



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

MOVING FORWARD >

ANNUAL REPORT 2007/08

CONTENTS

- 1 > Our Vision, Our Mission
- 2 > Chair's Report
- 5 > Chief Executive's Report
- 8 > Board of Directors
- 10 > Governance and Compliance
- 17 > 2007/08 Financial Report



(L-R) Royal Women's Hospital Chair, Rhonda Galbally and Chief Executive Dale Fisher, with the Premier of Victoria, John Brumby, Minister for Health, Daniel Andrews and Minister for Women's Affairs, Maxine Morand, at the official opening of the new Royal Women's Hospital in Parkville in June 2008.

13 October 2008

The Hon, Daniel Andrews MP
Minister for Health

Dear Minister

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 2008.

Rhonda Galbally, AO
Chair
The Royal Women's Hospital

OUR VISION, OUR MISSION

OUR VISION, OUR MISSION

THE ROYAL WOMEN'S HOSPITAL
ANNUAL REPORT 2008

OUR VISION

To be the leading provider of health care that improves the health and wellbeing of women and newborn babies.

OUR MISSION

Our mission is to provide quality health services that meet the needs of women and newborn babies; especially those requiring specialist care.

These services are informed by research and are provided within an environment of innovation and advocacy. The contributions of our employees, consumers, diverse communities and other agencies that share our goals are fundamental to our success.

Our resources are committed to health services that are ethically, socially and financially responsible.

The care provided to women by the Women's and the design of our services focus on:

- > service wide commitment to quality and safety in patient care;
- > a social model of health, recognising the contribution of women's social, economic, cultural and environmental situation to their physical and psychological health;
- > control of decision-making by women in partnership with hospital staff. This encompasses all aspects of treatment and care and is centred on information exchange, a supportive physical and cultural environment, a learning environment and a team culture;
- > fostering the nurturing and bonding of families with their newborn baby, both in maternity and neonatal services;
- > valuing of population diversity to meet the needs of a wide range of cultural communities;
- > relating to our communities and interacting with other health and support services to provide integrated patient care; and
- > promoting a learning culture that provides workplace education and support for medical, nursing, midwifery and allied health staff.

KEY ROLES

Within the Victorian health care system, the role of the Women's is to improve health outcomes for women and newborn babies by:

- > providing primary and secondary services to the inner west and north of Melbourne;
- > providing a range of tertiary and quaternary specialist services and multidisciplinary programs for the state, nationally and internationally;
- > providing undergraduate and postgraduate education in medical, nursing and allied health disciplines;
- > initiating and conducting research spanning the range of clinical, laboratory and public health research; and
- > providing information, health promotion, resources and advocacy for women and newborn babies' health.

STRATEGIC DIRECTIONS

The Royal Women's Hospital strategic plan 2005–2010 identifies six strategic directions including:

- > delivering improved clinical outcomes and service performance;
- > improving our consumers' experience;
- > optimising access to our health services;
- > developing our workforce;
- > building our future; and
- > strengthening our leadership, research and advocacy role.

CHAIR'S REPORT 

YEAR IN REVIEW



Welcome to our Annual Report for 2007/08, a landmark year for the Royal Women's Hospital which culminated in the opening of our wonderful, state-of-the-art facility in Parkville.

It is significant that the opening of our new hospital followed a year in which the Women's – Australia's first women's hospital – celebrated a century and a half of leadership in care for women and newborn babies.

During 2007/08, we also marked 150 years of care at our former Carlton site. Our Community Advisory Committee guided planning for events and activities to acknowledge the precious memories of our Carlton site held by many Victorian families.

A multi-faith Spiritual Farewell attended by patients, members of the community, past staff and Board members and current staff was a major highlight of the celebration program. The Farewell provided a poignant and fitting tribute to commemorate the end of an era at Carlton and herald the start of our new beginning in Parkville.

This milestone year was one of both significant challenge and outstanding achievement for our hospital with continued record demand for our services, strong results achieved against our strategic priorities and confirmation of our best ever accreditation result from the Australian Council on Healthcare Standards.

OUR NEW HOSPITAL

On 13 June 2008, the Premier of Victoria, John Brumby, cut a large ribbon to mark the official opening of the new Women's, prior to joining the Minister for Health, Daniel Andrews and Minister for Women's Affairs, Maxine Morand, on a tour of the hospital.

Since the opening, women, their family members and all who have had an opportunity to visit our new hospital have been impressed by the world-class technology and facilities and the innovative building design which provides respect for individual privacy, religious and cultural needs.

Most importantly, immediately evident is the myriad of ways in which this state-of-the-art building is already enhancing the world-class care provided by our staff:

- > our neonatal unit is designed as a spacious 'baby's first bedroom' with more room around each cot, significant noise reduction and greater privacy for family members
- > the new hospital provides easier access to theatres and critical care with theatres situated close to the birth suites and easy access to adult intensive care facilities at Royal Melbourne
- > fifty per cent of patient rooms are single bed rooms and the remainder have no more than two beds; all have access to ensuite facilities and enjoy natural light and fresh air provided by a revolutionary ventilation system.

The women of Victoria had a significant say in the State Government's decision to build a new stand-alone women's hospital. Through the leadership of our Community Advisory Committee, the design of the new building was also informed by consultation with over 1,000 women.

The community principles that evolved from the research were used to brief architects and designers throughout the project. The Community Advisory Committee also facilitated testing of the interior design with groups of consumers including a group of Arabic speaking women.

The feedback from consumers was overwhelmingly positive; women thought the colours were warm, soothing and welcoming, the colour coding for directions was helpful and the contemporary design was classic and tasteful.

OUR COMMUNITY

The Women's is differentiated from other health services through our:

- > advocacy for improvements in women's and newborn health care;
- > innovative social model of care which recognises that factors such as housing, income and stress affect women's ability to care for themselves and their families; and
- > teaching, training and research.

During 2007/08, the Women's maintained its status as an accredited Health Promoting Hospital; an initiative of the World Health Organisation.

The Women's is one of only five Victorian hospitals to be granted membership to the Health Promoting Hospitals Network.

Our Community Advisory Committee also continued to support and oversight the implementation of the Women's Community Participation Plan and Cultural Diversity Plan. Our Diversity Plan aims to build on current services and to integrate diversity competence in a systematic way across the entire hospital.

Consideration of the focus and priorities for the Diversity Plan has been enhanced by the diversity of membership of the Community Advisory Committee. Committee members provide the hospital with links into networks of young migrant and refugee women, women with disabilities, the lesbian community, women with mental illness, first and second generation migrant communities and the Muslim community.

Our Diversity Plan includes a commitment to develop a Reconciliation Plan. The Reconciliation Plan will provide the means for staff and the community to work together on the wide range of activities, such as our annual Sorry Day acknowledgement, conducted in the hospital each year.

At our Sorry Day acknowledgement in May 2008, the Board of the Royal Women's Hospital endorsed an apology by our Chief Executive, Dale Fisher, to the Stolen Generations and Aboriginal women and their families for past practices and policies of the hospital.

This year we also sought to strengthen partnerships with community-based organisations through new appointments to our Primary Care and Population Health Committee. We now have representatives from service providers in local government, community health, Melbourne and LaTrobe Universities, Gay and Lesbian Health Victoria, and the Victorian Women with a Disability Network.

OUR SUPPORTERS

This year, the opening of the Pauline Gandel Women's Imaging Centre enabled the co-location of all medical imaging equipment and services, including ultrasound and x-ray, together in a world-class, purpose-built centre within our new hospital.

The Gandel Charitable Trust supported the establishment of the centre which will provide Victorian women with improved access to advanced ultrasound and imaging technology; including introduction of the Women's first-ever Magnetic Resonance Imaging (MRI) machine.

In addition, our innovative Centre for Women's Mental Health completed the first year of its five year service plan including the implementation of an on-call service. The generous support of the Pratt Foundation has made possible the establishment of the centre; the first of its kind in Australia.

We are also fortunate that support from the Harold Mitchell Foundation enabled the hospital to commission an impressive sculpture commemorating the central role of the Women's in the lives of Victorian families. The sculpture, by renowned Melbourne artist, Michael Meszaros, is situated prominently at the front entrance of our new hospital.

A second sculpture, celebrating the 150th Anniversary of the Royal Women's Hospital, was commissioned through the generous support of Miss Betty Amsden OAM. This sculpture is located in the ground foyer of the new Women's and is dedicated to the memory of Miss Amsden's mother, Sister Amsden, who practised as a midwife.

Throughout the past century and a half, the Women's has enjoyed strong support from the community of Victoria which has enabled the hospital to purchase state-of-the-art equipment and undertake ground-breaking research. Many thousands of people contribute to the work of the Women's each year and we look forward to the continued support of our community in the year ahead.

OUR PEOPLE

A major highlight this year was confirmation of the Women's best ever accreditation result from the Australian Council on Healthcare Standards with the hospital recording 18 'Extensive Achievements' and two 'Outstanding Achievements'.

This is a key organisation-wide achievement and signifies the commitment of our highly-skilled staff to striving for excellence and continuous improvement in the care we provide women and newborn babies.

Congratulations to all of the recipients awarded prizes and medals at our 2006/07 annual general meeting. Lee Sim Lim, former Gynaecology Unit Manager, was awarded the Woodward Family Medal of Excellence and Chair's Medals were awarded to Gordon Baker and Debra Gook.

Congratulations also to the Women's and Royal Melbourne integrated breast service, lead by Professor Bruce Mann, which received the Premier's Award for 'Excellence in Improving Cancer Care' at this year's Victorian Public Healthcare Awards. This achievement recognises the critical role of the Breast Service in improving the provision of care for women with breast cancer and for facilitating the successful and cooperative integration of the two services.

ACKNOWLEDGEMENT

I acknowledge the extraordinary efforts of all of our staff at the Women's in providing exceptional care to the women and newborn babies of Victoria throughout the significant challenges of this landmark year. Our mantle as Australia's pre-eminent specialist hospital dedicated to women's health is attributable to their commitment and dedication.

On behalf of the Board, I also pay tribute to our committee members, the management team and our many tireless and dedicated volunteers for their commitment and efforts throughout the past financial year. Their work and support ensures that we continue to provide quality care to the women and newborn babies of Victoria; particularly those in greatest need.



Rhonda Galbally, AO

Chair
The Royal Women's Hospital

Attestation on Compliance with Australian/New Zealand Risk Management Standard

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



Rhonda Galbally, AO

Chair
The Royal Women's Hospital
29 September 2008

CHIEF EXECUTIVE'S REPORT >

YEAR IN REVIEW

YEAR IN REVIEW

THE ROYAL WOMEN'S HOSPITAL
ANNUAL REPORT 2008

This past year was one of significant change and challenge as well as one of great promise for the future of the Women's with the move into our new hospital in Parkville.

Throughout 2007/08, with continuing high demand for our services we successfully implemented a large number of major clinical change projects to ensure our services were better designed and delivered to meet the needs of women, newborn babies and their families as well as to optimise the use of our new facilities.

Many of these projects, including our new maternity and neonatal models of care, were several years in development and required major cultural and organisational change within the organisation.

Meticulous planning for the relocation was also a major focus of our staff and the management team throughout the year and our intensive preparation was rewarded with a smooth and successful transition.

Following over 150 years of care at our Carlton site, the move into our new world-class, purpose-built hospital in Parkville was an exciting milestone in our long and proud history as a provider of comprehensive women's health to the Victorian community.

STRATEGIC PRIORITIES

The Statement of Priorities is an annual commitment for all health services and is the key accountability framework between the hospital and the Minister for Health. We achieved all of our strategic priorities for the year including the goals identified in our annual statement of priorities namely:

- > Deliver improved clinical outcomes and service performance
- > Optimise access and consumer experiences
- > Develop our workforce
- > Build our future through the hospital redevelopment
- > Secure our future through ongoing financial viability
- > Strengthen our leadership, research and advocacy.

LEADERSHIP IN CARE

During recent years, the Women's has extended its clinical leadership through innovative service initiatives and the implementation of our comprehensive clinical and organisational change program.

In 2007/08, we introduced a new maternity model of care to enable more women to access midwifery-led, family friendly care and to improve women's experiences by providing more consistent care and advice throughout their pregnancy and birth. Development of the new model was based on consumer and staff input and also took into account research evidence regarding the best clinical organisation of care.

The physical design of our Parkville neonatal intensive and special care unit also provided the opportunity to implement a new neonatal model of care that now provides the best environment for early born babies' development. The new model of care draws on world best practice and provides for improved consistency and continuity of care and engagement of families in the care of their babies.

During the financial year we also successfully implemented a significant number of information technology and infrastructure projects. These included new financial and human resources systems and our new patient information management system all part of the statewide HealthSMART strategy.

As a tertiary level hospital we are committed to excellence and the research currently being performed at the Women's is multi-disciplinary and extends to all levels of our hospital and into the community.

This year we produced our first-ever integrated Research Report and made significant progress in the implementation of a dedicated research section of our new internet site including summaries of research projects, profiles of research teams and links to published papers and articles.

The location of the new Women's Research Centre within the Parkville medical precinct along side our key strategic partners now enables us all to leverage the skills and experience of some of the world's best researchers.

The Women's also continued development of an integrated breast service with Royal Melbourne; recipient of this year's Premier's Award for 'Excellence in Improving Cancer Care'. Implementation of the integrated breast unit commenced in 2005/06 and demonstrates the achievement of service development goals through effective partnerships.



In addition, the Women's is conducting Australia's first comprehensive trial comparing one-to-one midwifery care with standard maternity care. Launched in early 2008 by the Minister for Health, Daniel Andrews, the trial is part of research funded by the National Health and Medical Research Council and will help to inform planning for maternity services across the nation.

QUALITY SERVICE DELIVERY

The consistent delivery of quality services is fundamental to our goal of leadership in the provision of health care for women and newborn babies. The Women's promotes the reporting and review of incidents, 'near misses' and patient complaints to ensure continuous learning in which everyone is conscious of patient safety.

A significant highlight this year was confirmation of the Women's strongest organisation-wide accreditation result from the Australian Council on Healthcare Standards. This was a remarkable achievement, particularly given the high level of demand on all of our services. In a verbal summary of their findings, the accreditors commented favourably on our:

- > multidisciplinary team approach
- > strong attention to consumer input and community involvement
- > effective systems and processes
- > 'big picture' quality improvement projects
- > tailoring of services to meet the needs of consumers
- > health promotion programs and
- > 'good rapport' among staff and genuine pride in our work.

We also produced a comprehensive Clinical Report to complement our annual Quality of Care Report to the community. The Clinical Report provides information for peer hospitals and professional groups on clinical activities at the Women's and is written to encourage critical reflection, accountability and peer commentary on our clinical performance.

SERVICES DEMAND

Despite the planned reduction in clinical activity during the relocation period, we recorded yet another year of record demand across many of our services including maternity, neonatal intensive care and outpatients services.

The Women's has one of the largest outpatient services in Victoria and during 2007/08 we provided 258,269 outpatient occasions of service compared to 240,292 occasions of service the previous financial year. Our hospital has experienced a 17 per cent growth in outpatient services during the past five years.

In addition, 6,466 women gave birth at the Women's during 2007/08, compared to 6,360 women the previous financial year. This is the highest number of births recorded in the past decade and an increase of 28 per cent compared to seven years ago when planning for our new hospital commenced.

During 2008/09, the Women's will progressively implement our part of the whole-of-state maternity demand response which is designed to achieve a small percentage reduction in our low-risk maternity care as a proportion of total births. This will ensure our hospital provides priority access to high-risk or complicated pregnancy care for women across Victoria and continued access to low-risk pregnancy care for women living within our local area.

During the past financial year, the Women's provided 84,931 days of admitted patient care compared to the record of 86,631 bed days provided in the previous year. The lower number of bed days reflects the planned reduction in elective surgery in the lead-up to and immediately after the clinical move to ensure staff familiarity within the new hospital.

