

The Royal Children's Hospital Melbourne

Annual Financial Report 2010–11



On the move 2011



Aerial photograph of the current and new RCH

Opening in late 2011, the new Royal Children's Hospital (RCH) will provide world class facilities befitting of our great hospital for children, families, visitors and staff. The move to and opening of the new hospital campus represents not only a milestone in the hospital's history, but also in the history of paediatric care in this country and globally. Established in 1870, the hospital moved to its current site in Parkville in 1962 and was officially opened by Her Majesty, The Queen on February 26, 1963.

With the building of our new hospital, we have taken the opportunity to create an environment that is uniquely designed for children and young people – creating spaces that are fun, stimulating and take healing beyond the bedside.

The design reflects growing evidence of the importance of nature and environment to the healing process and there is an overwhelming sense of colour and light throughout the building, with beautiful artwork designed to appeal to and interest children of all ages.

In the 48 years since the opening of this site there has been a significant expansion of not only the hospital's clinical facilities but also teaching and research facilities, with our on-site campus partners, Murdoch Children's Research Institute and The University of Melbourne Department of Paediatrics. Our expertise, leadership and reputation in paediatrics has grown, particularly in the treatment of childhood cancer, the surgery of congenital abnormalities, gastroenterology, cardiac surgery and epilepsy surgery.

The RCH has touched the lives of children and families not just in this state but nationwide and internationally and in 2011, we join in celebration and recognition of our glorious past and with great excitement for the future.

We are on the move....and it's not long now!

The RCH Annual Report 2010–2011

Summary of Contents

Our Vision, Our Values	2
CEO and Chairman's Report	3
Members of the Board	5
Executive Staff	6
Organisational Chart	7
Statutory Statements	8
Key Financial and Service Performance Reporting	10
The RCH Financial Statements	18

Our Vision, Our Values

Vision

The Royal Children's Hospital, a GREAT children's hospital, leading the way

Values

Unity – we work together to achieve our goals

Respect – for everyone in our care and for each other

Integrity – we act with honesty in all we do

Excellence – we strive for the highest quality in every aspect of our work

CEO and Chairman's Report

The past year has seen a wonderful bringing together of our future and our history, as we celebrated our 140 year anniversary, as well as prepared for the move to the new Royal Children's Hospital (RCH).

From our humble beginnings in 1870 as a charity hospital, the RCH has grown to be one of the world's great children's hospitals, leading the way in clinical care, research and education.

In our 140 year history, this is without question, one of the most exciting periods with the new RCH close to completion and all staff preparing for what will be one of the largest healthcare moves ever undertaken in this country. It is of course with a sense of excitement, as well as nostalgia that we prepare for the move to our new hospital campus. The current site has been home to the RCH for more than 48 years during which time we have seen many changes in the care we provide.

In 1963, the average length of stay for patients was ten days, day procedures and same day admissions were unheard of, visiting hours for parents were limited to twice a week and visions of heart transplants, cancer survivors and curing epilepsy with surgery were just dreams.

Today, the average length of stay for all admissions is 2.8 days, parents not only stay by the bedside of their child but are seen as a critical part of the child's care team. Eighty per cent of children survive cancer and in 2010 we completed our 100th heart transplant. In light of these changes it is appropriate we build a new children's hospital that reflects how we care for children now and in the future, and draws upon the very best in evidence based design.

Our move planning is significant and like our colleagues in the 1960s we plan to move our patients on one day in late November, with a co-ordinated organisation wide move plan scheduled for roll out in the weeks prior and post the patient move.

A brand new Royal Children's Hospital brand

At our Annual General Meeting in 2010, we provided our audience with a sneak preview of the new RCH brand identity. The current brand mark - or the 'crawling baby' as it has become known - evolved over time and has become a familiar mark for our hospital. But while it has served us well, it is fitting that with the move to the new RCH we adopt a brand mark that symbolises the change we are undertaking and the beginning of our new phase of history, is more contemporary and reflects our history and our future.

The new brand mark reflects the unique parkland setting of our great hospital and the caring, optimistic energy that is at the heart of who we are and what we do. The vibrant colours, strong figure and shapes are a celebration of the unified spirit of care for children, brought to life through our staff, our

community, our patients and families. Our landmark reflects our history and our future, our values, and our vision as a great children's hospital, leading the way. Significantly, it also marks the move to the wonderful new RCH and the start of the next exciting stage in our history.

