</b>	<b>1,257</b>
<b>Financial Liabilities</b>					
Financial Liabilities at Amortised Cost <sup>ii</sup>	-	(20,975)	-	-	(20,975)
<b>Total Financial Liabilities</b>	<b>-</b>	<b>(20,975)</b>	<b>-</b>	<b>-</b>	<b>(20,975)</b>

<sup>i</sup> 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.

<sup>ii</sup> For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense measured at amortised cost.



## Categories of Financial Instruments

### Loans and Receivables and Cash

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

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

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

### Available-for-Sale Financial Assets

Available-for-sale financial instrument assets are those designated as available-for-sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair value. Subsequent to initial recognition, they are measured at fair value with gains and losses arising from changes in fair value, recognised in 'Other Economic Flows – Other Comprehensive Income' until the investment is disposed. Movements resulting from impairment are recognised in the Net Result as Other Economic Flows. On disposal, the cumulative gain or loss previously recognised in 'Other Economic Flows – Other Comprehensive Income' is transferred to Other Economic Flows in the Net Result.

### Financial Liabilities at Amortised Cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the Comprehensive Operating Statement over the period of the interest-bearing liability.

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

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

## Derecognition of Financial Assets

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

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

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

## Impairment of Financial Assets

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

## Derecognition of Financial Liabilities

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

## NOTE 7: RISKS, CONTINGENCIES AND VALUATION UNCERTAINTIES

### Note 7.2: Contingent Assets and Contingent Liabilities

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

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
<b>Contingent Liabilities</b>		
<b>Quantifiable</b>		
Contribution to Parkville facility	11,820	11,820
<b>Total Quantifiable Contingent Liabilities</b>	<b>11,820</b>	<b>11,820</b>

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

#### Contribution to Parkville facility

During the year ended 30 June 2008, the Royal Women's Hospital relocated to a new facility. Construction and fit out of the new Royal Women's Hospital was funded as a Public Private Partnership under a Project Agreement between the State of Victoria and Royal Women's Health Partnership Pty Ltd. The hospital has recognised the Leased Assets (refer to Note 4.2) and associated Borrowings (refer to Note 6.1). The State of Victoria has an expectation that the Royal Women's Hospital will contribute \$61.40m (in cash or in kind) from the disposal of properties at the Carlton site to the cost of constructing the Parkville facility. Settlement of the contingent liability is dependent upon the timing and manner of the disposal of certain properties at the Carlton site.

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

There were no contingent assets for the Royal Women's Hospital or its Controlled Entities as at 30 June 2018 (2017: Nil).

## NOTE 8: OTHER DISCLOSURES

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

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## NOTE 8: OTHER DISCLOSURES

### Note 8.1: Equity

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
<b>(a) Surpluses</b>		
<b>Property, Plant and Equipment Revaluation Surplus</b>		
Balance at the beginning of the reporting period	161,822	145,144
Revaluation Increment (refer Note 4.2b)		
Land	35,927	16,678
Buildings	1,213	-
Leased Building	24,045	-
	<b>61,185</b>	<b>16,678</b>
<b>Balance at the end of the reporting period*</b>	<b>223,007</b>	<b>161,822</b>
<b>* Represented by:</b>		
Land	124,242	88,315
Buildings	8,085	6,872
Leased Building	90,502	66,457
Cultural Assets	178	178
	<b>223,007</b>	<b>161,822</b>
<b>Financial Assets Available-for-Sale Revaluation Surplus <sup>i</sup></b>		
Balance at the beginning of the reporting period	997	578
Cumulative (gain)/loss transferred to Comprehensive Operating Statement on sale of Financial Assets	(46)	(53)
Cumulative loss transferred to Comprehensive Operating Statement on impairment of Financial Assets	58	11
	<b>12</b>	<b>(42)</b>
Valuation gain/(loss) recognised	447	461
	<b>459</b>	<b>419</b>
<b>Balance at the end of the reporting period</b>	<b>1,456</b>	<b>997</b>
<b>Restricted Specific Purpose Surplus</b>		
Balance at the beginning of the reporting period	9,413	8,718
Transfer from/(to) Accumulated Surplus/Deficit	(819)	695
<b>Balance at the end of the reporting period</b>	<b>8,594</b>	<b>9,413</b>
<b>Total Surpluses</b>	<b>233,057</b>	<b>172,232</b>