SUMMARY OF SERVICE STATISTICS*

	2007/08	2006/07	2005/06	2004/05	2003/04
Births	6,466	6,360	5,736	5,661	5,118
Inpatient stays	29,956	31,687	32,480	32,168	30,472
Outpatient visits	167,871	162,895	149,625	146,944	141,148
Emergency visits	26,497	30,150	28,379	27,596	26,378

*Statistics reviewed and updated by the Women's information and performance unit on 02/09/2008.

FINANCIAL VIABILITY

We recognise that meeting our annual performance objectives, including our financial performance targets, is critical to the achievement of our strategic service goals.

The Women's management team is focused on the need to reduce our cost base in line with our service and business income and we will do so while ensuring we safeguard the fundamentals of our service delivery and performance accountability.

During 2007/08 the Women's recorded an operating deficit of \$1.75 million after taking into account the impact of capital depreciation and net results from its controlled entity, the Royal Women's Hospital Foundation.

The Victorian Government provides separately for depreciation costs via capital payments, in response to submissions by health services. Excluding depreciation and controlled entity results, the Women's recorded a negative operational result of \$891,628 compared to a negative operational result of \$160,000 the previous financial year.

SUMMARY OF FINANCIAL RESULTS

THE ROYAL WOMEN'S HOSPITAL AND ITS CONTROLLED ENTITIES	2007/08	2006/07
	\$ '000	\$ '000
Total Revenue	163,625	149,159
Total Expenses	(164,427)	(156,108)

OPERATING SURPLUS / (DEFICIT) AFTER CAPITAL AND CONTROLLED ENTITIES	(802)*	(6,949)*
Total Assets	396,146	113,414
Total Liabilities	286,534	38,419
Net Assets	109,612	74,995
Total Equity	109,612	74,995

* For 2007/08, comprises the net deficit from operations \$891,628, net capital income and depreciation expense \$858,794 and controlled entities surplus of \$947,891.

* For 2006/07, comprises the net deficit from operations \$160,100, net capital income and depreciation expense \$6,113,734 and controlled entities deficit of \$675,656.

OUR COMMUNITY

On 26 May 2008, the final Sorry Day acknowledgement at our Carlton site, I apologised on behalf of the Royal Women's Hospital to Aboriginal women and their families for past practices and policies of the hospital which inflicted profound grief, suffering and loss on our fellow Australians.

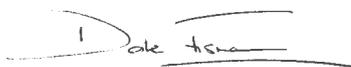
As we prepared to leave the site where these practices occurred, it was fitting to acknowledge that, whatever the intention of staff, the severing of that most deepest of bonds, between a mother and her baby, had cruel and lasting consequences for Aboriginal women and their families.

The Board of the Royal Women's Hospital endorsed this apology through our Chair, Rhonda Galbally. We hope that an honest reckoning will become the basis of a new relationship between the Women's and our Aboriginal community, which builds trust, confidence, health and wellbeing.

ACKNOWLEDGEMENT

I acknowledge the extraordinary commitment and efforts of our amazing staff, by far our greatest asset, in providing outstanding care to women and newborn babies while meeting the significant challenges presented by record demand for our services and the milestone move to our new facility in Parkville.

I also thank the Board, the management team and our many volunteers for their commitment and dedication to the Women's throughout the past financial year.



Dale Fisher
Chief Executive
The Royal Women's Hospital

BOARD OF DIRECTORS



RHONDA GALBALLY AO (Chair)

Rhonda Galbally AO has focused her life's work on making a difference for a more equitable society. A CEO for 23 years in business, public sector, philanthropy and community, she has led the creation and development of a number of cutting edge organisations. Ms Galbally's current role since 2000 is the founding CEO of www.ourcommunity.com.au, a gateway of tools, information, advice and training to improve governance and to help Australia's 700,000 community groups find funds, grants, insurance, business partners and board members. After serving as the head of the Myer Foundation and Sydney Myer Fund in the early 80s, Ms Galbally became the foundation CE of the Australian Commission for the Future. In the 90s she became the foundation CEO of the Australian International Health Institute (Faculty of Medicine, University of Melbourne) and the foundation CEO of the Victorian Health Promotion Foundation (VicHealth), the ground-breaking funding body that redefined health promotion in Australia. Ms Galbally was recognised with an Order of Australia in 1990. She is Patron of Orygen Youth Mental Health Research Centre, Compassionate Friends and the Epilepsy Foundation. She is Chair of the Victorian Disability Advisory Council. In 2005 Ms Galbally was a member of the Victorian Government Human Rights Committee that reported on the need for a human rights bill for Victoria – the Human Rights Bill was passed by the Victorian government in June 2006.



STEWART LESLIE (Deputy chair)

Stewart Leslie is a Fellow of the Institute of Chartered Accountants in Australia. For 15 years he was a partner with accounting firm KPMG where he specialised in assurance and advisory services. Since retiring from that partnership he has been appointed to a number of governance roles in the public sector. He is Victorian Chair of corporate advisory firm, Leadenhall VRG Pty Ltd, a member of the board of the Australian Institute of Management–Victoria and Tasmania, and the Audit Committee of the Australian Red Cross Blood Service. In addition, Mr Leslie has authored two publications dealing with financial and non-financial reporting in the not-for-profit sector for the Institute of Chartered Accountants in Australia, is a member of advisory boards for family owned businesses and provides strategic consulting services, principally in the automotive sector. He chairs the Finance Committee, is a member of the Audit and Remuneration Committees and is a member of the Board of the Royal Women's Hospital Foundation.



ELLENI BEREDED-SAMUEL

Eleni Bereded-Samuel is currently employed by Victoria University as the Community Engagement Coordinator and she is the co-founder the Horn of African Communities Network in Victoria. Her dynamic leadership in creating new solutions for community members to access and participate in the University community and society in general is consolidated by her vast experience in interpersonal communication skills and excellent networking and advocacy skills. Ms Bereded-Samuel is a Chair of the SBS Community Advisory Committee and also a Victorian Multicultural Commission Commissioner. Ms Bereded-Samuel was one of the recipients of the Victoria University Vice-Chancellor's Citations and Award for Outstanding Engagement with CALD communities in Australia. She also received the Victoria's Premier Award for Excellence in Multicultural Affairs – Education and Prime Minister International Year of Volunteers' Award. Ms Bereded-Samuel's name has been included on the Victorian Honour Roll of Women and she is also on the 2006/07 *'Who is Who Australian Women'*, among 6,000 remarkable women in Australia.



AILEEN BERRY

Aileen Berry is Corporate Communications Manager at the Herald and Weekly Times. In a 19-year career with News Limited, Ms Berry has held a range of senior positions, including Marketing Manager, HWT; Assistant Editor, Herald Sun; CEO, News Magazines and Managing Director of Broadsystem Ltd. From 1997 to 2000, she was Director, Corporate Affairs for News Limited nationally. Ms Berry, who now works part time to accommodate her young family, serves on the Community Advisory Committee of the Royal Women's Hospital, is a board member of Open Family Australia, and is an inaugural member of the Federal Attorney-General's Peak Group on Intercountry Adoption.

MARIA BUTERA

Maria Butera is the Executive Manager, Marketing and Business Development for Cbus (Construction and Building Industries Superannuation Fund), a position she has held since 1998. Cbus has over \$13 billion in funds under management with 600,000 members and 65,000 participating employers. Ms Butera has extensive experience in the public sector, specifically in the building and construction industries in industrial relations, workplace management and contract management.

**SHARON BUTLER**

Sharon Butler is principal consultant with Silent Partners and specialises in strategic planning, leadership development, organisational change and process consulting. She has a Graduate Diploma in Health Services Management, a Masters of Business Administration, a Diploma of Company Directorship and a Bachelor of Applied Science (Nursing). She is also a Churchill Fellow. Ms Butler is Chair of the Primary Care and Population Health Advisory Committee and a member of the Quality Committee and the Remuneration Committee.

**GEORGE MORSTYN**

George Morstyn has had a significant career in biotechnology and oncology. Until 2002, he was Senior Vice-President of Development and Chief Medical Officer of Amgen, a \$70 billion biotechnology company in the US. He has an honorary appointment to the Walter and Eliza Hall Institute of Medical Research. Dr Morstyn is a Director of Neuprotec, Chemgenex and Proacta and is Chairman of the SAB of Symbio. Dr Morstyn previously worked as Director of Medical Oncology at the Austin Hospital and as head of the clinical program at the Ludwig Institute for Cancer Research, Melbourne.

**ROBERT THOMAS**

Robert Thomas is a Melbourne academic surgeon with a special interest in oncology and gastrointestinal surgery. He is a graduate of University of Melbourne, trained and worked at the Royal Melbourne hospital and in Europe and USA. In 2000 he was appointed Director of Surgical oncology at Peter MacCallum Cancer Centre. Past positions include presidency of COSA, Chair of the National Guidelines committee for colorectal cancer, Professor of Surgery at Western Hospital and member of the Victorian Ministerial Task force for cancer. He has been appointed as Chief Clinical Advisor for Cancer for the Victorian Government and works to progress a cancer reform agenda across the State.

**JANET WHITING**

Janet Whiting is a partner of the national law firm, Corrs Chambers Westgarth, practicing as a commercial lawyer in litigious and non-litigious areas. In addition to full-time practice, Ms Whiting is actively involved in the not for profit sector. Previous appointments include being the inaugural Chair of the Royal Women's Hospital Foundation and the Harold Mitchell Foundation, Vice President of the Melbourne International Arts Festival and Director of the L'Oréal Melbourne Fashion Festival. Her present appointments include Deputy Chair of Victorian Major Events Company, Trustee of the Victorian Arts Centre Trust and Director of Tourism Australia.



GOVERNANCE AND COMPLIANCE

This section includes disclosures required by the Health Services Act 1988, Financial Management Act 1994, the Whistleblowers Protection Act 2002 and the Freedom of Information Act 1982. It also includes voluntary disclosure of additional regulatory compliance information.

MANNER OF ESTABLISHMENT AND RELEVANT MINISTER

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

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

The Hon. Daniel Andrews MP was appointed the Minister for Health in August 2007 and was the responsible Minister during the 2007/08 financial year.

NATURE AND RANGE OF SERVICES

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

The hospital is committed to a holistic philosophy of health and provides comprehensive health services, ranging from health promotion to clinical expertise and leadership in pregnancy care, gynaecology, cancer, mental health and specialist care of newborn babies.

The Women's has the largest Victorian Neonatal Intensive Care Unit (NICU) and is one of the largest providers of outpatient services in the state.

The Women's is a major teaching hospital with academic affiliations with several universities and tertiary educational institutions, notably the University of Melbourne and La Trobe University. It is a key state provider of training programs for obstetricians, gynaecologists and neonatologists, nurses, midwives and allied health professionals.

The hospital draws on its academic links with a range of universities to provide leadership in clinical care, research and teaching. It is a recognised international leader in research in areas of women's and newborn health including pregnancy, gynaecological disorders and infertility.

OBJECTIVES, FUNCTIONS, POWERS AND DUTIES

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

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

- a) provide high quality health services to the community which aim to meet community needs effectively and efficiently;
- b) integrate care as needed across service boundaries in order to achieve continuity of care and promote the most appropriate level of care to meet the needs of individuals;
- c) ensure that health services are aimed at improvements in individual health outcomes and population health status by allocating resources according to best practice health care approaches;
- d) ensure that the hospital strives to continuously improve quality and foster innovation;
- e) support a broad range of high quality health research to contribute to new knowledge and to take advantage of knowledge gained elsewhere;
- f) operate in a business like manner which maximises efficiency, effectiveness and cost effectiveness and ensures the financial viability of the hospital; and
- g) ensure that mechanisms are available to inform consumers and protect their rights and to facilitate consultation with the community;
- h) operate a public health service as authorised by or under the Act; and
- i) carry out any other activities that may be conveniently carried out in connection with the operation of a public health service or calculated to make more efficient any of the hospital's assets or activities.

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

The functions of the Royal Women's Hospital Board are prescribed by the Health Services (Governance and Accountability) Act 2004 and are detailed, in part, in the governance and compliance section relating to the Board of Directors. The powers and duties of the Royal Women's Hospital are prescribed by the Health Services Act 1988.

BOARD OF DIRECTORS

The functions of the board of a public health service are prescribed by the Health Services (Governance and Accountability) Act 2004. Some of those functions are detailed below:

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

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

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

The directors currently serving on the Royal Women's Hospital Board are:

- > Ms Rhonda Galbally (*Chair*)
- > Mr Stewart Leslie (*Deputy Chair*)
- > Ms Aileen Berry
- > Ms Elleni Bereded-Samuel
- > Ms Maria Butera
- > Ms Sharon Butler
- > Dr George Morstyn
- > Professor Robert Thomas
- > Ms Janet Whiting

BOARD COMMITTEES

The following committees provided advice to the Royal Women's Hospital Board of directors during the 2007/08 financial year:

Community Advisory Committee

Chair: Ms Elleni Bereded Samuel

Members: Ms Aileen Berry, Ms Rhonda Brown, Ms Victoria Garner, Ms Hala Abdelnour, Ms Tricia Malowney, Ms Saara Sabbagh, Ms Peta Reynolds, Ms Angela Gesell, Ms Toni Mason, Ms Kate Graham

Audit and Corporate Risk Management Committee

Chair: Ms Maria Butera

Members: Mr Stewart Leslie, Professor Robert Thomas, Ms Christina Liosis

Finance Committee

Chair: Mr Stewart Leslie

Members: Dr George Morstyn, Ms Janet Whiting, Ms Christina Liosis (commenced April 2008)

Investment Committee

Chair: Ms Maria Butera

Members: Dr George Morstyn, Mr Ray King, Mr Michael Tilley

Remuneration Committee

Chair: Ms Rhonda Galbally

Members: Mr Stewart Leslie, Ms Sharon Butler

Quality Committee

Chair: Dr George Morstyn

Members: Ms Sharon Butler, Professor Robert Thomas, Ms Rhonda Brown

Women's Health Committee

(Primary Care and Population Health Advisory Committee)

Chair: Ms Sharon Butler

Members: Ms Elleni Bereded-Samuel, Ms Fiona Beale, Ms Georgia Birch, Ms Di Couch, Ms Marianne Glen, Ms Debra Goldfinch, Professor Anne Kavanagh, Ms Tricia Malowney, Dr Helen McLachlan, Assoc. Professor Anne Mitchell, Ms Joan Nankervis

MANAGEMENT AND ORGANISATIONAL STRUCTURE

Chief Executive: Ms Dale Fisher

Executive Director, Clinical Services

and Medical Advisor: Dr Christine Bessell

Executive Director, Clinical Services and

Nursing/Midwifery Advisor: Ms Bobbie Carroll

Executive Director, Corporate

and Contracts: Mr Carl Putt

Executive Director, Human Resources: Mr Chris Gamble

Executive Director, Strategy Planning and

Performance and Allied Health Advisor:

Ms Nicole Tweddle

Chief Finance Officer: Mr Zak Gruevski

Corporate Counsel: Ms Elizabeth Kennedy

Communications Director: Ms Stephanie Boag

WORKFORCE DATA

ROYAL WOMEN'S HOSPITAL
FULL TIME EQUIVALENT (FTE) EMPLOYEES JUNE 2008

LABOUR CATEGORY	JUNE	JUNE	JUNE
	CURRENT MONTH FTE	YTD FTE	CURRENT MONTH HEAD COUNT
Nursing Services	621	598	1123
Administration/Clerical	265	256	439
Medical Support Services	87	86	132
Hospital Medical Officers	94	92	159
Hotel and Allied Services	81	93	96
Sessional Clinicians	38	40	199
Medical Officers	29	28	37
Ancillary Support Services	50	49	92
Total	1,265	1,242	2,277

APPLICATION OF MERIT AND WORKPLACE EQUITY PRINCIPLES

The Women's is committed to equal opportunity, freedom from all forms of discrimination and creating and maintaining a work environment where all employees are treated with dignity and respect, and where diversity is valued.