New Strategic Plan

Staff, families, our campus partners and a range of other stakeholders all worked together in the past year to develop our new RCH Strategic Plan 2010-2013. Developed in the spirit of our values of unity, respect, integrity and excellence, it celebrates past achievements within the context of one of the most exciting times in our history, and reaffirms the commitment to our continuing vision of being a great children's hospital, leading the way.

The Strategic Plan 2010-2013 sets out six strategic goals for RCH:

- Deliver excellence in healthcare
- Realise the potential of the new RCH
- Support and strengthen the RCH team
- Enhance community and stakeholder support
- Maximise campus-led research
- Provide excellent education, development and training

The Strategic Plan helps inform business and departmental planning processes over the next three years and will be reviewed on an annual basis and if necessary new actions identified to better meet the opportunities or challenges before us.

Our Campus Partners

This year together with our campus partners, Murdoch Childrens Research Institute and The University of Melbourne, Department of Paediatrics, we have collaborated across a range of initiatives that demonstrate our united strength across clinical care, research and education. Our first campus wide Research Week, showcasing the multi-disciplinary and interdisciplinary research conducted across the RCH campus, was held in late 2010, coinciding with the publication of our first campus Research Report. A strength of the campus relationship is undoubtedly our staff, many who share joint appointments across the campus. Many strategic appointments have been made recognising this, including the appointment of A/Professor Andrew Davidson to the role of Director, Clinical Research. Other initiatives evolved through the work of the Campus Council include planning for an inaugural campus wide Education Week and branding to appropriately position the campus relationship.

Finance report

The RCH ended the year in a sound financial position with an operating surplus before capital and specific items of \$94k against a break even operating budget.

Accreditation

As part of its accreditation requirements, the RCH participates in the Australian Council on Healthcare Standards (ACHS) accreditation program, known as the Evaluation and Quality Improvement Program 'EQulP'.

In 2011, we participated in one of the most important stages in the three year cycle of accreditation, Organisation Wide Survey (OWS). The four day visit by surveyors was the culmination of months of preparation, with a glowing report for our hospital - testament not only to the hard work of staff in preparing for OWS, but the continual efforts, passion and dedication of all staff who work in support of our vision as a great children's hospital, leading the way.

In the words of the lead surveyor, Mark Avery, 'not many hospitals are doing what you're doing... making systematic change within the context of ongoing care for patients and families... congratulations on holding that agenda together'.

Comparing the new Royal Children's Hospital to 'nirvana', surveyors applauded the transformation and redesign work, access improvements in surgery and outpatients, our commitment to quality improvement, consumer engagement, HR initiatives, the work of engineering and security in 'holding this building together' and our approach to research across the campus. The team recognised also the leadership and the culture of quality improvement, shown by our mental health team.

Our work around organisational structure and support of our board were also recognised as the building blocks of leadership.

This is an outstanding recognition of the work achieved here at the RCH and an objective assessment of our organisation. It is clear that while we can still improve, the hard work both in strategy and implementation is coming to fruition.

Smoke Free

After months of planning, and extensive consultation with our community, the RCH became 100% smoke free on Sunday 10 October 2010. It was clear from the response of staff, families and visitors that we had to take whatever steps we could to protect people from the adverse effects of second hand smoke. In line with the 100% Smoke Free policy at the new RCH, we took the important step of closing the three designated outside smoking areas. The initiative was welcomed across the campus and rolled out through a public awareness campaign during September/October 2010.

VIP Visits

The hospital is privileged to have the support not only of the community, but also of many dignitaries and government officials who visit the hospital throughout the year. This year, we were delighted to welcome Their Excellencies

Ms Quentin Bryce AC and Mr Michael Bryce AM AE to the RCH.

During their visit, Ms Bryce and Mr Bryce congratulated some of the members of the surgical team who separated twins Krishna and Trishna. They also met with staff at the RCH Centre for Community Child Health and visited Theatres and the Neuroscience Centre to chat with staff, families and patients.

Good Friday Appeal

This year the Good Friday Appeal celebrated the wonderful milestone of 80 years of fundraising for our great hospital and did so with another record amount – an outstanding \$15.156M.

Established in 1932, by a group of journalists from the Herald and Weekly Times' publication The Sporting Globe, the appeal is testament to the wonderful community passion for, and support of, our hospital.

The strength of the appeal lies not only with the ongoing support of the Herald and Weekly Times, Channel 7, 3AW and Magic 1278, but the many thousands of volunteers who shake tins, organise events and come together in the united goal to help our hospital to continue its wonderful work to help children and their families.

The Good Friday Appeal helps us fund additional leading edge equipment, ground breaking research projects, specialised staff and programs that enhance patient care here at our hospital. Our special thanks go to the Good Friday team and to the very many, many people who donated their money and in many instances, their time and expertise, in support of our hospital.