<sup>i</sup> The Financial Assets Available-for-Sale Revaluation Surplus arises on the revaluation of Available-For-Sale Financial Assets. Where a revalued financial asset is sold, that portion of the reserve which relates to the financial asset is effectively realised and is recognised in the Comprehensive Operating Statement. Where a revalued financial asset is impaired, that portion of the reserve which relates to that financial asset is recognised in the Comprehensive Operating Statement.

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
<b>(b) Contributed Capital</b>		
Balance at the beginning of the reporting period	67,423	67,423
<b>Balance at the end of the reporting period</b>	<b>67,423</b>	<b>67,423</b>
<b>(c) Accumulated Deficits</b>		
Balance at the beginning of the reporting period	(93,709)	(84,154)
Net Result for the Year	14,110	(8,860)
Transfers from/(to) Restricted Specific Purpose Surplus	819	(695)
<b>Balance at the end of the reporting period</b>	<b>(78,780)</b>	<b>(93,709)</b>
<b>(d) Total Equity at End of Year</b>		
	<b>221,700</b>	<b>145,946</b>

### Contributed Capital

Consistent with Australian Accounting Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* and FRD 119A *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.

Transfers of net assets arising from administrative restructurings are treated as contributions by owners. Transfers of net liabilities arising from administrative restructures are to go through the Comprehensive Operating Statement.

### Property, Plant and Equipment Revaluation Surplus

The Asset Revaluation Surplus is used to record increments and decrements on the revaluation of non-current physical assets.

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

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

### 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.

## NOTE 8: OTHER DISCLOSURES (CONTINUED)

### Note 8.2: Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
<b>Net Result for the Year</b>	14,110	(8,860)
<b>Non-Cash Movements:</b>		
Depreciation	14,528	14,470
Amortisation of Intangible Non-Produced Assets	979	980
Impairment of Financial Assets	58	11
Net movement in Finance Lease <sup>i</sup>	(13,253)	(5,341)
Provision for Doubtful Debts	34	70
Income from Managed Funds Reinvested	(569)	(526)
Management Fees for Managed Investments	25	27
Bequest received in the form of Shares	-	(30)
Assets Received Free of Charge	-	(38)
Assets Provided Free of Charge	-	61
Resources Received Free of Charge	(39)	-
Resources Provided Free of Charge	39	-
<b>Movements included in Investing and Financing Activities:</b>		
Net (Gain)/Loss from Disposal of Non-Financial Physical Assets	36	1
Net (Gain)/Loss from Disposal of Financial Assets	(46)	(53)
<b>Movements in Assets and Liabilities:</b>		
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	(1,432)	(3,110)
(Increase)/Decrease in Prepayments	(463)	596
Increase/(Decrease) in Payables	(5,076)	(1,538)
Increase/(Decrease) in Provisions	6,557	1,624
(Increase)/Decrease in Inventories	13	5
<b>Net Cash Flow From Operating Activities</b>	<b>15,501</b>	<b>(1,651)</b>