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

OCCUPATIONAL HEALTH AND SAFETY

The 2007/08 financial year was characterised by the planning for and the actual hospital's relocation to the Parkville site, the associated corporate services move to 55 Flemington Rd and the formation of the Carlton campus. The Relocation Safety plan was developed and completed by January 2008 and was implemented during the period February to July 2008. The plan recognised and ensured that safety issues before, during and post move were considered and addressed at all levels of the organisation and by the Royal Women's Health Partnership (RWHP).

The key objectives of the Relocation Safety Plan, as documented below, were achieved.

- > Provide a planned, systematic approach to Occupational Health and Safety (OHS) for all three campuses and during the move. This ensured all OHS legislative requirements were satisfied during the relocation period.
- > To aim for zero staff work related injury, illness or disease during the move. This was achieved with no staff incidents occurring during the relocation period in June 2008.
- > Completed a documented process for identifying the workplace hazards for the relocation of the hospital and risk control strategies to be implemented.
- > Documentation of the detail on the safety information, supervision and training the staff completed before the move to manage identified hazards. This included development and implementation of Emergency Management plans for all of the campuses and related emergency procedures training for all staff.

Another key OHS activity undertaken during the financial year was the publication of the Prevention and Management of Workplace Aggression and Violence Policy and Procedure and the associated training plan for the rollout across the organisation. One hour education sessions have been completed for many staff across the organisation and further sessions have been scheduled for the remainder of 2008.

Workers' compensation claims experience continues to improve year on year. The workers compensation premium payable decreased by 19% for the 2007/08 financial year compared to the previous financial year. The claims cost rate also improved by 27.41% for the 2007/08 financial year compared to the previous period. The performance rating improved by 19% and the Women's performed better than the rest of the healthcare industry in Victoria by 45%.

The Women's performance in relation to workers' compensation is also being benchmarked against national data released by Australian Safety and Compensation Council. In 2007/08, the Women's achieved a lost time injury frequency rate of 11, compared to the national average of 12.33.

The main focus of the Women's safety program in 2008/09 financial year will be settling into the three main campuses of the Women's and strengthening the safety management systems to ensure we continue to provide a safe and healthy environment for our staff, patients and visitors.

FREEDOM OF INFORMATION

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

Nominated Officers

Freedom of Information Officer: Ms Emma Beattie

Medico-Legal Officer: Dr Christine Bessell

REQUESTS RECEIVED	2007/08	2006/07	2005/06
Total	329	342	342
OUTCOME OF REQUESTS			
Access	298	311	304
No information available	23	20	32
Withdrawn	6	8	4
Denied in Full	2	3	2

PRIVACY

Following introduction of the Health Records Act 2002, the Women's has been proactive in making employees aware of the Act and its implications in the work place including regular presentations at orientation sessions.

Nominated Officer

Privacy Officer: Ms Emma Beattie

WHISTLEBLOWER PROTECTION

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

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

COMPLIANCE WITH THE BUILDING ACT

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

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

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

ENVIRONMENTAL PERFORMANCE

The Women's waste management practices aim to minimise any potential environmental impact arising as a result of the hospital's operations. The following guidelines and standards inform the hospital's Waste Management strategy and policy:

- > National Guidelines for Waste Management in the Health Care Industry – NHMRC
- > Management of Clinical and Related Wastes – AS / NZS 3816:1998
- > Code of Practice for the Management of Clinical and related Wastes – Australian and New Zealand Waste Management Industry Group 4th Edition 2004
- > Infection control guidelines – for the prevention of transmission of infectious diseases in the healthcare setting. Communicable Diseases Network Australia, National Public Health Partnership, Australian Health Ministers Advisory Group.

CONSULTANCIES

The Royal Women's Hospital did not utilise any consultancies in excess of \$100,000 during 2007/08. Throughout the financial year, the hospital engaged 29 consultancies at a total cost of \$236,121.

COMPETITIVE NEUTRALITY

In accordance with the Competitive Principles Agreement (CPA) Victoria is obliged to apply competitive neutrality policy and principles to all significant business activities undertaken by government agencies and local governments where the benefits of applying competitive neutrality exceed the costs.

Competitive Neutrality Policy Victoria sets out the Victorian approach to competitive neutrality. This policy integrates rigorous financial principles with a strong public interest test and transparency in decision-making. The Women's has regard to this policy in its acquisition of commercial goods and services.

SUMMARY OF FINANCIAL RESULTS

In 2007/08, the Royal Women's Hospital Foundation raised \$2.9 million compared to \$3.1 million the previous year. Throughout the financial year, the Foundation disbursed \$1.4 million to support various activities at the Women's ranging from minor equipment purchases to major research projects.

The amount and timing of disbursements from the Foundation depends on the specific projects undertaken and the equipment needs of individual hospital departments at any given time. In 2007/08, the amount disbursed from the Foundation, together with costs, resulted in the Foundation recording a surplus of \$947,891.

FINANCIAL REPORTING DIRECTIONS

The additional information listed in Financial Reporting Directions (22) 'Standard Disclosures in the Report of Operations' is available to the relevant Minister, Member of Parliament and the public on request.

SUMMARY OF FINANCIAL RESULTS

THE ROYAL WOMEN'S HOSPITAL AND ITS CONTROLLED ENTITIES	2007/08	2006/07
	\$ '000	\$ '000
Total Revenue	163,625	149,159
Total Expenses	(164,427)	(156,108)
OPERATING SURPLUS / (DEFICIT) AFTER CAPITAL AND CONTROLLED ENTITIES	(802)*	(6,949)*
Total Assets	396,146	113,414
Total Liabilities	286,534	38,419
Net Assets	109,612	74,995
Total Equity	109,612	74,995

* For 2007/08, comprises the net deficit from operations \$891,628, net capital income and depreciation expense \$858,794 and controlled entities surplus of \$947,891.

* For 2006/07, comprises the net deficit from operations \$160,100, net capital income and depreciation expense \$6,113,734 and controlled entities deficit of \$675,656.

SUMMARY OF SERVICE STATISTICS*

	2007/08	2006/07	2005/06
ELECTIVE SURGERY PERFORMANCE			
Category 1 proportion of patients admitted within 30 days	100%	100%	100%
Category 2 proportion of patients admitted within 90 days	99%	100%	100%
Average waiting time for category 2 (days)	36	29	28
Total patients on waiting list as at 30 June	454	484	406
EMERGENCY DEPARTMENT PERFORMANCE			
TRIAGE PERFORMANCE			
Category 1 patients receiving immediate attention	100%	100%	100%
Category 2 patients receiving attention within 10 mins	80%	80%	89%
Category 3 patients receiving attention within 30 mins	75%	75%	86%
% patients admitted in 12 hours	100%	100%	100%
Ambulance bypass	n/a	n/a	n/a
Average available beds	217	217	217
ADMITTED PATIENT SEPARATIONS			
Same-day	13,300	14,813	16,205
Multi-day	16,656	16,872	16,275
Total separations	29,956	31,685	32,480
Emergency	2,299	2,026	1,555
Elective	11,789	12,285	12,300
Other (including maternity)	15,868	17,374	18,625
Total separations	29,956	31,685	32,480
Public separations	24,815	26,560	27,181
Total WIES	24,168	23,656	23,238
Total bed days	84,931	86,631	85,961
NON ADMITTED PATIENTS			
Emergency medicine attendances	26,497	30,150	28,379
Outpatient services – occasions of service	258,269	240,292	219,347
Other services – occasions of service	2,638	3,725	4,211
Total occasions of service	284,766	274,167	251,937
VACS – number of encounters	167,871	162,895	149,625

FINANCIAL REPORT

2007/08 >





the women's
the royal women's hospital

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

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

We further state that, in our opinion, the information set out in the Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2008 and the financial position of the Royal Women's Hospital and Controlled Entities as at 30 June 2008.

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 report for issue on this day.

Rhonda Galbally, AO
Chair
The Royal Women's Hospital
Melbourne
8th October 2008

Dale Fisher
Chief Executive
The Royal Women's Hospital
Melbourne
8th October 2008

Zak Gruevski
Chief Finance and
Accounting Officer
The Royal Women's Hospital
Melbourne
8th October 2008

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Board Members of The Royal Women's Hospital

The Financial Report

The accompanying financial report for the year ended 30 June 2008 of The Royal Women's Hospital which comprises an operating statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the board member's, accountable officer's and chief finance and accounting officer's declaration, has been audited. The financial report includes the consolidated financial statements of the economic entity, comprising The Royal Women's Hospital and the entities it controlled at the year's end or from time to time during the financial year as disclosed in note 24 to the financial statements.

The Board Members Responsibility for the Financial Report

The Board Members of The Royal Women's Hospital are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the financial reporting requirements of the *Financial Management Act 1994*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

1

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Auditing in the Public Interest

VAGO

Victorian Auditor-General's Office

Independent Auditor's Report (continued)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial statements published in both the annual report and on the website of the The Royal Women's Hospital for the year ended 30 June 2008. The Board Members of The Royal Women's Hospital are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on The Royal Women's Hospital web site.

Independence

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

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of The Royal Women's Hospital and the economic entity as at 30 June 2008 and their financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
10 October 2008



D D R Pearson
Auditor-General

OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	NOTE	PARENT ENTITY		CONSOLIDATED	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
Revenue from Operating Activities	2	152,893	146,304	154,350	146,271
Revenue from Non-operating Activities	2	530	1,388	605	1,441
Employee Benefits	3	(111,949)	(105,620)	(112,234)	(105,989)
Non Salary Labour Costs	3	(5,715)	(4,909)	(5,750)	(4,951)
Supplies and Consumables	3	(15,562)	(14,676)	(15,589)	(14,750)
Other Expenses from Continuing Operations	3	(21,088)	(22,647)	(21,323)	(22,852)
Net Result before Capital and Specific Items		(891)	(160)	59	(830)
Capital Purpose Income	2	8,671	1,447	8,671	1,447
Depreciation and Amortisation	4	(7,742)	(6,937)	(7,743)	(6,942)
Finance Costs	5	(993)	–	(993)	–
Expenditure using Capital Purpose Income	3	(795)	(624)	(795)	(624)
Net Result for the Period		(1,750)	(6,274)	(802)	(6,949)

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

BALANCE SHEET AS AT 30 JUNE 2008

	NOTE	PARENT ENTITY		CONSOLIDATED	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	6	1,703	1,067	2,758	1,678
Receivables	7	6,518	2,595	6,420	2,529
Other Financial Assets	8	1,174	1,000	1,174	1,000
Inventories	9	168	247	168	247
Other Current Assets	10	369	281	369	281
Total Current Assets		9,932	5,190	10,889	5,735
NON-CURRENT ASSETS					
Receivables	7	251	2,622	251	2,622
Other Financial Assets	8	14,439	13,609	14,894	13,609
Property, Plant and Equipment	11	369,081	91,047	369,082	91,048
Intangible Assets	12	1,029	400	1,029	400
Total Non-Current Assets		384,800	107,678	385,257	107,679
Total Assets		394,732	112,868	396,146	113,414
LIABILITIES					
CURRENT LIABILITIES					
Payables	13	8,234	7,429	8,235	7,429
Interest Bearing Liabilities	14	2,441	–	2,441	–
Provisions	15	24,134	23,942	24,142	23,974
Other Liabilities	16	1,005	539	1,005	539
Total Current Liabilities		35,814	31,910	35,823	31,942
NON-CURRENT LIABILITIES					
Interest Bearing Liabilities	14	246,999	–	246,999	–
Provisions	15	3,712	3,498	3,712	3,503
Other Liabilities	16	–	2,974	–	2,974
Total Non-Current Liabilities		250,711	6,472	250,711	6,477
Total Liabilities		286,525	38,382	286,534	38,419
Net Assets		108,208	74,486	109,612	74,995
EQUITY					
Asset Revaluation Reserve	17a	19,913	12,264	19,913	12,264
Available for Sale Revaluation Reserve	17a	(811)	74	(864)	74
General Purpose Reserve	17a	17,976	14,534	17,976	14,534
Restricted Specific Purpose Reserve	17a	10,736	10,125	12,109	10,470
Contributed Capital	17b	91,107	62,399	91,107	62,399
Accumulated Surpluses/(Deficits)	17c	(30,713)	(24,910)	(30,629)	(24,746)
Total Equity	17d	108,208	74,486	109,612	74,995
Commitments for Expenditure	21				
Contingent Liabilities and Contingent Assets	25				

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2008

	NOTE	PARENT ENTITY		CONSOLIDATED	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
Total Equity at Beginning of Financial Year		74,486	80,686	74,995	81,870
Gain/(loss) on Asset Revaluation	17a	7,649	–	7,649	–
Available-for-sale Investments: Gain/(Loss) taken to Equity	17a	(885)	74	(938)	74
Net Income Recognised Directly In Equity		6,764	74	6,711	74
Net Result for the Year		(1,750)	(6,274)	(802)	(6,949)
Total Recognised Income and Expense for the Year		5,014	(6,200)	5,909	(6,875)
Transactions with the State in its Capacity as Owner	17b	28,708	–	28,708	–
Total Equity at the End of the Financial Year		108,208	74,486	109,612	74,995

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	NOTE	PARENT ENTITY		CONSOLIDATED	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Grants from Government		131,093	130,745	131,093	130,745
Patient and Resident Fees Received		2,616	2,346	2,616	2,346
Private Practice Fees Received		1,451	2,130	1,451	2,130
Donations and Bequests Received		1,571	2,514	2,829	2,478
GST Received from/(paid to) ATO		1,875	(10,008)	1,912	(10,022)
Interest Received		304	173	337	226
Other Receipts		13,788	17,538	14,019	17,582
Employee Benefits Paid		(111,705)	(102,998)	(112,021)	(103,371)
Payments for Supplies and Consumables		(16,947)	(17,227)	(16,975)	(17,233)
Other Payments		(22,697)	(23,362)	(22,967)	(23,658)
Cash Generated from Operations		1,349	1,851	2,294	1,223
Capital Grants from Government		1,968	987	1,968	987
Capital Donations and Bequests Received		294	768	294	768
Net Cash Inflow/(Outflow) from Operating Activities	18	3,611	3,606	4,556	2,978
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Property, Plant and Equipment		(4,553)	(5,795)	(4,554)	(5,797)
Proceeds from Sale of Property, Plant and Equipment	2c	4,363	46	4,363	46
Purchase of Investments		(1,485)	(1,493)	(1,985)	(1,493)
Proceeds from Sale of Investments		–	634	–	634
Net Cash Inflow/(Outflow) from Investing Activities		(1,675)	(6,608)	(2,176)	(6,610)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from Borrowings	16	–	2,500	–	2,500
Repayment of Borrowings	16	(2,500)	–	(2,500)	–
Contributed Capital from Government		1,208	–	1,208	–
Net Cash Inflow/(Outflow) from Financing Activities		(1,292)	2,500	(1,292)	2,500
Net Increase/(Decrease) in Cash Held		644	(502)	1,088	(1,132)
Cash and Cash Equivalents at Beginning of Period		528	1,030	1,139	2,271
Cash and Cash Equivalents at End of Period	6	1,172	528	2,227	1,139
NON-CASH FINANCING AND INVESTING ACTIVITIES	19				

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

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO AND FORMING PART
OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

THE ROYAL WOMEN'S HOSPITAL
AND ITS CONTROLLED ENTITIES

CONTENTS

26	>	NOTE1:	Statement of Significant Accounting Policies
34	>	NOTE 2:	Revenue
36	>	NOTE 2A:	Analysis of Revenue by Source
38	>	NOTE 2B:	Patient and Resident Fees
38	>	NOTE 2C:	Net Gain/(Loss) on Disposal Non-Current Assets
38	>	NOTE 2D:	Assets Received Free of Charge or For Nominal Consideration
39	>	NOTE 3:	Expenses
41	>	NOTE 3A:	Analysis of Expenses by Source
43	>	NOTE 3B:	Analysis of Expenses by Internal and Restricted Specific Purpose Funds for Services Supported by Hospital and Community Initiatives
43	>	NOTE 4:	Depreciation and Amortisation
44	>	NOTE 5:	Finance Costs
44	>	NOTE 6:	Cash and Cash Equivalents
45	>	NOTE 7:	Receivables
46	>	NOTE 8:	Other Financial Assets
46	>	NOTE 9:	Inventories
46	>	NOTE 10:	Other Assets
47	>	NOTE 11:	Property, Plant and Equipment
51	>	NOTE 12:	Intangible Assets
52	>	NOTE 13:	Payables
52	>	NOTE 14:	Interest Bearing Liabilities
53	>	NOTE 15:	Provisions
53	>	NOTE 15A:	Employee Benefits
54	>	NOTE 16:	Other Liabilities
55	>	NOTE 17:	Equity
56	>	NOTE 18:	Reconciliation of Net Result for the Year to Net Cash Inflow / (Outflow) from Operating Activities
56	>	NOTE 19:	Non-Cash Financing and Investing Activities
57	>	NOTE 20:	Financial Instruments
63	>	NOTE 21:	Commitments
65	>	NOTE 22A:	Responsible Persons Disclosures
66	>	NOTE 22B:	Executive Officer Disclosures
66	>	NOTE 23:	Events Occuring after the Balance Sheet Date
67	>	NOTE 24:	Controlled Entities
67	>	NOTE 25:	Contingent Assets and Contingent Liabilities

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The financial report is a general purpose financial report which has been prepared on an accrual basis in accordance with the *Financial Management Act 1994*, applicable Australian Accounting Standards (AAS), which includes the Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB), Interpretations and other mandatory professional requirements.