Run for the Kids

Now in its sixth year, the Herald Sun/City Link Run for the Kids raised a record \$1.4M towards the Good Friday Appeal. This year the RCH team had more than 200 enthusiastic staff who ran or walked in support of our great hospital. More than 30,000 competitors took part in the race, which is yet another example of the wonderful community support that our hospital is privileged to receive.

Order of Australia

2011 Queens Birthday Honours

Congratulations to:

Member of the Order of Australia

Peter Yates AM

For service to education, to the financial services industry through the development of the Australian Financial Management Association of Australia, and to a range of arts, science and charitable organisations. Peter is a member of the RCH Foundation Board.

Medal of the Order of Australia

Mr Barry Novy OAM

For service to the community, particularly children, as a fundraiser for charitable organisations. Barry is a former member and chairman (2000-2007) of the RCH Foundation Board. He is currently Chairman of the Children's Bioethics Centre Development Board.

Annie Moulden OAM

For service to medicine as a paediatrician, and to medical administration. Annie is a paediatrician and played an important leadership role in the area of patient safety and risk in quality improvement.

Staff Achievements

Our staff continue to demonstrate outstanding commitment to our vision and our values and we would like to congratulate all those who have achieved recognition either in hospital awards, or in the community.

Dame Elisabeth Murdoch AC DBE Nursing Leadership Scholarship

Ms Lisa Takacs

Comfort Kids Program Coordinator.

Annual Hospital Awards

On Tuesday 16 November at our 140th Annual General Meeting, we celebrated the hard work and achievements of our staff over the past year. Sixteen awards were presented to members of staff nominated by their colleagues for their contribution to the hospital in their chosen field. Awards went to:

- Gold Medal – Professor Mike South, Director, Department of General Medicine
- Chairman's Medal – Sue Morse, Senior Speech Pathologist
- Chairman's Medal – Miss Wirginia Maixner, Director Neurosurgery
- Chairman's Award – Lyn Crellin, Liver Transplant Coordinator
- CEO Award – RCH Education Institute
- Innovation Award – Outpatients
- Enrolled Nurse Excellence Award – Charlene Vandeput, 5 Main
- Mary Patten Award – Denise Harrison, NICU
- Team Award – Twins' Separation Team
- Team Award – Victorian Infant Hearing Screening Program
- Yvonne Wagner Medal – Lina Costanzo, Clinical Executive
- Yvonne Wagner Medal – Gayle Morison, Plastic & Maxillofacial Administration
- Dr William Snowball Medal – Myooreen Wimalendra and Kypros Kyprianou
- New RCH Project Award – Speech Pathology
- Allied Health Award – Prue Weigall, Senior Physiotherapist

2010 Victorian Health Care Awards

The RCH was recognised at the 2010 Victorian Public Healthcare Awards with five finalists, three of which won their category. Congratulations to:

- Premier's Excellence Award – Improving cancer care in Victoria: Paediatric Integrated Cancer Service: The RCH and Peter MacCallum Cancer Centre
- Minister's Award for Outstanding achievement by an individual – Mr Alex Auld
- Premier's Excellence Award – Tackling chronic diseases and improving public health: The RCH, Chronic illness peer support program

Winners received their awards at a special ceremony on 7 September 2010.

Congratulations also to our finalists who received Highly Commended:

- Minister's Award – Outstanding achievement by a team: The RCH, The twins' separation team
- Improving Quality Performance Award: The RCH and Murdoch Children's Research Institute, 'Development and implementation of a paediatric sedation education and credentialing program'.

Thank you

As we prepare for the move to our wonderful new hospital, we would like to acknowledge and thank our staff. They are without doubt the backbone and strength of our great hospital. In terms of constants in our 140 year history, it is our staff who continually impress with their passion for and dedication to improving the lives of sick children and their families. This united spirit of care for children is what sets us apart, helps us achieve our vision and gives children the freedom to enjoy their childhood.

Christine Kilpatrick

Professor Christine Kilpatrick
Chief Executive Officer



Tony Beadson

Tony Beadson AO
Chairman



Members of the Board

Chairman: Mr Tony Beddison AO

Mr Beddison is Chairman of the Beddison Group, one of Australia's leading recruitment firms which he founded in 1977, comprising HOBAN Recruitment and Clicks IT Recruitment. He is a director of The Royal Children's Hospital Foundation, a director of the Murdoch Childrens Research Institute and a director of the Australian War Memorial Anzac Foundation. He was Chairman of Melbourne 2007 FINA World Swimming Championships and was Chairman of the Australia Day Committee from 1999 until May 2004. Previously he was a Council Member of the Australian War Memorial, and Chairman of Australia Remembers (1945 – 95) and a member of the committee for the Centenary of Federation.

