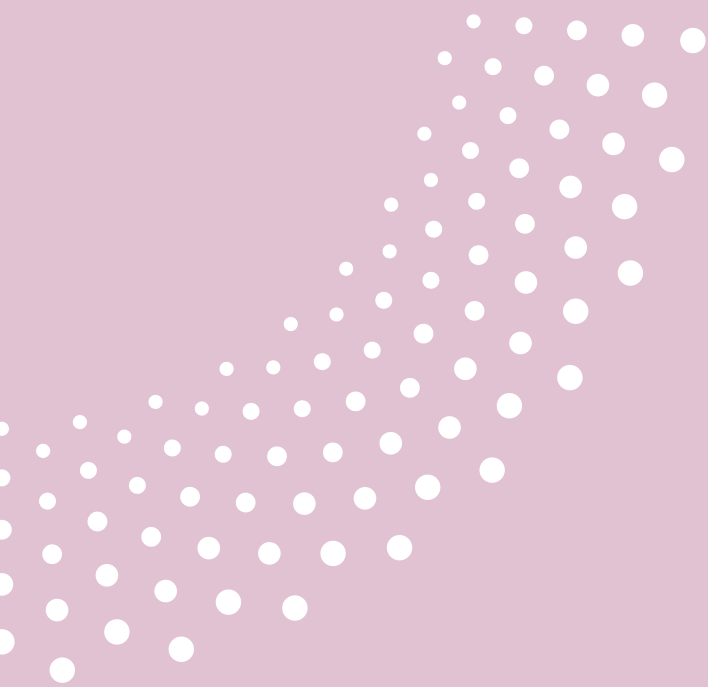




The Women's Annual Report 2023



the women's
the royal women's hospital



Acknowledgement of Traditional Owners

The Royal Women's Hospital acknowledges and pays respect to the peoples of the Kulin Nations, the traditional owners of the country on which our hospital stands and we pay our respects to their Elders past and present.

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

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

Our Vision

Creating healthier futures
for women and babies

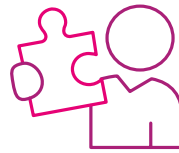
Our Strategic Directions



We provide
leading care
for women
and newborns



We partner to
create exceptional
experiences
every day



We are the best
place to work,
learn and
contribute



We lead
and partner
to influence
change

Our Declaration

We are committed to the social model of health

We care for women from all walks of life

We recognise that sex and gender affect health and healthcare

We are a voice for women's health

We seek to achieve health equity

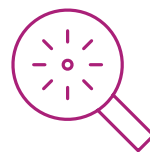
Our Values



Courage



Passion



Discovery



Respect



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Report from the Board Chair and Chief Executive

Our hospital has had an exciting 12 months. During the past year, many of the programs and initiatives that had been on hold during the pandemic re-commenced and our horizons broadened as we collaborated with our partners on several new and exciting projects.

This year, we welcomed the increased focus on women's health at both a state and federal level. In Victoria, the government announced major investments in sexual and reproductive health services, including new public fertility services, additional women's health clinics, extra funds for laparoscopies to treat endometriosis, mobile women's health clinics in regional and remote Victoria, a state inquiry into women's pain management, and Victoria's first Women's Health Advisory Council. At the federal level, work commenced to address disincentives that affect women's and girls' access to quality healthcare, a Senate inquiry was held into the barriers to sexual and reproductive healthcare, and the government established a National Women's Health Advisory Council. We are very pleased to have made a contribution to several of these initiatives and we look forward to partnering further to ensure their progress.

During 2022-23, we were thrilled to be appointed to co-lead Victoria's new public fertility service. An Australian-first, this service was established to make fertility care fairer and more accessible for individuals, couples and families. We launched the new service at the Women's in October 2022 and subsequent months have seen the development and delivery of our unique metro-regional partnership model that will provide access to free fertility care to people across Victoria. Pleasingly, two of our nine partner health services opened in June 2023 and as we move into the new financial year, it is expected that, with our support, the remaining seven will soon open their public fertility services for individuals and families across Victoria.

Another significant achievement this year was the opening of the state's new egg and sperm bank, providing a publicly managed approach to this vital service. Established and operated by the Women's, the first stage of the bank is to recruit eligible egg and sperm donors providing access to the state's public fertility service patients. This has been a significant achievement that required a swift and concerted effort to prepare for accreditation and licensing as Australia's first publicly-owned egg and sperm bank, as well as the establishment of a new onsite laboratory and the recruitment of specialist staff. Initial interest from potential donors has been significant.

Our advocacy on behalf of the Victorian community was rewarded with the state government's announcement of a multi-billion dollar investment to construct additional sites for the Royal Women's Hospital and The Royal Melbourne Hospital at the new Arden Precinct. This follows significant research and planning by our team to develop future-focused models of care that will be appropriate and responsive to the evolving needs of women, their babies and families, well into the next decade. We also warmly welcomed the announcement of funds to validate the business case to establish a world-class women's health research institute in Melbourne, an exciting initiative that we are looking forward to contributing to.

We have had a very successful year. While we have made substantial strides in our key priority areas, the Women's has also achieved significant success in many other areas, including clinical improvements, health service partnerships, support services for marginalised patient groups, workforce wellbeing, and advocacy.





Year in review

We entered the second year of our strategic plan during 2022-23 and made solid progress against our four strategic directions:

We provide leading care to women and newborns

During 2022-23, the Women's continued to provide accessible, high-quality, and safe care that achieves the best possible health outcomes for women and newborns.

This year, we continued to develop our models of care, including stage 2 of our maternity model changes with the aim of increasing patient choice, improving patient experience, enhancing shared decision-making, and improving clinical outcomes.

As previously mentioned, another significant initiative was the establishment of a statewide public fertility service and Victoria's new public egg and sperm bank. An Australian first, the design and implementation of these services focused on establishing a world-class fertility and donor service within a public health service model, which increases access for many more Victorians unable to do so through the private sector. By implementing an innovative partnership model, the Women's has developed a statewide service that is now delivering specialist fertility care closer to home.

The transition of our Sandringham service to Monash Health was also a significant project this year. In partnership with Alfred Health and Monash Health, we collaborated to ensure a seamless transition. This ensured women and families living in Melbourne's south-east could continue to have access to high-quality, responsive maternity, neonatal and gynaecological care in their local hospital.

Through the Western Metro Health Service Partnership, we focused on elective surgery through prioritisation of activity and throughput, rapid patient prioritisation and the assessment and creation of a Rapid Access Hub.

For more information, see pages 25-34 of this report.

We partner to create exceptional experiences every day

Creating exceptional experiences with our people, patients and consumers is fundamental to the provision of high-quality care. For patients and consumers, our partnerships support health literacy, shared decision-making and better health outcomes. For our people, partnerships empower them to deliver safe and compassionate care.

During 2022-23, the Women's launched its second Disability Action Plan, which provides a framework for how we partner with people with disability and increases access and inclusion at our hospital.

We continued to engage with patients, consumers and our people through several committees, including our Board People, Culture and Engagement Committee, Board Research Committee, Board Quality and Safety Committee, Consumer Advisory Committee, Women's Disability Advisory Group, and Reconciliation Advisory Group. We encouraged participation in a number of other ways and held significant consultations related to key programs and initiatives including the establishment of our new public fertility service, improvements to our electronic medical record, and our patient portal, the Health Hub.

As we continued to implement the Women's Innovate Reconciliation Action Plan, we made sure to listen, learn and strengthen relationships with Aboriginal and Torres Strait Islander women, families, leaders, community organisations and staff.

For more information, see pages 25-34 of this report.

We are the best place to work, learn and contribute

Creating and maintaining a positive and supportive culture is an important priority for the Women's.

Over the past year, we prioritised programs that support our workforce to learn and grow, keep them safe, and promote their health, safety and wellbeing.

During the past 12 months, the Women's implemented Project Care, a program co-designed with staff to support workforce wellbeing. This post-COVID recovery program included initiatives such as on-site employee counselling, resilience workshops, healthy meals and snacks, physical and mental wellbeing sessions and activities to facilitate staff connection.

We also implemented a range of initiatives to improve recruitment and retention, leadership and skills development and cultural safety and awareness; and we commenced developmental work on new people management technology, which will be implemented in the coming year.

With the aim of making our workplace more flexible and adaptable, we began work to provide greater shift flexibility in our maternity service and embraced the hybrid working model for those who could work from home. We introduced a nursing and midwifery undergraduate employment program in some clinical areas and provided flexibility and professional

development opportunities to our senior nurses and midwives, as well as offering our neonatal intensive care unit nurses post-graduate midwifery training opportunities.

This year, we appointed our Diversity, Inclusion and Belonging Managers who commenced work on our Diversity, Inclusion and Belonging Project and contributed to the progression of our Gender Action Plan, Disability Action Plan and Reconciliation Action Plan. Our organisation celebrated Aboriginal and Torres Strait Islander culture and promoted the rights of LGBTQI+ people, as well as people with disability and people from diverse cultures, religions and backgrounds, and we celebrated the strengths and achievements of women and girls.

The Women's Environmental Sustainability Plan was developed in conjunction with the Women's Environmental Management Committee working group and launched this year.

For more information, see pages 25-34 of this report.

Leading and partnering to influence change

An important focus for our hospital is to improve health outcomes for women and newborns through the delivery of world-class translational research, the establishment of valuable partnerships and the implementation of effective advocacy and influencing strategies.

This year, we focused on influencing system change to address inequality in abortion and contraception services, especially in regional and remote areas. We advocated for more culturally safe environments and services for First Nations women, promoted the role of hospitals in addressing family violence, advocated for more contraception and sexual health services and training for health professionals. We realised our vision for a networked public fertility service and promoted the unique healthcare needs of women with disability.

We undertook activities that acknowledge the historical harm caused by our hospital to the Stolen Generations and their families, and commenced planning for meaningful engagement with mothers and babies who were forcibly separated by our hospital in the past.

Our research highlights included a range of endometriosis research projects; studies looking into the care needs of First Nations mothers; several neonatal research studies; and a number of pregnancy and gynaecological studies.

Partnerships with philanthropic donors and supporters enabled the Women's to realise its vision and deliver better outcomes for women and babies.

This year, we also progressed a range of partnerships to progress a contemporary vision for women's and newborn health at Arden, and to secure a brighter and more equitable future through the establishment of a Women's health research institute in Melbourne.

For more information, see pages 25-34 of this report.

Celebrating our achievements

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

- A billion-dollar investment announced by the state government to construct new facilities at Arden, for both the Women's and The Royal Melbourne Hospital.
- The launch of Victoria's statewide public fertility service at the Women's, providing eligible people with free access to integrated fertility care and support services across Victoria.
- The establishment of Australia's first public egg and sperm bank at the Women's.
- The successful conclusion of the Australian Council on Healthcare Standards accreditation process following a robust assessment against the National Safety and Quality Health Service Standards.
- Recognition of the hospital's star performers at the annual Women's 2022 Staff Excellence Awards.
- The appointment of Lord Mayor Sally Capp AO and former hospital Board Chair and women's health advocate, Lyn Swinburne AO as the hospital's Philanthropy Ambassadors.
- A celebration of the Women's nurses and midwives with the hospital's annual Nursing and Midwifery Awards.
- The successful transfer of maternity, newborn and gynaecology services at Sandringham Hospital from the Women's to Monash Health.
- Delivery of the annual International Women's Day breakfast event attracting over 230 guests and supporters.
- The launch of the Women's annual Research Report, celebrating the achievements of the hospital's ten research centres.
- Recognition of Professor Kelsey Hegarty and her team for their family violence research at the 2022 Victorian Public Healthcare Awards.
- The successful delivery of the Women's annual Meet a Scientist event for female secondary school students, held on the eve of International Day of Women and Girls in Science.
- Celebration of the thirty-year anniversary of the hospital's Pregnancy Research Centre.
- The annual Strengthening Responses to Family Violence forum held in partnership with Bendigo Health.
- The opening of a new patient-centred facility and installation of a new MRI machine, part of the Pauline Gandel Women's Imaging Centre.
- The launch of the hospital's second Disability Action Plan.

Our philanthropic supporters

Philanthropy is integral to the achievement of the Women's ambitious vision.

Donor support enables us to provide care beyond our core services, to offer support beyond what's expected, and to be a world leader in delivering innovation and improvement in the treatment of women and babies.

Over the past 12 months, we had many reasons to celebrate the impact of philanthropy on the lives of our patients, their families and communities. Some of the highlights include the:

- Improvement of clinical practice and real-life outcomes through the Gandel Simulation Service - with thanks to the Gandel Foundation.
- Foundational work to develop a transformative model of care in our Newborn Intensive Care Unit (Family Integrated Care), inviting families to actively participate in the care of their baby - with thanks to the Barr Family Foundation.

- Opportunity to research and embed initiatives to prevent family violence - with thanks to the Paul Ramsay Foundation, the Phyllis Connor Memorial Trust, Mutual Trust Myer Staff Fund, Associate Professor John McBain AO and Dr Penelope Foster.
- Appointment of our Philanthropy Ambassadors, Lord Mayor Sally Capp AO and Lyn Swinburne AO.
- Expansion of the depth and breadth of our research into underfunded and stigmatised areas of women's and newborn health - with thanks to our supporters from across Victoria and beyond.

Our thanks

We extend our sincere thanks to all our major donors during the 2022-23 financial year without whom we could not have had such a positive impact on the women and babies in our care.

Aaron and Laura Dillon

Alfred Felton Bequest

Alter Foundation

Baer Family

Barr Family Foundation

Cath Bowtell

Collier Charitable Fund

Coryule Foundation

Debbie Dadon AM

Drury Trust

EC Blackwood Charitable Trust

Emily Vera Winder Estate

Estate of Henry Herbert Yoffa

Estate of Marie Campbell

Evelyn and Tom Danos

Gandel Foundation

Greg Shalit and Miriam Faine

Heather Sybil Smith Estate

Hope and Tony Saba Family Foundation

Issy and Tom Jacob

Jenkins Foundation

John Frederick Wright Estate

John McBain AO and Penelope Foster

John William and Anna Maria Ford Memorial Fund

Lee Liberman Foundation

Margaret J Bumpstead Estate

Mark Robertson OAM and Anne Robertson

Martin Healey

Mohamad Yunus Haqiqzai

Mutual Trust Foundation

Paul Ramsay Foundation

Phyllis Connor Memorial Trust

Pratt Foundation

RACV

Rosie Lew AM

Sony Foundation

William and Aileen Walsh Trust

William and Mary Ievers & Sons Maintenance Fund

Corporate sponsors

BankVic

HESTA

Financial results

For the year ending 30 June 2023, the Women's recorded an operating surplus of \$0.46 million, an improvement on the \$0.006 million surplus recorded in 2022-23.

During the 2022-23 financial year, the Women's Board, management and staff continued to ensure the Women's provides exceptional patient care while implementing a number of initiatives to work towards financial sustainability.

Acknowledgements

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

Together, we cared for over 75,000 patients who speak over 80 different languages and come from approximately 200 different regions across the globe. A total of 7,542 babies were born across our two campuses at Parkville and Sandringham. We provided 30,284 inpatient services and recorded 163,845 outpatient visits, of which 58.7 per cent were for maternity services. The Women's Emergency Centre had 26,842 presentations. In total, we provided 220,971 episodes of care.

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

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

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

In accordance with the *Financial Management Act 1994*, we are pleased to present the report of operations for The Royal Women's Hospital for the year ending 30 June 2023.



Cath Bowtell

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



Sue Matthews

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



Report of operations

Nature and range of services

Established over 165 years ago, the Women's is Australia's first and most respected specialist hospital dedicated to improving and advocating for the health and wellbeing of women and newborns.

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

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

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

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

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

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

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

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

The responsible Minister from 1 July 2022 to 30 June 2023 was the Hon. Mary-Anne Thomas Minister for Health.

Management and governance structure

Board of directors

The Directors serving on The Royal Women's Hospital Board during the 2022-23 reporting period were:

Ms Cath Bowtell (Chair)
Ms Helga Svendsen
Ms Mandy Frostick
Ms Naomi Johnston
Adjunct Professor Alan Lilly
Ms Rosie Batty AO
Mr Ken Parsons
Professor Marie Bismark
Ms Glen Noonan
Ms Marianne Walker

Governing committees

Finance and Information Technology Committee

Chair: Mr Ken Parsons

Directors: Ms Cath Bowtell, Ms Helga Svendsen, Ms Marianne Walker

Member: Mr Peter Williams

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

Audit and Corporate Risk Management Committee

Chair: Mr Glen Noonan

Directors: Ms Naomi Johnston, Mr Ken Parsons

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

Community Advisory Committee

Chair: Ms Naomi Johnston

Director: Ms Mandy Frostick, Ms Rosie Batty AO

Members: Ms Alison Soutar* (to March 2023), Ms Ivy Wang* (to March 2023), Ms Bronwyn Hogan*, Ms Lauren Indiveri-Clarke*, Ms Mija Gwyn*, Ms Mary Salter*, Ms Lisa Denney*, Ms Michelle Le Roux*, Ms Louise Sabin*, Ms Jolene Thorn*

In attendance: Professor Sue Matthews, Ms Sherri Huckstep, Ms Alix Candy

Research Committee

Chair: Professor Marie Bismark

Directors: Ms Rosie Batty AO, Mr Glen Noonan,

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

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

Board Quality and Safety Committee

Chair: Adjunct Professor Alan Lilly

Directors: Ms Cath Bowtell, Ms Naomi Johnston, Professor Marie Bismark

Members: Ms Amelia Jalland*, Ms Duchesne Markham*, Ms Selam Tadesse*, Professor Caroline Homer AO, Dr Bernadette White

In attendance: Professor Sue Matthews, Ms Lisa Lynch, Dr Mark Garwood, Ms Sherri Huckstep, Ms Laura Bignell, Mr Damian Gibney, Ms Catherine Jones

People, Culture and Engagement Committee

Chair: Ms Mandy Frostick

Directors: Adjunct Professor Alan Lilly, Ms Helga Svendsen, Ms Marianne Walker

Member: Ms Amanda Bingham*, Ms Corrine Maunder*

In attendance: Professor Sue Matthews, Ms Sherri Huckstep, Dr Mark Garwood, Ms Laura Bignell, Ms Alix Candy, Ms Robin Copeland

Remuneration Committee

Chair: Ms Cath Bowtell

Directors: Ms Marianne Walker, Mr Ken Parsons

In attendance: Professor Sue Matthews

Primary Care and Population Health Committee

Chair: Ms Helga Svendsen

Directors: Adjunct Professor Alan Lilly, Professor Marie Bismark

In attendance: Professor Sue Matthews

Philanthropy and Community Investment Committee

Chair: Ms Cath Bowtell

Directors: Ms Rosie Batty AO

Members: Ms Jane Trembath, Dr Penelope Foster

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

Note: ceased to operate as of December 2022

* Denotes consumer representative

Senior officers

Chief Executive Officer: Professor Sue Matthews

Chief Operating Officer: Ms Lisa Lynch

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

Chief Financial Officer: Mr Sam Garrasi

Chief Midwifery and Nursing Officer: Ms Laura Bignell

Chief Medical Officer: Dr Mark Garwood

Chief Communications Officer: Ms Tania Angelini

Chief Experience Officer: Ms Sherri Huckstep

Executive Director, Digital Innovation (Chief Information Officer): Mr George Cozaris

General Counsel: Ms Leanne Dillon

Executive Director, Philanthropy and Community Investment: Mr Jason Smith

Organisational chart

| | | | | |
|---|--|--|--|--|
| Chief Executive Officer Professor Sue Matthews | | | | |
| <div style="display: flex; justify-content: space-between;"> <div style="width: 40%; border: 1px solid black; padding: 5px;"> General Counsel Ms Leanne Dillon Medico-legal; Legal; Board Governance; Risk and Compliance </div> <div style="width: 55%;"></div> </div> | | | | |
| Chief Operating Officer Ms Lisa Lynch | Chief Medical Officer Dr Mark Garwood | Chief Financial Officer Mr Sam Garrasi | Executive Director, Digital Innovation (Chief Information Officer) Mr George Cozaris | |
| Women's Health Services; Maternity Services; Neonatal Services; Hospital Access and After Hours Management; Allied Health and Clinical Support Services; Allied Health Education, Leadership Development and Professional Practice; Business Intelligence and Analytics; Informatics; Social Model of Health; the Women's at Sandringham (to February 2023) | Research Program; University Relationships; Medical Workforce; Medico Legal; Medical Education; Leadership Development and Professional Practice | Budget Management; Business Development; Commercial Contracts; Financial Governance and Compliance; Financial Planning, Policy and Risk Management; Facility Management; Payroll Services; Public Private Partnerships; Revenue Management | Digital Innovation for the Royal Women's Hospital and the Royal Melbourne Hospital; Biomedical Engineering | |
| Chief Midwifery and Nursing Officer Ms Laura Bignell | Executive Director, Clinical Excellence and Systems Improvement Mr Damian Gibney | Chief Communications Officer Ms Tania Angelini | Chief Experience Officer Ms Sherri Huckstep | Executive Director, Philanthropy and Community Investment Mr Jason Smith |
| Nursing and Midwifery Education; Leadership Development and Professional Practice | Quality and Safety; Strategy, Planning and Performance; Systems Improvement; Women's Capital Development Program; Risk and Compliance (to December 2022); COVID Response | External Communications; Internal Communications; Digital Communications; Reputation Management; Media and Public Affairs; Advocacy | Patient and Consumer Experience; Consumer Health Information; Consumer partnerships; Health Hub (patient portal); Patient and Visitor Services; Volunteer Program; Switchboard; Welcome Centre and Hospital Support; People Experience; Employee Relations; Health, Safety and Wellbeing; Childcare Centre; Organisational Development; Diversity, Inclusion and Belonging | Philanthropic Campaign; Corporate Partnerships; Donor Acquisition; Stewardship; Gratitude Giving |

Note: as at 30 June 2023

Workforce information

Full Time Equivalent Employees (consistent with Minimum Employee Data Set)

| Labour category | Current Full Time Equivalent (FTE) Employees at June 2023 | | Average monthly FTE | |
|----------------------------------|---|----------------|---------------------|----------------|
| | 2022 | 2023 | 2022 | 2023 |
| Nursing and midwifery | 786.2 | 759.9 | 772.2 | 768.8 |
| Administration and clerical | 316.6 | 357.7 | 313.9 | 320.6 |
| Medical support | 82.2 | 82.5 | 77.5 | 81.2 |
| Hotel and allied health services | 8.2 | 7.5 | 7.8 | 8.0 |
| Medical officers | 30.4 | 41.2 | 28.3 | 30.7 |
| Hospital medical officers | 135.4 | 132.6 | 132.6 | 135.0 |
| Sessional clinicians | 63.5 | 61.6 | 62.4 | 60.5 |
| Ancillary staff (Allied health) | 83.3 | 92.0 | 86.5 | 87.1 |
| TOTAL | 1,505.8 | 1,535.0 | 1,481.2 | 1,491.9 |

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

Employment and conduct principles

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

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

Summary of service statistics

| | 2023 |
|--|---------|
| Births (number of babies born) | 7,542 |
| Inpatient stays | 30,288 |
| Outpatient visits | 163,839 |
| Emergency services - attendances | 2,6841 |
| Triage category 1-5 seen within recommended timeframes | 81.7% |
| Percentage of emergency patients with a length of stay of less than four hours | 74.2 |
| Number of patients with length of stay in the emergency department greater than 24 hours | 0 |
| Percentage of triage category 1 emergency patients seen immediately | 100 |
| Ambulance transfers within 40 mins | 99.1% |

Summary of financial results

For the year ending 30 June 2023, the Women's recorded an operating surplus of \$13.20 million after taking into account the impact of capital and depreciation.