(b) (i) Basis of Preparation

The financial report is prepared in accordance with the historical cost convention, except for the revaluation of certain non-current assets and financial instruments, as noted. Cost is based on the fair values of the consideration given in exchange for assets.

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

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

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

The accounting policies set out below have been applied in preparing the financial report for the year ended 30 June 2008, and the comparative information presented in these financial statements for the year ended 30 June 2007.

(b) (ii) Going Concern

The financial statements are prepared on a going concern basis. The Royal Women's Hospital is wholly dependant on the continued financial support of the State Government and in particular, the Department of Human Services. The Department of Human Services has provided confirmation that it will continue to provide the Royal Women's Hospital adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to September 2009. This position is reviewed annually to ensure continuity under the going concern basis.

(c) Reporting Entity

The financial report includes all the controlled activities of the Royal Women's Hospital. The entity is a not-for profit entity and therefore applies the additional Aus paragraphs applicable to 'not-for-profit' entities under the AAS's.

(d) Rounding of Amounts

All amounts shown in the financial report are expressed to the nearest \$1,000, unless otherwise stated.

(e) Principles of Consolidation

The assets, liabilities, incomes and expenses of all controlled entities of the Royal Women's Hospital have been included at the values shown in their audited Annual Financial Reports. Subsidiaries are entities controlled by the Royal Women's Hospital, control exists when the Royal Women's Hospital has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Any inter-entity transactions have been eliminated on consolidation. The consolidated financial statements include the audited financial statements of the controlled entities listed in Note 24.

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

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

(f) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of 3 months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

(g) Receivables

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 raised where doubt as to collection exists. Bad debts are written off when identified.

(h) Inventories

Inventories include goods and other property held either for sale or for distribution at no or nominal cost in the ordinary course of business operations.

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

(i) Other Financial Assets

Other financial assets 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.

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

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

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Available-for-sale financial assets

Other financial assets held by the entity are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in profit or loss for the period.

(j) Intangible Assets

Intangible assets represent identifiable non-monetary assets without physical substance such as computer software.

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 entity.

Amortisation is allocated to intangible assets with finite useful lives on a systematic (typically straight-line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Intangible assets with finite useful lives are amortised by the Royal Women's Hospital over a 3 year period (2007 3 years).

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually or whenever there is an indication that the asset may be impaired. The useful lives of intangible assets that are not being amortised are reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. In addition, the entity tests all intangible assets with indefinite useful lives for impairment by comparing its recoverable amount with its carrying amount:

- > annually, and
- > whenever there is an indication that the intangible asset may be impaired.

Any excess of the carrying amount over the recoverable amount is recognised as an impairment loss.

(k) Property, Plant and Equipment

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

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

Plant, Equipment and Vehicles are measured at cost less accumulated depreciation and impairment.

Cultural and Other Non-Current Physical Assets that the Royal Women's Hospital intends to preserve because of their unique historical, cultural or environmental attributes are measured at the cost of replacing the asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

Restrictive nature of cultural assets, Crown land and infrastructures

During the reporting period, the entity may hold cultural assets, Crown land and infrastructures.

Such assets are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. The nature of these assets means that there are certain limitations and restrictions imposed on their use and/or disposal.

(l) Revaluations of Non-current Physical Assets

Non-current physical assets measured at fair value are revalued in accordance with Financial Reporting Direction 103C *Non Current Physical Assets* (FRC103C). This revaluation process normally occurs every five years, as dictated by timelines in FRD103C which sets the next revaluation to occur on 30 June 2009, or earlier should there be an indication that fair values are materially different from the carrying value. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

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

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

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 reserves are not transferred to accumulated funds on derecognition of the relevant asset.

(m) Non Current Assets Classified as Held for Sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell, and are not subject to depreciation

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group) is expected to be completed within one year from the date of classification.

(n) Depreciation and Amortisation

Assets with a cost in excess of \$1,000 (2007 and 2008) are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost—or valuation—over their estimated useful lives using the straight-line method. Estimates of the remaining useful lives and depreciation method for all assets are reviewed at least annually. This depreciation charge is not funded by the Department of Human Services.

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

	2008	2007
Buildings	1 to 50 Years	2 to 50 Years
Leased Buildings	50 Years	n/a
Plant and Equipment	3 to 5 Years	3 to 5 Years
Medical Equipment	7 to 10 Years	7 to 10 Years
Computers and Communications	3 Years	3 Years
Furniture and Fittings	13 Years	13 Years
Motor Vehicles	10 Years	10 Years
Intangible Assets	3 Years	3 Years
Leased Furniture and Equipment	3 to 13 Years	n/a

(o) Impairment of Assets

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (i.e. as to whether their carrying value exceeds their recoverable amount, and so require write-downs) and whenever there is an indication that the asset may be impaired. All other assets 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 by a charge to the Operating Statement except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

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

(p) Payables

These amounts consist predominantly of liabilities for goods and services.

Payables are initially recognised at fair value, then subsequently carried at amortised cost and represent liabilities for goods and services provided to the hospital prior to the end of the financial year that are unpaid, and arise when the hospital becomes obliged to make future payments in respect of the purchase of these goods and services.

The normal credit terms are usually Nett 60 days.

(q) Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

(r) Resources Provided and Received Free of Charge or for Nominal Consideration

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

(s) Interest Bearing Liabilities

Interest bearing liabilities in the Balance Sheet are recognised at fair value upon initial recognition. Subsequent to initial recognition, interest bearing liabilities are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability using the effective interest rate method.

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 the Royal Women's Health Consortium. The Royal Women's Hospital has recognised the Leased Assets (Note 11) and associated Interest Bearing Lease Liabilities (Note 14).

(t) Functional and Presentation Currency

The presentation currency of the Royal Women's Hospital is the Australian dollar, which has also been identified as the functional currency of the entity.

(u) Goods and Services Tax

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

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

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

(v) Employee Benefits

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

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

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

Long Service Leave

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

The components of this current LSL liability are measured at:

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

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

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

Superannuation

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

Defined benefit plans

The amount charged to the Operating Statement in respect of defined benefit superannuation plans represents the contributions made by the hospital to the superannuation plan in respect of the services of current staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

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

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

FUND	CONTRIBUTIONS PAID OR PAYABLE FOR THE YEAR	
	2008	2007
	\$'000	\$'000
DEFINED BENEFIT PLANS:		
Health Super Scheme	714	714
DEFINED CONTRIBUTION PLANS:		
Health Super Scheme	6,998	6,721
Hesta	1,368	994
Total	9,080	8,429

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

Termination Benefits

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

On-Costs

Employee benefits on-costs (payroll tax, workers compensation, superannuation, annual leave and LSL accrued while on LSL taken in service) are recognised separately from provision for employee benefits.

(w) Finance Costs

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

Finance costs include:

- > interest on bank overdrafts and short-term and long-term borrowings;
- > amortisation of discounts or premiums relating to borrowings;
- > amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- > finance charges in respect of finance leases recognised in accordance with AASB 117 *Leases*.

(x) Leased Property and Equipment

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

Entity as lessor

Amounts due from lessees under finance leases are recorded as receivable. Finance lease receivables are initially recorded at amounts equal to the present value of the minimum lease payments receivable plus the present value of any un-guaranteed residual value expected to accrue at the end of the lease term. Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

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

Entity as lessee

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

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

Operating lease payments, including any contingent rentals, are recognised as an expense in the 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.

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 Consortium. The Hospital has recognised the Leased Assets (Note 11) and associated Interest Bearing Lease Liabilities (Note 14). The Royal Women's Hospital has entered into an undertaking to contribute \$61.4M (in cash or in kind) from the sale of properties at the Carlton site to the cost of constructing the new facility .

The State of Victoria is obliged to fund Monthly Service Payments due under the Project Agreement for the life of that Agreement, a period of up to 25 years. The Royal Women's Hospital has an agreement with the State that it will continue to operate and control the hospital at the expiry of the lease. On this basis the asset is being amortised over its estimated useful life of 50 years.

(y) Income Recognition

Income is recognised in accordance with AASB 118 *Revenue* and is recognised as to the extent it is earned. Unearned income at reporting date is reported as income received in advance.

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

Government Grants

Grants are recognised as income when the entity gains control of the underlying assets in accordance with AASB 1004 *Contributions*. For reciprocal grants, the Royal Women's Hospital is deemed to have assumed control when the performance has occurred under the grant. For non-reciprocal grants, the Royal Women's Hospital is deemed to have assumed control when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

Indirect Contributions

- > Insurance is recognised as revenue following advice from the Department of 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 Acute Health Division Hospital Circular 13/2008.

Patient and Resident Fees

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

Private Practice Fees

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

Donations and Other Bequests

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

Dividend Revenue

Dividend revenue is recognised on a receivable basis.

Interest Revenue

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

(z) Fund Accounting

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

(aa) Services Supported by Hospitals Agreement and Services Supported by Hospital and Community Initiatives

Activities classified as *Services Supported by Hospitals Agreement (HSA)* are substantially funded by the Department of Human Services. Funding is also received from other sources such as the Commonwealth, patients and residents. On the other hand, *Services Supported by Hospital and Community Initiatives (Non HSA)* are funded by the Hospital's own activities or local initiatives and/or the Commonwealth Government.

(ab) Comparative Information

Certain comparative amounts have been restated to conform with the current year's presentation. In particular, disclosure of Revenue in Note 2a and 3a have been restated in accordance with the Department of Human Services '*Health Service Reporting Guidelines*' for the current year, namely:

- > The disclosure in Note 2 relating to Revenue from Operating Activities and Non-operating activities have been revised;
- > The disclosure in Note 3 relating to Expenses from Non-Salary Labour Costs, Supplies and consumables and other expenses have been revised;
- > The disclosure in Note 13 Payables and Note 16 Other Liabilities relating to Salary Packaging have been re-classed between the two notes; and
- > The disclosure in the Cashflow Statement relating to GST Received and Paid have been netted off.

(ac) Asset Revaluation Reserve

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

(ad) Available-for-Sale Revaluation Reserve

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

(ae) General Reserves

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

(af) Specific Restricted Purpose Reserve

The Specific Restricted Purpose Reserve is established where the Royal Women's Hospital has possession or title to the funds and has no discretion to amend or vary the restrictions or the conditions of the funds.

(ag) Contributed Capital

Consistent with Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities and FRD 2A 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.

(ah) Net Result Before Capital and Specific Items

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

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

- > Capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works, plant and equipment or intangible assets. It also includes donations of plant and equipment (refer Note 1(r)). Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided.
- > Impairment of non current assets, includes all impairment losses (and reversal of previous impairment losses), related to non current assets only which have been recognised in accordance with note 1(o).
- > Depreciation and amortisation, as described in note 1(n).
- > Assets provided or received free of charge, as described in note 1(r).
- > Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold (note 1 (n)), or doesn't meet asset recognition criteria and therefore does not result in the recognition of an asset in the Balance Sheet, where funding for that expenditure is from capital purpose income.

(ai) Category Groups

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

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

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

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

Other Services excluded from Australian Health Care Agreement (AHCA) (Other) comprises revenue/expenditure for services not separately classified above, including: Public hospitals including Laboratory testing, Sexually Transmitted Infections clinical services, Kooris liaison officers, immunisation and screening services, Drugs services including drug withdrawal, counselling and the needle and syringe program, Community Care programs including sexual assault support, early parenting services, parenting assessment and skills development, and various support services. Health and Community Initiatives also falls in this category group.

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

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

(aj) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting period. As at 30 June 2008, the following standards and interpretations had been issued but were not mandatory for financial years ending 30 June 2008. The Royal Women's Hospital has not and does not intend to adopt these standards early.

STANDARD / INTERPRETATION	SUMMARY	APPLICABLE FOR REPORTING PERIODS	
		BEGINNING ON OR ENDING ON	IMPACT ON ENTITIES ANNUAL STATEMENTS
AASB 2007-2 Amendments to Australian Accounting Standards arising from AASB Interpretation 12.	Amendments arise from the release in February 2007 of Interpretation 12 Service Concession Arrangements.	Beginning 1 July 2008	The impact of any changes that may be required cannot be reliably estimated and is not disclosed in the financial report.
AASB 8 Operating Segments.	Supersedes AASB 114 Segment Reporting.	Beginning 1 January 2009	Not applicable
AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 and AASB 1038]	An accompanying amending standard, also introduced consequential amendments into other Standards.	Beginning 1 January 2009	Impact expected to be not significant.
AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 and AASB 138 and Interpretations 1 and 12]	Option to expense borrowing cost related to a qualifying asset had been removed. Entities are now required to capitalise borrowing costs relevant to qualifying assets.	Beginning 1 January 2009	All Australian government jurisdictions are currently still actively pursuing an exemption for government from capitalising borrowing costs.
AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101	Editorial amendments to Australian Accounting Standards to align with IFRS terminology.	Beginning 1 January 2009	Impact expected to be not significant.
Interpretation 12 Service Concession Agreements	Amendments arising from the release of AASB 2007-6.	Beginning 1 January 2009	Impact expected to be not significant.
AASB 1004 (Revised) Contributions	Relocation of requirements on contributions from AASB 27, 29 and 31, into AASB 1004.	Beginning 1 July 2008	Impact expected to be not significant.
AASB 1050 Administered Items	Relocation of the requirements for the disclosure of administered items from AASB 29 into a new topic-based Standard.	Beginning 1 July 2008	Impact expected to be not significant.
AASB 1051 Land Under Roads	Relocation of the requirements for the disclosure into a new topic-based Standard.	Beginning 1 July 2008	Impact expected to be not significant.
AASB 1052 Disaggregated Disclosures	Relocation of the requirements relating to reporting of disaggregated information from AASB 27 and AASB 29, into a new topic-based Standard.	Beginning 1 July 2008	Impact expected to be not significant.
Interpretation 1038 (Revised) Contributions by Owners Made to Wholly-Owned Public Sector Entities	Relocation of the requirements on contributions from AASB 27, 29 and 31, into AASB 1004.	Beginning 1 July 2008	Impact expected to be not significant.
AASB 2007-9 Amendments to Australian Accounting Standards arising from the Review of AASB 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 and AASB 137]	Relocation of certain relevant requirements from AASB 27, 29 and 31, into existing topic-based Standards. In particular, this Standard addresses: a) the notion of reporting entity as it applies to local governments, governments and government departments; b) restructures of local governments; c) infrastructure, cultural, community and heritage assets; d) control in the public sector; and e) obligations arising from local government and government existing public policies, budget policies, election promises or statements of intent. This Standard also makes consequential amendments, arising from the short-term review of the requirements in AASB 27, 29 and 31, to AASB 5, AASB 8, AASB 101 and AASB 114.	Beginning 1 July 2008	Impact expected to be not significant.