Ms Linda Berry

Ms Berry is a senior partner with the legal firm of Minter Ellison and has been a Director of The Royal Children's Hospital since 2004. Ms Berry has extensive experience in the Health, Finance and Technology sectors, including as a former Director of the Women's and Children's Health Care Network and recently retired non-Executive Director on the Board of State Trustees Limited.

Mr Patrick Burroughs

Mr Burroughs is a chartered accountant and was a senior partner with KPMG until his retirement in 1998. He now serves as a non executive director on the Boards of a number of organisations in both the commercial and not for profit sectors.

Dr Julie Caldecott

Dr Julie Caldecott is a retired partner of the Boston Consulting Group and the ex-leader of their ANZ Healthcare Practice Group. She specialises in health and public sector strategy after initially training and working as a medical practitioner. Dr Caldecott is also a non-Executive Director of the Transport Accident Commission.

Mr Julian Clarke

Mr Clarke's lifetime career has been in newspaper publishing and other media interests. At the time of his retirement from the *Herald & Weekly Times* (HWT) he was Managing Director. He remains a Director of HWT and is currently Chairman of the Board. He has been a member of the Board of Governors of The Royal Children's Hospital Foundation since 1995 and was appointed Chairman of the Foundation in 2007. He is also a Member of the Victorian Arts Centre Trust (2010). Mr Clarke was appointed to the Board of The Royal Children's Hospital in December 2005.

Mr Max Findlay

Max Findlay joined Programmed Maintenance Services in August 1988 and was appointed Managing Director in March 1990. Max has extensive industry specific experience, including approximately 20 years of marketing and

general management experience in the industrial and manufacturing industries. Max's experience prior to joining Programmed Maintenance Services included 11 years with Australian Consolidated Industries, three years with Smith & Nephew and five years with James Sephton Plastics. In his time with Programmed Maintenance Services, Max held the positions of Business Development Manager, General Manager and Managing Director. Max has a Bachelor of Economics and Politics from Monash University and is a Fellow of the Australian Institute of Company Directors. Since retiring from Programmed Maintenance Services, Max has been involved in a number of Public and Private Company Boards.

Mr Dennis Goldner

Mr Goldner retired as a senior partner of Deloitte in 2009 after a 19 year career there. Prior to joining Deloitte in 1990, Mr Goldner held a number of senior positions with the Victorian Government including General Manager of the Dept of Industry, Technology & Resources and Commissioner for the Victorian Government in Frankfurt, Germany. In his earlier career, Mr Goldner spent eight years with the then Trade Practices Commission and several years with the Australian Embassy in Germany. Mr Goldner is currently Chairman of the Deloitte Foundation; a director of the Library Board of Victoria; Chair of Regional Arts Victoria and member of Oxfam Australia's Audit & Finance & Audit Committee.

Mr John Rimmer

Mr Rimmer was Director Policy and Planning, Health Department Victoria from 1989 to 1992 and Deputy Secretary of the Victorian Department of Premier and Cabinet from 1992 to 1995. He was founding Executive Director of Multimedia Victoria and then CEO of the National Office for the Information Economy (2001 to 2004). He is a Fellow of the Australian Institute of Company Directors and Chairman of Information City Australia Pty Ltd and Ausanda Communications Pty Ltd.

Dr Lakshmi Sumithran

MBBS, MHA, FRACMA, FCHSE

After working in a wide variety of clinical settings in Malaysia, the United Kingdom and Australia, Dr Sumithran began a career in health administration. She has worked for the Commonwealth Department of Veterans Affairs and a number of public hospitals in Victoria including Box Hill Hospital, Sandringham Hospital and Southern Health.

Dr Sumithran is a Fellow of both Royal Australian College of Medical Administrators and the Australian College of Health Service Executives, and has been a surveyor with the Australian Council on Healthcare Standards since 1995. Dr Sumithran is currently a member of the Medical Practitioners' Board of Victoria and was appointed to the Board of The Royal Children's Hospital from 1 July 2006.