The Victorian Government provides separately for depreciation costs via capital payments, in response to submissions by health services. Excluding capital payments, the Women's recorded an operating surplus of \$0.46 million (excluding revenue and expenditure associated with the centralised PPE).

Subsequent events

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

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

Financial information

| Operating result - 5 year summary | 2023 \$000 | 2022 \$000 | 2021 \$000 | 2020 \$000 | 2019 \$000 |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Total revenue | 398,447 | 362,282 | 350,021 | 332,381 | 311,478 |
| Total expenses | (385,250) | (367,681) | (348,658) | (329,398) | (311,434) |
| Net result from transactions | 13,197 | (5,399) | 1,363 | 2,983 | 44 |
| Total other economic flows | (7,410) | 4,725 | 8,553 | 670 | 1,786 |
| Net result | 5,787 | (674) | 9,916 | 3,653 | 1,830 |
| Total assets | 614,773 | 543,606 | 545,494 | 544,146 | 545,989 |
| Total liabilities | (314,922) | (279,253) | (280,467) | (289,035) | (292,351) |
| Net assets / Total equity | 299,851 | 264,353 | 265,027 | 255,111 | 253,638 |

Note: *The operating result is the result for which the Women's is monitored in its Statement of Priorities

Reconciliation of net result from transactions and operating result

| | 2023 \$000 |
|---|---------------|
| Operating result | 457 |
| Capital purpose income | 33,662 |
| COVID 19 State Supply Arrangements | |
| — State Supply items received free of charge or for nil consideration under the State Supply Arrangements | 559 |
| — State supply items consumed up to 30 June 2023 | (559) |
| Assets provided free of charge | (155) |
| Expenditure for capital purpose | (2,583) |
| Depreciation and amortisation | (18,111) |
| Finance costs (other) | (69) |
| Net result from transactions - Joint Arrangements (excluding depreciation) | (4) |
| Net result from transactions | 13,197 |

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

Consultancies (under \$10,000)

In 2022-23 there was one consultancy where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2022-23 in relation to these consultancies is \$7,018 (exclusive of GST).

Consultancies (\$10,000 or greater)

In 2022-23 there were seven consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2022-23 in relation to these consultancies is \$182,928 (exclusive of GST). Details of individual consultancies can be viewed at www.thewomens.org.au

| Consultant | Purpose | Start date | End date | Total approved project fee \$'000 (excluding GST) | Expenditure 2022-23 \$'000 (excluding GST) | Future expenditure \$'000 (excluding GST) |
|---|--|------------|----------|---|--|---|
| Deloitte Consulting Pty Limited | Commercial revenue optimisation review (revenue generation strategies) | Jun-23 | Dec-23 | 67 | 47 | 20 |
| Helen Joanne Lowry | Homeless Mothers, Homeless Babies Program | May-22 | Jul-23 | 80 | 36 | 26 |
| Johnstaff Projects (Vic) Pty Ltd | Asset Strategies, Land Utilisation Assessment Program and Relocation of Imaging Infrastructure | Jan-22 | Aug-22 | 202 | 26 | - |
| KPMG Forensics | Background check of tender applicants | Aug-22 | May-23 | 40 | 40 | - |
| Maverick Advisors | Melbourne Priority Precincts project | Jun-23 | Nov-23 | 73 | 8 | 65 |
| Nous Group | Women's Research Institute | Mar-23 | Mar-23 | 10 | 10 | - |
| The Trustee for AngeG Business Consulting Trust | NICU Resource Optimisation review | Nov-22 | Nov-22 | 15 | 15 | - |
| TOTAL | | | | 488 | 183 | 111 |

Information and communication technology expenditure

The total ICT expenditure incurred during 2022-23 is \$22.63 million (excluding GST) with the details shown below.

| Business as usual (BAU) ICT Expenditure | Non-Business as usual (Non-BAU) ICT expenditure | | |
|---|---|---|---|
| Total excluding GST | Total = Operational expenditure and Capital expenditure (excluding GST) (a) + (b) | Operational expenditure (excluding GST) (a) | Capital expenditure (excluding GST) (b) |
| 20.91 | 1.72 | - | 1.72 |

Disclosure of major contracts

Nil to report for 2022-23.

Occupational health and safety

The Women's is dedicated to providing a safe and healthy workplace. This report provides an overview of the hospital's Safety Management System, which follows a continuous improvement model encompassing planning, implementing, monitoring, and the review of health, safety and wellbeing initiatives.

The Women's takes a holistic approach to health and safety, considering both physical and non-physical (psychosocial) hazards in the workplace.

Manual handling

During 2022-23, the hospital concentrated on addressing key risks associated with manual handling, slips trips and falls, and occupational violence and aggression. Some of the efforts to mitigate these risks include:

- Onsite physiotherapy services to promote employee well-being, provide support, and address musculoskeletal issues related to manual handling tasks.
- A targeted project focused on high-risk areas aimed at identifying, assessing and mitigating manual handling risks, to enhance employee safety and reduce the likelihood of workplace injuries.
- A significant increase in face-to-face training sessions related to workplace health, safety and emergency management, which aimed to raise awareness, educate employees, and encourage proactive measures to minimize hazards.

- The progression of peer support education programs focused on mental health first aid and fostering respectful workplace behaviours. These initiatives aimed to equip employees with the necessary skills to recognize, respond to, and prevent work related or personal stress and/or inappropriate workplace behaviours such as bullying, sexual harassment or discrimination.
- Guidance related to relocations and office assessments was updated to ensure that workplace design, layout, and maintenance align with best practice.

Occupational violence and aggression

The Women's occupational violence and aggression (OVA) program comprises various preventative and responsive hazard controls to ensure the safety and wellbeing of its staff. As a specialist hospital, the Women's experiences a significantly lower frequency of OVA related incidents than other general public hospitals.

The key components of the Women's OVA program include: code grey and code black procedures, behavioural emergency procedures, safety inspection checklists, behavioural contracts, controlled access and signage, fixed and portable duress alarms, education and training, and a multi-disciplinary OVA working group.

| Occupational violence statistics | 2023 | 2022 |
|---|-------------------|-------------------|
| Number of accepted WorkCover claims with an occupational violence cause per 100 FTE | 0 | 0 |
| Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked. | 0 | 0 |
| Number of occupational violence incidents reported | 26 | 17 |
| Number of occupational violence incidents reported per 100 FTE | 1.7 | 1.17 |
| Percentage of occupational violence incidents resulting in a staff injury, illness or condition | 11.5% (N=3/27) | 5.88% (N=1/17) |

Note: As at 30 June 2023.

Incident reporting

The occupational health and safety incident reporting rate has decreased slightly over the past 12 months.

| | 2023 | 2022 | 2021 |
|--|------|-------|------|
| The number of reported hazards/incidents per 100 FTE | 18.7 | 19.91 | 27.0 |

Note: As at 30 June 2023.

Injury reporting

Lost time injuries (all)

The Women's had relatively stable numbers of work-related lost time injuries during 2022-23.

Lost time injury frequency rate

| | 2023 | 2022 | 2021 |
|--|------|------|------|
| The number of 'lost time' injuries (1 day or more) reported per million hours worked | 11 | 10.8 | 13 |

Note: As at 30 June 2023.

Lost time injury claims (standard)

The Women's standard claims (where over 10 working days were lost) decreased during the 2022-23 period.

Lost time injury rate

| | 2023 | 2022 | 2021 |
|--|------|------|------|
| 'Lost time' injury rate The number of lost time standard claims per 100 FTE | 0.60 | 0.74 | 1.31 |

Note: As at 30 June 2023.

WorkCover performance rating

The Women's WorkCover performance rating was significantly better (36 per cent) than the hospital industry rate average.

| | 2023 | 2022 | 2021 |
|---|----------|----------|----------|
| Average cost of claims per premium period | \$54,391 | \$60,477 | \$78,387 |

Note: As at 30 June 2023.

Focus for 2023-24

The Women's health and safety program for 2023-24 will include working on the key priorities outlined in the hospital's Workplace Health and Safety Operational Plan. In 2023-24 the Women's will:

- Ensure compliance with the proposed Occupational Health and Safety Amendment (Psychological Health) Regulations and align its existing Psychological Wellbeing Framework accordingly. This alignment aims to address psychological health concerns and promote a positive work environment that supports the psychological wellbeing of the hospital's workforce.
- Continue to prioritise the development and promotion of its holistic wellbeing program that encompasses psychological wellbeing. This program will provide ongoing support and resources focusing on various aspects of wellbeing.
- Further develop its safety culture to build psychological safety and support staff to feel safe to speak up, voice concerns, report incidents, and actively participate in improving workplace safety.
- Maintain and deliver the Peer Support Program, which includes Mental Health First Aid and standard respectful workplace behaviours. This program aims to equip staff with the necessary skills and knowledge to provide support to their colleagues, promotes mental health awareness, and foster a respectful and inclusive workplace.
- Expand the Women's leadership development programs, these programs aim to enhance leadership skills, promote effective communication, and encourage the creation of a positive and supportive work environment.

Definitions

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

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

Accepted Workcover claims – Accepted Workcover claims that were lodged in 2022-23.

Lost time – is defined as greater than one day.

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

Legislation and compliance

Freedom of Information Act 1982

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

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

During 2022-23, the Women's received requests from individuals, solicitors, Worksafe agents, insurance companies, the Department of Health and Human Services, Adoption Information Services (Department of Justice and Community Safety Victoria) and the Transport Accident Commission.

| FOI requests received | 2023 | 2022 | 2021 | 2020 |
|---------------------------|------|------|------|------|
| Total | 497 | 365 | 301 | 244 |
| FOI request outcomes | 2023 | 2022 | 2021 | 2020 |
| Access (includes partial) | 458 | 319 | 255 | 212 |
| No information available | 6 | 6 | 3 | 3 |
| Withdrawn | 4 | 6 | 12 | 12 |
| Denied in full | 1 | 1 | 0 | 2 |
| Incomplete /outstanding | 28 | 33 | 31 | 15 |

Requests for adoption records

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

Access to hospital information about birth mothers will depend on the type of information recorded in the patient medical record. Individuals who do not have the consent of their birth mother, or their next of kin, may seek assistance from the Women's Freedom of Information team. Applications for medical records relating to adoption are available at www.thewomens.org.au/patients-visitors/patient-record-requests

There is no cost for FOI requests from people seeking to access medical records related to historical adoptions.

Information on accessing adoption records in Victoria can also be found on the Birth Deaths and Marriages Victoria website: <https://prov.vic.gov.au/explore-collection/explore-topic/adoption-ward-state-and-care-leaver-records/adoption-records>

Making FOI requests

The majority of applications under Freedom of Information (FOI) are requests by patients for access to their own personal medical records.

Requests for information may include:

- copies of medical records
- summaries of medical records
- time of birth

Requests must be received with completed application forms and must include appropriate identification.

In line with the Women's commitment to protecting patient privacy, all care is taken to ensure information is released only to the individual to whom it pertains or to a recognised guardian.

FOI request fees

Charges associated with FOI requests include:

- \$31.80 Standard Application Fee
- \$23.85 Search Fee
- 20 cents per double sided page photocopying charge
- 10 cents per PDF page for scanning

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

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

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

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

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

FOI officer

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

Freedom of Information Officer
Health Information Services
The Royal Women's Hospital
Locked Bag 300 Parkville VIC 3052
P: (+61 3) 8345 2610 F: (+61 3) 8345 2642
E: foi@thewomens.org.au

Building Act 1993

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

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

- i. The facility complies with the minimum requirements of all relevant building and emergency services legislation relating to fire safety.
- ii. Procedures, including emergency procedures and contingency plans, (as these relate to the fire safety policies in the Emergency Procedures Manual), comply with the minimum requirements of all relevant building and emergency services legislation relating to fire safety.
- iii. Current status of fire certification - The Royal Women's Hospital has been inspected, tested and maintained in accordance with the Building Act 1993 and the Building Regulations 2018. The required inspections and tests are completed as per the occupancy permit as outlined by the building surveyor.

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

Public Interest Disclosure Act 2012

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

Information about the procedures established by the Women's under Part 9 of the *Public Interest Disclosure Act 2012* can be found on the Women's website at www.thewomens.org.au

National Competition Policy

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

Carers Recognition Act 2012

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

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

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

Local Jobs First Act 2003

The *Local Jobs First Act 2003* requires the Women's to consider competitive local suppliers, including small to medium enterprises, when a Local Jobs First Standard Project is valued at \$3 million or more or when a Local Jobs First Strategic Project is valued at \$50 million or more. The Women's factors this into any tender evaluation conducted. There were no relevant contracts awarded or commenced in 2022-23.

Gender Equality Act 2020

The *Gender Equality Act 2020* requires the Victorian Public Sector to take positive action towards achieving workplace gender equality. There are three main streams of work organisations are obliged to undertake as part of the Act:

- Gender Impact Assessments (GIA)
- Workplace Gender Audits
- Gender Equality Action Plans (GEAP)

The Women's is committed to promoting gender equality and improving the health and wellbeing of women, non-binary and gender-diverse individuals. Its inaugural Gender Equality Action Plan was submitted to The Commission for Gender Equality in the Public Sector (The Commission) in 2022 and its Workplace Gender Audit was submitted on 30 November 2021.

The Women's Gender Equality Action Plan has a focus on intersectionality, aligning with the social model of health, and is an important framework for a range of strategic projects and operational initiatives that support the Women's commitment to diversity, inclusion, and belonging. It's implementation is overseen by the hospital's Gender Equality Working Group. This group meets regularly to ensure successful and ongoing implementation of agreed actions within the plan. This includes reporting obligations, reviewing and improving foundational policies (such as, gender equity policy guidelines, flexible work policy, parental leave, family violence policy/leave, sexual harassment policy, pay equity, and anti-discrimination policies), and addressing identified gaps from workplace gender audits. Some of the key actions for 2022-2023 include:

- The commencement of work on building a new human resource information system with an emphasis on enhancing data collection, integration and reporting capabilities. These improvements will allow for greater analysis of workforce and patient demographic data (including gender, aboriginality, disability, and sexual orientation).
- A review of the respectful workplace behaviours mandatory competency education package to ensure inclusion of new content relating to the women's Gender Equality Action Plan.
- Completion by 85 per cent of staff of the respectful workplace behaviours mandatory training program.
- A review of the hospital orientation program to include a dedicated section on psychological safety.

In 2023-24, the Women's will focus on refining its organisational capability to conduct gender impact assessments for new programs and services that directly and significantly impact patients and consumers with a view to fostering equity and inclusion into decision-making frameworks and the development and design of policies and services. The aim is to move towards the implementation of equity impact assessments that consider the impacts on, and needs of, people of various backgrounds, cultures and identities.

Safe Patient Care Act 2015

The Women's has no matters to report in relation to its obligations under Section 40 of the *Safe Patient Care Act 2015*.

Statutory Duty of Candour

Changes to the *Health Services Act 1988* in November 2022 now require all Victorian health services to provide patients with a Statutory Duty of Candour process should they suffer a serious adverse patient safety event (SAPSE) whilst receiving health care. A SAPSE is the equivalent of a confirmed incident severity rating (ISR) of ISR1 or ISR2. During 2022-23, the Women's:

- Established a Statutory Duty of Candour implementation steering committee.
- Implemented a consumer-focused Statutory Duty of Candour process, which complies with all legislative requirements and supports open and honest communication with patients and families.
- Established a module within the hospital's incident management system to document compliance and support the capture of data.
- Delivered communication skills and open disclosure training to support staff undertaking challenging conversations following adverse events.

In 2023-24, an evaluation of the hospital's Statutory Duty of Candour process will be undertaken to assess compliance as well as the impact and effectiveness of the process. Additional training models will also be considered and implemented.

Car parking fee compliance

The Royal Women's Hospital complies with the Department of Health hospital circular on car parking fees and details of car parking fees and concession benefits can be viewed at:

www.thewomens.org.au/search/?keywords=car+parking+fees

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

Environmental performance

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

As a result, the Women's is committed to improving environmental sustainability through the establishment of formal performance reporting and infrastructure reform. This commitment is documented in The Women's Environmental Management Plan 2022/2027 and subsequent action plan, which outlines our environmental pledge of 'net zero by 2030'.

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

In 2023, the hospital established the Women's Environmental Management Committee, which provides leadership, governance and project oversight for the delivery of the hospital's environmental management plan. The committee focuses on improvement in the areas of:

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

During 2022-23, the Women's:

- Appointed a contractor to install a solar power system at the hospital's Carlton site.
- Delivered an upgrade of the LED lighting system.

- Introduced a medical blister packs recycling program and a battery recycling program.
- Commenced waste audits to ensure waste is disposed correctly.
- Developed and introduced an online orientation module, the 'Office green guide', and an 'A-Z waste and recycling guide' to promote a sustainable workplace, reduce environmental impacts and waste, increase recycling and create a more environmentally aware and productive workplace.
- Participated in environmental events such as Clean Up Australia Day and World Environment Day.