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

## Note 8.3: Responsible Persons

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>	
The Honourable Jill Hennessy, Minister for Health and Minister for Ambulance Services	01/07/2017 - 30/06/2018
The Honourable Martin Foley, Minister for Mental Health, Minister for Housing, Disability and Ageing, Minister for Creative Industries, Minister for Equality	01/07/2017 - 30/06/2018
<b>Governing Boards</b>	
Ms Lyn Swinburne AM (Chair of the Board)	01/07/2017 - 30/06/2018
Ms Felicity Pantelidis (Deputy Chair) (Appointment Concluded June 2018)	01/07/2017 - 30/06/2018
Ms Christina Liosis	01/07/2017 - 30/06/2018
Dr Nicolas Radford AM	01/07/2017 - 30/06/2018
Mr Michael O'Neill	01/07/2017 - 30/06/2018
Professor David Copolov AO	01/07/2017 - 30/06/2018
Ms Helga Svendsen	01/07/2017 - 30/06/2018
Ms Cath Bowtell	01/07/2017 - 30/06/2018
Ms Mandy Frostick	01/07/2017 - 30/06/2018
Ms Patricia Malowney OAM (Appointed 19 September 2017), (Appointment Concluded June 2018)	19/09/2017 - 30/06/2018
<b>Accountable Officers</b>	
Dr Sue Matthews (Chief Executive Officer)	01/07/2017 - 30/06/2018

### Remuneration of Responsible Persons

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

Income Band	Parent	
	2018 No.	2017 No.
\$10,000 - \$19,999	1	1
\$20,000 - \$29,999	8	8
\$50,000 - \$59,999	1	1
\$470,000 - \$479,999	-	1
\$520,000 - \$529,999	1	-
<b>Total</b>	<b>11</b>	<b>11</b>
<b>Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:</b>	<b>\$795,826</b>	<b>\$735,114</b>

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

Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report as disclosed in Note 8.5 Related Parties.

## NOTE 8: OTHER DISCLOSURES (CONTINUED)

### Note 8.4: Remuneration of Executives

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

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

#### Short-term Employee Benefits

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

#### Post-employment Benefits

Pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

#### Other Long-term Benefits

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

#### Termination Benefits

Termination of employment payments, such as severance packages.

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

	Parent	
	Total Remuneration	
<b>Remuneration of Executive Officers (including Key Management Personnel Disclosed in Note 8.5)</b>	<b>2018 \$</b>	<b>2017 \$</b>
Short-term Benefits	2,036,223	1,872,765
Post-employment Benefits	185,710	170,431
Other Long-term Benefits	27,079	34,848
Termination Benefits	10,860	-
<b>Total Remuneration <sup>i</sup></b>	<b>2,259,872</b>	<b>2,078,044</b>
Total Number of Executives	9	8
Total Annualised Employee Equivalent <sup>ii</sup>	8.0	7.3

<sup>i</sup> The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the Royal Women's Hospital under AASB 124 *Related Party Disclosures* and are also reported within Note 8.5 *Relates Parties*.

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



## Note 8.5: Related Parties

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

- All key management personnel (KMP) and their close family members;
- Cabinet ministers (where applicable) and their close family members;
- Controlled Entities - The Royal Women's Hospital Foundation Limited and The Royal Women's Hospital Foundation Trust Fund;
- Jointly Controlled Operation - A member of the Victorian Comprehensive Cancer Centre Joint Venture; and
- All hospitals and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

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

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

Entity	KMPs	Position Title
The Royal Women's Hospital	Ms Lyn Swinburne AM	Chair of the Board
The Royal Women's Hospital	Ms Felicity Pantelidis (Appointment Concluded June 2018)	Board Member
The Royal Women's Hospital	Ms Christina Liosis	Board Member
The Royal Women's Hospital	Dr Nicolas Radford AM	Board Member
The Royal Women's Hospital	Mr Michael O'Neill	Board Member
The Royal Women's Hospital	Professor David Copolov AO	Board Member
The Royal Women's Hospital	Ms Helga Svendsen	Board Member
The Royal Women's Hospital	Ms Cath Bowtell	Board Member
The Royal Women's Hospital	Ms Mandy Frostick	Board Member
The Royal Women's Hospital	Ms Patricia Malowney OAM (Appointment Concluded June 2018)	Board Member
The Royal Women's Hospital	Ms Debbie Goodin	Board Advisor
The Royal Women's Hospital	Ms Christine Wigg	Board Advisor
The Royal Women's Hospital	Dr Sue Matthews	Chief Executive Officer
The Royal Women's Hospital	Mr Zak Gruevski	Executive Director Finance & Corporate Services
The Royal Women's Hospital	Ms Lisa Dunlop (Resigned June 2018)	Executive Director Clinical Operations
The Royal Women's Hospital	Mr Damian Gibney (Appointed May 2018)	Acting Executive Director Clinical Operations
The Royal Women's Hospital	Ms Tanya Farrell	Executive Director Nursing & Midwifery
The Royal Women's Hospital	Ms Allison Kenwood	Executive Director Strategy & Planning
The Royal Women's Hospital	Mr George Cozaris	Executive Director Information Management & Technology
The Royal Women's Hospital	Dr Mark Garwood	Chief Medical Officer
The Royal Women's Hospital	Ms Tania Angelini	Chief Communications Officer
The Royal Women's Hospital	Ms Sherri Huckstep	Chief Experience Officer