Board Members:

Sub-committee Membership

Audit & Corporate Risk Management Committee

Patrick Burroughs (Chair)
Julian Clarke
Max Findlay
John Rimmer

Community Advisory Committee

Dr Lakshmi Sumithran (Chair)

Finance

John Rimmer (Chair)
Patrick Burroughs
Dr Julie Caldecott
Dennis Goldner
Max Findlay

Intellectual Property Committee **[Required by the RCH By-Laws]**

Whole of Board

Investment

Patrick Burroughs (Chair)
Dr Julie Caldecott
Max Findlay
Dennis Goldner

Primary Care & Population Health Advisory Committee

Dr Julie Caldecott (Chair)
Dr Lakshmi Sumithran

Quality Committee

Dr Lakshmi Sumithran (Chair)
Dr Julie Caldecott
Dennis Goldner
John Rimmer

Remuneration Committee

Tony Beddison AO (Chair)
Patrick Burroughs
John Rimmer

Therapeutic and Educational Creative Arts Committee

Linda Berry (Chair)
Dr Julie Caldecott
Julian Clarke

Executive Staff

as at 30 June 2011

Chief Executive Officer

Professor Christine Kilpatrick
MBBS, MBA, MD, FRACP, FRACMA

Executive Director Finance and Corporate Services

John Brown BBus, CPA

Executive Director People & Culture

Colin Brown BA

Executive Director Communications & Marketing

Julie Browning Waldren BEd, GradDip PR

Executive Director New RCH Project

Alex Campbell BEc, MHA, CPA, AFCHSE

Chief of Surgery

Clinical Associate Professor Leo Donnan
MBBS FAOrth FRACS

Executive Director, Legal Services

Christopher Gill LLB, LLM

Executive Director Medical Services

Dr Peter McDougall MBBS, MBA, FRACP

Chief of Paediatric Medicine

Professor Colin Robertson
MBBS, MSc, MD, FRACP

Executive Director Operations

John Stanway BEc, Grad Dip IR, GAICD

Executive Director Nursing Services

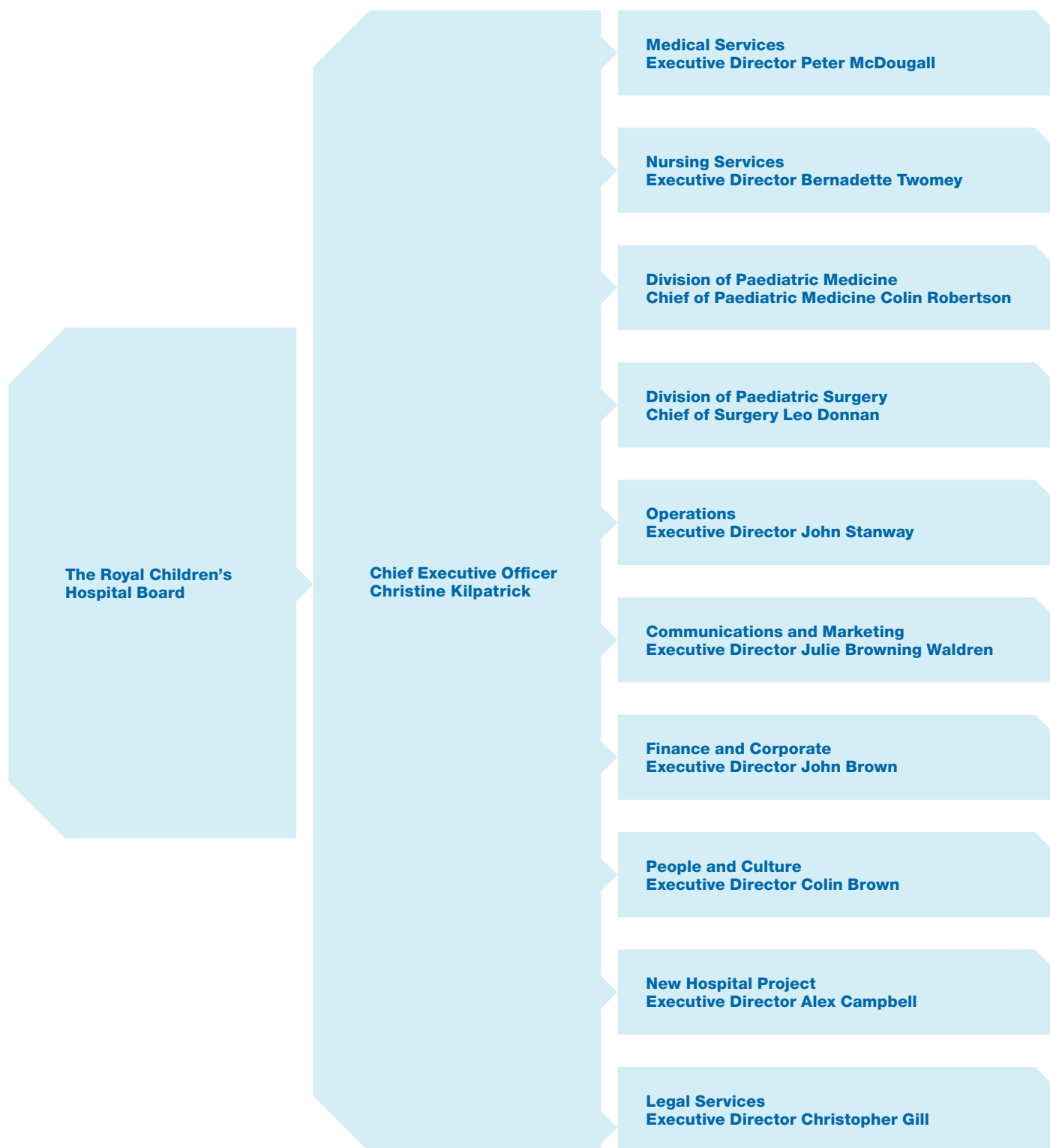
Bernadette Twomey
MN (Hons), PgDipHSc(Mgmt), BHS (Ngs), ADN, RN