The Women's National Australian Built Environment Rating System (NABERS) rating during 2022-23 was:

- Energy: 3.5 Star (2021-22: 4 Star)
- Water: 2.5 Star (2021-22: 3 Star)

Reporting of office-based environmental impacts

| ELECTRICITY USE | 2023 | 2022 | 2021 |
|--|---------------|---------------|---------------|
| EL1 Total electricity consumption segmented by source [MWh] | | | |
| Purchased | 8,361 | 8,564 | 11,833 |
| Self-generated | 2,360 | 2,521 | 0 |
| EL1 Total electricity consumption [MWh] | 10,721 | 11,085 | 11,833 |

| EL2 On site-electricity generated [MWh] segmented by: | | | |
|--|--------------|--------------|----------|
| Consumption behind-the-meter | | | |
| Cogeneration Electricity | 2,360 | 2,521 | 0 |
| Total Consumption behind-the-meter [MWh] | 2,360 | 2,521 | 0 |
| EL2 Total On site-electricity generated [MWh] | 2,360 | 2,521 | 0 |

| EL3 On-site installed generation capacity [kW converted to MW] segmented by: | | | |
|---|----------|----------|----------|
| Diesel Generator | 3 | 3 | 3 |
| EL3 Total On-site installed generation capacity [MW] | 3 | 3 | 3 |

| STATIONARY ENERGY | 2023 | 2022 | 2021 |
|---|------------------|------------------|------------------|
| F1 Total fuels used in buildings and machinery segmented by fuel type [MJ] | | | |
| Natural gas | 1,499,834 | 1,902,500 | 1,846,926 |
| F1 Total fuels used in buildings [MJ] | 1,499,834 | 1,902,500 | 1,846,926 |

| F2 Greenhouse gas emissions from stationary fuel consumption segmented by fuel type [Tonnes CO2-e] | | | |
|---|-----------|-----------|-----------|
| Natural gas | 77 | 98 | 95 |
| F2 Greenhouse gas emissions from stationary fuel consumption [Tonnes CO2-e] | 77 | 98 | 95 |

| TRANSPORTATION ENERGY | 2023 | 2022 | 2021 |
|--|------------------|------------------|------------------|
| T1 Total energy used in transportation (vehicle fleet) within the Entity, segmented by fuel type [MJ] | | | |
| Non-executive fleet - Petrol | 66,649 | 164,099 | 166,783 |
| Total energy used in transportation (vehicle fleet) [MJ] | 66,649 | 164,099 | 166,783 |
| T2 Number and proportion of vehicles in the organisational boundary segmented by engine/fuel type and vehicle category | | | |
| T3 Greenhouse gas emissions from transportation (vehicle fleet) segmented by fuel type [tonnes CO2-e] | | | |
| Non-executive fleet - Petrol | 4.51 | 11.10 | 11.28 |
| Total Greenhouse gas emissions from transportation (vehicle fleet) [tonnes CO2-e] | 4.51 | 11.10 | 11.28 |
| T4 Total distance travelled by commercial air travel (passenger km travelled for business purposes by entity staff on commercial or charter aircraft) | | | |
| Total distance travelled by commercial air travel | 546,227 | 43,864 | 0 |
| T(opt1) Total vehicle travel associated with entity operations [1,000 km] | | | |
| Total vehicle travel associated with entity operations [1,000 km] | 131 | 0 | 0 |
| T(opt2) Greenhouse gas emissions from vehicle fleet [tonnes CO2-e per 1,000 km] | | | |
| tonnes CO2-e per 1,000 km | 0.03 | 0 | 0 |
| TOTAL ENERGY USE | 2023 | 2022 | 2021 |
| E1 Total energy usage from fuels, including stationary fuels (F1) and transport fuels (T1) [MJ] | | | |
| Total energy usage from stationary fuels (F1) [MJ] | 1,499,834 | 1,902,500 | 1,846,926 |
| Total energy usage from transport (T1) [MJ] | 66,649 | 164,099 | 166,783 |
| Total energy usage from fuels, including stationary fuels (F1) and transport fuels (T1) [MJ] | 1,566,483 | 2,066,598 | 2,013,709 |
| E2 Total energy usage from electricity [MJ] | | | |
| Total energy usage from electricity [MJ] | 38,596,084 | 39,905,149 | 42,598,822 |
| E3 Total energy usage segmented by renewable and non-renewable sources [MJ] | | | |
| Renewable | 5,658,967 | 4,692,263 | 4,079,402 |
| Non-renewable (E1 + E2 - E3 Renewable) | 34,503,599 | 37,279,484 | 40,533,129 |
| E4 Units of Stationary Energy used normalised | | | |
| Energy per unit of LOS [MJ/LOS] | 19.91 | 25.47 | 23.82 |
| Energy per unit of Separations [MJ/Separations] | 53.29 | 69.84 | 65.23 |
| Energy per unit of floor space [MJ/m2] | 14.12 | 17.91 | 17.39 |

| SUSTAINABLE BUILDINGS AND INFRASTRUCTURE | 2023 | 2022 | 2021 |
|--|------|------|------|
|--|------|------|------|

B5 Environmental performance ratings achieved for Entity-owned assets portfolio segmented by rating scheme and building, facility, or infrastructure type, where these ratings have been conducted

| | | | |
|--|-----|-----|---|
| NABERS Energy Rating - Royal Women's Hospital, Parkville | 3.5 | 4.0 | 0 |
| NABERS Water Rating - Royal Women's Hospital, Parkville | 2.5 | 3.0 | 0 |

| WATER USE | 2023 | 2022 | 2021 |
|-----------|------|------|------|
|-----------|------|------|------|

W1 Total units of metered water consumed by water source (kl)

| | | | |
|---|----------------|----------------|---------------|
| Potable water [kL] | 131,409 | 134,224 | 75,977 |
| Total units of water consumed [kl] | 131,409 | 134,224 | 75,977 |

W2 Units of metered water consumed normalised by FTE, headcount, floor area, or other entity or sector specific quantity

| | | | |
|--|------|------|------|
| Water per unit of LOS [kL/LOS] | 1.74 | 1.80 | 0.98 |
| Water per unit of Separations [kL/Separations] | 4.67 | 4.93 | 2.68 |
| Water per unit of floor space [kL/m2] | 1.24 | 1.26 | 0.72 |

| WASTE AND RECYCLING | 2023 | 2022 | 2021 |
|---------------------|------|------|------|
|---------------------|------|------|------|

WR1 Total units of waste disposed of by waste stream and disposal method [kg]

Landfill (total)

| | | | |
|---------------|---------|---------|---------|
| General waste | 396,536 | 386,122 | 349,390 |
|---------------|---------|---------|---------|

Offsite treatment

| | | | |
|------------------------------|---------|---------|---------|
| Clinical waste - incinerated | 5,341 | 6,979 | 7,015 |
| Clinical waste - sharps | 5,977 | 7,042 | 7,421 |
| Clinical waste - treated | 118,408 | 126,304 | 112,215 |

Recycling/recovery (disposal)

| | | | |
|----------------------|--------|--------|--------|
| Cardboard | 402 | 176 | 126 |
| Commingled | 17,297 | 19,430 | 17,002 |
| Paper (confidential) | 16,263 | 9,675 | 14,337 |
| PVC | 715 | 1,086 | 540 |

| | | | |
|---|----------------|----------------|----------------|
| Total units of waste disposed [kg] | 560,940 | 556,814 | 508,044 |
|---|----------------|----------------|----------------|

WR1 Total units of waste disposed of by waste stream and disposal method [%]

Landfill (total)

| | | | |
|---------------|-----|-----|-----|
| General waste | 75% | 69% | 69% |
|---------------|-----|-----|-----|

Offsite treatment

| | | | |
|------------------------------|--------|--------|--------|
| Clinical waste - incinerated | 1.00% | 1.25% | 1.38% |
| Clinical waste - sharps | 1.12% | 1.26% | 1.46% |
| Clinical waste - treated | 16.75% | 22.68% | 22.09% |

Recycling/recovery (disposal)

| | | | |
|----------------------|-------|-------|-------|
| Cardboard | 0.08% | 0.03% | 0.02% |
| Commingled | 3.25% | 3.49% | 3.35% |
| Paper (confidential) | 3.06% | 1.74% | 2.82% |
| PVC | 0.13% | 0.20% | 0.11% |

WR3 Total units of waste disposed normalised by FTE, headcount, floor area, or other entity or sector specific quantity, by disposal method

| | | | |
|--|------|------|------|
| Total waste to landfill per patient treated (kg general waste)/PPT | 3.04 | 3.01 | 2.66 |
| Total waste to offsite treatment per patient treated (kg offsite treatment)/PPT | 0.77 | 1.09 | 0.96 |
| Total waste recycled and reused per patient treated (kg recycled and reused)/PPT | 0.27 | 0.24 | 0.24 |

WR4 Recycling rate [%]

| | | | |
|---|-----------|-----------|-----------|
| Weight of recyclable and organic materials [kg] | 34,634 | 30,367 | 32,004 |
| Weight of total waste [kg] | 560,940 | 556,814 | 508,044 |
| Recycling rate [%] | 6% | 5% | 6% |

WR5 Greenhouse gas emissions associated with waste disposal [tonnes CO₂-e]

| | | | |
|---------------------------|-----|-----|-----|
| tonnes CO ₂ -e | 644 | 681 | 616 |
|---------------------------|-----|-----|-----|

GREENHOUSE GAS EMISSIONS

G1 Total scope one (direct) greenhouse gas emissions [tonnes CO₂e]

| | 2023 | 2022 | 2021 |
|----------------|--------------|---------------|---------------|
| Carbon Dioxide | 81.56 | 108.85 | 106.17 |
| Methane | 0.15 | 0.19 | 0.19 |
| Nitrous Oxide | 0.08 | 0.09 | 0.09 |
| Total | 81.39 | 109.13 | 106.45 |

| | | | |
|---|-------|-------|-------|
| GHG emissions from stationary fuel (F2) [tonnes CO ₂ -e] | 77.29 | 98.04 | 95.17 |
| GHG emissions from vehicle fleet (T3) [tonnes CO ₂ -e] | 4.50 | 11.10 | 11.28 |

| | | | |
|---|--------------|---------------|---------------|
| Total scope one (direct) greenhouse gas emissions [tonnes CO₂e] | 81.79 | 109.13 | 106.45 |
|---|--------------|---------------|---------------|

G2 Total scope two (indirect electricity) greenhouse gas emissions [tonnes CO₂e]

| | | | |
|-------------------|-------|-------|-------|
| Cogen Electricity | 0 | 1,462 | 4,590 |
| Electricity | 5,744 | 5,120 | 4,669 |

| | | | |
|---|--------------|--------------|--------------|
| Total scope two (indirect electricity) greenhouse gas emissions [tonnes CO₂e] | 5,744 | 6,582 | 9,258 |
|---|--------------|--------------|--------------|

G3 Total scope three (other indirect) greenhouse gas emissions associated with commercial air travel and waste disposal (tonnes CO₂e)

| | | | |
|--|--------------|--------------|--------------|
| Commercial air travel | 187 | 7 | 0 |
| Waste emissions | 644 | 681 | 616 |
| Indirect emissions from Stationary Energy | 746 | 567 | 546 |
| Indirect emissions from Transport Energy | 1 | 1 | 1 |
| Any other Scope 3 emissions | 223 | 252 | 151 |
| Total scope three greenhouse gas emissions [tonnes CO₂e] | 1,800 | 1,508 | 1,314 |

G(Opt) Net greenhouse gas emissions (tonnes CO₂e)

| | | | |
|---|--------------|--------------|---------------|
| Gross greenhouse gas emissions (G1 + G2 + G3) [tonnes CO₂e] | 7,626 | 8,200 | 10,679 |
| Net greenhouse gas emissions [tonnes CO₂e] | 7,626 | 8,200 | 10,679 |

| NORMALISATION FACTORS | 2023 | 2022 | 2021 |
|-----------------------|----------------|----------------|----------------|
| 1000km (Corporate) | 130.96 | 0 | 0 |
| ED Departures | 26,781 | 26,280 | 25,443 |
| FTE | 1,485 | 1,519 | 1,497 |
| LOS | 75,344 | 74,691 | 77,526 |
| OBD | 75,344 | 74,691 | 77,526 |
| PPT | 130,271 | 128,211 | 131,284 |
| Separations | 28,146 | 27,240 | 28,315 |
| TotalAreaM2 | 106,206 | 106,206 | 106,206 |

Note: Indicators are not reported where data is unavailable, or an indicator is not relevant to the organisation's operations

Procurement

The Women's Environmental Management Plan 2022-2027 has incorporated the following environmental considerations into procurement decision making:

- Enhancements to the Women's procurement policies, encouraging the purchase of goods and services that are sustainable.
- Sustainability criteria for new tender and contract submissions.
- Improved staff awareness of green products, through targeted procurement communications.
- Developed and socialised cost benefit analyses, identifying when / where "green" products are a viable choice.

In addition, the Women's supported collaborative projects with suppliers, support services and the hospital's infection prevention and control team to either:

- Replace the most eco-toxic and high VOC cleaning agents with less eco-toxic and lower VOC cleaning agents or
- Switch to non-chemical cleaning processes (eg. UMF and steam cleansing protocols).

For the 2022-23 financial year, key tenders and contracts developed with embedded sustainability clauses included: solar power installation, LED lighting changeover, and the Medical Blister Pack Recycling Program.

Additional information available on request

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

- A statement that declarations of pecuniary interests have been duly completed by all relevant officers.
- Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary.
- Details of publications produced by the entity about itself, and how these can be obtained.
- Details of changes in prices, fees, charges, rates and levies charged by the entity.
- Details of any major external reviews carried out on the entity.
- Details of major research and development activities undertaken by the entity.
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit.
- Details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services.
- Details of assessments and measures undertaken to improve the occupational health and safety of employees.
- A general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes.
- A list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved and details of all consultancies and contractors including:
 - i. consultants/contractors engaged
 - ii. services provided
 - iii. expenditure committed to for each engagement.



Olivia
Michelle
Walker

Key financial and service performance reporting

Reporting against the Statement of Priorities - Part A

The Statement of Priorities is the key accountability agreement between the Women's and the Minister for Health. The deliverables required as part of the agreement are aligned with the Department of Health Operational Plan 2022-2023. This annual agreement ensures delivery of, or substantial progress towards, the key shared objectives of financial viability, improved access, and quality of service provision.

| Priorities | Commitments | Descriptions | Progress |
|--|-----------------------------|---|---|
| Keep people healthy and safe in the community | Maintaining COVID readiness | <ul style="list-style-type: none"> Maintain a robust COVID-19 readiness and response, working with the department, Health Service Partnership and Local Public Health Unit to ensure effective responses to changes in demand and community pandemic orders. This includes, but is not limited to, participation in the COVID-19 Streaming Model, the Health Service Winter Response framework and continued support of the COVID-19 vaccine immunisation program and community testing. | <p>The Women's has continued to maintain its robust COVID-19 readiness and response in collaboration with the department, the Health Service Partnership, and Local Public Health Unit. Over the past 12 months, the hospital adapted processes and systems to effectively respond to the pandemic's impacts, embedding them into business-as-usual operations. As regulatory requirements have been eased, it tailored its response based on clinical requirements and patient need. The existing executive oversight structure continued to provide robust governance and leadership. Notable achievements over the past 12 months include:</p> <ul style="list-style-type: none"> Updating the hospital's COVID surge response plans to align with the Health System Winter Response roadmap. Revising the Women's Pandemic Plan. COVID cohorting to enable specialist care to be delivered in the right place. Continuing to promote COVID-19 vaccinations for staff. |

| Priorities | Commitments | Descriptions | Progress |
|----------------------------|---|--|---|
| Care closer to home | Delivering more care in the home or virtually | <ul style="list-style-type: none"> Increase the provision of home-based or virtual care, where appropriate and preferred, by the patient, including via the Better at Home program. | <p>During 2022-23, the Women's explored new and innovative ways to deliver more care in the home or virtually. Examples include:</p> <ul style="list-style-type: none"> The introduction of the Enhanced Recovery After Caesarean (ERAC) program, which uses a multidisciplinary team approach and adopts an evidenced-based system to improve maternal outcomes, functional recovery, maternal-infant bonding, and patient experience. This leads to improved recovery and earlier discharge. In February 2022, the ERAC program became standard practice for eligible patients. A new induction of labour pathway was introduced this year to help reduce the need for medical induction. Key to this approach is the use of mechanical dilation of the cervical canal to induce labour and this is offered to women if clinically appropriate. This method is beneficial because it means women can go home after induction, where previously they had to stay in hospital, sometimes for up to two days, before birth. It can reduce the need for induction medications reducing potential side effects and has been well received by patients. The Women's now has between 35-40 patients on this induction pathway each month. The Antenatal Hospital in the Home program commenced in January 2023. Pregnant women are educated to monitor themselves and their baby's movements with a midwife visiting up to three times a week, depending on their condition. This program enables women to remain independent as they are monitored in the comfort of their own home and are able to remain with their family and access their support network. As non-invasive diagnosis of endometriosis improves and awareness about pelvic pain and endometriosis expands, there is an increasing need for effective models of care that provide both surgical and medical management of pelvic pain. The Chronic Pelvic Pain Connect program was developed and introduced at the Women's during 2022-23. The program incorporates allied health therapies informed by a modern understanding of the neurobiology of pain, and person-centred care and provides a number of early interventions, including support via online information with links to resources. Program participants also participate in monthly live webinars and forums with the hospital's gynaecology and allied health teams where they can join online conversations and ask questions. The Enhanced Recovery After Surgery (ERAS) program provides multi-modal pathways that are designed to improve patient recovery by optimising their physiological function and reducing their stress response leading to reduced hospital stays and complications. There are multiple elements to the ERAS program including improving patient preparation for surgery (pre-habilitation) by providing preoperative counselling and optimising the patient's physical health. In association with partner hospitals in the Women's Health Services Partnership, a virtual pre-habilitation has been developed called the virtual surgery school (VSS). After an initial consultation with the ERAS clinic via telehealth, patients are invited to view a number of videos which help prepare them for their upcoming surgery. These include specific advice about their surgical procedure as well as advice on exercise, smoking cessation, nutrition and pain management. |

| Priorities | Commitments | Descriptions | Progress |
|----------------------------|-------------------------------------|---|--|
| Keep improving care | Improve quality and safety of care | <ul style="list-style-type: none"> Work with Safer Care Victoria (SCV) in areas of clinical improvement to ensure the Victorian health system is safe and delivers best care, including working together on hospital acquired complications, low value care and targeting preventable harm to ensure that limited resources are optimised without compromising clinical care and outcomes. Work with the department to test ('shadow') and implement activity-based funding models initially for bed-based and adult ambulatory mental health and wellbeing services. Continue towards implementation and routine use of the electronic state-wide mental health and wellbeing record to underpin best practice mental health care and improve the experience of Victorians with lived experience of mental health as they move between providers. | <p>The Women's collaborated with Safer Care Victoria (SCV) on a number of initiatives including:</p> <ul style="list-style-type: none"> The Postpartum Haemorrhage Collaborative and the National Preterm Birth Prevention Collaborative. The development of SCV's Clinical Governance Board Assessment Tool. Participation in SCV committees and forums including: the Neonatal Expert Working Group and the Maternity, the Newborn Clinical Network Coordinating Committee and Quality and Safety Leaders Forum. The addition of hospital-acquired complications (HAC) to the hospital's balanced scorecard as a global quality measure as well as implementation of a program for monitoring and improving the hospital's HAC rate. Staff participation in training provided by SCV including Fundamentals in Root Cause Analysis and the Improvement Coach program. |
| | Improve emergency department access | <ul style="list-style-type: none"> Improve access to emergency services by implementing strategies to reduce bed access blockage to facilitate improved whole of system flow, reduce emergency department four-hour wait times, and improve ambulance to health service handover times. | <p>During 2022-23, the Women's:</p> <ul style="list-style-type: none"> Extended the hours of operation in Pregnancy Day Care, which increased the hospital's capacity to care for women who would otherwise present to Women's Emergency Care (WEC) thus improving maternity patient flow. Revised its demand and escalation policy to improve patient flow from WEC during periods of increased demand. Commenced planning for joint sessions between the Birth Centre and WEC teams to facilitate improved patient flow between the two departments. Introduced Registered Undergraduate Student of Nursing staff to the workforce to help support the hospital's nursing team. |

| Priorities | Commitments | Descriptions | Progress |
|------------|--|--|--|
| | Pathology reform | <ul style="list-style-type: none"> Progress with forming shared public pathology entities as Companies Limited by Guarantee under Joint Venture Agreements that will meet the statutory obligations of the <i>Public Administration Act 2004</i>. Implement the new integrated Laboratory Information Systems and participate in the adoption of a Health Information Exchange as a priority for the newly formed pathology entity over the next four years. | <p>During 2022-23, the Women's actively participated in the establishment of a shared public pathology entity along with its precinct partners the Royal Children's Hospital, Royal Melbourne Hospital and the Peter MacCallum Cancer Centre. The partners have met regularly throughout the year to:</p> <ul style="list-style-type: none"> Create governance structures for the project (Pathology Network West). Map the current state of all existing pathology services within the precinct. Estimate future needs and design future service models and workforce structures. Participate in due diligence, including both legal and financial analysis, ensuring committees consider probity in all matters of procurement. Undertake a tender process for procuring a new laboratory information system. Mapping space considerations and liaising with the Department of Health. |
| | Access to Public Fertility Care Services | <ul style="list-style-type: none"> Provide access to a broad range of assisted reproductive treatments and a public egg and sperm bank, so more eligible Victorians currently unable to afford treatment can access services. The principles of service delivery will be high-quality, safe and value-based care, person-centred care, equitable access, inclusive and culturally safe. | <p>The Women's demonstrated a strong commitment to providing access to public fertility care services and provided a leading role during 2022-23 in its implementation by:</p> <ul style="list-style-type: none"> Achieving Reproductive Technology Accreditation Committee accreditation and Victorian Assisted Reproductive Treatment Authority registration to deliver Assisted Reproductive Technology at its Parkville campus. Developing a public fertility leadership and workforce strategy and recruitment of over 40 key clinical and support personnel. The development of required guidelines, processes and systems to manage risks and deliver best practice, evidence-based fertility care. The commencement of the public fertility service with first patient appointments in November 2022. The development and implementation of networked service model to deliver fertility services closer to home through partnerships with nine other regional and metro health services, with two services opening in Mildura and Epping, along with plans to open the remaining seven services before the end of 2023. Establishment and launch of Australia's first public egg and sperm bank led by the Women's for Victorian public fertility patients. Delivery of various public information materials to encourage egg and sperm donation and increase awareness of the public fertility service. |

| Priorities | Commitments | Descriptions | Progress |
|------------|---|--|---|
| | Plan update to nutrition and food quality standards | <ul style="list-style-type: none"> Develop a plan to implement nutrition and quality of food standards in 2022-23, implemented by December of 2023. | <p>Austin Health is the Women's food service provider and is responsible for implementing the new nutrition and quality food standards into its current menu offering. Austin Health commenced planning for required menu changes during 2023 and the Women's has been monitoring this progress through joint operating committee meetings. The deadline for compliance at all three levels of the standards is December 2023.</p> <p>In terms of the Women's customised menu, which is produced in-house, the hospital completed a gap analysis comparing the new standards with its current offering during 2022-23. It is committed to changing the customise menu during 2023, to align with the standards.</p> |
| | Climate Change Commitments | <ul style="list-style-type: none"> Contribute to enhancing health system resilience by improving the environmental sustainability, including identifying and implementing projects and/or processes that will contribute to committed emissions reduction targets through reducing or avoiding carbon emissions and/or implementing initiatives that will help the health system to adapt to the impacts of climate change. | <p>The Women's launched its new Environmental Management Plan 2022-2027 over the past year and is on track to achieving its net zero emissions target by 2030.</p> <p>Initiatives completed during 2022-23 include:</p> <ul style="list-style-type: none"> The establishment of an Environmental Management Committee, providing leadership, governance and project oversight for the delivery of the plan. The appointment of a contractor to install a solar power system at the hospital's Carlton site. An upgrade of the Women's LED lighting system. The introduction of a medical blister packs recycling program and a battery recycling program. Regular waste audits to ensure correct waste disposal. The development and introduction of an online orientation module, the 'Office green guide', and an 'A-Z waste and recycling guide' to promote sustainable practices in the workplace. Participation in environmental events such as Clean Up Australia Day and World Environment Day. |