NOTE 2: REVENUE

PARENT	NOTE	HSA	HSA	NON HSA	NON HSA	TOTAL	TOTAL
		2008	2007	2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE FROM OPERATING ACTIVITIES							
Government Grants							
– Department of Human Services		127,766	117,507	–	–	127,766	117,507
Total Government Grants		127,766	117,507	–	–	127,766	117,507
Indirect Contributions by Department of Human Services*							
– Insurance		4,087	4,989	–	–	4,087	4,989
– Long Service Leave		(376)	1,129	–	–	(376)	1,129
Total Indirect Contributions by Department of Human Services		3,711	6,118	–	–	3,711	6,118
Patient and Resident Fees – Patient and Resident Fees	2B	2,751	2,396	–	–	2,751	2,396
Total Patient and Resident Fees		2,751	2,396	–	–	2,751	2,396
Business Units and Specific Purpose Funds							
– Private Practice and Other Patient Activities Fees		–	–	1,684	1,904	1,684	1,904
– Diagnostic Imaging		–	–	317	272	317	272
– Pharmacy Services		1,172	991	285	66	1,457	1,057
– Cafeteria		1,005	499	–	–	1,005	499
– Car Park		–	–	2,661	2,529	2,661	2,529
– Property Income		266	215	1,420	1,400	1,686	1,615
– Research		250	399	900	1,270	1,150	1,669
– Other		–	–	2,297	2,073	2,297	2,073
Total Business Units and Specific Purpose Funds		2,693	2,104	9,564	9,514	12,257	11,618
Donations and Bequests		406	300	1,165	1,914	1,571	2,514
Recoupment from Private Practice for use of Hospital facilities		189	212	(192)	–	(3)	212
Other Revenue from Operating Activities		4,840	6,239	–	–	4,840	6,239
Sub-Total Revenue from Operating Activities		142,356	134,876	10,537	11,428	152,893	146,304
REVENUE FROM NON-OPERATING ACTIVITIES							
Interest and Dividends		530	1,161	–	227	530	1,388
Sub-Total Revenue from Non-Operating Activities		530	1,161	–	227	530	1,388
REVENUE FROM CAPITAL PURPOSE INCOME							
State Government Capital Grants							
– Targeted Capital Works and Equipment		6,415	897	–	–	6,415	897
Assets Received Free of Charge	2D	–	–	81	–	81	–
Net Gain/(Loss) on Disposal of Non-Current Assets	2C	–	–	1,789	(218)	1,789	(218)
Donations and Bequests		–	–	294	768	294	768
Other Capital Purpose Income		–	–	92	–	92	–
Sub-Total Revenue from Capital Purpose Income		6,415	897	2,256	550	8,671	1,447
Total Revenue	2A	149,301	136,934	12,793	12,205	162,094	149,139

* Indirect contributions by Department of Human Services: Department of 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.

NOTE 2: REVENUE CONTINUED

CONSOLIDATED		HSA 2008	HSA 2007	NON HSA 2008	NON HSA 2007	TOTAL 2008	TOTAL 2007
	NOTE	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE FROM OPERATING ACTIVITIES							
Government Grants							
– Department of Human Services		127,766	117,507	–	–	127,766	117,507
Total Government Grants		127,766	117,507	–	–	127,766	117,507
Indirect Contributions by Department of Human Services*							
– Insurance		4,087	4,989	–	–	4,087	4,989
– Long Service Leave		(376)	1,129	–	–	(376)	1,129
Total Indirect Contributions by Department of Human Services		3,711	6,118	–	–	3,711	6,118
Patient and Resident Fees – Patient and Resident Fees	2B	2,751	2,396	–	–	2,751	2,396
Total Patient and Resident Fees		2,751	2,396	–	–	2,751	2,396
Business Units and Specific Purpose Funds							
– Private Practice and Other Patient Activities Fees		–	–	1,684	1,904	1,684	1,904
– Diagnostic Imaging		–	–	317	272	317	272
– Pharmacy Services		1,172	991	285	66	1,457	1,057
– Cafeteria		1,005	499	–	–	1,005	499
– Car Park		–	–	2,661	2,529	2,661	2,529
– Property Income		266	215	1,420	1,400	1,686	1,615
– Research		250	399	900	1,270	1,150	1,669
– Other		–	–	2,298	1,774	2,298	1,774
Total Business Units and Specific Purpose Funds		2,693	2,104	9,565	9,215	12,258	11,319
Donations and Bequests		406	300	2,623	2,178	3,029	2,478
Recoupment from Private Practice for use of Hospital facilities		189	212	(192)	–	(3)	212
Other Revenue from Operating Activities		4,838	6,241	–	–	4,838	6,241
Sub-Total Revenue from Operating Activities		142,354	134,878	11,996	11,393	154,350	146,271
REVENUE FROM NON-OPERATING ACTIVITIES							
Interest and Dividends		605	1,161	–	280	605	1,441
Sub-Total Revenue from Non-Operating Activities		605	1,161	–	280	605	1,441
REVENUE FROM CAPITAL PURPOSE INCOME							
State Government Capital Grants							
– Targeted Capital Works and Equipment		6,415	897	–	–	6,415	897
Assets Received Free of Charge	2D	–	–	81	–	81	–
Net Gain/(Loss) on Disposal of Non-Current Assets	2C	–	–	1,789	(218)	1,789	(218)
Donations and Bequests		–	–	294	768	294	768
Other Capital Purpose Income		–	–	92	–	92	–
Sub-Total Revenue from Capital Purpose Income		6,415	897	2,256	550	8,671	1,447
Total Revenue	2A	149,374	136,936	14,252	12,223	163,625	149,159

* Indirect contributions by Department of Human Services: Department of 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.

NOTE 2A: ANALYSIS OF REVENUE BY SOURCE

(BASED ON THE CONSOLIDATED VIEW OF NOTE 2)

	ADMITTED PATIENTS 2008	OUT- PATIENTS 2008	EDS 2008	MENTAL HEALTH 2008	PRIMARY HEALTH 2008	OTHER 2008	TOTAL 2008
NOTE	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE FROM SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT							
Government Grants	96,087	24,000	3,008	287	2,477	1,906	127,765
Indirect contributions by Department of Human Services *	3,711	—	—	—	—	—	3,711
Patient and Resident Fees	2B 2,575	176	—	—	—	—	2,751
Donations and Bequests (non capital)	—	—	—	—	—	406	406
Recoupment from Private Practice for Use of Hospital Facilities	(3)	—	—	—	—	192	189
Other Revenue from Operating Activities	2,521	94	15	—	—	4,901	7,531
Interest and Dividends	—	—	—	—	—	605	605
Capital Purpose Income	2	—	—	—	—	6,415	6,415
Sub-Total Revenue from Services Supported by Health Services Agreement	104,891	24,270	3,023	287	2,477	14,425	149,373
REVENUE FROM SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES							
Donations and Bequests (non capital)	—	—	—	—	—	2,623	2,623
Business Units and Specific Purpose Funds	—	—	—	—	—	9,565	9,565
Recoupment from Private Practice for Use of Hospital Facilities	—	—	—	—	—	(192)	(192)
Capital Purpose Income	2	—	—	—	—	2,256	2,256
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	—	—	—	—	—	14,252	14,252
Total Revenue	104,891	24,270	3,023	287	2,477	28,676	163,625

* Indirect contributions by Department of Human Services: Department of 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.

NOTE 2A: ANALYSIS OF REVENUE BY SOURCE CONTINUED

	ADMITTED PATIENTS 2007	OUT- PATIENTS 2007	EDS 2007	MENTAL HEALTH 2007	PRIMARY HEALTH 2007	OTHER 2007	TOTAL 2007
NOTE	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE FROM SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT							
Government Grants	89,134	23,101	2,476	273	2,523	—	117,507
Indirect contributions by							
Department of Human Services *	6,118	—	—	—	—	—	6,118
Patient and Resident Fees	2B 2,396	—	—	—	—	—	2,396
Donations and Bequests (non capital)	—	—	—	—	—	300	300
Recoupment from Private Practice for Use of Hospital Facilities	—	—	—	—	—	212	212
Other Revenue from Operating Activities	2,580	36	229	—	—	5,498	8,342
Interest and Dividends	—	—	—	—	—	1,161	1,161
Capital Purpose Income	2 —	—	—	—	—	897	897
Sub-Total Revenue from Services Supported by Health Services Agreement	100,228	23,137	2,705	273	2,523	8,068	136,934
REVENUE FROM SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES*							
Donations and Bequests (non capital)	—	—	—	—	—	1,879	1,879
Business Units and Specific Purpose Funds	—	—	—	—	—	9,516	9,516
Interest and Dividends	—	—	—	—	—	280	280
Recoupment from Private Practice for Use of Hospital Facilities	—	—	—	—	—	—	—
Capital Purpose Income	2 —	—	—	—	—	550	550
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	—	—	—	—	—	12,225	12,225
Total Revenue	100,228	23,137	2,705	273	2,523	20,293	149,159

* Indirect contributions by Department of Human Services: Department of 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.

NOTE 2B: PATIENT AND RESIDENT FEES

	PARENT ENTITY		CONSOLIDATED	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
PATIENT AND RESIDENT FEES RAISED				
RECURRENT:				
Acute				
– Inpatients	2,575	2,243	2,575	2,243
– Outpatients	176	153	176	153
Total Recurrent	2,751	2,396	2,751	2,396

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

	PARENT ENTITY		CONSOLIDATED	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
PROCEEDS FROM DISPOSALS OF NON-CURRENT ASSETS*				
Medical Equipment	–	–	–	–
Motor Vehicles	44	39	44	39
Computers and Communication Equipment	–	7	–	7
Land	2,573	–	2,573	–
Buildings	1,747	–	1,747	–
Total Proceeds from Disposal of Non-Current Assets	4,363	46	4,363	46
LESS: WRITTEN DOWN VALUE OF NON-CURRENT ASSETS SOLD*				
Medical Equipment	1	242	1	242
Motor Vehicles	62	22	62	22
Computers and Communication Equipment	–	–	–	–
Land	765	–	765	–
Buildings	1,747	–	1,747	–
Total Written Down Value of Non-Current Assets Sold	2,574	264	2,574	264
Net gains/(losses) on Disposal of Non-Current Assets	1,789	(218)	1,789	(218)

* The major proceeds from the disposal of non-current assets relates to the sale of four terrace houses in Cardigan St Carlton (\$4.3 million) with a written down value of \$2.5 million.

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

	PARENT ENTITY		CONSOLIDATED	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
DURING THE REPORTING PERIOD, THE FAIR VALUE OF ASSETS RECEIVED FREE OF CHARGE, WAS AS FOLLOWS:				
Motor Vehicles	81	–	81	–
Total	81	–	81	–

Two motor vehicles were donated to / received by the Royal Women's Hospital during the year.

NOTE 3: EXPENSES

PARENT		HSA 2008	HSA 2007	NON HSA 2008	NON HSA 2007	TOTAL 2008	TOTAL 2007
	NOTE	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EMPLOYEE BENEFITS							
Salaries and Wages		96,374	90,351	3,725	3,134	100,099	93,485
WorkCover Premium		765	932	37	46	802	978
Long Service Leave		1,497	2,394	15	102	1,512	2,496
Superannuation		9,302	8,433	234	228	9,536	8,661
Total Employee Benefits		107,938	102,110	4,011	3,510	111,949	105,620
NON SALARY LABOUR COSTS							
Fee for Visiting Medical Officers		103	110	–	–	103	110
Agency Costs – Nursing		1,830	1,490	28	5	1,858	1,495
Agency Costs – Other		3,630	3,073	124	229	3,754	3,302
Total Non Salary Labour Costs		5,563	4,673	152	234	5,715	4,907
SUPPLIES AND CONSUMABLES							
Drug Supplies		2,658	2,606	87	78	2,745	2,684
Medical, Surgical Supplies and Prosthesis		11,531	10,864	392	249	11,923	11,113
Food Supplies		849	754	45	125	894	879
Total Supplies and Consumables		15,038	14,224	524	452	15,562	14,676
OTHER EXPENSES FROM CONTINUING OPERATIONS							
Domestic Services and Supplies		1,449	1,448	31	20	1,480	1,468
Fuel, Light, Power and Water		1,500	877	172	84	1,672	961
Insurance costs funded by DHS		4,087	4,989	–	–	4,087	4,989
Motor Vehicle Expenses		125	98	19	78	144	176
Repairs and Maintenance		2,861	2,930	343	353	3,204	3,283
Patient Transport		445	392	204	212	649	604
Bad and Doubtful Debts		(16)	(2)	–	–	(16)	(2)
Lease Expenses		358	219	43	3	401	222
Other Administrative Expenses		8,332	9,018	971	1,840	9,303	10,856
Audit Fees – VAGO – Audit of Financial Statements		51	42	–	–	51	42
– Other		113	48	–	–	113	48
Total Other Expenses from Continuing Operations		19,305	20,059	1,783	2,590	21,088	22,647
EXPENDITURE USING CAPITAL PURPOSE INCOME							
EMPLOYEE BENEFITS							
– Salaries and Wages		–	–	131	–	131	–
– WorkCover Premium		–	–	2	–	2	–
– Superannuation		–	–	12	–	12	–
– Long Service Leave		–	–	6	–	6	–
Total Employee Benefits		–	–	151	–	151	–
NON SALARY LABOUR COSTS							
– Agency Costs – Other		–	–	–	245	–	245
Total Non Salary Labour Costs		–	–	–	245	–	245
OTHER EXPENSES							
– Administrative Expenses		–	–	(364)	249	(364)	249
– Other		–	–	1,008	130	1,008	130
Total Other Expenses		–	–	644	379	644	379
Total Expenditure using Capital Purpose Income		–	–	795	624	795	624
Depreciation and Amortisation		–	–	7,742	6,939	7,742	6,939
Finance Costs		–	–	993	–	993	–
Assets Provided Free-of Charge		–	–	–	–	–	–
Total		–	–	8,735	6,939	8,735	6,939
Total Expenses		147,844	141,066	16,000	14,349	163,844	155,413

NOTE 3: EXPENSES CONTINUED

CONSOLIDATED	HSA 2008	HSA 2007	NON HSA 2008	NON HSA 2007	TOTAL 2008	TOTAL 2007
NOTE	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EMPLOYEE BENEFITS						
Salaries and Wages	96,374	90,351	3,989	3,465	100,363	93,816
WorkCover Premium	765	932	40	53	805	985
Long Service Leave	1,497	2,394	9	105	1,506	2,499
Superannuation	9,302	8,433	258	256	9,560	8,689
Total Employee Benefits	107,938	102,110	4,296	3,879	112,234	105,989
NON SALARY LABOUR COSTS						
Fee for Visiting Medical Officers	103	110	–	–	103	110
Agency Costs – Nursing	1,830	1,490	41	5	1,871	1,495
Agency Costs – Other	3,630	3,073	146	272	3,776	3,345
Total Non Salary Labour Costs	5,563	4,673	187	277	5,750	4,950
SUPPLIES AND CONSUMABLES						
Drug Supplies	2,658	2,606	87	78	2,745	2,684
Medical, Surgical Supplies and Prosthesis	11,531	10,864	392	249	11,923	11,113
Food Supplies	849	754	72	199	921	953
Total Supplies and Consumables	15,038	14,224	551	526	15,589	14,750
OTHER EXPENSES FROM CONTINUING OPERATIONS						
Domestic Services and Supplies	1,449	1,448	31	20	1,480	1,468
Fuel, Light, Power and Water	1,500	877	172	84	1,672	961
Insurance costs funded by DHS	4,087	4,989	–	–	4,087	4,989
Motor Vehicle Expenses	125	98	19	78	144	176
Repairs and Maintenance	2,861	2,930	347	358	3,208	3,288
Patient Transport	445	392	204	212	649	604
Bad and Doubtful Debts	(16)	(2)	–	–	(16)	(2)
Lease Expenses	358	219	43	3	401	222
Other Administrative Expenses	8,332	9,016	1,198	2,039	9,530	11,055
Audit Fees – VAGO – Audit of Financial Statements	51	42	4	1	55	43
– Other	113	48	–	–	113	48
Total Other Expenses from Continuing Operations	19,305	20,057	2,018	2,795	21,323	22,852
EXPENDITURE USING CAPITAL PURPOSE INCOME						
EMPLOYEE BENEFITS						
– Salaries and Wages	–	–	131	–	131	–
– WorkCover Premium	–	–	2	–	2	–
– Superannuation	–	–	12	–	12	–
– Long Service Leave	–	–	6	–	6	–
Total Employee Benefits	–	–	151	–	151	–
NON SALARY LABOUR COSTS						
– Agency Costs – Other	–	–	–	245	–	245
Total Non Salary Labour Costs	–	–	–	245	–	245
OTHER EXPENSES						
– Administrative Expenses	–	–	(364)	249	(364)	249
– Other	–	–	1,007	130	1,007	130
Total Other Expenses	–	–	643	379	643	379
Total Expenditure using Capital Purpose Income	–	–	794	624	794	624
Depreciation and Amortisation	–	–	7,743	6,943	7,743	6,943
Finance Costs	–	–	993	–	993	–
Assets Provided Free-of Charge	–	–	–	–	–	–
Total	–	–	8,736	6,943	8,736	6,943
Total Expenses	147,844	141,064	16,582	15,044	164,426	156,108