Staff Summary

The Royal Children's Hospital full time equivalent (FTE) as at 30 June 2011

Labour Category	JUNE Current Month FTE		JUNE YTD FTE	
	2011	2010	2011	2010
Nursing	973	945	965	931
Administration and Clerical	573	547	568	529
Medical Support	353	339	344	334
Hotel and Allied Services	196	196	195	195
Medical Officers	102	87	98	85
Hospital Medical Officers	221	233	227	217
Sessional Clinicians	89	91	87	89
Ancillary Staff (Allied Health)	258	244	253	241
Total	2,765	2,682	2,738	2,622

Organisational Chart



Statutory Statements

The Royal Children's Hospital (RCH) has cared for the children of Victoria since it was founded in 1870. It is internationally recognised as a leading centre for paediatric treatment, teaching and research. The hospital is accountable to the people of Victoria, through the Minister for Health.

Powers and duties

The powers and duties of the RCH are prescribed by the Health Services Act.

Nature and range of services

The RCH provides a full range of paediatric clinical and surgical services, including neonatal care, cardiac, plastic and craniofacial, orthopaedic and neurosurgery, cancer and renal services and health promotion programs. It is the national paediatric heart and liver transplant centre as well as the major trauma centre for Victoria, Tasmania and southern New South Wales. The hospital is a major teaching and research centre with key partnerships with the Murdoch Childrens Research Institute and the University of Melbourne.

Freedom of information

The Victorian *Freedom of Information (FOI) Act* 1982 provides a legally enforceable right of access to information held by government agencies. All FOI applications received by the RCH were processed in accordance with the provisions of the FOI Act. The RCH provides an annual report on FOI applications to the Department of Justice.

Nominated officers

Chris Fitzpatrick, Consumer Liaison Officer, FOI Reviewer
(1 Jul 2010 to 5 Nov 2010)

Judith Smith, Freedom of Information Officer, FOI Reviewer
(8 Nov 2010 to 7 Jan 2011)

Diane Watkins, Consumer Liaison Officer, FOI Reviewer
(since 10 Jan 2011)

Pam Grant, Medical Imaging, Manager, Clerical & Support Services,
FOI Reviewer

Dr Emma Magrath, Medico-Legal Physician.

Requests Received	2010/11	2009/10
Total	1,509	1,315
Outcome		
Access granted	1,417	1,242
No information available	24	23
Application withdrawn	65	50

Privacy

Kathy Cassin, Manager of Health Information Services, is the RCH Privacy Officer. Since the Health Records Act became legally binding on July 1, 2002 the RCH has aimed to ensure all staff are aware of the Act (and occasionally the Information Privacy Act, 2000) and its implications in the work place.

Department education and presentations at staff orientation continued. The RCH also conducts privacy presentations at volunteer orientation. These sessions continue to add to the solid foundation of privacy knowledge in the hospital.

The Privacy Officer continues to address general staff enquiries in relation to privacy.

In summary, privacy is part of the culture at the RCH and this will continue with the current ongoing education in place.

Whistleblowers Protection Officer

The RCH has procedures in place to facilitate the making of disclosures about improper conduct and to provide protection for whistleblowers in accordance with the *Whistleblowers Protection Act* 2001 and the Guidelines issued by the Ombudsman Victoria.