| Priorities | Commitments | Descriptions | Progress |
|------------|----------------------------------|--|--|
| | Asset Maintenance and Management | <ul style="list-style-type: none"> Improve health service and Department Asset Management Accountability Framework (AMAF) compliance by collaborating with Health Infrastructure to develop policy and processes to review the effectiveness of asset maintenance and its impact on service delivery. | <p>In line with the Health Infrastructure and Asset Management Accountability Framework requirements, and in conjunction with key stakeholders, the Women's prepared an annual Asset Management Strategy to ensure its asset management objectives are consistent with the hospital's strategic objectives. These include, to:</p> <ul style="list-style-type: none"> Achieve best practice asset management processes consistent with the requirements of the Asset Management Accountability Framework. Adopt a long-term sustainable approach to asset management including incorporating life cycle costs into capital decision making. Develop performance standards for assets and regularly review the performance of the organisation's assets. Develop effective maintenance programs aimed at minimising lifecycle costs and maximising the benefit of assets. Apply appropriate risk management practices for asset management. Implement and maintain an Asset Management System to ensure accurate reporting for strategic, operational and financial reporting purposes. Promote the importance of asset management across the organisation. Ensure that all capital expenditure is reflected in the hospital's finance forecasts. |

| Priorities | Commitments | Descriptions | Progress |
|--|---|--|--|
| <p>Improve Aboriginal health and wellbeing:</p> | <p>Improve Aboriginal cultural safety</p> | <ul style="list-style-type: none"> • Strengthen commitments to Aboriginal Victorians by addressing the gap in health outcomes by delivering culturally safe and responsive health care. • Establish meaningful partnerships with Aboriginal Community-Controlled Health Organisations. • Implement strategies and processes to actively increase Aboriginal employment. • Improve patient identification of Aboriginal people presenting for health care, and to address variances in health care and provide equitable access to culturally safe care pathways and environments. • Develop discharge plans for every Aboriginal patient. | <p>During 2022-23, the Women's demonstrated its ongoing commitment to improving Aboriginal cultural safety in the following ways:</p> <ul style="list-style-type: none"> • Continuing to work towards closing the gap in health outcomes through its Badjurr-Buluk Wilam program, which provides culturally sensitive services and support to Aboriginal and Torres Strait Islander women and their families; and through its award-winning Baggarrook Yurongi program, which pairs First Nations women with a known midwife throughout their care journey. • Strengthening its partnerships with Aboriginal Community-Controlled Health Organisations through shared care arrangements, the provision of training, and consultation on new services. • Actively working to recruit more Aboriginal and Torres Strait Islander staff, this year achieving a modest increase of five additional staff. • Further promoting the importance of Aboriginal patient identification through a Cultural Learning Strategy and ensuring every Aboriginal patient's discharge plan includes referrals to an Aboriginal Community-Controlled Health Organisation, when possible. <p>In addition, the Women's has:</p> <ul style="list-style-type: none"> • Improved awareness of cultural safety amongst staff by encouraging active participation in the hospital's online Cultural Safety Workshop and Aboriginal Cultural Awareness Manager Training, as well as through face-to-face experiential learning through a partnership with the Koorie Heritage Trust to deliver Cultural Competency Training and Aboriginal Walking Tours. • Encouraged greater respect for, and awareness of, Aboriginal culture through a suite of staff activities including recognition of 26 January /Survival Day, a National Sorry Day event, promotion of Reconciliation Day and NAIDOC Week (and attendance at the annual NAIDOC Week Ball), the celebration of National Aboriginal and Torres Strait Islander Children's Day and promotion of Treaty in Victoria. • Continued to create a culturally safe physical environment across the hospital by purchasing and displaying Aboriginal artwork, icons, displays and cultural items. • Continued to actively support the Aboriginal Reference Group and the Reconciliation Action Plan Implementation Committee ensuring members had the opportunity to meaningfully contribute to relevant decision-making processes. |

| Priorities | Commitments | Descriptions | Progress |
|---|--|---|---|
| <p>Moving from competition to collaboration:</p> | <p>Foster and develop local partnerships</p> | <ul style="list-style-type: none"> • Strengthen cross-service collaboration, including through active participation in health service partnerships (HSP). • Work together with other HSP members on strategic system priorities where there are opportunities to achieve better and more consistent outcomes through collaboration, including the pandemic response, elective surgery recovery and reform, implementation of the Better at Home program and mental health reform. | <p>The Women's has been highly engaged and active within its HSP from a governance, leadership and operational level. For example, during 2022-23:</p> <ul style="list-style-type: none"> • Board and executive leaders demonstrated strong engagement by contributing to key governance bodies including the joint Chair and CEO Committee, the HSP Steering Committee and the Chief Operating Officer Forum. • Clinical and operational leaders consistently attended and contributed at HSP steering committees, such as, Better Health at Home and Elective Surgery committees. <p>From a program perspective, the Women's clinical teams were involved in:</p> <ul style="list-style-type: none"> • The Better Health at Home program, with a particular focus on growing at-home maternity care across the HSP region. • Cross-service projects such as, City Hub, Program Evaluation and the Consumer Experience Project. • The Elective Surgery Program, including participating in four cross-service projects: Enhanced Recovery after Surgery and Prehab; a review of waitlist management policy and practice; the development of a regional elective surgery waitlist forecasting tool; and the Same Day Surgery Improvement Working Group. • The Population Health Project, which is looking at population health needs within the HSP catchment. A focus of this project has been on the needs of women aged 20 – 39 years. |

| Priorities | Commitments | Descriptions | Progress |
|------------|--|---|--|
| | <p>Planned Surgery Recovery and Reform Program</p> | <ul style="list-style-type: none"> Maintain commitment to deliver goals and objectives of the Planned Surgery Recovery and Reform Program, including initiatives as outlined, agreed and funded through the Health Service Partnership (HSP) workplan. Health services are expected to work closely with HSP members and the department throughout the implementation of this strategy, and to collaboratively develop and implement future reform initiatives to improve the long-term sustainability of safe and high quality planned surgical services to Victorians. | <p>As a commitment to delivering the Planned Surgery Recovery and Reform Program, the Women's implemented a number of strategies, including:</p> <ul style="list-style-type: none"> The recruitment of key personnel to plan and deliver 12 key projects across the elective surgery reform program. The establishment of a patient support unit to assess and prioritise patients who have been waiting greater than their recommended time for surgery and support optimisation for surgery and, where appropriate, enrolment in non-surgical treatment options. The development and implementation of a pilot chronic pelvic pain program to provide a pre-surgery multi-disciplinary pain management program to patients on the gynaecology surgical waitlist. Partnering with services across the HSP to implement and embed an Enhanced Recovery after Surgery program for oncology and gynae patients. Collaboration with Peter MacCallum Cancer Centre on public-to-public transfers to deliver women's elective surgery admissions at Peter Mac theatres. The development of peri operative dashboards in the hospital's electronic patient record to increase visibility of theatre activity across the hospital. The development of a successful funding bid to purchase surgical capital equipment to meet demands associated with activity growth in theatres. The development of a successful bid to develop a new stand-alone procedure room with adjacent recovery (Rapid Access Hub) at the Women's to deliver an additional 1,000 procedures per annum. The relocation of the hospital's Complex Care Unit to enable development of a Rapid Access Hub, and the design, value management and commencement of its construction. The development of contemporary models of care to deliver a streamlined Ambulatory Gynae service. |

| Priorities | Commitments | Descriptions | Progress |
|------------------------------------|------------------------------------|--|--|
| <p>A stronger workforce</p> | <p>Improve workforce wellbeing</p> | <ul style="list-style-type: none"> Participate in the Occupational Violence and Aggression (OVA) training that will be implemented across the sector in 2022-23. Support the implementation of the Strengthening Hospital Responses to Family Violence (SHRFV) initiative deliverables including health service alignment to MARAM, the Family Violence Multi-Agency Risk Assessment and Management framework. Prioritise wellbeing of healthcare workers and implement local strategies to address key issues. | <p>The Women's continued to provide a comprehensive suite of OVA training and resources to meet the specific requirements of staff. During 2022-23, it included:</p> <ul style="list-style-type: none"> OVA online core training and OVA theory and scenario-based sessions to all patient facing staff. OVA training for supervisors and unit managers. OVA training for the Code Grey Response Team including restraint training. The promotion of online training for Victorian public healthcare workers across the organisation. <p>Other educational resources were promoted including monthly tips on the use of Code Grey alerts and formal reporting, the promotion of OVA guidance to OHS committees and the OVA working group, and the release of a suite of videos.</p> <p>The aim of the SHRFV project is to support public Victorian hospitals and health services to implement a whole of organisation response to family violence and establish a system-wide shared understanding of family violence along with consistent and collective responsibility for identification, risk assessment and management inclusive of response to staff and patients. During 2022-23, the Women's implemented a number of strategies to support capacity building and increase awareness and understanding, including:</p> <ul style="list-style-type: none"> The introduction of an additional 30-minute in-service and family violence training for new graduate midwives and nurses. The delivery of enhanced training that supports understanding of the responsibilities under the Victorian Government's Multi-Agency Risk Assessment and Management Framework and the development of skills and knowledge required including practice guidance to support effective engagement and risk identification. The delivery of workplace support program-training for managers, supervisors, human resources staff and family violence contact officers that included information about family violence leave and guidance for responding to family violence disclosures in the workplace. <p>During 2022-23, the Women's implemented Project Care, a program co-designed with staff to support workforce wellbeing. This program included initiatives such as an extension of the employees assistance counselling program (EAP) to an onsite facility, mindfulness sessions, skin checks, massages and activities to facilitate staff connection. Through Project Care, the Women's also provided nutritious meals to clinical wards and celebrated events like World Health Day, RUOK? Day, and Crazy Socks 4 Docs Day. Mental health support was prioritised through peer support training and targeted EAP resources. These initiatives have contributed to improved wellbeing and a psychologically safe workplace culture.</p> |

Reporting against the Statement of Priorities - Part B

High quality and safe care

| Key performance measure | Target | 2023 Results |
|--|-------------|--|
| Infection prevention and control | | |
| Compliance with the Hand Hygiene Australia program | 85% | 86.5% |
| Percentage of healthcare workers immunised for influenza | 92% | 95.5% |
| Healthcare associated infections (HAI's) | | |
| Rate of surgical site infections for selected procedures (aggregate) | No outliers | Q1 - no outliers Q2 - no outliers Q3 - no outliers |
| Rate of healthcare-associated <i>S. aureus</i> bloodstream infections per 10,000 bed days | ≤ 0.7 | Q1 - 1.0 Q2 - 0.0 Q3 - 0.0 |
| Patient experience | | |
| Victorian Healthcare Experience Survey - Percentage of positive patient experiences of their hospital stay | 95% | Q1 - 90.2% Q2 - 93.0% Q3 - 94.0% |
| Maternity and Newborn | | |
| Percentage of full-term babies (without congenital anomalies) who are considered in poor condition shortly after birth (Apgar score <7 to 5 minutes) | ≤1.4% | 1.3% |
| Percentage of singleton babies with severe fetal growth restriction (FGR) delivered at 40 or more weeks gestation | ≤28.6% | 26.1% |

Strong governance, leadership and culture

| Key performance measure | Target | 2023 Results |
|---|--------|--------------|
| Organisational culture | | |
| People Matter Survey - Percentage of staff with an overall positive response to safety culture survey questions | 62% | 70% |

Timely access to care

| Key performance measure | Target | 2023 Result |
|---|--|-------------|
| Elective surgery | | |
| Percentage of urgency category 1 elective surgery patients admitted within 30 days | 100% | 100% |
| Percentage of urgency category 1, 2 and 3 elective surgery patients admitted within clinically recommended time | 94% | 63% |
| Number of patients on the elective surgery waiting list | 1370 | 1123 |
| Number of patients admitted from the elective surgery waiting list | 4181 | 3763 |
| Number of patients (in addition to base) admitted from the elective surgery waiting list | 250 | 0 |
| Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category | 5% or 15% proportional improvement from prior year | 29% |
| Number of hospital-initiated postponements per 100 scheduled elective surgery admissions | ≤ 7 | 6.6 |

| Key performance measure | Target | 2023 Result |
|---|--------|-------------|
| Specialist clinics | | |
| Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days | 100% | 96% |
| Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days | 90% | 99% |
| Emergency care | | |
| Percentage of patients transferred from ambulance to emergency department within 40 minutes | 90% | 99.1% |
| Percentage of Triage Category 1 emergency patients seen immediately | 100% | 100% |
| Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time | 80% | 81.7% |
| Percentage of emergency patients with a length of stay in the emergency department of less than four hours | 81% | 74.2% |
| Number of patients with a length of stay in the emergency department greater than 24 hours | 0 | 0 |

Effective financial management

| Key performance indicator | Target | 2023 Result |
|--|---|--------------|
| Operating result (\$m) | \$- | \$0.46 |
| Average number of days to pay trade creditors | 60 days | 59 days |
| Average number of days to receive patient fee debtors | 60 days | 60 days |
| Adjusted current asset ratio | 0.7 or 3% improvement from health service base target | Achieved |
| Actual number of days of available cash, measured on the last day of each month | 14 days | Not achieved |
| Variance between forecast and actual net result from transactions (NRFT) for the current financial year ending 30 June | Variances < \$250,000 | Not achieved |

Reporting against the Statement of Priorities - Part C:

Activity and funding

| Funding Type | 2023 Activity Achievement |
|--|---------------------------|
| Consolidated activity funding | |
| Acute admitted, subacute admitted, emergency services, non-admitted NWAU | 42,679 |
| Acute admitted TAC | - |

Note: As at 30 June 2023.

Attestations and declarations

Responsible bodies declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the report of operations for the Royal Women's Hospital for the year ending 30 June 2023.



Ms Cath Bowtell

Chair, Board of Directors
The Royal Women's Hospital
7 September 2023

Financial management compliance attestation

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



Ms Cath Bowtell

Chair, Board of Directors
The Royal Women's Hospital
7 September 2023

Asset Management Accountability Framework

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



Ms Cath Bowtell

Chair, Board of Directors
The Royal Women's Hospital
7 September 2023

Data integrity attestation

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



Professor Sue Matthews

Chief Executive Officer
The Royal Women's Hospital
7 September 2023

Conflict of interest attestation

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



Professor Sue Matthews
Chief Executive Officer
The Royal Women's Hospital
7 September 2023

Integrity, fraud and corruption attestation

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



Professor Sue Matthews
Chief Executive Officer
The Royal Women's Hospital
7 September 2023

Compliance with HealthShare Victoria (HSV) Purchasing Policies

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



Professor Sue Matthews
Chief Executive Officer
The Royal Women's Hospital
7 September 2023

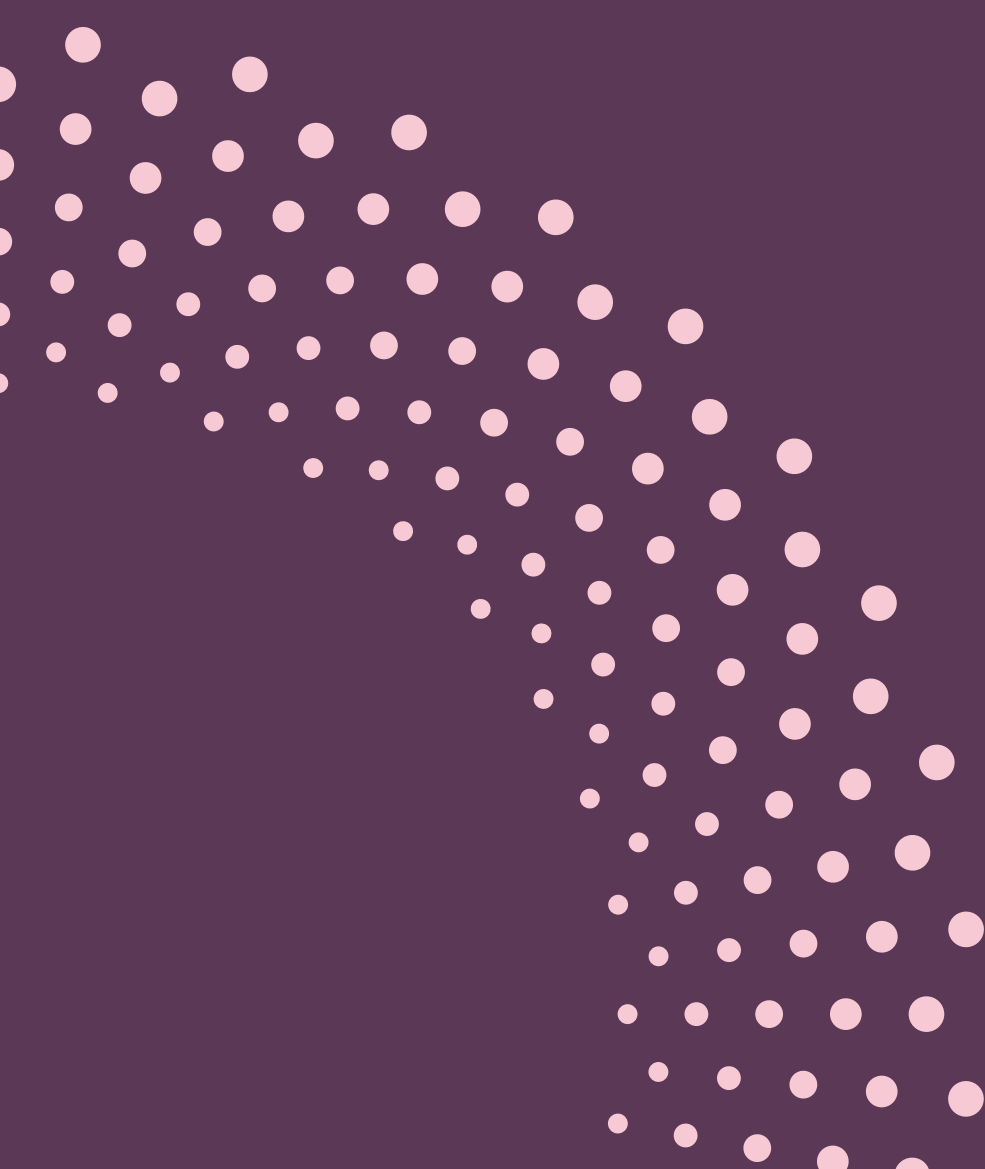
Disclosure index

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

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| FRD 22 | Purpose, functions, powers and duties | 8 |
| FRD 22 | Nature and range of services provided | 8 |
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| FRD 22 | Significant changes in key initiatives and expectations for the future | 25-34 |
| Management and structure | | |
| FRD 22 | Organisational structure | 10 |
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| FRD 22 | Occupational health and safety | 14-15 |
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| FRD 22 | Summary of the financial results for the year | 12 |
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| Legislation | Requirement | Page reference |
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| Legislation | | |
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The Royal Women's Hospital Financial Statements 30 June 2023



How this report is structured

The Royal Women's Hospital presents its audited general purpose financial statements for the financial year ended 30 June 2023 in the following structure to provide users with the information about The Royal Women's Hospital's stewardship of the resources entrusted to it.

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

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

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

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2023 and the financial position of The Royal Women's Hospital at 30 June 2023.

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

We authorise the attached financial statements for issue on 7 September 2023.