## NOTE 8: OTHER DISCLOSURES

### Note 8.5: Related Parties (Continued)

Entity	KMPs	Position Title
The Royal Women's Hospital Foundation	Ms Sue Zablud (Appointment Concluded October 2017)	Chair of the Board
The Royal Women's Hospital Foundation	Ms Lynda Jane Trembath (Appointed October 2017)	Chair of the Board
The Royal Women's Hospital Foundation	Ms Lynda Jane Trembath (July to September 2017)	Board Member
The Royal Women's Hospital Foundation	Ms Elaine Canty AM	Board Member
The Royal Women's Hospital Foundation	Associate Professor John McBain AO	Board Member
The Royal Women's Hospital Foundation	Ms Brigid Robertson	Board Member
The Royal Women's Hospital Foundation	Associate Professor Leslie Reti AM	Board Member
The Royal Women's Hospital Foundation	Ms Lyn Swinburne AM	Board Member
The Royal Women's Hospital Foundation	Ms Gaya Raghavan Byrne	Board Member
The Royal Women's Hospital Foundation	Ms Elisa Robinson (Appointed April 2018)	Board Member
The Royal Women's Hospital Foundation	Associate Professor Orla McNally (Appointed April 2018)	Board Member
The Royal Women's Hospital Foundation	Ms Cassy Liberman (Appointed May 2018)	Board Member
The Royal Women's Hospital Foundation	Ms Jan Chisholm	Chief Executive Officer

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

	Consol'd 2018 \$	Consol'd 2017 \$
<b>Compensation - KMPs</b>		
Short-term Employee Benefits <sup>i</sup>	3,002,548	2,771,837
Post-employment Benefits	246,879	229,747
Other Long-term Benefits	27,079	34,848
Termination Benefits	10,860	-
<b>Total <sup>ii</sup></b>	<b>3,287,366</b>	<b>3,036,432</b>

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

<sup>ii</sup> KMPs are also reported in Note 8.3 Responsible Persons or Note 8.4 Remuneration of Executives.

## Significant Transactions with Government Related Entities

The Royal Women's Hospital received funding from the Department of Health and Human Services of \$255m (2017: \$241m) and indirect contributions of \$1m (2017: \$1m).

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

Professional medical indemnity insurance and other insurance products are obtained from a Victorian Public Financial Corporation.

Treasury Risk Management Directions require the Royal Women's Hospital to hold cash (in excess of working capital) and investments, and source all borrowings from Victorian Public Financial Corporations.

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## Transactions with KMPs and Other Related Parties

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

Outside of normal citizen type transactions with the Department of Health and Human Services, all other related party transactions that involved KMPs and their close family members have been entered into on an arm's length basis. Transactions are disclosed when they are considered material to the users of the financial report in making and evaluation decisions about the allocation of scarce resources.

There were no related party transactions with Cabinet Ministers required to be disclosed in 2018.

There were no related party transactions required to be disclosed for the Royal Women's Hospital Board of Directors and Executive Directors in 2018.

Except for the transaction listed below, there were no other related party transactions required to be disclosed for the Royal Women's Hospital Foundation Board of Directors in 2018.