The RCH Executive Director, Legal Services is the Protected Disclosure Officer for the purpose of the Act. During 2010-2011, there were no disclosures of corrupt or improper conduct as defined by the Act and accordingly there were no referrals to or from the Ombudsman for investigation.

National Competition Policy

In accordance with the Competition Principles Agreement (CPA) Victoria is obliged to apply competitive neutrality policy and principles to all significant business activities undertaken by government agencies and local authorities.

Competitive Neutrality Policy Victoria 2000 sets out the Victorian approach to competitive neutrality. The RCH has regard to this policy in all relevant business activities.

Ex-Gratia payments

The RCH made no ex-gratia payments for the year ending 30 June 2011.

Victorian Industry Participation Policy

The RCH complies with the intent of the *Victorian Industry Participation Policy Act* 2003. The Act requires wherever possible local industry participation in supplies, taking into consideration the principle of value for money and transparent tendering processes. There are no contracts that require separate disclosure.

RCH Occupational Health and Safety

The 2010/11 year has seen the OHS Management system being stabilised with the appointment of the Manager Health and Safety and the continued committed input from all other members. The team has continued to work in a cohesive and committed manner.

In late 2010 a third party audit of the OHS management system was conducted which has highlighted steps to be taken to improve our OHS management processes. Most of the recommendations arising from this audit have been implemented and work is currently underway to implement the remaining.

The 2011/12 Safety and Wellness plan has been developed in order to achieve systematic and sustainable improvements in health and safety to plan and organise the RCH health and safety activities. The plan provides the organisation with a roadmap for ongoing improvement in OHS performance brought about by the setting of objectives and targets, and the allocation of responsibility for the work required.

Manual handling continues to be the most significant accident type for the organisation. For this reason, a Manual Handling Advisor has been appointed who will focus efforts on risk reduction with regard to patient, equipment and materials handling.

Preparations for our move to the new RCH have provided an opportunity to re-examine the consultative arrangements and structure at RCH. As a result, a new structure for OHS sub-committees has been developed. This new structure has considered management lines, risk profile and Designated Work Group linkage in its makeup and has all Designated Work Groups aligned to their respective Executive Directors.

The number and duration of workers compensation claims remain low; however, there has been an increase in claims costs. The OHS team continues to focus on injury prevention and early return to work with initiatives planned for 2011/12. There has also been improved reporting of claims costs to line managers in order to highlight the importance of preventative measures.

To ensure compliance with all legal requirements with respect to hazardous wastes and as part of our impending move to the new RCH site, the OHS Unit has been facilitating a Chemical Amnesty which is designed to safely dispose of all chemicals that are no longer required/used and will not be transferred to the new site in late 2011.

In regard to Education and Training, face-to-face OHS Managers training has been co-ordinated and delivered, supported by on-line OHS Manager's training. Furthermore, Manual Handling training for clinical and non-clinical staff has been delivered, as well as a series of initial and refresher training programs for Health and Safety Representatives.

Compliance with building and maintenance provisions

We have established a comprehensive process to manage maintenance of the Essential Safety Measures (ESM). All ESM are identified on the Certificate of Occupancy issued by the building surveyor. Each ESM is maintained by the relevant experts in the industry as per certified maintenance agreements at the specified time intervals. The Building Surveyor 'Philip Chun & Associates' audits the maintenance of all the ESM at the RCH facility annually and certifies the ESM report as evidence of an appropriate level of maintenance of the relevant physical fire safety measures.

Environmental performance

The RCH holds all the licences required by environmental legislation and has procedures in place to ensure that the terms of these licences are complied with.

Compliance

The RCH has complied substantially with the Tax Compliance Framework Certification and Financial Management Compliance Framework Certification in accordance with the requirements of the Victorian Public Sector Financial Management Compliance Framework for the year ended 30 June 2010. The Compliance Framework will be met by the due date of 30 September 2011.

Consultancies less than \$100k

During the year 9 consultancies were employed for minor consultancy work at a total cost of 309,000.

Consultancies more than \$100k

There were no consultancies in excess of \$100k.