NOTE 3A: ANALYSIS OF EXPENSES BY SOURCE

(BASED ON THE CONSOLIDATED VIEW)

	ADMITTED PATIENTS 2008	OUT- PATIENTS 2008	EDS 2008	MENTAL HEALTH 2008	PRIMARY HEALTH 2008	OTHER 2008	TOTAL 2008
NOTE	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT							
Employee Benefits	85,136	11,896	7,700	736	2,471	–	107,938
Non Salary Labour Costs	4,048	1,027	170	316	2	–	5,563
Supplies and Consumables	6,692	8,117	209	–	21	–	15,038
Other Expenses from Continuing Operations	17,846	883	280	51	244	–	19,305
Sub-Total Expenses from Services							
Supported by Health Services Agreement	113,722	21,922	8,358	1,103	2,738	–	147,843
SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES							
Employee Benefits	–	–	–	–	–	4,296	4,296
Non Salary Labour Costs	–	–	–	–	–	187	187
Supplies and Consumables	–	–	–	–	–	551	551
Other Expenses from Continuing Operations	–	–	–	–	–	2,019	2,019
Depreciation and Amortisation	4	–	–	–	–	7,743	7,743
Finance Costs	5	–	–	–	–	993	993
Sub-Total Expense from Services							
Supported by Hospital and Community Initiatives	–	–	–	–	–	15,789	15,789
SERVICES SUPPORTED BY CAPITAL SOURCES							
Employee Benefits	–	–	–	–	–	151	151
Other Expenses	–	–	–	–	–	643	643
Sub-Total Expenses from Services							
Supported by Capital Resources	–	–	–	–	–	794	794
Total Expenses	113,722	21,922	8,358	1,103	2,738	16,583	164,426

NOTE 3A: ANALYSIS OF EXPENSES BY SOURCE CONTINUED

	ADMITTED PATIENTS 2007	OUT- PATIENTS 2007	EDS 2007	MENTAL HEALTH 2007	PRIMARY HEALTH 2007	OTHER 2007	TOTAL 2007
NOTE	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT							
Employee Benefits	81,056	11,013	7,143	341	2,557	–	102,110
Non Salary Labour Costs	3,494	1,068	37	71	3	–	4,673
Supplies and Consumables	6,321	7,676	204	–	23	–	14,224
Other Expenses from Continuing Operations	18,064	1,265	332	26	371	–	20,058
Sub-Total Expenses from Services Supported by Health Services Agreement	108,935	21,022	7,716	438	2,954	–	141,065
SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES							
Employee Benefits	–	–	–	–	–	3,879	3,879
Non Salary Labour Costs	–	–	–	–	–	277	277
Supplies and Consumables	–	–	–	–	–	526	526
Other Expenses from Continuing Operations	–	–	–	–	–	2,794	2,794
Depreciation and Amortisation	4	–	–	–	–	6,943	6,943
Finance Costs	5	–	–	–	–	–	–
Sub-Total Expense from Services Supported by Hospital and Community Initiatives	–	–	–	–	–	14,419	14,419
SERVICES SUPPORTED BY CAPITAL SOURCES							
Employee Benefits	–	–	–	–	–	–	–
Other Expenses	–	–	–	–	–	624	624
Sub-Total Expenses from Services Supported by Capital Resources	–	–	–	–	–	624	624
Total Expenses	108,935	21,022	7,716	438	2,954	15,043	156,108

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

	PARENT ENTITY		CONSOLIDATED	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Private Practice and Other Patient Activities	1,946	1,918	1,946	1,918
Laboratory Medicine	163	141	163	141
Pharmacy Services	172	143	172	143
Car Park	673	601	673	601
Property Expenses	466	482	466	482
OTHER ACTIVITIES				
Education and Training	216	120	216	120
Fundraising and Community Support	30	21	614	712
Major Equipment Replacement	43	95	43	95
Research and Scholarship	2,556	2,765	2,556	2,765
Other	999	1,124	999	1,124
Total	7,264	7,410	7,848	8,101

NOTE 4: DEPRECIATION AND AMORTISATION

	PARENT ENTITY		CONSOLIDATED	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
DEPRECIATION				
Buildings	4,910	4,781	4,910	4,781
Plant and Equipment	34	32	34	32
Medical Equipment	1,719	1,621	1,719	1,621
Computers and Communication	347	360	348	365
Furniture and Equipment	46	42	46	42
Motor Vehicles	32	24	32	24
Total Depreciation	7,088	6,860	7,089	6,865
AMORTISATION				
Lease – Building	218	–	218	–
Lease – Plant and Equipment	87	–	87	–
Intangible Assets	349	77	349	77
Total Amortisation	654	77	654	77
Total Depreciation and Amortisation	7,742	6,937	7,743	6,942

NOTE 5: FINANCE COSTS

	PARENT ENTITY		CONSOLIDATED	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Finance Charges on Finance Leases *	993	–	993	–
Total	993	–	993	–

* 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 Consortium. This amount represents the interest payments made for the 2007/08 year.

NOTE 6: CASH AND CASH EQUIVALENTS

For the purposes of the Cash Flow Statement, cash assets includes cash on hand and in banks, and short-term deposits which are readily convertible to cash on hand, and are subject to an insignificant risk of change in value.

	PARENT ENTITY		CONSOLIDATED	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Cash on Hand	12	9	12	9
Cash at Bank	1,691	1,058	2,746	1,669
Total	1,703	1,067	2,758	1,678

REPRESENTED BY:

Cash for Health Service Operations (as per Cash Flow Statement)	1,172	528	2,227	1,139
Cash for Monies Held in Trust – Cash at Bank	531	539	531	539
Total	1,703	1,067	2,758	1,678

NOTE 7: RECEIVABLES

	PARENT ENTITY		CONSOLIDATED	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
CURRENT				
Controlled Entity Intercompany	358	107	–	–
Trade Debtors	2,613	1,186	2,741	1,227
Patient Fees	1,013	280	1,013	280
Accrued Revenue – DHS	1,363	153	1,363	153
Accrued Revenue – Other	971	980	1,103	980
GST Receivable	415	–	415	–
Total	6,733	2,706	6,635	2,640
LESS ALLOWANCE FOR DOUBTFUL DEBTS				
Trade Debtors	83	97	83	97
Patient Fees	132	14	132	14
Total Current Receivables	6,518	2,595	6,420	2,529
NON CURRENT				
DHS – Long Service Leave	251	2,622	251	2,622
Total	251	2,622	251	2,622
Total Non-Current Receivables	251	2,622	251	2,622
Total Receivables	6,769	5,217	6,671	5,151

(A) MOVEMENT IN THE ALLOWANCE FOR DOUBTFUL DEBTS

	PARENT ENTITY		CONSOLIDATED	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Balance at Beginning of Year	111	53	111	53
Increase/(Decrease) in Allowance Recognised in Profit or Loss	104	58	104	58
Balance at End of Year	215	111	215	111

(b) Ageing analysis of receivables: Please refer to note 20(c) for the ageing analysis of receivables

(c) Nature and extent of risk arising from receivables: Please refer to note 20(c) for the nature and extent of credit risk arising from receivables

NOTE 8: OTHER FINANCIAL ASSETS

	PARENT ENTITY		CONSOLIDATED	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
CURRENT				
AVAILABLE-FOR-SALE FINANCIAL ASSETS				
Investments – Managed Funds	1,174	1,000	1,174	1,000
Total Current	1,174	1,000	1,174	1,000
NON CURRENT				
AVAILABLE-FOR-SALE FINANCIAL ASSETS				
Investments – Managed Funds	14,439	13,609	14,894	13,609
Total Non Current	14,439	13,609	14,894	13,609
Total	15,613	14,609	16,068	14,609
REPRESENTED BY:				
Monies Held in Trust	474	474	474	474
Hospital Investments	15,139	14,135	15,594	14,135
Total	15,613	14,609	16,068	14,609

(a) Ageing analysis of other financial assets: Please refer to note 20(c) for the ageing analysis of other financial assets.

(b) Nature and extent of risk arising from other financial assets: Please refer to note 20(c) for the nature and extent of credit risk arising from other financial assets.

NOTE 9: INVENTORIES

	PARENT ENTITY		CONSOLIDATED	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
PHARMACEUTICALS – At Cost	168	177	168	177
OTHER (KIOSK SUPPLIES) – At Cost	–	70	–	70
Total Inventories	168	247	168	247

NOTE 10: OTHER ASSETS

	PARENT ENTITY		CONSOLIDATED	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Prepayments	369	281	369	281
Total	369	281	369	281

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	PARENT ENTITY		CONSOLIDATED	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
LAND				
LAND AT VALUATION				
Crown (Carlton)	18,225	15,630	18,225	15,630
Crown (Parkville)	27,500	–	27,500	–
Freehold	19,968	17,890	19,968	17,890
Total Land	65,693	33,520	65,693	33,520
BUILDINGS				
BUILDINGS AT COST				
Less Accumulated Depreciation	–	3,538	–	3,538
	–	(63)	–	(63)
	–	3,475	–	3,475
BUILDINGS AT VALUATION				
Less Accumulated Depreciation	53,057	50,764	53,057	50,764
	(7,533)	(4,690)	(7,533)	(4,690)
	45,524	46,074	45,524	46,074
Building Work in Progress	40	60	40	60
Total Buildings	45,564	49,609	45,564	49,609
PLANT AND EQUIPMENT AT COST				
PLANT AND EQUIPMENT				
Less Accumulated Depreciation	3,647	3,630	3,647	3,630
	(3,537)	(3,503)	(3,537)	(3,503)
Total Plant And Equipment	110	127	110	127
MEDICAL EQUIPMENT AT COST				
MEDICAL EQUIPMENT				
Less Accumulated Depreciation	23,484	22,417	23,484	22,417
	(17,275)	(15,624)	(17,275)	(15,624)
Total Medical Equipment	6,209	6,793	6,209	6,793
COMPUTERS AND COMMUNICATION AT COST				
COMPUTERS AND COMMUNICATION				
Less Accumulated Depreciation	5,625	4,675	5,625	4,696
	(4,534)	(4,188)	(4,533)	(4,208)
Total Computers and Communications	1,091	487	1,092	488

NOTE 11: PROPERTY, PLANT AND EQUIPMENT CONTINUED

	PARENT ENTITY		CONSOLIDATED	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
FURNITURE AND FITTINGS AT COST				
FURNITURE AND FITTINGS	1,260	1,051	1,260	1,051
Less Accumulated Depreciation	(869)	(823)	(869)	(823)
Total Furniture and Fittings	391	228	391	228
MOTOR VEHICLES AT COST				
MOTOR VEHICLES	195	337	195	337
Less Accumulated Depreciation	(91)	(248)	(91)	(248)
Total Motor Vehicles	104	89	104	89
CULTURAL ASSETS				
CULTURAL ASSETS AT COST				
CULTURAL ASSETS AT COST	413	164	413	164
Less Accumulated Depreciation	–	–	–	–
	413	164	413	164
CULTURAL ASSETS AT VALUATION				
CULTURAL ASSETS AT VALUATION	–	30	–	30
Less Accumulated Depreciation	–	–	–	–
	–	30	–	30
Total Cultural Assets	413	194	413	194
LEASED ASSETS				
LEASED BUILDINGS				
LEASED BUILDINGS	231,128	–	231,128	–
Less Accumulated Amortisation	(218)	–	(218)	–
	230,910	–	230,910	–
LEASEHOLD IMPROVEMENTS AT COST				
LEASEHOLD IMPROVEMENTS AT COST	263	–	263	–
	263	–	263	–
LEASED PLANT AND EQUIPMENT AT COST				
LEASED PLANT AND EQUIPMENT	18,420	–	18,420	–
Less Accumulated Amortisation	(87)	–	(87)	–
Total Plant and Equipment	18,333	–	18,333	–
Total Leased Assets	249,506	–	249,506	–
Total	369,081	91,047	369,082	91,048

NOTE 11: PROPERTY, PLANT AND EQUIPMENT CONTINUED

CONSOLIDATED

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

	LAND	BUILDINGS	PLANT AND EQUIPMENT	MEDICAL EQUIPMENT	COMPUTERS & COMMUNICNS	FURNITURE FITTINGS	MOTOR VEHICLES	CULTURAL ASSETS	LEASED ASSETS	TOTAL
NOTE	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

CONSOLIDATED

BALANCE AT 1 JULY 2006	33,520	51,105	154	6,389	520	240	135	30	–	92,093
Additions	–	3,285	5	2,268	332	30	–	164	–	6,084
Disposals	–	–	–	(242)	–	–	(22)	–	–	(264)
Net Transfers between classes	–	–	–	–	–	–	–	–	–	–
Depreciation and Amortisation 4	–	(4,781)	(32)	(1,622)	(364)	(42)	(24)	–	–	(6,865)
Balance at 1 July 2007	33,520	49,609	127	6,793	488	228	89	194	–	91,048

Additions	27,500	401	17	1,136	952	209	479	219	249,811	280,724
Disposals	(764)	(1,747)	–	(1)	–	–	(432)	–	–	(2,944)
Revaluation increments / (decrements)	5,437	2,211	–	–	–	–	–	–	–	7,648
Net Transfers between classes	–	–	–	–	–	–	–	–	–	–
Depreciation and Amortisation 4	–	(4,910)	(34)	(1,719)	(348)	(46)	(32)	–	(305)	(7,394)
Balance at 30 June 2008	65,693	45,564	110	6,209	1,092	391	104	413	249,506	369,082

THE ROYAL WOMEN'S HOSPITAL

BALANCE AT 1 JULY 2006	33,520	51,105	154	6,389	515	240	135	30	–	92,088
Additions	–	3,285	5	2,268	331	30	–	164	–	6,083
Disposals	–	–	–	(242)	(2)	–	(22)	–	–	(266)
Revaluation increments / (decrements)	–	–	–	–	–	–	–	–	–	–
Net Transfers between classes	–	–	–	–	–	–	–	–	–	–
Depreciation and Amortisation 4	–	(4,781)	(32)	(1,622)	(359)	(42)	(24)	–	–	(6,860)
Balance at 1 July 2007	33,520	49,609	127	6,793	485	228	89	194	–	91,045

Additions	27,500	401	17	1,136	953	209	479	219	249,811	280,725
Disposals	(764)	(1,747)	–	(1)	–	–	(432)	–	–	(2,944)
Revaluation increments / (decrements)	5,437	2,211	–	–	–	–	–	–	–	7,648
Net Transfers between classes	–	–	–	–	–	–	–	–	–	–
Depreciation and Amortisation 4	–	(4,910)	(34)	(1,719)	(347)	(46)	(32)	–	(305)	(7,393)
Balance at 30 June 2008	65,693	45,564	110	6,209	1,091	391	104	413	249,506	369,081

NOTE 11: PROPERTY, PLANT AND EQUIPMENT CONTINUED

Land and Buildings Carried at Valuation.