Ms Cath Bowtell
Chair, Board of Directors
The Royal Women's Hospital
Melbourne
7 September 2023

Professor Sue Matthews
Chief Executive Officer
The Royal Women's Hospital
Melbourne
7 September 2023

Mr Eric Kochskamper
Acting Chief Financial Officer
The Royal Women's Hospital
Melbourne
7 September 2023

Independent Auditor's Report

To the Board of The Royal Women's Hospital

| | |
|--|---|
| Opinion | <p>I have audited the financial report of The Royal Women's Hospital (the health service) which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 30 June 2023• comprehensive operating statement for the year then ended• statement of changes in equity for the year then ended• cash flow statement for the year then ended• notes to the financial statements, including significant accounting policies• board member's, accountable officer's and chief finance & accounting officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2023 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p> |
| Basis for Opinion | <p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p> |
| Board's responsibilities for the financial report | <p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p> |

Auditor's responsibilities for the audit of the financial report

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

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

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

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



MELBOURNE
15 September 2023

Dominika Ryan
as delegate for the Auditor-General of Victoria

The Royal Women's Hospital

Comprehensive Operating Statement

For the financial year ended 30 June 2023

| | Note | Total 2023 \$'000 | Total 2022 \$'000 |
|---|----------|-------------------------|-------------------------|
| Revenue and income from transactions | | | |
| Operating activities | 2.1 | 394,724 | 359,959 |
| Non-operating activities | 2.1 | 3,723 | 2,323 |
| Total revenue and income from transactions | | 398,447 | 362,282 |
| Expenses from transactions | | | |
| Employee expenses | 3.1 | (244,842) | (232,945) |
| Supplies and consumables | 3.1 | (33,712) | (31,567) |
| Finance costs | 3.1 | (13,242) | (13,997) |
| Public private partnership operating expenses | 3.1 | (23,132) | (23,578) |
| Other administrative expenses | 3.1 | (14,352) | (10,713) |
| Other operating expenses | 3.1 | (37,704) | (36,497) |
| Depreciation and amortisation | 3.1, 4.6 | (18,111) | (18,384) |
| Other non-operating expenses | 3.1 | (155) | - |
| Total expenses from transactions | | (385,250) | (367,681) |
| Net result from transactions - net operating balance | | 13,197 | (5,399) |
| Other economic flows included in net result | | | |
| Net gain/(loss) on non-financial assets | 3.2 | (6,336) | 7,041 |
| Net gain/(loss) on financial instruments | 3.2 | 963 | (2,274) |
| Other loss from other economic flows | 3.2 | (2,037) | (42) |
| Total other economic flows included in net result | | (7,410) | 4,725 |
| Net result for the year | | 5,787 | (674) |
| Other comprehensive income | | | |
| Items that will not be reclassified to net result | | | |
| Changes in revaluation surplus | 4.4 | 29,711 | - |
| Total other comprehensive income | | 29,711 | - |
| Comprehensive result for the year | | 35,498 | (674) |

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

The Royal Women's Hospital

Balance Sheet

As at 30 June 2023

| | Note | Total 2023 \$'000 | Total 2022 \$'000 |
|--|------|-------------------------|-------------------------|
| Current assets | | | |
| Cash and cash equivalents | 6.2 | 49,543 | 10,716 |
| Receivables | 5.1 | 7,209 | 6,166 |
| Investments and other financial assets | 4.1 | 150 | 400 |
| Inventories | | 234 | 165 |
| Prepaid expenses | | 1,518 | 2,338 |
| Total current assets | | 58,654 | 19,785 |
| Non-current assets | | | |
| Receivables | 5.1 | 15,109 | 12,970 |
| Investments and other financial assets | 4.1 | 17,890 | 16,469 |
| Property, plant and equipment | 4.2 | 47,565 | 28,444 |
| Right-of-use assets | 4.3 | 327,845 | 308,789 |
| Intangible assets | 4.5 | 29,914 | 34,698 |
| Investment properties | 4.7 | 117,796 | 122,451 |
| Total non-current assets | | 556,119 | 523,821 |
| Total assets | | 614,773 | 543,606 |
| Current liabilities | | | |
| Payables | 5.2 | 60,467 | 20,092 |
| Contract liabilities | 5.3 | 5,324 | 8,441 |
| Borrowings | 6.1 | 12,953 | 11,911 |
| Employee benefits and related on-costs | 3.3 | 61,972 | 57,730 |
| Other provisions | 5.4 | 165 | - |
| Total current liabilities | | 140,881 | 98,174 |
| Non-current liabilities | | | |
| Payables | 5.2 | - | 70 |
| Contract liabilities | 5.3 | 4,209 | - |
| Borrowings | 6.1 | 162,120 | 173,733 |
| Employee benefits and related on-costs | 3.3 | 7,712 | 7,276 |
| Total non-current liabilities | | 174,041 | 181,079 |
| Total liabilities | | 314,922 | 279,253 |
| Net assets | | 299,851 | 264,353 |
| Equity | | | |
| Revaluation surplus | 4.4 | 207,826 | 178,115 |
| Restricted specific purpose surplus | | 6,077 | 6,608 |
| Contributed capital | | 67,423 | 67,423 |
| Accumulated surplus/(deficit) | | 18,525 | 12,207 |
| Total equity | | 299,851 | 264,353 |

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

The Royal Women's Hospital

Cash Flow Statement

For the financial year ended 30 June 2023

| | Note | Total 2023 \$'000 | Total 2022 \$'000 |
|--|------|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Operating grants from State Government | | 295,856 | 268,701 |
| Operating grants from Commonwealth Government | | 1,056 | 1,200 |
| Capital grants from State Government | | 17,474 | 5,176 |
| Patient fees received | | 10,530 | 10,121 |
| Private practice fees received | | 1,113 | 1,083 |
| Donations and bequests received | | 2,007 | 1,165 |
| GST received from ATO | | 7,617 | 7,834 |
| Interest and investment income received | | 1,233 | 235 |
| Car park income received | | 8,567 | 7,211 |
| Other receipts received | | 32,225 | 24,517 |
| Other capital receipts | | 102 | 16 |
| Total receipts | | 377,780 | 327,259 |
| Payment to employees | | (242,804) | (227,852) |
| Payments for supplies and consumables | | (34,190) | (32,923) |
| Payments for medical indemnity insurance | | (16,140) | (14,155) |
| Payments for repairs and maintenance | | (8,342) | (8,577) |
| Payments for leases of low value assets or short-term or variable lease payments, not included in the measurement of lease liabilities | | (424) | (398) |
| Finance costs | | (1,115) | (1,133) |
| GST paid to ATO | | (3,708) | (2,886) |
| Other payments | | (24,690) | (30,119) |
| Total payments | | (331,413) | (318,043) |
| Net cash flows from operating activities | 8.1 | 46,367 | 9,216 |
| Cash flows from investing activities | | | |
| Purchase of non-financial assets | | (5,960) | (2,261) |
| Purchase of intangible assets | | (73) | (1,496) |
| Proceeds from sale of financial assets | | 400 | 1,112 |
| Purchase of financial assets | | (201) | (1,323) |
| Net cash flows used in investing activities | | (5,834) | (3,968) |
| Cash flows from financing activities | | | |
| Repayment of borrowings | | (983) | (921) |
| Repayment of principal portion of lease liabilities | | (723) | (700) |
| Net cash flows used in financing activities | | (1,706) | (1,621) |
| Net increase/(decrease) in cash and cash equivalents held | | 38,827 | 3,627 |
| Cash and cash equivalents at beginning of year | | 10,716 | 7,089 |
| Cash and cash equivalents at end of year | 6.2 | 49,543 | 10,716 |

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

The Royal Women's Hospital Statement of Changes in Equity

For the financial year ended 30 June 2023

| | Revaluation surplus \$'000 | Restricted specific purpose surplus \$'000 | Contributed capital \$'000 | Accumulated surplus / (deficit) \$'000 | Total \$'000 |
|---|----------------------------------|--|----------------------------------|---|-----------------|
| Balance at 1 July 2021 | 178,115 | 7,471 | 67,423 | 12,018 | 265,027 |
| Net result for the year | - | - | - | (674) | (674) |
| Transfer (from)/to accumulated surplus/(deficit) | - | (863) | - | 863 | - |
| Balance at 30 June 2022 | 178,115 | 6,608 | 67,423 | 12,207 | 264,353 |
| Net result for the year | - | - | - | 5,787 | 5,787 |
| Other comprehensive income for the year | 29,711 | - | - | - | 29,711 |
| Transfer (from)/to accumulated surplus/(deficit) | - | (531) | - | 531 | - |
| Balance at 30 June 2023 | 207,826 | 6,077 | 67,423 | 18,525 | 299,851 |

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

Note 1 Basis of preparation

Structure

| | | |
|----------|--|----|
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Note 1 Basis of preparation

These financial statements represent the audited general purpose financial statements for The Royal Women's Hospital for the year ended 30 June 2023. The report provides users with information about The Royal Women's Hospital's stewardship of resources entrusted to it.

This section explains the basis of preparing the financial statements.

Note 1.1 Basis of preparation of the financial statements

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

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

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

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

The financial statements have been prepared on a going concern basis (refer to Note 8.10).

The financial statements are presented in Australian dollars.

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

The annual financial statements were authorised for issue by the Board of The Royal Women's Hospital on 7 September 2023.

Note 1.2 Impact of COVID-19 pandemic

The Pandemic (Public Safety) Order 2022 (No. 5) which commenced on 22 September 2022 ended on 12 October 2022 when it was allowed to lapse and was revoked. Long-term outcomes from COVID-19 infection are currently unknown and while the pandemic response continues, a transition plan towards recovery and reform in 2022/23 was implemented. Victoria's COVID-19 Catch-Up Plan is aimed at addressing Victoria's COVID-19 case load and restoring surgical activity.

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

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

Note 1.3 Abbreviations and terminology used in the financial statements

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

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

Note 1.4 Joint arrangements

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

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

- Victorian Comprehensive Cancer Centre - Joint Operation

Details of the joint arrangements are set out in Note 8.8.

Note 1.5 Key accounting estimates and judgements

Management make estimates and judgements when preparing the financial statements.

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

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

The accounting policies and significant management judgements and estimates used, and any changes thereto, are identified at the beginning of each section where applicable and relate to the following disclosures:

| | |
|-------------|--|
| Note 2.1 | Revenue and income from transactions |
| Note 3.3 | Employee benefits and related on-costs |
| Note 4.2 | Property, plant and equipment |
| Note 4.3 | Right-of-use assets |
| Note 4.5 | Intangible assets |
| Note 4.6 | Depreciation and amortisation |
| Note 4.7 | Investment properties |
| Note 4.8 | Impairment of assets |
| Note 5.1 | Receivables |
| Note 5.2 | Payables |
| Note 5.3 | Contract liabilities |
| Note 5.4 | Other provisions |
| Note 6.1(a) | Lease liabilities |
| Note 6.1(b) | PPP lease liabilities |
| Note 7.4 | Fair value determination |

Note 1.6 Accounting standards issued but not yet effective

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

| Standard | Adoption date | Impact |
|--|---|--|
| AASB 17: <i>Insurance Contracts</i> | Reporting periods beginning on or after 1 January 2023. | Adoption of this standard is not expected to have a material impact. |
| AASB 2020-1: <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i> | Reporting periods beginning on or after 1 January 2023. | Adoption of this standard is not expected to have a material impact. |
| AASB 2022-5: <i>Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback</i> | Reporting periods beginning on or after 1 January 2024. | Adoption of this standard is not expected to have a material impact. |
| AASB 2022-6: <i>Amendments to Australian Accounting Standards – Non-Current Liabilities with Covenants</i> | Reporting periods beginning on or after 1 January 2023. | Adoption of this standard is not expected to have a material impact. |
| AASB 2022-8: <i>Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments</i> | Reporting periods beginning on or after 1 January 2023. | Adoption of this standard is not expected to have a material impact. |
| AASB 2022-9: <i>Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector</i> | Reporting periods beginning on or after 1 January 2026. | Adoption of this standard is not expected to have a material impact. |
| AASB 2022-10: <i>Amendments to Australian Accounting standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities</i> | Reporting periods beginning on or after 1 January 2024. | Adoption of this standard is not expected to have a material impact. |

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

Note 1.7 Goods and Services Tax (GST)

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

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

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

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

Note 1.8 Reporting entity

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

The Royal Women's Hospital's principal address is:

Cnr Grattan Street and Flemington Road
Parkville, Victoria 3052

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

Note 1.9 Comparatives

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

Note 2 Funding delivery of our services

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

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

Structure

| | | |
|----------|--|----|
| Note 2.1 | Revenue and income from transactions | 60 |
| Note 2.2 | Commitments for operating lease income | 64 |

Telling the COVID-19 story

Revenue and income recognised to fund the delivery of our services was affected by the scaling down of the COVID-19 public health response during the year ended 30 June 2023.

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

For the year ended 30 June 2023, the COVID-19 pandemic has impacted The Royal Women's Hospital's ability to satisfy its performance obligations contained within its contracts with customers. The Royal Women's Hospital received an indication there would be no obligation to return funds to each relevant funding body where performance obligations had not been met.

This resulted in approximately \$39.2m being recognised as income for the year ended 30 June 2023 (2022: \$25.7m) which would have otherwise been recognised as a contract liability in the Balance Sheet until subsequent years when underlying performance obligations were fulfilled. The impact of contract modifications obtained for The Royal Women's Hospital's most material revenue streams, where applicable, is disclosed within this note.

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Note 2.1 Revenue and income from transactions

| | Note | Total 2023 \$'000 | Total 2022 \$'000 |
|--|--------|-------------------------|-------------------------|
| Operating activities | | | |
| Revenue from contracts with customers | | | |
| Government grants (State) - Operating | | 201,395 | 193,746 |
| Government grants (Commonwealth) - Operating | | 1,056 | 1,200 |
| Patient fees | | 9,617 | 10,854 |
| Commercial activities ¹ | | 19,365 | 18,380 |
| Total revenue from contracts with customers | 2.1(a) | 231,433 | 224,180 |
| Other sources of income | | | |
| Government grants (State) - Operating | | 78,660 | 72,115 |
| Government grants (State) - Operating PPP | | 35,258 | 36,442 |
| Government grants (State) - Capital | | 23,177 | 4,195 |
| Government grants (State) - Capital PPP | | 10,347 | 9,610 |
| Other capital purpose income | | 138 | 14 |
| Fair value of assets and services received free of charge or for nominal consideration | 2.1(b) | 2,566 | 3,118 |
| Other income from operating activities | | 13,145 | 10,285 |
| Total other sources of income | | 163,291 | 135,779 |
| Total revenue and income from operating activities | | 394,724 | 359,959 |
| Non-operating activities | | | |
| Income from other sources | | | |
| Rental income - investment properties | | 1,768 | 1,264 |
| Interest income | | 889 | 52 |
| Dividends received from investments | | 1,066 | 1,007 |
| Total income from other sources | | 3,723 | 2,323 |
| Total income from non-operating activities | | 3,723 | 2,323 |
| Total revenue and income from transactions | | 398,447 | 362,282 |

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

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

| | Note | Total 2023 \$'000 | Total 2022 \$'000 |
|--|------|-------------------------|-------------------------|
| The Royal Women's Hospital disaggregates revenue by the timing of revenue recognition. | | | |
| Goods and services transferred to customers: | | | |
| At a point in time | | 221,713 | 214,169 |
| Over time | | 9,720 | 10,011 |
| Total revenue from contracts with customers | 2.1 | 231,433 | 224,180 |

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

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

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

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

If a contract liability is recognised, The Royal Women's Hospital recognises revenue in the Comprehensive Operating Statement as and when it satisfies its obligations under the contract.

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

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

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

Note 2.1 Revenue and income from transactions (continued)

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

| Government grant | Performance obligation |
|---|---|
| Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU) | NWAU is a measure of health service activity expressed as a common unit against which the National Efficient Price (NEP) is paid. |
| | The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity. |
| | Revenue is recognised at point in time, which is when a patient is discharged. |

Government capital grants

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

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

Patient fees

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

Private practice fees

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

Commercial activities

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

Other income from operating activities

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

How we recognise revenue and income from non-operating activities

Rental income - investment properties

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

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

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

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

Interest income

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

Dividend income

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

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

| | Note | Total 2023 \$'000 | Total 2022 \$'000 |
|---|------------|-------------------------|-------------------------|
| Cash donations and gifts | | 2,007 | 1,165 |
| Plant and equipment | 4.2(b) | - | 362 |
| Personal protective equipment and other consumables | | 559 | 1,591 |
| Total fair value of assets and services received free of charge or for nominal consideration | 2.1 | 2,566 | 3,118 |

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

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

Personal protective equipment

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

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

Contributions of resources

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

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

Voluntary services

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

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

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

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

Note 2.1 Revenue and income from transactions (continued)

Non-cash contributions from the Department of Health

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

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

Note 2.2 Commitments for operating lease income

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

| | Total 2023 \$'000 | Total 2022 \$'000 |
|---|-------------------------|-------------------------|
| Non-cancellable operating lease receivablesⁱ | | |
| Within one year | 5,124 | 5,374 |
| Within one to two years | 4,315 | 4,045 |
| Within two to three years | 3,761 | 4,104 |
| Within three to four years | 3,874 | 3,573 |
| Within four to five years | 3,986 | 3,688 |
| After five years | 44,377 | 47,035 |
| Total non-cancellable operating lease receivables (inclusive of GST) | 65,437 | 67,819 |

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

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

Note 3 The cost of delivering our services

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

Structure

| | | |
|----------|---|----|
| Note 3.1 | Expenses from transactions | 68 |
| Note 3.2 | Other economic flows included in net result | 70 |
| Note 3.3 | Employee benefits and related on-costs | 71 |
| Note 3.4 | Superannuation | 74 |

Telling the COVID-19 story

Expenses incurred to deliver services during the financial year were not materially impacted by the COVID-19 Coronavirus pandemic and scaling down of the COVID-19 public health response during the year ended 30 June 2023.

Key judgements and estimates

This section contains the following key judgements and estimates:

| Key judgements and estimates | Description |
|--|---|
| Classifying employee benefit liabilities | The Royal Women's Hospital applies significant judgment when classifying its employee benefit liabilities. |
| | Employee benefit liabilities are classified as a current liability if The Royal Women's Hospital does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category. |
| | Employee benefit liabilities are classified as a non-current liability if The Royal Women's Hospital has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category. |
| Measuring employee benefit liabilities | The Royal Women's Hospital applies significant judgment when measuring its employee benefit liabilities. |
| | The Royal Women's Hospital applies judgement to determine when it expects its employee entitlements to be paid. |
| | With reference to historical data, if The Royal Women's Hospital does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees. |
| | Expected future payments incorporate: <ul style="list-style-type: none"> • An inflation rate of 4.35% (2022: 3.85%), reflecting the future wage and salary levels; • Durations of service and employee departures, which are used to determine the estimated value of long service leave that will be taken in the future, for employees who have not yet reached the vesting period. The estimated rates are between 21.69% and 85.83% (2022: 18.97% and 84.69%); and • Discounting at the rate of 4.06% (2022: 3.69%), as determined with reference to market yields on government bonds at the end of the reporting period. |
| | All other entitlements are measured at their nominal value. |

Note 3.1 Expenses from transactions

| | Note | Total 2023 \$'000 | Total 2022 \$'000 |
|--|--------|-------------------------|-------------------------|
| Salaries and wages | | 189,602 | 183,300 |
| On-costs | | 49,010 | 43,346 |
| Agency and external contractor expenses | | 4,651 | 4,612 |
| Fee for service medical officer expenses | | 142 | 177 |
| Workcover premium | | 1,437 | 1,510 |
| Total employee expenses | | 244,842 | 232,945 |
| Drug supplies | | 3,623 | 3,272 |
| Medical and surgical supplies | | 9,600 | 9,645 |
| Diagnostic and radiology supplies | | 10,696 | 10,149 |
| Other supplies and consumables | | 9,793 | 8,501 |
| Total supplies and consumables | | 33,712 | 31,567 |
| Finance costs | | 1,115 | 1,133 |
| Finance costs - PPP | | 12,127 | 12,864 |
| Total finance costs | | 13,242 | 13,997 |
| Ancillary services | | 15,478 | 14,402 |
| Lifecycle maintenance | | 2,173 | 4,741 |
| Insurance premiums | | 348 | 218 |
| Contingent rental | | 5,133 | 4,217 |
| Total public private partnership operating expenses | | 23,132 | 23,578 |
| Other administrative expenses | | 14,352 | 10,713 |
| Total other administrative expenses | | 14,352 | 10,713 |
| Fuel, light, power and water | | 4,230 | 4,575 |
| Repairs and maintenance | | 2,122 | 2,189 |
| Maintenance contracts | | 6,356 | 4,691 |
| Medical indemnity insurance | | 13,891 | 12,868 |
| Expenses related to short-term leases | | 20 | 30 |
| Expenses related to leases of low value assets | | 351 | 330 |
| Variable lease payments, not included in the measurement of lease liabilities | | 14 | - |
| Outsourced services | | 8,137 | 10,289 |
| Expenditure for capital purposes | | 2,583 | 1,525 |
| Total other operating expenses | | 37,704 | 36,497 |
| Total operating expenses | | 366,984 | 349,297 |
| Depreciation and amortisation | 4.6 | 18,111 | 18,384 |
| Total depreciation and amortisation | | 18,111 | 18,384 |
| Fair value of assets and services provided free of charge or for nominal consideration | 4.2(b) | 155 | - |
| Total other non-operating expenses | | 155 | - |
| Total non-operating expenses | | 18,266 | 18,384 |
| Total expenses from transactions | | 385,250 | 367,681 |

How we recognise expenses from transactions

Expense recognition

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

Employee expenses

Employee expenses include:

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

Supplies and consumables

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

Finance costs

Finance costs include:

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

Public private partnership operating expenses

PPP operating expenses include:

- Ancillary services incorporating security, cleaning, ground maintenance, carpark management and asset management;
- Delivery of lifecycle maintenance program; and
- Contingent rentals associated with the lease.

Other operating expenses

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

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

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

Non-operating expenses

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

Note 3.2 Other economic flows included in net result

| | Note | Total 2023 \$'000 | Total 2022 \$'000 |
|---|--------|-------------------------|-------------------------|
| Net loss on disposal of property, plant and equipment | 4.2(b) | (370) | (135) |
| Net loss on disposal of intangible assets | 4.5(b) | (297) | (77) |
| Amortisation of intangible non-produced assets | 4.5(b) | (979) | (980) |
| Revaluation of investment properties | 4.7(b) | (4,690) | 8,233 |
| Total net gain/(loss) on non-financial assets | | (6,336) | 7,041 |
| Net loss on disposal of financial instruments | | - | (38) |
| Net gain/(loss) on revaluation of financial instruments | | 633 | (2,217) |
| Allowance for impairment losses of contractual receivables | 5.1(a) | 330 | (19) |
| Total net gain/(loss) on financial instruments | | 963 | (2,274) |
| Net loss arising from revaluation of long service liability | | (2,037) | (42) |
| Total other loss from other economic flows | | (2,037) | (42) |
| Total gain/(loss) from other economic flows included in net result | | (7,410) | 4,725 |

How we recognise other economic flows included in the net result

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

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

Note 3.3 Employee benefits and related on-costs

| | Note | Total 2023 \$'000 | Total 2022 \$'000 |
|---|--------|-------------------------|-------------------------|
| Current employee benefits and related on-costs | | | |
| <i>Accrued days off</i> | | | |
| Unconditional and expected to be settled wholly within 12 months ⁱ | | 742 | 549 |
| <i>Annual leave</i> | | | |
| Unconditional and expected to be settled wholly within 12 months ⁱ | | 17,676 | 16,702 |
| Unconditional and expected to be settled wholly after 12 months ⁱⁱ | | 3,811 | 3,606 |
| <i>Long service leave</i> | | | |
| Unconditional and expected to be settled wholly within 12 months ⁱ | | 3,864 | 3,644 |
| Unconditional and expected to be settled wholly after 12 months ⁱⁱ | | 28,565 | 25,833 |
| <i>Employee termination benefits</i> | | | |
| Unconditional and expected to be settled wholly within 12 months ⁱ | | 261 | - |
| Provision for employee entitlement EBA estimates | | - | 1,388 |
| | | 54,919 | 51,722 |
| Provisions related to employee benefit on-costs | | | |
| Unconditional and expected to be settled within 12 months ⁱ | | 2,752 | 2,340 |
| Unconditional and expected to be settled after 12 months ⁱⁱ | | 4,301 | 3,668 |
| | | 7,053 | 6,008 |
| Total current employee benefits and related on-costs | | 61,972 | 57,730 |
| Non-current employee benefits and related on-costs | | | |
| Conditional long service leave ⁱⁱ | | 6,803 | 6,509 |
| Provisions related to employee benefit on-costs ⁱⁱ | | 909 | 767 |
| Total non-current employee benefits and related on-costs | | 7,712 | 7,276 |
| Total employee benefits and related on-costs | 3.3(a) | 69,684 | 65,006 |

ⁱ The amounts disclosed are nominal amounts.