During the year Associate Professor John Mc Bain AO on behalf of himself and Dr Penelope Foster generously donated \$130,000 to the Royal Women's Hospital Foundation Trust Fund to be used to fund the Royal Women's Hospital Joint Chair of Family Violence Prevention and other purposes to benefit women in Victoria.

## NOTE 8: OTHER DISCLOSURES

### Note 8.5: Related Parties (Continued)

#### Controlled Entities Related Party Transactions

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

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

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

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

Associate Professor John McBain AO heads the Reproductive Services Department at the Royal Women's Hospital and is also a Director of the Royal Women's Hospital Foundation.

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

	2018 \$'000	2017 \$'000
Distribution of funds by the Royal Women's Hospital Foundation	2,122	782
Intercompany receivable at 30 June	64	117

#### Jointly Controlled Operations Related Party Transactions

The CEO of the Royal Women's Hospital is a Director of the Victorian Comprehensive Cancer Centre during the 2018 financial year.

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

	2018 \$'000	2017 \$'000
Payments by the Royal Women's Hospital for membership fees	147	145

## Note 8.6: Remuneration of Auditors

	2018 \$'000	2017 \$'000
<b>Victorian Auditor-General's Office</b>		
Audit and Review of Financial Statements		
<b>Parent</b>		
The Royal Women's Hospital	81	79
<b>Controlled Entities</b>		
The Royal Women's Hospital Foundation Trust Fund	4	4
The Royal Women's Hospital Foundation Limited	2	2
<b>Total Remuneration of Auditors</b>	<b>87</b>	<b>85</b>

## Note 8.7: AASBs Issued that are not yet Effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2018 reporting period. Department of Treasury and Finance assesses the impact of all these new standards and advises the Royal Women's Hospital of their applicability and early adoption where applicable.

As at 30 June 2018, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. The Royal Women's Hospital has not and does not intend to adopt these standards early.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on the Royal Women's Hospital Financial Statements
AASB 9 <i>Financial Instruments</i>	The key changes include simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. The initial application of AASB 9 is not expected to significantly impact the financial position, however there will be a change to the way financial instruments are classified and new disclosure requirements.
AASB 2014-1 <i>Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018, and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.

## NOTE 8: OTHER DISCLOSURES

### Note 8.7: AASBs Issued that are not yet Effective (Continued)

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on the Royal Women's Hospital Financial Statements
AASB 2014-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i>	Amends various AASBs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 Jan 2018	The assessment has indicated that there will be no significant impact for the Royal Women's Hospital.
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015-8 <i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i> has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	1 Jan 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.
AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i>	Amends the measurement of trade receivables and the recognition of dividends as follow:  Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at initial recognition.  Dividends are recognised in the profit and loss only when: <ul style="list-style-type: none"> <li>the entity's right to receive payment of the dividend is established;</li> <li>it is probable that the economic benefits associated with the dividend will flow to the entity; and</li> <li>the amount can be measured reliably.</li> </ul>	1 Jan 2018, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	The assessment has indicated that there will be no significant impact for the Royal Women's Hospital.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on the Royal Women's Hospital Financial Statements
AASB 2016-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>	<p>This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require:</p> <ul style="list-style-type: none"> <li>• A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation;</li> <li>• For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and</li> <li>• For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).</li> </ul>	1 Jan 2018	The assessment has indicated that there will be no significant impact for the Royal Women's Hospital, other than the impact identified for AASB 15 above.
AASB 2016-7 <i>Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities</i>	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1 Jan 2019	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.