In the year ended 30 June 2006 land and buildings of The Royal Women's Hospital were revalued by Ernst and Young. The valuation was based on fair market value for continuing use. The remaining useful lives of all properties were reviewed particularly in light of the planned new redevelopment site in Parkville. The revaluation at 30 June 2006 had the following effect on the financial statements for the year:

- (a) A revaluation increment of \$1.1 Million was credited to the Asset Revaluation Reserve for Land.
- (b) A revaluation increment of \$11.1 million was credited to the Asset Revaluation Reserve for Buildings.

In the year ended 30 June 2008, Management conducted an annual assessment of the fair value of land and buildings. To facilitate this, Management obtained from DHS the approved Valuer General Victoria indices for 2007 and 2008 and applied these to the carrying values of individual assets per the 2006 valuation. The indexed carrying value was then compared to the carrying values at June 2008 to determine the change in fair value. The financial impact of managements assessment of the change in fair value of land and buildings in accordance with FRD103C is a revaluation increase for land of \$5.4 million and a revaluation increase for buildings of \$2.2 million.

The properties at the Carlton site have been revalued on the basis that they will have a useful life of between 1 to 50 years. No commitments have been entered into with respect to disposal of any of these properties. It is anticipated that properties selected for disposal will be sold as is and no restoration or demolition costs are contemplated.

Leased Assets

During the year ended 30 June 2008, the Royal Women's Hospital relocated to a new facility in Parkville. 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 the Royal Women's Health Consortium. The Royal Women's Hospital has recognised the Leased Assets (Note 11) and associated Interest Bearing Lease Liabilities (Note 14).

NOTE 12: INTANGIBLE ASSETS

	PARENT ENTITY		CONSOLIDATED	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
SOFTWARE	1,801	823	1,801	823
Less Accumulated Amortisation	(772)	(423)	(772)	(423)
Total Written Down Value	1,029	400	1,029	400

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

	NOTE	SOFTWARE	TOTAL
		\$'000	\$'000
ROYAL WOMEN'S HOSPITAL			
BALANCE AT 1 JULY 2006		72	72
Additions		406	406
Amortisation	4	(77)	(77)
Balance at 1 July 2007		400	400
Additions		978	978
Amortisation	4	(349)	(349)
Balance at 30 June 2008		1,029	1,029
CONSOLIDATED			
BALANCE AT 1 JULY 2006		72	72
Additions		406	406
Amortisation	4	(77)	(77)
Balance at 1 July 2007		400	400
Additions		978	978
Amortisation	4	(349)	(349)
Balance at 30 June 2008		1,029	1,029

NOTE 13: PAYABLES

	PARENT ENTITY		CONSOLIDATED	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
CURRENT				
Trade Creditors	5,223	5,245	5,223	5,245
Accrued Expenses	2,944	1,179	2,945	1,179
GST Payable	–	926	–	926
Deposits	70	72	70	72
Other	(3)	7	(3)	7
Total	8,234	7,429	8,235	7,429

(a) *Maturity analysis of payables:* Please refer to note 20(d) for the ageing analysis of payables.

(b) *Nature and extent of risk arising from payables:* Please refer to note 20(d) for the nature and extent of risks arising from payables.

NOTE 14: INTEREST BEARING LIABILITIES

	NOTE	PARENT ENTITY		CONSOLIDATED	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
CURRENT					
Finance Lease Liability	21	2,441	–	2,441	–
Total Australian Dollars Borrowings		2,441	–	2,441	–
Total Current		2,441	–	2,441	–
NON CURRENT					
Finance Lease Liability	21	246,999	–	246,999	–
Total Australian Dollars Borrowings		246,999	–	246,999	–
Total Non-Current		246,999	–	246,999	–
Total Interest Bearing Liabilities		249,440	–	249,440	–

(a) *Maturity analysis of interest bearing liabilities:* Please refer to note 20(d) for the ageing analysis of interest bearing liabilities.

(b) *Nature and extent of risk arising from interest bearing liabilities:* Please refer to note 20(d) for the nature and extent of risks arising from interest bearing liabilities.

NOTE 15: PROVISIONS

	NOTE	PARENT ENTITY		CONSOLIDATED	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
CURRENT					
EMPLOYEE BENEFITS	15A				
Unconditional and Expected to be Settled within 12 Months		11,257	10,699	11,265	10,723
Unconditional and Expected to be Settled after 12 Months		11,034	11,318	11,034	11,323
PROVISIONS RELATED TO EMPLOYEE BENEFIT ON-COSTS					
Unconditional and Expected to be Settled within 12 Months (Nominal Value)		677	731	677	733
Unconditional and Expected to be Settled after 12 Months (Present Value)		1,166	1,194	1,166	1,195
Total		24,134	23,942	24,142	23,974
NON-CURRENT					
Employee Benefits	15A	3,312	3,162	3,312	3,167
Provisions Related to Employee Benefit On-Costs		400	336	400	336
Total		3,712	3,498	3,712	3,503

NOTE 15A: EMPLOYEE BENEFITS

	NOTE	PARENT ENTITY		CONSOLIDATED	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
CURRENT					
	1V				
Unconditional Long Service Leave Entitlements		10,334	10,888	10,334	10,888
Annual Leave Entitlements		8,753	9,055	8,758	9,083
Accrued Wages and Salaries		2,820	2,134	2,823	2,140
Accrued Days Off		304	346	304	347
Other		1,923	1,519	1,923	1,516
Total		24,134	23,942	24,142	23,974
CURRENT EMPLOYEE BENEFITS THAT:					
Expected to be Utilised within 12 Months (Nominal Value)		11,934	11,430	11,942	11,456
Expected to be Utilised after 12 Months (Present Value)		12,200	12,512	12,200	12,518
		24,134	23,942	24,142	23,974
NON-CURRENT					
Conditional Long Service Leave Entitlements (Present Value)	1V	3,712	3,498	3,712	3,503
Total		3,712	3,498	3,712	3,503
MOVEMENT IN LONG SERVICE LEAVE:					
Balance at Start of Year		14,386	13,255	14,391	13,261
Provision Made During the Year		1,508	2,493	1,504	2,492
Settlement Made During the Year		(1,848)	(1,362)	(1,849)	(1,362)
Balance at End of Year		14,046	14,386	14,046	14,391

NOTE 16: OTHER LIABILITIES

	NOTE	PARENT ENTITY		CONSOLIDATED	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
CURRENT					
MONIES HELD IN TRUST					
Other Monies Held in Trust*		1,005	539	1,005	539
Total Current		1,005	539	1,005	539
NON CURRENT					
MONIES HELD IN TRUST*					
Other Monies Held in Trust*		–	474	–	474
LOAN – DHS NON-INTEREST BEARING		–	2,500	–	2,500
Total Non-Current		–	2,974	–	2,974
Total Other Liabilities		1,005	3,513	1,005	3,513
* TOTAL MONIES HELD IN TRUST					
REPRESENTED BY THE FOLLOWING ASSETS:					
Other Financial Assets	8	474	474	474	474
Cash and Cash Equivalents	6	531	539	531	539
Total		1,005	1,013	1,005	1,013

NOTE 17: EQUITY

	PARENT ENTITY		CONSOLIDATED	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
(A) RESERVES				
LAND AND BUILDINGS ASSET REVALUATION RESERVE ¹				
Balance at the Beginning of the Reporting Period	12,264	12,264	12,264	12,264
Revaluation Increment/(Decrements)				
– Land	5,437	–	5,437	–
– Buildings	2,211	–	2,211	–
Balance at the End of the Reporting Period *	19,913	12,264	19,913	12,264
* Represented by:				
– Land	6,557	1,120	6,557	1,120
– Buildings	13,355	11,144	13,355	11,144
	19,913	12,264	19,913	12,264
FINANCIAL ASSETS AVAILABLE-FOR-SALE REVALUATION RESERVE ²				
Balance at the Beginning of the Reporting Period	74	–	74	–
Valuation Gain/(Loss) Recognised	(885)	74	(938)	74
Balance at End of the Reporting Period	(811)	74	(864)	74
GENERAL PURPOSE RESERVE				
Balance at the Beginning of the Reporting Period	14,534	11,468	14,534	11,468
Transfer from Accumulated Deficit	3,442	3,066	3,442	3,066
Balance at the End of the Reporting Period	17,976	14,534	17,976	14,534
RESTRICTED SPECIFIC PURPOSE RESERVE				
Balance at the Beginning of the Reporting Period	10,125	8,598	10,470	8,972
Transfer from Accumulated Deficit	611	1,527	1,639	1,498
Balance at the End of the Reporting Period	10,736	10,125	12,109	10,470
Total Reserves	47,814	36,997	49,134	37,342
(B) CONTRIBUTED CAPITAL				
Balance at the Beginning of the Reporting Period	62,399	62,399	62,399	62,399
Capital Contribution Received from Victorian Government	28,708	–	28,708	–
Balance at the End of the Reporting Period	91,107	62,399	91,107	62,399
(C) ACCUMULATED SURPLUSES/(DEFICITS)				
Balance at the Beginning of the Reporting Period	(24,910)	(14,043)	(24,746)	(13,233)
Net Result for the Year	(1,750)	(6,274)	(802)	(6,949)
Transfers to General Purpose Reserve	(3,442)	(3,066)	(3,442)	(3,066)
Transfers to Restricted Specific Purpose Reserve	(611)	(1,527)	(1,639)	(1,498)
Balance at the End of the Reporting Period	(30,713)	(24,910)	(30,629)	(24,746)
(D) TOTAL EQUITY AT END OF FINANCIAL YEAR	108,208	74,486	109,612	74,995

(1) The land and buildings assets revaluation reserve arises on the revaluation of land and buildings.

(2) The financial assets available-for-sale revaluation reserve 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 profit and loss. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in profit and loss.

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

	PARENT ENTITY		CONSOLIDATED	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
NET RESULT FOR THE PERIOD	(1,750)	(6,274)	(802)	(6,949)
Depreciation and Amortisation	7,742	6,937	7,743	6,942
Provision for Doubtful Debts	104	58	104	58
Change in Inventories	79	2	79	2
Resources/Assets Provided Free of Charge	(81)	–	(81)	–
Net (Gain)/Loss from Sale of Plant and Equipment	(1,789)	218	(1,789)	218
Net (Gain)/Loss from Sale of Investments	707	–	707	–
Income from Managed Funds Reinvested	(1,111)	(1,216)	(1,122)	(1,216)
CHANGE IN OPERATING ASSETS AND LIABILITIES				
– (Increase)/Decrease in Receivables	(2,501)	369	(2,464)	411
– (Increase)/Decrease in Prepayments	(88)	(242)	(88)	(242)
– Increase/(Decrease) in Payables	1,892	875	1,893	867
– Increase/(Decrease) in Employee Benefits	407	2,879	376	2,887
Net Cash Inflow/(Outflow) from Operating Activities	3,611	3,606	4,556	2,978

NOTE 19: NON-CASH FINANCING AND INVESTING ACTIVITIES

	NOTE	PARENT ENTITY		CONSOLIDATED	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
Acquisition of Building, Plant and Equipment by Means of Finance Leases		249,548	–	249,548	–
Total		249,548	–	249,548	–
REPRESENTED BY:					
Finance Lease Liability – Buildings		231,128	–	231,128	–
Finance Lease Liability – Plant and Equipment		18,420	–	18,420	–
		249,548		249,548	
LESS					
Principal Repayments Made		(108)	–	(108)	–
Total	11	249,440	–	249,440	–

NOTE 20: FINANCIAL INSTRUMENTS

(a) Significant Accounting Policies

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

(b) Categorisation of Financial Instruments

	NOTE	CATEGORY	CARRYING AMOUNT 2008 \$000	CARRYING AMOUNT 2007 \$000
FINANCIAL ASSETS				
Cash and Cash Equivalents	6	N/A	2,758	1,678
Receivables	7	Loans and Receivables	6,256	5,151
Other Financial Assets	8	Available for sale financial assets (at fair value)	16,068	14,609
FINANCIAL LIABILITIES				
Payables	13	Financial Liabilities measured at amortised cost	8,235	6,503
Interest Bearing Liabilities	14	Financial Liabilities measured at amortised cost	249,440	–
Other Liabilities	16	Financial Liabilities measured at amortised cost	1,005	3,513

The carrying amount excludes statutory financial assets and liabilities (i.e. GST payable and receivable).

(c) Credit Risk

Credit risk arises from the financial assets of the Royal Women's Hospital, which comprise cash and cash equivalents and trade and other receivables. The exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Hospital.

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

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

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

The Royal Women's Hospital exposure to credit risk and effective weighted average interest rate by ageing periods is set out in the following table. For interest rates applicable to each class of asset refer to individual notes to the financial statements.

NOTE 20: FINANCIAL INSTRUMENTS CONTINUED

INTEREST RATE EXPOSURE AND AGEING ANALYSIS OF FINANCIAL ASSET AS AT 30/06/2008 AND 30/06/2007

	*WEIGHTED AVERAGE EFFECTIVE INTEREST RATES (%)	CONSOLID'D CARRYING AMOUNT	INTEREST RATE EXPOSURE		
			FIXED INTEREST RATE	VARIABLE INTEREST RATE	NON INTEREST BEARING
		\$'000	\$'000	\$'000	\$'000
2008 FINANCIAL ASSETS					
Cash and Cash Equivalents	5.48	2,758	–	2,758	–
Receivables					
– Trade Debtors		2,658	–	–	2,658
– Patient Fees		881	–	–	881
– Other Receivables		2,717	–	–	2,717
Other Financial Assets		16,068	–	–	16,068
Total Financial Assets		25,082	–	2,758	22,324

2007 FINANCIAL ASSETS					
Cash and Cash Equivalents	5.10	1,678	–	1,678	–
Receivables					
– Trade Debtors		1,130	–	–	1,130
– Patient Fees		266	–	–	266
– Other Receivables		3,755	–	–	3,755
Other Financial Assets		14,609	–	–	14,609
Total Financial Assets		21,438	–	1,678	19,760

	NOT PAST DUE AND NOT IMPAIRED	PAST DUE BUT NOT IMPAIRED			IMPAIRED FINANCIAL ASSETS
		LESS THAN 1 MONTH	1–3 MONTHS	3 MONTHS – 1 YEAR	
	\$'000	\$'000	\$'000	\$'000	\$'000

2008 FINANCIAL ASSETS					
Cash and Cash Equivalents	2,758	–	–	–	–
Receivables	–	–	–	–	–
– Trade Debtors	1,356	1,063	239	–	83
– Patient Fees	229	317	335	–	132
– Other Receivables	2,717	–	–	–	–
Other Financial Assets	16,068	–	–	–	–
Total Financial Assets	23,128	1,380	574	–	215

2007 FINANCIAL ASSETS					
Cash and Cash Equivalents	1,678	–	–	–	–
Receivables	–	–	–	–	–
– Trade Debtors	780	316	34	–	97
– Patient Fees	69	96	101	–	14
– Other Receivables	3,755	–	–	–	–
Other Financial Assets	14,609	–	–	–	–
Total Financial Assets	20,891	412	135	–	111

* Weighted average or effective interest rates for each class of assets
Ageing analysis of financial assets must exclude the types of statutory financial assets (i.e GST input tax credit).

NOTE 20: FINANCIAL INSTRUMENTS CONTINUED

(d) Liquidity Risk

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

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

Cashflow Forecast

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

Cash Advances from Department of Human Services

Cash advances are sought from the Department of Human Services to assist with cashflow.