ⁱⁱ The amounts disclosed are discounted to present values.

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

| | Note | Total 2023 \$'000 | Total 2022 \$'000 |
|---|--------|-------------------------|-------------------------|
| Current employee benefits and related on-costs | | | |
| Unconditional accrued days off | | 742 | 549 |
| Unconditional annual leave entitlements | | 24,226 | 22,640 |
| Unconditional long service leave entitlements | | 36,743 | 33,153 |
| Unconditional employee termination benefits | | 261 | - |
| Provision for employee entitlement EBA estimates | | - | 1,388 |
| Total current employee benefits and related on-costs | | 61,972 | 57,730 |
| Non-current employee benefits and related on-costs | | | |
| Conditional long service leave entitlements | | 7,712 | 7,276 |
| Total non-current employee benefits and related on-costs | | 7,712 | 7,276 |
| Total employee benefits and related on-costs | 3.3 | 69,684 | 65,006 |
| Attribute to: | | | |
| Employee benefits | | 61,722 | 58,231 |
| Provision for related on-costs | 3.3(b) | 7,962 | 6,775 |
| Total employee benefits and related on-costs | | 69,684 | 65,006 |

Note 3.3(b) Provision for related on-costs

| | Note | Total 2023 \$'000 | Total 2022 \$'000 |
|---|--------|-------------------------|-------------------------|
| Carrying amount at beginning of year | | 6,775 | 5,988 |
| Additional provisions recognised | | 3,604 | 2,924 |
| Amounts incurred during the year | | (2,646) | (2,142) |
| Net loss arising from revaluation of long service leave liability | | 229 | 5 |
| Carrying amount at end of year | 3.3(a) | 7,962 | 6,775 |

How we recognise employee benefits

Employee benefits recognition

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

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

Annual leave and accrued days off

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

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

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

Long service leave

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

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

The components of the current LSL liability are measured at:

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

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

Termination benefits

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

Provision for on-costs related to employee benefits

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

Note 3.4 Superannuation

| | Paid contribution for the year | | Contribution outstanding at year end | |
|------------------------------------|--------------------------------|-------------------|--------------------------------------|-------------------|
| | Total 2023 \$'000 | Total 2022 \$'000 | Total 2023 \$'000 | Total 2022 \$'000 |
| Defined benefit plans: | | | | |
| Aware Super | 111 | 119 | 20 | 22 |
| Defined contribution plans: | | | | |
| Aware Super | 9,838 | 9,198 | 967 | 1,055 |
| Hesta | 7,958 | 6,849 | 793 | 877 |
| Other | 3,434 | 2,456 | 365 | 321 |
| Total superannuation | 21,341 | 18,622 | 2,145 | 2,275 |

How we recognise superannuation

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

Defined benefit superannuation plans

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

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

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

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

Defined contribution superannuation plans

Defined contribution (i.e. accumulation) superannuation plan expenditure is the employer contributions that are paid or payable in respect of employees who are members of these plans during the reporting period. Contributions to defined contribution superannuation plans are expensed when incurred.

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

Note 4 Key assets to support service delivery

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

Structure

| | | |
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| Note 4.7 | Investment properties | 90 |
| Note 4.8 | Impairment of assets | 91 |

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Note 4.1 Investments and other financial assets

| | Operating fund | | Specific purpose fund | | Total | |
|--|----------------|----------------|-----------------------|----------------|----------------|----------------|
| | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 |
| Current | | | | | | |
| Financial assets at amortised cost | | | | | | |
| Term deposits > 3 months | 150 | 400 | - | - | 150 | 400 |
| Total current financial assets | 150 | 400 | - | - | 150 | 400 |
| Non-current | | | | | | |
| Financial assets at fair value through net result | | | | | | |
| Managed investment schemes | 10,155 | 9,382 | 7,735 | 7,087 | 17,890 | 16,469 |
| Total non-current financial assets | 10,155 | 9,382 | 7,735 | 7,087 | 17,890 | 16,469 |
| Total investments and other financial assets | 10,305 | 9,782 | 7,735 | 7,087 | 18,040 | 16,869 |
| Represented by: | | | | | | |
| Health service investments | 10,155 | 9,382 | 7,735 | 7,087 | 17,890 | 16,469 |
| Joint arrangement investments | 150 | 400 | - | - | 150 | 400 |
| Total investments and other financial assets | 10,305 | 9,782 | 7,735 | 7,087 | 18,040 | 16,869 |

How we recognise investments and other financial assets

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

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

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

The Royal Women's Hospital classifies its other financial assets between current and non-current assets based on the Board's intention at balance date with respect to the timing of disposal of each asset.

Term deposits with original maturity dates of three to twelve months are classified as current, whilst term deposits with original maturity dates in excess of 12 months are classified as non-current.

All financial assets, except for those measured at fair value through the Comprehensive Operating Statement, are subject to annual review for impairment. The Hospital's investments are classified as financial assets at fair value through the Comprehensive Operating Statement.

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

| | Total 2023 \$'000 | Total 2022 \$'000 |
|---|----------------------------------|----------------------------------|
| Land at fair value - Crown | 13,920 | 13,920 |
| Land at fair value - Freehold | 2,795 | 2,795 |
| Total Land | 16,715 | 16,715 |
| Buildings at fair value | 1,746 | 2,480 |
| Less accumulated depreciation | - | (744) |
| Total buildings | 1,746 | 1,736 |
| Leasehold improvements at fair value | 17,671 | 7 |
| Less accumulated depreciation | (4) | (3) |
| Total leasehold improvements | 17,667 | 4 |
| Building work in progress at cost | 351 | 67 |
| Total buildings | 19,764 | 1,807 |
| Plant and equipment at fair value | 1,472 | 2,214 |
| Less accumulated depreciation | (628) | (1,468) |
| Total plant and equipment | 844 | 746 |
| Medical equipment at fair value | 22,533 | 20,804 |
| Less accumulated depreciation | (15,524) | (16,412) |
| Total medical equipment | 7,009 | 4,392 |
| Computers and communication equipment at fair value | 6,912 | 7,130 |
| Less accumulated depreciation | (4,240) | (3,752) |
| Total computers and communication equipment | 2,672 | 3,378 |
| Furniture and fittings at fair value | 514 | 581 |
| Less accumulated depreciation | (252) | (283) |
| Total furniture and fittings | 262 | 298 |
| Cultural assets at fair value | 147 | 147 |
| Total cultural assets | 147 | 147 |
| Assets work in progress at cost | 152 | 961 |
| Total property, plant and equipment | 47,565 | 28,444 |

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

| | Note | Land \$'000 | Buildings \$'000 | Leasehold improvements \$'000 | Building work in progress \$'000 | Plant and equipment \$'000 |
|--|--------|----------------|---------------------|-------------------------------------|--|----------------------------------|
| Balance at 1 July 2021 | | 85,671 | 1,984 | 5 | 14 | 729 |
| Additions | | - | - | - | 53 | 87 |
| Disposals | 3.2 | - | - | - | - | (92) |
| Assets received free of charge | 2.1(b) | - | - | - | - | 91 |
| Net transfers between classes ⁱ | | (68,956) | - | - | - | - |
| Depreciation | 4.6 | - | (248) | (1) | - | (69) |
| Balance at 30 June 2022 | | 16,715 | 1,736 | 4 | 67 | 746 |
| Additions | | - | - | 17,322 | 349 | 299 |
| Disposals | 3.2 | - | - | - | - | (331) |
| Assets provided free of charge | 3.1 | - | - | - | - | (7) |
| Revaluation increments | 4.4 | - | 199 | 189 | - | - |
| Net transfers between classes ⁱⁱ | | - | 65 | 349 | (65) | 223 |
| Depreciation | 4.6 | - | (254) | (197) | - | (86) |
| Balance at 30 June 2023 | | 16,715 | 1,746 | 17,667 | 351 | 844 |

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

ⁱⁱ \$349k was transferred from the asset class of right-of-use PPP building to leasehold improvements at fair value to reflect the building improvement works funded by The Royal Women's Hospital directly, which did not form part of the PPP arrangement.

How we recognise property, plant and equipment

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

Initial recognition

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

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

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

Subsequent measurement

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

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

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

| | Medical equipment \$'000 | Computers and communication equipment \$'000 | Furniture and fittings \$'000 | Cultural assets \$'000 | Assets work in progress \$'000 | Total \$'000 |
|--|-----------------------------|---|----------------------------------|---------------------------|-----------------------------------|-----------------|
| | 4,004 | 3,916 | 317 | 147 | 8 | 96,795 |
| | 1,380 | 287 | 11 | - | 960 | 2,778 |
| | (29) | (1) | (13) | - | - | (135) |
| | 243 | - | 28 | - | - | 362 |
| | 1 | 6 | - | - | (7) | (68,956) |
| | (1,207) | (830) | (45) | - | - | (2,400) |
| | 4,392 | 3,378 | 298 | 147 | 961 | 28,444 |
| | 3,755 | 138 | 33 | - | 152 | 22,048 |
| | (35) | - | (4) | - | - | (370) |
| | (114) | - | (34) | - | - | (155) |
| | - | - | - | - | - | 388 |
| | 732 | - | 6 | - | (961) | 349 |
| | (1,721) | (844) | (37) | - | - | (3,139) |
| | 7,009 | 2,672 | 262 | 147 | 152 | 47,565 |

Revaluation

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

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

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

Note 4.2 Property, plant and equipment (continued)

An independent valuation of The Royal Women's Hospital's land and buildings was performed by the VGV on 30 June 2019. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. As an independent valuation was not undertaken on 30 June 2023, a managerial assessment performed at 30 June 2023 indicated an overall:

- Decrease in fair value of land of 3.6% (\$3.0m); and
- Increase in fair value of owned and right-of-use PPP buildings and leasehold improvements of 12.9% (\$29.7m).

As the cumulative movement was less than 10% for land since the last revaluation, a managerial revaluation adjustment was not required as at 30 June 2023.

As the cumulative movement was greater than 10% but less than 40% for owned and right-of-use PPP buildings and leasehold improvements since the last revaluation, a managerial revaluation adjustment was required at 30 June 2023.

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

Revaluation increases (increments) arise when an asset's fair value exceeds its carrying amount. In comparison, revaluation decreases (decrements) arise when an asset's fair value is less than its carrying amount. Revaluation increments and revaluation decrements relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes.

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

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

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

Note 4.3 Right-of-use assets**Note 4.3(a) Gross carrying amount and accumulated depreciation**

| | Total 2023 \$'000 | Total 2022 \$'000 |
|--|----------------------------------|----------------------------------|
| Right-of-use concessionary land at fair value | 68,956 | 68,956 |
| Less accumulated depreciation | (2,378) | (1,585) |
| Total right-of-use concessionary land | 66,578 | 67,371 |
| Right-of-use buildings at fair value | 1,624 | 303 |
| Less accumulated depreciation | (389) | (55) |
| Total right-of-use buildings | 1,235 | 248 |
| Right-of-use plant, equipment and vehicles at fair value | 2,136 | 2,026 |
| Less accumulated depreciation | (1,057) | (697) |
| Total right-of-use plant, equipment and vehicles | 1,079 | 1,329 |
| Right-of-use public private partnership (PPP) assets | | |
| Right-of-use PPP building at fair value | 256,212 | 265,955 |
| Less accumulated depreciation | - | (29,039) |
| Total right-of-use PPP building | 256,212 | 236,916 |
| Right-of-use PPP plant and equipment at fair value | 5,513 | 5,513 |
| Less accumulated depreciation | (2,772) | (2,588) |
| Total right-of-use PPP plant and equipment | 2,741 | 2,925 |
| Total right-of-use PPP assets | 258,953 | 239,841 |
| Total right-of-use assets | 327,845 | 308,789 |

Note 4.3 Right-of-use assets (continued)**Note 4.3(b) Reconciliations of the carrying amounts of each class of asset**

| | Note | Right-of-use concessionary land \$'000 | Right-of-use buildings \$'000 | Right-of- use plant, equipment & vehicles \$'000 | Right-of-use PPP building \$'000 | Right-of-use PPP plant & equipment \$'000 | Total \$'000 |
|--|------|---|-------------------------------------|--|--|--|-----------------|
| Balance at 1 July 2021 | | - | 262 | 1,468 | 246,393 | 3,109 | 251,232 |
| Additions | | - | 260 | 293 | 204 | - | 757 |
| Net transfers between classes ⁱ | | 68,956 | - | - | - | - | 68,956 |
| Depreciation | 4.6 | (1,585) | (274) | (432) | (9,681) | (184) | (12,156) |
| Balance at 30 June 2022 | | 67,371 | 248 | 1,329 | 236,916 | 2,925 | 308,789 |
| Additions | | - | 1,321 | 161 | - | - | 1,482 |
| Revaluation increments | 4.4 | - | - | - | 29,323 | - | 29,323 |
| Net transfers between classes ⁱⁱ | | - | - | - | (349) | - | (349) |
| Depreciation | 4.6 | (793) | (334) | (411) | (9,678) | (184) | (11,400) |
| Balance at 30 June 2023 | | 66,578 | 1,235 | 1,079 | 256,212 | 2,741 | 327,845 |

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

ⁱⁱ \$349k was transferred from the asset class of right-of-use PPP building to leasehold improvements at fair value to reflect the building improvement works funded by The Royal Women's Hospital directly, which did not form part of the PPP arrangement.

How we recognise right-of-use assets

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

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

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

| Class of right-of-use asset | Lease term |
|--------------------------------------|--------------|
| Leased concessionary land | 99 Years |
| Leased buildings | 2 to 6 Years |
| Leased plant, equipment and vehicles | 3 to 5 Years |

Initial recognition

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

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

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

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

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

Subsequent measurement

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

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

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

Revaluation

Further information regarding revaluation is disclosed in Note 4.2(b).

Note 4.4 Revaluation surplus

| | Note | Total 2023 \$'000 | Total 2022 \$'000 |
|--|---------|-------------------------|-------------------------|
| Balance at beginning of year | | 178,115 | 178,115 |
| Revaluation increment | | | |
| Buildings | 4.2 (b) | 199 | - |
| Leasehold improvements | 4.2 (b) | 189 | - |
| Right-of-use PPP Buildings | 4.3 (b) | 29,323 | - |
| | | 29,711 | - |
| Balance at end of yearⁱ | | 207,826 | 178,115 |
| ⁱ Represented by: | | | |
| Land | | 12,799 | 12,799 |
| Buildings | | 199 | - |
| Leasehold improvements | | 189 | - |
| Cultural assets | | 38 | 38 |
| Right-of-use concessionary land ⁱ | | 41,456 | 41,456 |
| Right-of-use PPP building | | 153,145 | 123,822 |
| Total revaluation surplus | | 207,826 | 178,115 |

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

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

| | Total 2023 \$'000 | Total 2022 \$'000 |
|--|-------------------------|-------------------------|
| Software | 38,380 | 38,283 |
| Less accumulated amortisation | (18,262) | (14,886) |
| Total software | 20,118 | 23,397 |
| Revenue rights Parkville car park ⁱ | 24,490 | 24,490 |
| Less accumulated amortisation | (14,694) | (13,715) |
| Total revenue rights Parkville car park | 9,796 | 10,775 |
| Software work in progress | - | 526 |
| Total intangible assets | 29,914 | 34,698 |

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

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

| | Note | Software \$'000 | Software work in progress \$'000 | Revenue rights Parkville car park \$'000 | Total \$'000 |
|--------------------------------|----------|--------------------|---|--|-----------------|
| Balance at 1 July 2021 | | 24,906 | 1,440 | 11,755 | 38,101 |
| Additions | | 1,099 | 383 | - | 1,482 |
| Disposals | 3.2 | - | (77) | - | (77) |
| Net transfers between classes | | 1,220 | (1,220) | - | - |
| Amortisation | 3.2, 4.6 | (3,828) | - | (980) | (4,808) |
| Balance at 30 June 2022 | | 23,397 | 526 | 10,775 | 34,698 |
| Additions | | 64 | - | - | 64 |
| Disposals | 3.2 | - | (297) | - | (297) |
| Net transfers between classes | | 229 | (229) | - | - |
| Amortisation | 3.2, 4.6 | (3,572) | - | (979) | (4,551) |
| Balance at 30 June 2023 | | 20,118 | - | 9,796 | 29,914 |

How we recognise intangible assets

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

Initial recognition

Purchased intangible assets are initially recognised at cost.

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

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

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

Subsequent measurement

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

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

Intangible non-produced assets with finite useful lives are amortised over a 25 year period (2022: 25 years).

Note 4.6 Depreciation and amortisation

| | Note | Total 2023 \$'000 | Total 2022 \$'000 |
|---|--------|-------------------------|-------------------------|
| Depreciation | | | |
| Property, plant and equipment | | | |
| Buildings | 4.2(b) | 254 | 248 |
| Leasehold improvements | 4.2(b) | 197 | 1 |
| Plant and equipment | 4.2(b) | 86 | 69 |
| Medical equipment | 4.2(b) | 1,721 | 1,207 |
| Computers and communication equipment | 4.2(b) | 844 | 830 |
| Furniture and fittings | 4.2(b) | 37 | 45 |
| Total depreciation property, plant and equipment | | 3,139 | 2,400 |
| Right-of-use assets | | | |
| Right-of-use concessionary land | 4.3(b) | 793 | 1,585 |
| Right-of-use buildings | 4.3(b) | 334 | 274 |
| Right-of-use plant, equipment and vehicles | 4.3(b) | 411 | 432 |
| Right-of-use PPP building | 4.3(b) | 9,678 | 9,681 |
| Right-of-use PPP plant and equipment | 4.3(b) | 184 | 184 |
| Total depreciation right-of-use assets | | 11,400 | 12,156 |
| Total depreciation | | 14,539 | 14,556 |
| Amortisation | | | |
| Software | 4.5(b) | 3,572 | 3,828 |
| Total amortisation | | 3,572 | 3,828 |
| Total depreciation and amortisation | 3.1 | 18,111 | 18,384 |

How we recognise depreciation

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

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

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

| | 2023 | 2022 |
|---|----------------|---------------|
| Buildings | 10 Years | 10 Years |
| Leasehold improvements | 10 to 19 Years | 10 Years |
| Plant and equipment | 7 to 30 Years | 7 to 30 Years |
| Medical equipment | 4 to 25 Years | 4 to 25 Years |
| Computers and communication equipment | 3 to 10 Years | 3 to 10 Years |
| Furniture and fittings | 6 to 13 Years | 6 to 13 Years |
| Right-of-use concessionary land | 87 Years | 87 Years |
| Right-of-use buildings | 2 to 6 Years | 1 to 5 Years |
| Right-of-use plant, equipment and vehicles | 3 to 5 Years | 2 to 5 Years |
| PPP building | | |
| Structure, shell building fabric | 49 Years | 49 Years |
| Site engineering services and central plant | 29 Years | 29 Years |
| PPP central plant | | |
| Fit out | 14 Years | 14 Years |
| Trunk reticulated building systems | 19 Years | 19 Years |
| PPP plant and equipment | 30 Years | 30 Years |
| Software | 3 to 10 Years | 3 to 10 Years |

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

Note 4.7 Investment properties

Note 4.7(a) Gross carrying amount for investment properties

| | Total 2023 \$'000 | Total 2022 \$'000 |
|-----------------------------------|-------------------------|-------------------------|
| Investment property at fair value | 117,796 | 122,451 |

Note 4.7(b) Reconciliation of the carrying amount

| | Note | Total 2023 \$'000 | Total 2022 \$'000 |
|--|------|-------------------------|-------------------------|
| Balance at beginning of year | | 122,451 | 113,340 |
| Additions | | 35 | 878 |
| Net gain/(loss) from fair value adjustment | 3.2 | (4,690) | 8,233 |
| Balance at end of year | | 117,796 | 122,451 |

How we recognise investment properties

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

Initial recognition

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

Subsequent measurement

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

For the year ended 30 June 2023, The Royal Women's Hospital's management conducted an annual assessment of the fair value of investment properties. To facilitate this, management obtained the Valuer General Victoria indices for the financial year ended 30 June 2023 and applied these cumulative indices to the individual assets' 2019 valuation. The indexed value was then compared to the individual assets fair value as at 30 June 2023 to determine the change in their fair values.

- Decrease in fair value of investment land of 5.0% (\$5.2m); and
- Increase in fair value of investment buildings of 3.1% (\$0.5m).

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

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

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

Note 4.8 Impairment of assets

How we recognise impairment

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

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

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

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

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

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

The Royal Women's Hospital did not record any impairment losses for the year ended 30 June 2023.

Note 5 Other assets and liabilities

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

Structure

| | | |
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Telling the COVID-19 story

The measurement of other assets and liabilities used to support the delivery of our services during the financial year were not materially impacted by the COVID-19 coronavirus pandemic.

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Note 5.1 Receivables

| | Note | Total 2023 \$'000 | Total 2022 \$'000 |
|---|--------|-------------------------|-------------------------|
| Current receivables | | | |
| Contractual | | | |
| Inter hospital debtors | | 240 | 401 |
| Trade debtors | | 1,954 | 1,919 |
| Patient fees | | 1,357 | 1,815 |
| Allowance for impairment losses | 5.1(a) | (429) | (959) |
| Amounts receivable from governments and agencies | | 601 | 51 |
| Accrued revenue | | 3,394 | 1,950 |
| Total contractual receivables | | 7,117 | 5,177 |
| Statutory | | | |
| GST receivable | | 92 | 989 |
| Total statutory receivables | | 92 | 989 |
| Total current receivables | | 7,209 | 6,166 |
| Non-current receivables | | | |
| Contractual | | | |
| Other receivables | | 26 | 19 |
| Long service leave - Department of Health | | 15,083 | 12,951 |
| Total contractual receivables | | 15,109 | 12,970 |
| Total non-current receivables | | 15,109 | 12,970 |
| Total receivables | | 22,318 | 19,136 |
| Financial assets classified as receivables | | | |
| Total receivables | | 22,318 | 19,136 |
| GST receivable | | (92) | (989) |
| Total financial assets classified as receivables | 7.1(a) | 22,226 | 18,147 |

As at 30 June 2023, The Royal Women's Hospital has contract assets of \$22.2m (2022: \$18.1m) which is net of an allowance for expected credit losses of \$0.4m (2022: \$0.9m). This is included in the contractual receivable balances presented above.