## NOTE 8: OTHER DISCLOSURES

### Note 8.7: AASBs Issued that are not yet Effective (Continued)

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on the Royal Women's Hospital Financial Statements
<p>AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i></p>	<p>AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15.</p> <p>This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.</p>	<p>1 Jan 2019</p>	<p>This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include:</p> <p>AASB 9</p> <ul style="list-style-type: none"> <li>• Statutory receivables are recognised and measured similarly to financial assets.</li> </ul> <p>AASB 15</p> <ul style="list-style-type: none"> <li>• The 'customer' does not need to be the recipient of goods and/or services;</li> <li>• The 'contract' could include an arrangement entered into under the direction of another party;</li> <li>• Contracts are enforceable if they are enforceable by legal or 'equivalent means';</li> <li>• Contracts do not have to have commercial substance, only economic substance; and</li> <li>• Performance obligations need to be 'sufficiently specific' to be able to apply AASB 15 to these transactions.</li> </ul>
<p>AASB 16 <i>Leases</i></p>	<p>The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.</p>	<p>1 Jan 2019</p>	<p>The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability.</p> <p>In the Comprehensive Operating Statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge.</p> <p>There will be no change for lessors as the classification of operating and finance leases remains unchanged.</p>



Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on the Royal Women's Hospital Financial Statements
AASB 1058 <i>Income of Not-for-Profit Entities</i>	<p>AASB 1058 standard will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 <i>Contributions</i>.</p> <p>The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context.</p> <p>AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.</p>	1 Jan 2019	<p>The current revenue recognition for grants is to recognise revenue up front upon receipt of the funds.</p> <p>This may change under AASB 1058, as capital grants for the construction of assets will need to be deferred. Income will be recognised over time, upon completion and satisfaction of performance obligations for assets being constructed, or income will be recognised at a point in time for acquisition of assets.</p> <p>The revenue recognition for operating grants will need to be analysed to establish whether the requirements under other applicable standards need to be considered for recognition of liabilities (which will have the effect of deferring the income associated with these grants). Only after that analysis would it be possible to conclude whether there are any changes to operating grants.</p> <p>The impact on current revenue recognition of the changes is the phasing and timing of revenue recorded in the Comprehensive Operating Statement.</p>

The following accounting pronouncements are also issued but not effective for the 2017-18 reporting period. At this stage, the preliminary assessment suggests they may have insignificant impacts on public sector reporting.

- AASB 2018-1 *Amendments to Australian Accounting Standards – Annual Improvements 2015 – 2017 Cycle*

## NOTE 8: OTHER DISCLOSURES (CONTINUED)

### Note 8.8: Events Occurring after the Balance Sheet Date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Royal Women's Hospital and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period.

Adjustments are made to amounts recognised in the financial statements for events which occur between the end of the reporting period and the date when the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

There are no events occurring after the Balance Sheet Date.

### Note 8.9: Controlled Entities

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

#### CONTROLLED ENTITIES CONTRIBUTION TO THE CONSOLIDATED RESULTS

NET RESULT FOR THE YEAR	2018 \$'000	2017 \$'000
The Royal Women's Hospital Foundation Trust Fund	2,186	959
The Royal Women's Hospital Foundation Limited	-	-

## Note 8.10: Jointly Controlled Operations

Name of Entity	Principal Activity	Ownership Interest	
		2018 %	2017 %
Victorian Comprehensive Cancer Centre Limited	The Member Entities have committed to the establishment of a world leading comprehensive cancer centre in Parkville, Victoria, through the Joint Venture, with a view to saving lives through the integration of cancer research, education and training and patient care.	10.0%	10.0%

The Royal Women's Hospital interest in the above jointly controlled operations are detailed below.