Withdrawal of Investments

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

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

NOTE 20: FINANCIAL INSTRUMENTS CONTINUED

INTEREST RATE EXPOSURE AND MATURITY ANALYSIS OF FINANCIAL LIABILITIES AS AT 30/06/2008 AND 30/6/2007

	CARRYING AMOUNT \$'000	INTEREST RATE EXPOSURE			*WEIGHTED AVERAGE EFFECTIVE INTEREST RATES (%)	CONTRACTUAL CASH FLOWS \$'000
		FIXED INTEREST RATE \$'000	VARIABLE INTEREST RATE \$'000	NON INTEREST BEARING \$'000		
2008 PAYABLES:						
Trade Payables	5,223	–	–	5,223		–
Other Payables	3,012	–	–	3,012		–
Interest Bearing Liabilities	249,440	249,440	–	–	9.79	249,440
Other Financial Liabilities	1,005	–	–	1,005		–
Total Financial Liabilities	258,680	249,440	–	9,240		249,440

2007 PAYABLES:						
Trade Payables	5,245	–	–	5,245		–
Other Payables	1,258	–	–	1,258		–
Interest Bearing Liabilities	–	–	–	–		–
Other Financial Liabilities	3,513	–	–	3,513		–
Total Financial Liabilities	10,016	–	–	10,016		–

	MATURITY DATES				
	LESS THAN 1 MONTH \$'000	1–3 MONTHS \$'000	3 MONTHS – 1 YEAR \$'000	1–5 YEARS \$'000	OVER 5 YEARS \$'000
2008 PAYABLES:					
Trade Payables	1,809	2,463	951	–	–
Other Payables	1,043	1,420	548	–	–
Interest Bearing Liabilities	198	395	1,848	16,534	230,465
Other Financial Liabilities	–	–	474	–	531
Total Financial Liabilities	3,051	4,279	3,821	16,534	230,996

2007 PAYABLES:					
Trade Payables	2,546	2,491	208	–	–
Other Payables	611	598	50	–	–
Interest Bearing Liabilities	–	–	–	–	–
Other Financial Liabilities	–	–	2,500	–	1,013
Total Financial Liabilities	3,157	3,089	2,758	–	1,013

New 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 by Department of Human Services direct 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 Department of Human Services.

* Weighted average or effective interest rates for each class of assets
Ageing analysis of financial liabilities must exclude the types of statutory financial liabilities (i.e GST payable).

NOTE 20: FINANCIAL INSTRUMENTS CONTINUED

(e) Market Risk

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

Interest Rate Risk

The Hospital's exposure to interest rate risk and effected weighted average interest rate by maturity periods is set out in the above table in note 20(c) for credit risk and note 20(d) for liquidity risk. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements. Exposure arises predominantly from cash holdings at variable interest rates.

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

Other Price Risk (Investments)

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

Investment Committee Role

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

Investment Objectives

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

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

Role of Victorian Funds Management Corporation

The role of Victorian Funds Management Corporation is to:

- > provide strategic investment advice to the Royal Women's Hospital; and
- > provide management and investment services to the hospital in accordance with:
 - > established investment objectives and guidelines;
 - > proper instructions given by the Royal Women's Hospital; and
 - > relevant laws applicable from time to time.

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

- > maintain proper internal control structures and compliance systems
- > ensure that there is a separation of powers, functions and responsibilities between the officers and staff of Victorian Funds Management Corporation
- > provide annual independent external audits of compliance with, and the effectiveness of, the structures and systems referred to above.

Role of approved Fund Managers

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

NOTE 20: FINANCIAL INSTRUMENTS CONTINUED

Monthly Performance report (Performance v Benchmarks/investment objectives)

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

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

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

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

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

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

Sensitivity Disclosure Analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Royal Women's Hospital believes the following movements are 'reasonably possible' over the next 12 months

- > A parallel shift of +0.5% and -0.5% in market interest rates (AUD);
- > A parallel shift of +10% and -10% in managed investment fund prices.

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

CARRYING AMOUNT	INTEREST RATE RISK				OTHER PRICE RISK			
	-0.5%		-0.5%		-10%		+10%	
	PROFIT	EQUITY	PROFIT	EQUITY	PROFIT	EQUITY	PROFIT	EQUITY
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

2008 FINANCIAL ASSETS

Cash and Cash Equivalents ⁽ⁱ⁾	2,758	(31)	(31)	31	31	-	-	-	-
Other Financial Assets	16,068	-	-	-	-	-	(1,607)	-	1,607

CARRYING AMOUNT	INTEREST RATE RISK				OTHER PRICE RISK			
	-0.5%		-0.5%		-10%		+10%	
	PROFIT	EQUITY	PROFIT	EQUITY	PROFIT	EQUITY	PROFIT	EQUITY
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

2007 FINANCIAL ASSETS

Cash and Cash Equivalents ⁽ⁱ⁾	1,678	(22)	(22)	22	22	-	-	-	-
Other Financial Assets	14,609	-	-	-	-	-	(1,461)	-	1,461

(i) eg. Sensitivity of cash and cash equivalents to a +0.5% movement in interest rates. Similar for a -0.5% movement in interest rate. Impact is calculated using the following formula:

$Interest\ received\ from\ bank * 0.5\% / Weighted\ Av\ Int\ Rate$

The carrying amount must exclude types of statutory financial assets and liabilities (i.e. GST input tax credit).

NOTE 21: COMMITMENTS

This note includes commitments for operating and finance leases, capital expenditure under contracts for the supply of works, services and materials insofar as they are not provided for in the Balance Sheet, and lease receivable commitments.

	PARENT ENTITY		CONSOLIDATED	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000

CAPITAL EXPENDITURE COMMITMENTS

Plant and Equipment	1,178	483	1,178	783
Total	1,178	483	1,178	783

PAYABLE:

Not later than one year	1,178	483	1,178	783
Total	1,178	483	1,178	783

FACILITIES MANAGEMENT COMMITMENTS

Facilities Management	449,936	–	449,936	–
Total	449,936	–	449,936	–

PAYABLE:

Not later than one year	11,091	–	11,091	–
Later than 1 year and not later than 5 years	50,829	–	50,829	–
Later than 5 years	388,016	–	388,016	–
Total	449,936	–	449,936	–

LEASE COMMITMENTS

Commitments in relation to leases contracted for at the reporting date:

Operating Leases	375	132	375	132
Finance Leases	249,440	–	249,440	–
Total Lease Commitments	249,815	132	249,815	132

OPERATING LEASES

Payable as follows:

Cancelable

Not later than one year	190	73	190	73
Later than 1 year and not later than 5 years	185	59	185	59
Later than 5 years	–	–	–	–
Sub Total	375	132	375	132

NOTE 21: COMMITMENTS CONTINUED

	PARENT ENTITY		CONSOLIDATED	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000

FINANCE LEASES

Commitments in relation to finance leases are payable as follows:

Not later than one year	22,669	–	22,669	–
Later than 1 year and not later than 5 years	93,195	–	93,195	–
Later than 5 years	554,000	–	554,000	–
Minimum lease payments	669,864	–	669,864	–
Less future finance charges	(420,424)	–	(420,424)	–
Total	249,440	–	249,440	–

REPRESENTING LEASE LIABILITIES

Current (note 14)	2,441	–	2,441	–
Non-current (note 14)	246,999	–	246,999	–
Total	249,440	–	249,440	–

The State of Victoria is obliged to fund Monthly Service Payments due under the Project Agreement for the life of that Agreement, a period of up to 25 years. The Royal Women's Hospital has an agreement with the State that it will continue to operate and control the hospital at the expiry of the lease. On this basis the asset is being amortised over its estimated useful life of 50 years.

	PARENT ENTITY		CONSOLIDATED	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000

LEASE RECEIVABLE COMMITMENTS

Commitments in relation to leases receivable are as follows:

Not later than one year	1,711	1,025	1,711	1,025
Later than 1 year and not later than 5 years	6,844	4,098	6,844	4,098
Later than 5 years	8,556	6,147	8,556	6,147
Total	17,111	11,270	17,111	11,270

Relates to rentals receivable under contractual arrangements with external parties.

NOTE 22A: RESPONSIBLE PERSONS DISCLOSURES

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

RESPONSIBLE MINISTERS: PERIOD

The Honourable Bronwyn Pike, 1/07/2007 – 3/08/2007
MLA, Minister for Health

The Honourable Daniel Andrews, 3/08/2007 – 30/06/2008
MLA, Minister for Health

GOVERNING BOARDS

Dr Rhonda Galbally AO (*Chair*) 1/07/2007 – 30/06/2008

Mr Stewart Leslie (*Deputy Chair*) 1/07/2007 – 30/06/2008

Ms Eleni Bereded-Samuel 1/07/2007 – 30/06/2008

Ms Aileen Berry 1/07/2007 – 30/06/2008

Ms Maria Butera 1/07/2007 – 30/06/2008

Ms Sharon Butler 1/07/2007 – 30/06/2008

Dr George Morstyn 1/07/2007 – 30/06/2008

Professor Robert Thomas OAM 1/07/2007 – 30/06/2008

Ms Janet Whiting 1/07/2007 – 30/06/2008

ACCOUNTABLE OFFICERS

Ms Dale Fisher (*Chief Executive*) 1/07/2007 – 30/06/2008

Remuneration of Responsible Persons

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

INCOME BAND	PARENT ENTITY		CONSOLIDATED	
	2008	2007	2008	2007
	NO.	NO.	NO.	NO.
\$0 – \$9,999*	–	–	10	8
\$10,000 – \$19,999	–	8	–	8
\$20,000 – \$29,999	8	–	8	–
\$30,000 – \$39,999	–	–	–	–
\$40,000 – \$49,999	1	1	1	1
\$280,000 – \$289,999	–	1	–	1
\$330,000 – \$339,999	1	–	1	–
Total Numbers	10	10	20	18

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

Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:

	PARENT ENTITY		CONSOLIDATED	
	2008	2007	2008	2007
	\$547,248	\$454,136	\$547,248	\$454,136

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

Other Transactions of Responsible Persons and their Related Parties

As Chair of the Royal Women's Hospital, Dr Rhonda Galbally is Chief Executive Officer for Our Community Pty Ltd. Our Community renders services to the Royal Women's Hospital. All dealings between Our Community and the Royal Women's Hospital are in the ordinary course of business and are on normal commercial terms and conditions. Total payments made to Our Community for 2008 were \$180.00 (2007:nil).

A Director of the Royal Women's Hospital, Ms Aileen Berry is Corporate Communication Manager for News Custom Publishing, a division of Herald and Weekly Times Pty Ltd. HWT renders services to the Royal Women's Hospital. All dealings between the Herald and Weekly Times and the Royal Women's Hospital are in the ordinary course of business and are on normal commercial terms and conditions. Total payments made to The Herald and Weekly Times for 2008 were \$423.68 (2007:\$100.00).

A Director of the Royal Women's Hospital, Ms Janet Whiting is a partner of the Melbourne office of law firm Corrs Chambers Westgarth. This firm renders services to the Royal Women's Hospital. All dealings between Corrs Chambers Westgarth and the Royal Women's Hospital are in the ordinary course of business and are on normal commercial terms and conditions. Total payments made to Corrs Chambers Westgarth during 2008 were \$827.42 (2007:\$13,423.69).

Controlled Entities Related Party Transactions

The Royal Women's Hospital Foundation

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

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

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

	RWH 2008	RWH 2007
	\$	\$

Distribution of funds by the Royal Women's Hospital Foundation **1,408,753** **3,209,789**

Reimbursements by the Royal Women's Hospital Foundation for salary and non-salary costs. **357,929** **106,787**

NOTE 22B: EXECUTIVE OFFICER DISCLOSURES

Executive Officers' Remuneration

The numbers of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands.

The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits.

	PARENT ENTITY				CONSOLIDATED			
	TOTAL REMUNERATION		BASE REMUNERATION		TOTAL REMUNERATION		BASE REMUNERATION	
	2008	2007	2008	2007	2008	2007	2008	2007
	NO.	NO.	NO.	NO.				
\$90,000 – \$99,999*	1	–	1	–	1	–	1	–
\$120,000 – \$129,999	1	–	1	–	1	–	1	–
\$140,000 – \$149,999	1	–	1	2	1	–	1	2
\$150,000 – \$159,999	–	–	–	1	–	–	–	1
\$160,000 – \$169,999	–	2	–	–	–	2	–	–
\$170,000 – \$179,999	–	–	1	1	–	–	1	1
\$180,000 – \$189,999	1	1	–	–	1	1	–	–
\$210,000 – \$219,999	–	1	–	–	–	1	–	–
\$220,000 – \$229,999	–	–	1	–	–	–	1	–
\$250,000 – \$259,999	1	–	–	–	1	–	–	–
Total	5	4	5	4	5	4	5	4
Total Remuneration	\$813,929	\$722,580	\$770,062	\$623,262	\$813,929	\$722,580	\$770,062	\$623,262

* Pro-rata payments made to Executive Officers.

NOTE 23: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

During August 2008, the Royal Women's Hospital received formal approval from the Minister for Health and the Treasurer for a \$24.5 million loan from Treasury Corporation of Victoria to secure the car park revenue rights at the new facility in Parkville. The financial impact will be reported for the first time in the 2008/09 annual financial statements.

NOTE 24: CONTROLLED ENTITIES

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

CONTROLLED ENTITIES CONTRIBUTION TO THE CONSOLIDATED RESULTS

NET RESULT FOR THE YEAR	2008	2007
	\$'000	\$'000
The Royal Womens Hospital Foundation Trust Fund	948	(675)
The Royal Womens Hospital Foundation Limited	—	—

NOTE 25: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no contingent assets or liabilities for the Royal Women's Hospital or its Controlled Entities as at 30 June 2008 (Nil 2007).

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 organisation's compliance with statutory disclosure requirements.

PAGE	LEGISLATION	REQUIREMENT
------	-------------	-------------

Report of Operations – FRD Guidelines

Charter and Purpose

- | | | | |
|----|---|---------|--|
| 10 | > | FRD 22B | Manner of establishment and the relevant Ministers |
| 10 | > | FRD 22B | Objectives, functions, powers and duties |
| 10 | > | FRD 22B | Nature and range of services provided |

Management and structure

- | | | | |
|----|---|---------|------------------------|
| 12 | > | FRD 22B | Organisation structure |
|----|---|---------|------------------------|

Financial and other information

- | | | | |
|--------|---|----------|--|
| 5 | > | FRD 22B: | Operational and budgetary objectives and performance against objectives |
| 12 | > | FRD 22B | Statement of merit and equity |
| 12 | > | FRD 22B | Workforce Data Disclosures |
| 13 | > | FRD 22B | Occupational health and safety |
| 15 | > | FRD 22B | Summary of the financial results for the year |
| n/a | > | FRD 22B | Significant changes in financial position during the year |
| n/a | > | FRD 22B | Major changes or factors affecting performance |
| 66 | > | FRD 22B | Subsequent events |
| 13 | > | FRD 22B | Application and operation of <i>Freedom of Information Act 1982</i> |
| 14 | > | FRD 22B | Compliance with building and maintenance provisions of Building Act 1993 |
| n/a | > | FRD 25 | Victorian Industry Participation Policy disclosure |
| 15 | > | FRD 22B | Statement on National Competition Policy |
| 14 | > | FRD 22B | Application and operation of the <i>Whistleblowers Protection Act 2001</i> |
| 15 | > | FRD 22B | Details of consultancies over \$100,000 |
| 15 | > | FRD 22B | Details of consultancies under \$100,000 |
| 15 | > | FRD 22B | Statement of availability of other information |
| 68 | > | FRD 10 | Disclosure Index |
| n/a | > | FRD 11 | Disclosure of ex-gratia payments |
| 65, 66 | > | FRD 22B | Responsible person and executive officer disclosures |

Financial Statements – FRD Guidance

Financial statements required under Part 7 of the FMA

- | | | | |
|----|---|------------|--|
| 21 | > | SD 4.2 (b) | Operating Statement |
| 22 | > | SD 4.2 (b) | Balance Sheet |
| 23 | > | SD 4.2 (a) | Statement of Changes in Equity |
| 24 | > | SD 4.2 (b) | Cash Flow Statement |
| 18 | > | SD 4.2 (c) | Accountable officer's declaration |
| 26 | > | SD 4.2 (c) | Compliance with Australian accounting standards and other authoritative pronouncements |
| 26 | > | SD 4.2 (c) | Compliance with Ministerial Directives |
| 26 | > | SD 4.2 (d) | Rounding of amounts |

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the women's
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