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

| | Note | Total 2023 \$'000 | Total 2022 \$'000 |
|-------------------------------------|------------|-------------------------|-------------------------|
| Balance at beginning of year | | 959 | 1,090 |
| Increase/(decrease) in allowance | 3.2 | (330) | 19 |
| Amounts written off during the year | | (200) | (150) |
| Balance at end of year | 5.1 | 429 | 959 |

How we recognise receivables

Receivables consist of:

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

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

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

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

Impairment losses of contractual receivables

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

Note 5.2 Payables

| | Note | Total 2023 \$'000 | Total 2022 \$'000 |
|---|--------|-------------------------|-------------------------|
| Current payables | | | |
| Contractual | | | |
| Trade creditors | | 6,074 | 3,576 |
| Inter hospital creditors | | 3,270 | 1,846 |
| Amounts payable to governments and agencies | | 21,846 | 13 |
| Accrued salaries and wages | | 5,942 | 4,979 |
| Accrued expenses | | 7,970 | 5,804 |
| Salary packaging | | 519 | 715 |
| Deferred capital grant income | 5.2(a) | 14,846 | 3,159 |
| Total contractual payables | | 60,467 | 20,092 |
| Total current payables | | 60,467 | 20,092 |
| Non-current payables | | | |
| Contractual | | | |
| Other payables | | - | 70 |
| Total contractual payables | | - | 70 |
| Total non-current payables | | - | 70 |
| Total payables | | 60,467 | 20,162 |
| Financial liabilities classified as payables | | | |
| Total payables | | 60,467 | 20,162 |
| Deferred capital grant income | | (14,846) | (3,159) |
| Total financial liabilities classified as payables | 7.1(a) | 45,621 | 17,003 |

How we recognise payables

Payables consist of:

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

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

Maturity analysis of payables

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

Note 5.2(a) Deferred capital grant income

| | Note | Total 2023 \$'000 | Total 2022 \$'000 |
|--|------|-------------------------|-------------------------|
| Balance at beginning of year | | 3,159 | 2,100 |
| Grant consideration for capital works received during the year | | 14,486 | 3,638 |
| Grant income for capital works recognised consistent with the capital works undertaken during the year | | (2,799) | (2,579) |
| Balance at end of year | 5.2 | 14,846 | 3,159 |

How we recognise deferred capital grant income

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

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

Note 5.3 Contract liabilities

| | Total 2023 \$'000 | Total 2022 \$'000 |
|--|-------------------------|-------------------------|
| Balance at beginning of year | 8,441 | 4,649 |
| Grant consideration for sufficiently specific performance obligations received during the year | 1,870 | 6,155 |
| Grant revenue for sufficiently specific performance obligations works recognised consistent with the performance obligations met during the year | (5,358) | (2,799) |
| Payments received for performance obligations not yet fulfilled | 6,321 | 2,278 |
| Revenue recognised for the completion of a performance obligation during the year | (1,741) | (1,842) |
| Balance at end of year | 9,533 | 8,441 |
| Represented by: | | |
| Current contract liabilities | 5,324 | 8,441 |
| Non-current contract liabilities | 4,209 | - |
| | 9,533 | 8,441 |

How we recognise contract liabilities

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

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

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

Note 5.4 Other provisions

| | Total 2023 \$'000 | Total 2022 \$'000 |
|---------------------------------------|-------------------------|-------------------------|
| Current other provisions | | |
| Provision for insurance excess | 165 | - |
| Total current other provisions | 165 | - |
| Balance at beginning of year | - | - |
| Additional provisions recognised | 165 | - |
| Balance at end of year | 165 | - |

How we recognise other provisions

Other provisions are recognised when The Royal Women's Hospital has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably. The amount recognised as a provision, representing VMIA insurance premium excess payable, is the best estimate of the consideration required to settle the present obligation at reporting data, taking into account the risks and uncertainties surrounding the obligation.

Note 6 How we finance our operations

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

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

Structure

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Telling the COVID-19 story

Our finance and borrowing arrangements were not materially impacted by the COVID-19 coronavirus pandemic due to the scale down of the COVID-19 public health response during the financial year ended 30 June 2023.

Key judgements and estimates

This section contains the following key judgements and estimates:

| Key judgements and estimates | Description |
|--|--|
| Determining if a contract is or contains a lease | <p>The Royal Women's Hospital applies significant judgement to determine if a contract is or contains a lease by considering if the hospital:</p> <ul style="list-style-type: none"> • Has the right-to-use an identified asset; • Has the right to obtain substantially all economic benefits from the use of the leased asset; and • Can decide how and for what purpose the asset is used throughout the lease. |
| Determining if a lease meets the short-term or low value asset lease exemption | <p>The Royal Women's Hospital applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria.</p> <p>The Royal Women's Hospital estimates the fair value of leased assets when acquired. Where the estimated fair value is less than \$10,000, the hospital applies the low-value lease exemption.</p> <p>The Royal Women's Hospital also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the hospital applies the short-term lease exemption.</p> |
| Discount rate applied to future lease payments | <p>The Royal Women's Hospital discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for the hospital's lease arrangements, The Royal Women's Hospital uses its incremental borrowing rate, which is the amount the hospital would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.</p> <p>The Royal Women's Hospital's incremental borrowing rates for leased buildings are between 1.06% and 4.81% (2022: 1.06% and 3.01%) and between 1.36% and 3.25% (2022: 1.36% and 3.25%) for leased plant, equipment and vehicles.</p> <p>For the leased PPP building and PPP plant and equipment, the discount interest rate implicit in the lease is 7.67% (2022: 7.67%).</p> |
| Assessing the lease term | <p>The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if The Royal Women's Hospital is reasonably certain to exercise such options.</p> <p>The Royal Women's Hospital determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including:</p> <ul style="list-style-type: none"> • If there are significant penalties to terminate (or not extend), the hospital is typically reasonably certain to extend (or not terminate) the lease; • If any leasehold improvements are expected to have a significant remaining value, the hospital is typically reasonably certain to extend (or not terminate) the lease; and • The Royal Women's Hospital considers historical lease durations and the costs and business disruption to replace such leased assets. |

Note 6.1 Borrowings

| | Note | Total 2023 \$'000 | Total 2022 \$'000 |
|---|--------|-------------------------|-------------------------|
| Current borrowings | | | |
| Treasury Corporation Victoria loan ⁱ | | 1,051 | 983 |
| Lease liabilities ⁱⁱ | 6.1(a) | 792 | 581 |
| Public Private Partnerships (PPP) lease liability ⁱⁱ | 6.1(b) | 11,110 | 10,347 |
| Total current borrowings | | 12,953 | 11,911 |
| Non-current borrowings | | | |
| Treasury Corporation Victoria loan ⁱ | | 13,886 | 14,937 |
| Lease liabilities ⁱⁱ | 6.1(a) | 1,553 | 1,005 |
| Public Private Partnerships (PPP) lease liability ⁱⁱ | 6.1(b) | 146,681 | 157,791 |
| Total non-current borrowings | | 162,120 | 173,733 |
| Total borrowings | 7.1(a) | 175,073 | 185,644 |

ⁱ Unsecured loan with a fixed interest rate of 6.67% (2022: 6.67%).

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

How we recognise borrowings

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

Initial recognition

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs.

Subsequent measurement

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

Maturity analysis

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

Defaults and breaches

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

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

Note 6.1(a) Lease liabilities

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

| | Total 2023 \$'000 | Total 2022 \$'000 |
|--------------------------------------|----------------------------------|----------------------------------|
| Total undiscounted lease liabilities | 2,490 | 1,626 |
| Less unexpired finance expenses | (145) | (40) |
| Net lease liabilities | 2,345 | 1,586 |

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

| | Note | Total 2023 \$'000 | Total 2022 \$'000 |
|--|-------------|----------------------------------|----------------------------------|
| Not longer than one year | | 851 | 603 |
| Longer than one year and not later than five years | | 1,639 | 1,023 |
| Longer than five years | | - | - |
| Minimum future lease liability | | 2,490 | 1,626 |
| Less unexpired finance expenses | | (145) | (40) |
| Present value of lease liability | | 2,345 | 1,586 |
| Represented by: | | | |
| Current liabilities | 6.1 | 792 | 581 |
| Non-current liabilities | 6.1 | 1,553 | 1,005 |
| Total lease liabilities | | 2,345 | 1,586 |

How we recognise lease liabilities

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

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

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

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

| Type of asset leased | Lease term |
|--------------------------------------|-------------------|
| Leased concessionary land | 99 Years |
| Leased buildings | 2 to 6 Years |
| Leased plant, equipment and vehicles | 3 to 5 Years |

Note 6.1 Borrowings (continued)

Note 6.1(a) Lease liabilities (continued)

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

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

Separation of lease and non-lease components

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

Initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or The Royal Women's Hospital's incremental borrowing rate.

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

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

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

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

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

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

Subsequent measurement

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

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

Leases with significantly below market terms and conditions

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

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

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

Note 6.1(b) PPP lease liability

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

| | Total 2023 \$'000 | Total 2022 \$'000 |
|--|-------------------------|-------------------------|
| Total undiscounted PPP lease liability | 223,700 | 246,174 |
| Less unexpired finance expenses | (65,909) | (78,036) |
| Net PPP lease liability | 157,791 | 168,138 |

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

| | Note | Total 2023 \$'000 | Total 2022 \$'000 |
|--|------|-------------------------|-------------------------|
| Not longer than one year | | 22,474 | 22,474 |
| Longer than one year and not later than five years | | 89,895 | 89,895 |
| Longer than five years | | 111,331 | 133,805 |
| Minimum future PPP lease liability | | 223,700 | 246,174 |
| Less unexpired finance expenses | | (65,909) | (78,036) |
| Present value of PPP lease liability | | 157,791 | 168,138 |
| Represented by: | | | |
| Current liabilities | 6.1 | 11,110 | 10,347 |
| Non-current liabilities | 6.1 | 146,681 | 157,791 |
| Total PPP lease liability | | 157,791 | 168,138 |

Note 6.1 Borrowings (continued)

Note 6.1(b) PPP lease liability (continued)

How we recognise commissioned public private partnerships (PPP)

The Royal Women's Hospital entered into a 25 year PPP arrangement between the State of Victoria and RW Health Partnership Pty Ltd on 13 June 2008. The project was initiated to construct and fit out a new hospital for Women and newborn babies. Under the arrangement, the portion of total payments made to RW Health Partnership Pty Ltd that relate to The Royal Women's Hospital's right to use the asset is accounted for as a lease liability. Although the hospital has assumed the right-of-use assets and liabilities in its accounts, the payments made to the private provider are being made directly by the Department of Health on a monthly basis.

In addition, until the end of the PPP arrangement, the Department of Health is making monthly payments to RW Health Partnership Pty Ltd for the delivery of maintenance and ancillary services. The service charges have been brought to account in the operating result by recognising them as non-cash revenue and expenditure.

Refer to Note 6.3 for information regarding PPP operating commitments.

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

Initial measurement

PPP leases are recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the PPP lease.

Subsequent measurement

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

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

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

Note 6.2 Cash and cash equivalents

| | Total 2023 \$'000 | Total 2022 \$'000 |
|--|-------------------------|-------------------------|
| Cash on hand | 4 | 4 |
| Cash at bank | 345 | 415 |
| Cash at bank - CBS ⁱ | 48,844 | 10,297 |
| Term deposits < 3 months | 350 | - |
| Total cash and cash equivalents | 49,543 | 10,716 |

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

Cash and cash equivalents include salary packaging.

How we recognise cash and cash equivalents

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

Note 6.3 Commitments for expenditure

| | Total 2023 \$'000 | Total 2022 \$'000 |
|---|----------------------------------|----------------------------------|
| Capital expenditure commitments | | |
| Not longer than one year | 1,931 | 716 |
| Total capital expenditure commitments | 1,931 | 716 |
| Operating expenditure commitments | | |
| Not longer than one year | 3,222 | 1,238 |
| Longer than one year and not later than five years | 800 | 688 |
| Longer than five years | 34 | 92 |
| Total operating expenditure commitments | 4,056 | 2,018 |
| Non-cancellable short-term and low value lease commitments | | |
| Not longer than one year | 255 | 250 |
| Longer than one year and not later than five years | 299 | 166 |
| Total non-cancellable short-term and low value lease commitments | 554 | 416 |
| Commissioned public private partnership commitmentsⁱ | | |
| Not longer than one year | 27,587 | 24,641 |
| Longer than one year and not later than five years | 146,042 | 128,393 |
| Longer than five years | 172,835 | 195,714 |
| Total public private partnership commitments | 346,464 | 348,748 |
| Total commitments for expenditure (inclusive of GST) | 353,005 | 351,898 |
| Less GST recoverable from the Australian Tax Office | (32,091) | (31,991) |
| Total commitments for expenditure (exclusive of GST) | 320,914 | 319,907 |

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

Note 6.3 Commitments for expenditure (continued)

How we disclose our commitments

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

Expenditure commitments

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

Short-term and low value leases

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

Commissioned public private partnership (PPP)

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

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

Refer to Note 6.1 for further information.

Note 7 Risks, contingencies and valuation uncertainties

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

Structure

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Key judgements and estimates

This section contains the following key judgements and estimates:

| Key judgements and estimates | Description |
|--|---|
| Measuring fair value of non-financial assets | <p data-bbox="595 394 1474 544">Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use.</p> <hr/> <p data-bbox="595 566 1474 678">In determining the highest and best use, The Royal Women's Hospital has assumed the current use is its highest and best use. Accordingly, characteristics of the hospital's assets are considered, including condition, location and any restrictions on the use and disposal of such assets.</p> <hr/> <p data-bbox="595 701 1474 768">The Royal Women's Hospital uses a range of valuation techniques to estimate fair value, which include the following:</p> <ul data-bbox="595 779 1474 1193" style="list-style-type: none"> • Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of The Royal Women's Hospital's specialised land, non-specialised land, non-specialised buildings, investment properties and cultural assets are measured using this approach; • Cost approach, which reflects the amount that would be required to replace the service capacity of the asset (referred to as current replacement cost). The fair value of The Royal Women's Hospital's specialised buildings, plant and equipment, medical equipment, computers and communication equipment and furniture and fittings are measured using this approach; and • Income approach, which converts future cash flows or income and expenses to a single undiscounted amount. The Royal Women's Hospital does not use this approach to measure fair value. <hr/> <p data-bbox="595 1216 1474 1328">The Royal Women's Hospital selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.</p> <hr/> <p data-bbox="595 1350 1474 1417">Subsequently, the hospital applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes:</p> <ul data-bbox="595 1429 1474 1805" style="list-style-type: none"> • Level 1, using quoted prices (unadjusted) in active markets for identical assets that the hospital can access at measurement date. The Royal Women's Hospital does not categorise any fair values within this level; • Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. The Royal Women's Hospital categorises non-specialised land, non-specialised buildings, cultural assets and investment properties in this level; and • Level 3, where inputs are unobservable. The Royal Women's Hospital categorises specialised land, specialised buildings, plant and equipment, medical equipment, computers and communication equipment, furniture and fittings, right-of-use concessionary land, right-of-use buildings, right-of-use plant, equipment and vehicles and investment properties in this level. |

Note 7.1 Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset in one entity and a financial liability or equity instrument in another entity. Due to the nature of The Royal Women's Hospital's activities, certain financial assets and financial

liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

Note 7.1(a) Categorisation of financial instruments

| | Note | Financial assets at amortised cost \$'000 | Financial assets at fair value through net result \$'000 | Financial liabilities at amortised cost \$'000 | Total \$'000 |
|--|------|---|--|--|----------------|
| 30 June 2023 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 6.2 | 49,543 | - | - | 49,543 |
| Receivables | 5.1 | 22,226 | - | - | 22,226 |
| Investments and other financial assets | 4.1 | 150 | 17,890 | - | 18,040 |
| Total financial assets¹ | | 71,919 | 17,890 | - | 89,809 |
| Financial liabilities | | | | | |
| Payables | 5.2 | - | - | 45,621 | 45,621 |
| Borrowings | 6.1 | - | - | 175,073 | 175,073 |
| Total financial liabilities¹ | | - | - | 220,694 | 220,694 |
| 30 June 2022 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 6.2 | 10,716 | - | - | 10,716 |
| Receivables | 5.1 | 18,147 | - | - | 18,147 |
| Investments and other financial assets | 4.1 | 400 | 16,469 | - | 16,869 |
| Total financial assets¹ | | 29,263 | 16,469 | - | 45,732 |
| Financial liabilities | | | | | |
| Payables | 5.2 | - | - | 17,003 | 17,003 |
| Borrowings | 6.1 | - | - | 185,644 | 185,644 |
| Total financial liabilities¹ | | - | - | 202,647 | 202,647 |

¹ The carrying amount excludes statutory receivables (i.e. GST receivable) and contractual payables (i.e. deferred capital grant income).

How we categorise financial instruments

Categories of financial assets

Financial assets are recognised when The Royal Women's Hospital becomes party to the contractual provisions of an instrument. For financial assets, this is at the date The Royal Women's Hospital commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

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

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

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

Financial assets at amortised cost

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

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

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

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

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

Financial assets at fair value through net result

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

Categories of financial liabilities

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

Financial liabilities at amortised cost

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

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

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

Offsetting financial instruments

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

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

Derecognition of financial assets

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

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

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

Derecognition of financial liabilities

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

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

Reclassification of financial instruments

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

A financial liability reclassification is not permitted.

Note 7.2 Financial risk management objectives and policies

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

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

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

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

Note 7.2(a) Credit risk

Credit risk refers to the possibility that a customer will default on its financial obligations as and when they fall due. The Royal Women's Hospital's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to The Royal Women's Hospital. Credit risk is measured at fair value and is monitored on a regular basis.

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

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

Provision of impairment for contractual financial assets is recognised when there is objective evidence that The Royal Women's Hospital will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor and default payments.

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

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents The Royal Women's Hospital's maximum exposure to credit risk.

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

Impairment of financial assets under AASB 9 *Financial Instruments*

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

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

Credit loss allowance is classified as other economic flows in the net result.

Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

Contractual receivables at amortised cost

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

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

| | Note | Current \$'000 | 30 days \$'000 | 60 days \$'000 | 90 days \$'000 | 120 days \$'000 | 150 days ⁱ \$'000 | 365+ days \$'000 | Total \$'000 |
|--|------|-------------------|----------------------|----------------------|----------------------|-----------------------|------------------------------------|------------------------|-----------------|
| 30 June 2023 | | | | | | | | | |
| Patient debtors | | | | | | | | | |
| Expected loss rate | | 2.7% | 2.7% | 7.0% | 15.6% | 30.9% | 50.0% | 100.0% | |
| Gross carrying amount of contractual receivables | | 830 | 459 | 347 | 41 | 130 | 166 | 48 | 2,021 |
| Loss allowance | 5.1 | 22 | 12 | 24 | 6 | 40 | 83 | 48 | 235 |

| | | Current \$'000 | 30 days \$'000 | 60 days \$'000 | 90 days \$'000 | 120 days \$'000 | 150 days \$'000 | 365+ days \$'000 | Total \$'000 |
|--|-----|-------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|------------------------|-----------------|
| 30 June 2023 | | | | | | | | | |
| Sundry debtors | | | | | | | | | |
| Expected loss rate | | 1.0% | 1.1% | 3.9% | 4.0% | 3.0% | 60.0% | 100.0% | |
| Gross carrying amount of contractual receivables | | 2,025 | 386 | 107 | 12 | 13 | 9 | 159 | 2,711 |
| Loss allowance | 5.1 | 21 | 4 | 4 | - | - | 6 | 159 | 194 |

| | Note | Current \$'000 | 30 days \$'000 | 60 days \$'000 | 90 days \$'000 | 120 days \$'000 | 150 days \$'000 | 365+ days ⁱ \$'000 | Total \$'000 |
|--|------|-------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-------------------------------------|-----------------|
| 30 June 2022 | | | | | | | | | |
| Patient debtors | | | | | | | | | |
| Expected loss rate | | 4.0% | 6.0% | 30.0% | 43.0% | 29.0% | 50.0% | 100.0% | |
| Gross carrying amount of contractual receivables | | 647 | 701 | 113 | 449 | 173 | 207 | 132 | 2,422 |
| Loss allowance | 5.1 | 26 | 42 | 34 | 193 | 50 | 104 | 132 | 581 |

| | | Current \$'000 | 30 days \$'000 | 60 days \$'000 | 90 days \$'000 | 120 days \$'000 | 150 days \$'000 | 365+ days \$'000 | Total \$'000 |
|--|-----|-------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|------------------------|-----------------|
| 30 June 2022 | | | | | | | | | |
| Sundry debtors | | | | | | | | | |
| Expected loss rate | | 1.0% | 2.9% | 6.8% | 3.2% | 3.0% | 60.0% | 100.0% | |
| Gross carrying amount of contractual receivables | | 1,670 | 181 | 66 | 14 | 22 | 12 | 343 | 2,308 |
| Loss allowance | 5.1 | 17 | 5 | 5 | - | 1 | 7 | 343 | 378 |

ⁱ Credits are excluded when calculating the loss allowance provision.

Statutory receivables at amortised cost

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

Statutory receivables are considered to have low credit risk, taking into account the government's credit rating, risk of default and its capacity to meet contractual cash flow obligations in the near term. As a result, no credit loss allowance has been provided in the current financial year (2022: Nil).