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

	2018 \$'000 <sup>i</sup>	2017 \$'000 <sup>i</sup>
<b>Current Assets</b>		
Cash and Cash Equivalents	636	266
Receivables	8	3
Investments and Other Financial Assets	900	200
Prepayments	101	3
<b>Total Current Assets</b>	<b>1,645</b>	<b>472</b>
<b>Non-Current Assets</b>		
Investments and Other Financial Assets	51	101
Property, Plant and Equipment	11	3
Intangible Assets	7	-
<b>Total Non-Current Assets</b>	<b>69</b>	<b>104</b>
<b>TOTAL ASSETS</b>	<b>1,714</b>	<b>576</b>
<b>Current Liabilities</b>		
Payables	26	15
Accrued Expenses	18	10
Provisions	11	8
<b>Total Current Liabilities</b>	<b>55</b>	<b>33</b>
<b>Non-Current Liabilities</b>		
Provisions	10	7
<b>Total Non-Current Liabilities</b>	<b>10</b>	<b>7</b>
<b>TOTAL LIABILITIES</b>	<b>65</b>	<b>40</b>
<b>NET ASSETS</b>	<b>1,649</b>	<b>536</b>
<b>Equity</b>		
Accumulated Surpluses/(Deficits)	1,649	536
<b>TOTAL EQUITY</b>	<b>1,649</b>	<b>536</b>

## NOTE 8: OTHER DISCLOSURES

### Note 8.10: Jointly Controlled Operations (Continued)

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

	2018 \$'000 <sup>i</sup>	2017 \$'000 <sup>i</sup>
<b>Revenue</b>		
Grants	1,544	657
Other Income	13	22
Interest Income	21	9
<b>Total Revenue</b>	<b>1,578</b>	<b>688</b>
<b>Expenses</b>		
Employee Benefits	242	142
Other Expenses from Continuing Operations	221	177
Depreciation	2	1
<b>Total Expenses</b>	<b>465</b>	<b>320</b>
<b>NET RESULT</b>	<b>1,113</b>	<b>368</b>

<sup>i</sup> Figures obtained from the unaudited Victorian Comprehensive Cancer Centre Joint Venture annual report.

#### Contingent Liabilities and Capital Commitments

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

Operating commitments of \$0.3m in 2018 have been disclosed under Note 6.3 Commitments.

#### Note 8.11: Financial Dependency

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

## Note 8.12: Alternative Presentation of Comprehensive Operating Statement

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
Interest	733	690
Dividends and Income Tax Equivalent and Rate Equivalent Revenue	140	96
Fair Value of Assets and Services Received Free of Charge or For Nominal Consideration	39	38
Sales of Goods and Services	30,843	34,787
Grants	257,842	242,719
Other Current Revenue	21,964	10,821
<b>Total Revenue</b>	<b>311,561</b>	<b>289,151</b>
Employee Expenses	(183,438)	(172,458)
Fair Value of Assets and Services Provided Free of Charge or For Nominal Consideration	(39)	(61)
Depreciation	(14,528)	(14,470)
Interest Expense	(10,531)	(20,975)
Other Operating Expenses	(87,684)	(90,096)
<b>Total Expenses</b>	<b>(296,220)</b>	<b>(298,060)</b>
<b>Net Result from Transactions - Net Operating Balance</b>	<b>15,341</b>	<b>(8,909)</b>
Net Gain/(Loss) on Sale of Non-Financial Assets	(36)	(1)
Net Gain/(Loss) on Financial Instruments at Fair Value	(12)	42
Other Gain/(Loss) from Other Economic Flows	(1,183)	8
<b>Total Other Economic Flows Included in Net Result</b>	<b>(1,231)</b>	<b>49</b>
<b>NET RESULT FOR THE YEAR</b>	<b>14,110</b>	<b>(8,860)</b>
<b>Items that will not be reclassified to Net Result</b>		
Changes in Property, Plant and Equipment Revaluation Surplus	61,185	16,678
<b>Items that may be reclassified subsequently to Net Result</b>		
Changes to Financial Assets Available-For-Sale Revaluation Surplus	447	461
<b>COMPREHENSIVE RESULT FOR THE YEAR</b>	<b>75,742</b>	<b>8,279</b>

This alternative presentation reflects the format required for reporting to the Department of Treasury and Finance, which differs to the disclosures of certain transactions, in particular revenue and expenses, in the hospital's annual report.



## Acknowledgements

The Royal Women's Hospital acknowledges and pays respect to the Kulin Nations, the traditional owners of the country on which our sites at Parkville and Sandringham stand.



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