Note 7.2 Financial risk management objectives and policies (continued)

Note 7.2(b) Liquidity risk

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

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

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

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

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

| | Note | Carrying amount \$'000 | Nominal amount \$'000 | Maturity dates | | | | |
|--|------|---------------------------|--------------------------|--------------------------------|-------------------------|--------------------------------|------------------------|---------------------------|
| | | | | Less than 1 month \$'000 | 1-3 months \$'000 | 3 months - 1 year \$'000 | 1-5 years \$'000 | Over 5 years \$'000 |
| 30 June 2023 | | | | | | | | |
| Financial liabilities at amortised cost | | | | | | | | |
| Payables | 5.2 | 45,621 | 45,621 | 11,743 | 26,567 | 7,311 | - | - |
| Borrowings | 6.1 | 175,073 | 175,073 | 1,178 | 2,068 | 9,707 | 60,297 | 101,823 |
| Total financial liabilitiesⁱ | | 220,694 | 220,694 | 12,921 | 28,635 | 17,018 | 60,297 | 101,823 |
| 30 June 2022 | | | | | | | | |
| Financial liabilities at amortised cost | | | | | | | | |
| Payables | 5.2 | 17,003 | 17,003 | 10,408 | 6,444 | 81 | 70 | - |
| Borrowings | 6.1 | 185,644 | 185,644 | 1,016 | 1,892 | 9,003 | 55,586 | 118,147 |
| Total financial liabilitiesⁱ | | 202,647 | 202,647 | 11,424 | 8,336 | 9,084 | 55,656 | 118,147 |

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

Note 7.2(c) Market risk

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

Sensitivity disclosure analysis and assumptions

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

- A change in interest rates of 0.50% up or down; and
- A change in the top ASX 200 index of 20% up or down.

Interest rate risk

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

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

Foreign currency risk

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

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

Equity risk

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

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

| | Carrying amount \$'000 | -20% Net result \$'000 | 20% Net result \$'000 |
|--|---------------------------|------------------------------|-----------------------------|
| 30 June 2023 | | | |
| Investments and other financial assets | 17,890 | (3,578) | 3,578 |
| Total impact | 17,890 | (3,578) | 3,578 |

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

Note 7.3 Contingent assets and contingent liabilities

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

| | Total 2023 \$'000 | Total 2022 \$'000 |
|--|-------------------------|-------------------------|
| Contingent liabilities | | |
| Quantifiable | | |
| Contribution to Parkville facility | 11,820 | 11,820 |
| Total quantifiable contingent liabilities | 11,820 | 11,820 |

How we measure and disclose contingent assets and contingent liabilities

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

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

Contingent assets

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

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

There were no contingent assets for The Royal Women's Hospital as at 30 June 2023 (2022: Nil).

Contingent liabilities

Contingent liabilities are:

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

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

Contribution to Parkville facility

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

Subsequent to 30 June 2008, the contingent liability to the Department of Health has reduced to \$11.82m, due to the disposal of properties at the Carlton site.

Note 7.4 Fair value determination

How we measure fair value

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

The following assets and liabilities are carried at fair value:

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

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

Valuation hierarchy

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

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

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

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

Identifying unobservable inputs (level 3) fair value measurements

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

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

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

| | Note | Total carrying amount \$'000 | Fair value measurement at end of reporting period using: | | |
|---|------|------------------------------|--|-----------------------------|-----------------------------|
| | | | Level 1 ⁱ \$'000 | Level 2 ⁱ \$'000 | Level 3 ⁱ \$'000 |
| 30 June 2023 | | | | | |
| Financial assets at fair value through net result | | | | | |
| Managed investment schemes | 4.1 | 17,890 | 45 | 17,845 | - |
| Total investments and other financial assets at fair value | | 17,890 | 45 | 17,845 | - |
| 30 June 2022 | | | | | |
| Financial assets at fair value through net result | | | | | |
| Managed investment schemes | 4.1 | 16,469 | 36 | 16,433 | - |
| Total investments and other financial assets at fair value | | 16,469 | 36 | 16,433 | - |

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

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

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

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

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

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

| | Note | Total carrying amount \$'000 | Fair value measurement at end of reporting period using: | | |
|---|--------|---------------------------------|--|--------------------------------|--------------------------------|
| | | | Level 1 ⁱ \$'000 | Level 2 ⁱ \$'000 | Level 3 ⁱ \$'000 |
| 30 June 2023 | | | | | |
| Non-specialised land | | 2,795 | - | 2,795 | - |
| Specialised land | | 13,920 | - | - | 13,920 |
| Total land at fair value | 4.2(a) | 16,715 | - | 2,795 | 13,920 |
| Non-specialised buildings | | 1,750 | - | 1,750 | - |
| Specialised buildings | | 17,663 | - | - | 17,663 |
| Total buildings at fair value | 4.2(a) | 19,413 | - | 1,750 | 17,663 |
| Plant and equipment | 4.2(a) | 844 | - | - | 844 |
| Medical equipment | 4.2(a) | 7,009 | - | - | 7,009 |
| Computers and communication equipment | 4.2(a) | 2,672 | - | - | 2,672 |
| Furniture and fittings | 4.2(a) | 262 | - | - | 262 |
| Cultural assets | 4.2(a) | 147 | - | 147 | - |
| Total plant, equipment and cultural assets at fair value | | 10,934 | - | 147 | 10,787 |
| Right-of-use concessionary land | 4.3(a) | 66,578 | - | - | 66,578 |
| Right-of-use buildings | 4.3(a) | 1,235 | - | - | 1,235 |
| Right-of-use plant, equipment and vehicles | 4.3(a) | 1,079 | - | - | 1,079 |
| Right-of-use PPP building | 4.3(a) | 256,212 | - | - | 256,212 |
| Right-of-use PPP plant and equipment | 4.3(a) | 2,741 | - | - | 2,741 |
| Total right-of-use assets at fair value | | 327,845 | - | - | 327,845 |
| Investment properties | 4.7(a) | 117,796 | - | 40,062 | 77,734 |
| Total investment properties at fair value | | 117,796 | - | 40,062 | 77,734 |
| Total non-financial physical assets at fair value | | 492,703 | - | 44,754 | 447,949 |

ⁱClassified in accordance with the fair value hierarchy.

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

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

ⁱ Classified in accordance with the fair value hierarchy.

How we measure fair value of non-financial physical assets

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

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

The Royal Women's Hospital has assumed the current use of a non-financial physical asset is its highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

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

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

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

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

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

Specialised land and specialised buildings

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

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

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

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

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

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

Vehicles

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

Plant and equipment and furniture and fittings

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

There were no changes in valuation techniques throughout the period to 30 June 2023.

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

| | Note | Land \$'000 | Buildings \$'000 | Plant, equipment, furniture and fittings \$'000 |
|--|--------|----------------|---------------------|---|
| Balance at 1 July 2021 | | 82,876 | - | 8,966 |
| Additions/(disposals) | | - | - | 1,630 |
| Assets received free of charge | | - | - | 362 |
| Net transfers between classes | | (68,956) | - | 7 |
| <i>Gains/(losses) recognised in net result</i> | | | | |
| Depreciation and amortisation | | - | - | (2,151) |
| Net gain from fair value adjustment | | - | - | - |
| Balance at 30 June 2022 | 7.4(b) | 13,920 | - | 8,814 |
| Additions/(disposals) | | - | 17,321 | 3,855 |
| Assets provided free of charge | | - | - | (155) |
| Net transfers between classes | | - | 349 | 961 |
| <i>Gains/(losses) recognised in net result</i> | | | | |
| Depreciation and amortisation | | - | (196) | (2,688) |
| Net gain from fair value adjustment | | - | 189 | - |
| Balance at 30 June 2023 | 7.4(b) | 13,920 | 17,663 | 10,787 |

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

| Right-of-use concessionary land \$'000 | Right-of-use buildings \$'000 | Right-of- use plant, equipment and vehicles \$'000 | Right-of-use PPP building \$'000 | Right-of-use PPP plant and equipment \$'000 | Investment properties \$'000 |
|---|-------------------------------------|--|--|--|------------------------------------|
| - | 262 | 1,468 | 246,393 | 3,109 | 75,764 |
| - | 260 | 293 | 204 | - | - |
| - | - | - | - | - | - |
| 68,956 | - | - | - | - | - |
| (1,585) | (274) | (432) | (9,681) | (184) | - |
| - | - | - | - | - | 6,061 |
| 67,371 | 248 | 1,329 | 236,916 | 2,925 | 81,825 |
| - | 1,321 | 161 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | (349) | - | - |
| (793) | (334) | (411) | (9,678) | (184) | - |
| - | - | - | 29,323 | - | (4,091) |
| 66,578 | 1,235 | 1,079 | 256,212 | 2,741 | 77,734 |

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

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

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

Note 8 Other disclosures

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

Structure

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

| | Note | Total 2023 \$'000 | Total 2022 \$'000 |
|---|--------|-------------------------|-------------------------|
| Net result for the year | | 5,787 | (674) |
| Non-cash movements: | | | |
| Depreciation and amortisation of non-financial assets | 4.6 | 18,111 | 18,384 |
| Amortisation of intangible non-produced assets | 3.2 | 979 | 980 |
| Net loss from disposal of non-financial assets | 3.2 | 667 | 212 |
| Net loss from disposal of financial assets | 3.2 | - | 38 |
| Revaluation of financial instruments at fair value through net result | 3.2 | (633) | 2,217 |
| Revaluation of investment properties | 3.2 | 4,690 | (8,233) |
| Allowance for impairment losses of contractual receivables | | (530) | (131) |
| Revaluation of long service leave liability | 3.2 | 2,037 | 42 |
| Department of Health non-cash grants | | (2,132) | (922) |
| Victorian State Government non-cash capital grant | | (16,435) | - |
| Net movement in PPP lease liability ⁱ | | (10,347) | (9,610) |
| Income from managed funds reinvested | | (773) | (760) |
| Consumables received free of charge under state supply arrangements | 2.1(b) | (559) | (1,591) |
| Consumables provided free of charge under state supply arrangements | | 559 | 1,591 |
| Assets received free of charge under state supply arrangements | 2.1(b) | - | (362) |
| Assets provided free of charge or for nominal consideration | 3.1 | 155 | - |
| Movements in assets and liabilities: | | | |
| (Increase)/decrease in receivables | | (520) | (399) |
| (Increase)/decrease in prepaid expenses | | 820 | (308) |
| Increase/(decrease) in payables | | 40,662 | 1,184 |
| Increase/(decrease) in contract liabilities | | 1,092 | 3,792 |
| Increase/(decrease) in employee benefits and related on-costs | | 2,641 | 3,739 |
| (Increase)/decrease in inventories | | (69) | 27 |
| Increase/(decrease) in other provisions | | 165 | - |
| Net cash flow from operating activities | | 46,367 | 9,216 |

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

Note 8.2 Responsible persons

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

A caretaker period was enacted during the year ended 30 June 2023 which spanned the time the Legislative Assembly expired, until the Victorian election results were clear or a new government was commissioned. The caretaker period for the 2022 Victorian election commenced at 6pm on Tuesday the 1st of November and new ministers were sworn in on the 5th of December.

| | Period |
|--|--------------------------|
| The Honourable Mary-Anne Thomas MP: | |
| Minister for Health | 1 Jul 2022 - 30 Jun 2023 |
| Minister for Health Infrastructure | 5 Dec 2022 - 30 Jun 2023 |
| Minister for Medical Research | 5 Dec 2022 - 30 Jun 2023 |
| Former Minister for Ambulance Services | 1 Jul 2022 - 5 Dec 2022 |
| The Honourable Gabrielle Williams MP: | |
| Minister for Mental Health | 1 Jul 2022 - 30 Jun 2023 |
| Minister for Ambulance Services | 5 Dec 2022 - 30 Jun 2023 |
| Governing Board | |
| Ms Cath Bowtell (Chair of the Board) | 1 Jul 2022 - 30 Jun 2023 |
| Ms Helga Svendsen (appointment concluded 30 June 2023) | 1 Jul 2022 - 30 Jun 2023 |
| Ms Mandy Frostick (appointment concluded 30 June 2023) | 1 Jul 2022 - 30 Jun 2023 |
| Ms Naomi Johnston | 1 Jul 2022 - 30 Jun 2023 |
| Ms Rosie Batty AO | 1 Jul 2022 - 30 Jun 2023 |
| Adjunct Professor Alan Lilly | 1 Jul 2022 - 30 Jun 2023 |
| Mr Ken Parsons | 1 Jul 2022 - 30 Jun 2023 |
| Professor Marie Bismark | 1 Jul 2022 - 30 Jun 2023 |
| Ms Marianne Walker | 1 Jul 2022 - 30 Jun 2023 |
| Adjunct Professor Glen Noonan | 1 Jul 2022 - 30 Jun 2023 |
| Accountable Officer | |
| Professor Sue Matthews (Chief Executive Officer) | 1 Jul 2022 - 30 Jun 2023 |

Remuneration of responsible persons

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

| | Total 2023 No. | Total 2022 No. |
|-----------------------|----------------------|----------------------|
| Income band | | |
| \$20,000 - \$29,999 | 9 | 9 |
| \$50,000 - \$59,999 | 1 | - |
| \$60,000 - \$69,999 | - | 1 |
| \$490,000 - \$499,999 | - | 1 |
| \$520,000 - \$529,999 | 1 | - |
| Total | 11 | 11 |

| | Total 2023 \$'000 | Total 2022 \$'000 |
|---|-------------------------|-------------------------|
| Total remuneration received or due and receivable by responsible persons from the reporting entity amounted to | 821 | 793 |

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

Note 8.3 Remuneration of executives

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

| | Total 2023 \$'000 | Total 2022 \$'000 |
|--|-------------------------|-------------------------|
| Remuneration of executive officers (including key management personnel disclosed in Note 8.4) | | |
| Short-term benefits | 2,438 | 2,340 |
| Post-employment benefits | 262 | 242 |
| Other long-term benefits | 55 | 46 |
| Total remunerationⁱ | 2,755 | 2,628 |
| Total number of executives | 9 | 9 |
| Total annualised employee equivalent ⁱⁱ | 9.0 | 9.0 |

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

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

No bonus payments were paid in the current year (2022: nil).

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

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Termination benefits

Termination of employment payments, such as severance packages.

Note 8.4 Related parties

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

- All key management personnel (KMP) and their close family members and personal business interest;
- Cabinet ministers (where applicable) and their close family members;
- Joint Arrangements - A member of the Victorian Comprehensive Cancer Centre Joint Venture; and

- All hospitals and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

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

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

| Entity | KMPs | Position title |
|----------------------------|---|--|
| The Royal Women's Hospital | Ms Cath Bowtell | Chair of the Board |
| The Royal Women's Hospital | Ms Helga Svendsen (appointment concluded 30 June 2023) | Board Member |
| The Royal Women's Hospital | Ms Mandy Frostick (appointment concluded 30 June 2023) | Board Member |
| The Royal Women's Hospital | Ms Naomi Johnston | Board Member |
| The Royal Women's Hospital | Ms Rosie Batty AO | Board Member |
| The Royal Women's Hospital | Adjunct Professor Alan Lilly | Board Member |
| The Royal Women's Hospital | Mr Ken Parsons | Board Member |
| The Royal Women's Hospital | Professor Marie Bismark | Board Member |
| The Royal Women's Hospital | Ms Marianne Walker | Board Member |
| The Royal Women's Hospital | Adjunct Professor Glen Noonan | Board Member |
| The Royal Women's Hospital | Professor Sue Matthews | Chief Executive Officer |
| The Royal Women's Hospital | Mr Sam Garrasi | Chief Financial Officer |
| The Royal Women's Hospital | Ms Lisa Lynch | Chief Operating Officer |
| The Royal Women's Hospital | Dr Mark Garwood | Chief Medical Officer |
| The Royal Women's Hospital | Ms Laura Bignell | Chief Midwifery and Nursing Officer |
| The Royal Women's Hospital | Ms Tania Angelini | Chief Communications Officer |
| The Royal Women's Hospital | Ms Sherri Huckstep | Chief Experience Officer |
| The Royal Women's Hospital | Mr Damian Gibney | Executive Director Clinical Excellence and Systems Improvement |
| The Royal Women's Hospital | Mr George Cozaris | Chief Information Officer, Executive Director Digital Innovation |
| The Royal Women's Hospital | Mr Jason Smith | Executive Director Philanthropy and Community Investment |

Note 8.4 Related parties (continued)

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

| | Total 2023 \$'000 | Total 2022 \$'000 |
|---------------------------------------|-------------------------|-------------------------|
| Compensation - KMPs | | |
| Short-term employee benefits | 3,189 | 3,083 |
| Post-employment benefits | 315 | 293 |
| Other long-term benefits | 70 | 46 |
| Total compensationⁱ | 3,574 | 3,422 |

ⁱKMPs are also reported in Note 8.2 or Note 8.3.

Significant transactions with government related entities

The Royal Women's Hospital received funding from the Department of Health of \$323m (2022: \$311m) and indirect contributions of \$2m (2022: \$1m). Balance outstanding as at 30 June 2023 is \$21.7m payable (2022: nil).

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

The Royal Women's Hospital received capital grant funding from the State Government's Major Transport Infrastructure Authority of \$19.2m (2022: nil) as part of the Metro Tunnel Project. The funds were used to design and carry out building works to relocate the existing Imaging Department, including decanting the affected areas within the hospital and purchased a new MRI machine.

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

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

Transactions with KMPs and other related parties

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

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

There were no related party transactions with Cabinet Ministers required to be disclosed in 2023 (2022: nil).

The Chief Information Officer, Executive Director Digital Innovation of The Royal Women's Hospital is also the Chief Information Officer and Executive Director Digital Innovation at The Royal Melbourne Hospital during the 2023 financial year.

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

There were no other related party transactions required to be disclosed for The Royal Women's Hospital Board of Directors, Chief Executive Officer and Executive Directors in 2023.

Joint arrangements related party transactions

The CEO of The Royal Women's Hospital is a Director of the Victorian Comprehensive Cancer Centre during the 2023 financial year.

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

| | Total 2023 \$'000 | Total 2022 \$'000 |
|---|-------------------------|-------------------------|
| Payments by The Royal Women's Hospital for membership fees | 160 | 157 |

Note 8.5 Remuneration of auditors

| | Total 2023 \$'000 | Total 2022 \$'000 |
|---|-------------------------|-------------------------|
| Victorian Auditor-General's Office | | |
| Audit of financial statements | 84 | 82 |
| Total remuneration of auditors | 84 | 82 |

Note 8.6 Ex-gratia expenses

| | Total 2023 \$'000 | Total 2022 \$'000 |
|--|-------------------------|-------------------------|
| The Royal Women's Hospital has made the following ex-gratia expenses: | | |
| Compensation for economic loss | 276 | - |
| Total ex-gratia expenses | 276 | - |

Includes ex-gratia for both individual items and in aggregate that are greater than or equal to \$5,000.

Note 8.7 Events occurring after the balance sheet date

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

Note 8.8 Joint arrangements

| Name of entity | Principal activity | Ownership interest | |
|---|--|--------------------|-----------|
| | | 2023 % | 2022 % |
| Victorian Comprehensive Cancer Centre Limited | The member entities have committed to the establishment of a world leading comprehensive cancer centre in Parkville, Victoria, through the joint venture, with a view to saving lives through the integration of cancer research, education and training and patient care. | 10.0% | 10.0% |

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

| | 2023 \$'000 ⁱ | 2022 \$'000 ⁱ |
|--|-----------------------------|-----------------------------|
| Current assets | | |
| Cash and cash equivalents | 695 | 415 |
| Investments and other financial assets | 150 | 400 |
| Receivables | 41 | 61 |
| Prepaid expenses | 63 | 86 |
| Total current assets | 949 | 962 |
| Non-current assets | | |
| Property, plant and equipment | 11 | 13 |
| Intangible assets | 44 | 31 |
| Total non-current assets | 55 | 44 |
| Total assets | 1,004 | 1,006 |
| Current liabilities | | |
| Payables | 80 | 105 |
| Contract liabilities | 32 | 21 |
| Employee benefits and related on-costs | 38 | 32 |
| Total current liabilities | 150 | 158 |
| Non-current liabilities | | |
| Employee benefits and related on-costs | 35 | 15 |
| Total non-current liabilities | 35 | 15 |
| Total liabilities | 185 | 173 |
| Net assets | 819 | 833 |
| Equity | | |
| Accumulated surpluses | 819 | 833 |
| Total equity | 819 | 833 |

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

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

| | 2023 \$'000 ⁱ | 2022 \$'000 ⁱ |
|---|-----------------------------|-----------------------------|
| Revenue and income from transactions | | |
| Operating activities | 1,339 | 1,383 |
| Non-operating activities | 33 | 3 |
| Total revenue and income from transactions | 1,372 | 1,386 |
| Expenses from transactions | | |
| Employee expenses | 608 | 515 |
| Other operating expenses | 768 | 523 |
| Depreciation and amortisation | 10 | 6 |
| Total expenses from transactions | 1,386 | 1,044 |
| Net result from transactions - net operating balance | (14) | 342 |
| Other economic flows included in net result | | |
| Net loss on financial instruments | - | (2) |
| Total other economic flows included in net result | - | (2) |
| Net result for the year | (14) | 340 |
| Other comprehensive income | - | - |
| Comprehensive result for the year | (14) | 340 |

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

Contingent liabilities and capital commitments

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

Operating commitments of \$0.61m in 2023 (2022: \$0.85m) have been disclosed under Note 6.3.

Note 8.9 Equity

How we recognise equity on the Balance Sheet

Contributed capital

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

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

Other transfers that are in the nature of contributions or distributions or that have been designated as contributed capital are also treated as contributed capital.

Restricted specific purpose surplus

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

Note 8.10 Economic dependency

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

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the women's
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