Additional information (FRD 22B Appendix)

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the items listed below have been retained by the RCH and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

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

Key Financial and Service Performance Reporting

Part A: Strategic priorities

No.	Strategic priorities	Deliverables	Key Outcomes
1	Deliver excellence in healthcare	<p>Pursue perfection in healthcare quality and safety by:</p> <ul style="list-style-type: none"> Enhancing the integration of systems for monitoring and managing risk 	<ul style="list-style-type: none"> Integration of clinical and non clinical risk management approach in RCH Quality Improvement and Risk Management Policy. RCH Quality Plan 2011 – 15 developed. Australian Council on Healthcare Standards organisation-wide survey successfully completed in November 2010 and accreditation status maintained. Victorian Health Incident Management System implemented.
		<p>Create better experiences for patients and their families by:</p> <ul style="list-style-type: none"> delivering timely treatment by improving patient flow and achieving access performance targets understanding the patient experience and using this information to improve performance and enhance the delivery of patient and family-centred care 	<ul style="list-style-type: none"> Patient-focussed booking procedure implemented in Outpatients resulting in the delivery of efficiencies in outpatient service delivery. Theatre access project implemented resulting in rescheduling of theatres times to optimise access and timely communication with families. Family guidelines for pre-surgery fasting modified resulting in improvements in patient experience. Patient and family satisfaction survey (including use of iPad technology) developed and piloted. Ongoing improvement in performance on four and eight hour targets. Victorian Infant Hearing Screening Program (VIHSP) roll-out to all public and private maternity hospitals completed
2	Realise the potential of the new RCH	<p>Deliver sustainable improvements to hospital systems by:</p> <ul style="list-style-type: none"> improving hospital systems through the ongoing implementation of the RCH Transformation and Redesign Plan amalgamating NETS, PETS and PERS 	<ul style="list-style-type: none"> Electronic scanned medical record implemented. RCH@Home satellite office established in Hawthorn to service patients in eastern metropolitan Melbourne. Satellite pharmacy pilot completed for implementation in new RCH. New model for support services (including ward support and food technicians) developed for implementation in new RCH. NETS, PETS and PERS amalgamation project continues with single governance of the three services to be achieved on 1 September 2011. Government budget allocation received for information communication technology program and mental health service in the new RCH.
		<p>Prepare for the safe and efficient relocation to the new RCH by:</p> <ul style="list-style-type: none"> developing the move plan satisfying contractual requirements associated with commissioning and handover of the new RCH 	<ul style="list-style-type: none"> Organisation wide and department move plans completed Program for efficient use of space (5S) implemented in preparation for move to new RCH. New RCH staff open day conducted in February and attended by close to 1,000 staff. Change readiness survey conducted in February 2011. Intra-operative MRI installation commenced.
3	Support and strengthen the RCH team	<p>Attract and retain talented and skilled team members by:</p> <ul style="list-style-type: none"> commencing the implementation of the RCH Workforce Planning Framework 2010–2013 	<ul style="list-style-type: none"> Appropriate mix of ward services identified and nursing staff allocations completed. Workforce issues related to move and transition to new RCH, including ward support, cleaners, food services and outpatient support staff commenced. Change management plan developed to support program

		<p>Promote the safety and wellbeing of our team members</p> <ul style="list-style-type: none"> • developing a safety and wellness plan • creating an organisational culture that promotes the achievement of our goals consistent with our values 	<ul style="list-style-type: none"> • RCH recognised at the 2010 Victorian Public Health Care Awards with five finalists, three of which won their category. • Minister's award for outstanding achievement by an individual received by Alex Auldish and the twins' separation team were highly commended for the Minister's award for outstanding achievement by a team at 2010 Victorian Public Healthcare Awards. • Smoke-free campus implemented in October 2010. • Annual influenza immunisation program for staff implemented. • Ongoing whooping cough immunisation program for staff continues. • Workplace health check programme completed.
4	Enhance community and stakeholder support	<p>Enhance relationships with our metropolitan and rural service partners to improve paediatric healthcare in Victoria by:</p> <ul style="list-style-type: none"> • delivering Victoria's most complex paediatric healthcare consistent with the service principles of the Strategic Framework for Paediatric Health Services in Victoria (2009) • collaborating with our Parkville Precinct partners to achieve precinct objectives 	<ul style="list-style-type: none"> • Nationally Funded Centre Programs maintained for paediatric heart transplantation and paediatric liver transplantation (in collaboration with Austin Health) and expressions of interest to host programs for Norwood procedure and staged surgical palliation for hypoplastic left heart syndrome and paediatric lung and heart-lung transplantation (in collaboration with Alfred Health) submitted. • Rural paediatricians provided with on-line access to pathology and radiology results for RCH patients. • The Practical Paediatrics Program for general practitioners is in its third year and delivers five to six professional development events plus one clinic placement each year in partnership with Divisions of General Practice and accredited by the Royal Australian College of General Practitioners. • RCH became a member of the Victorian Comprehensive Cancer Centre.
5	Maximise campus-led research	<p>Grow our research effort by:</p> <ul style="list-style-type: none"> • identifying RCH research strategic directions in collaboration with our campus partners • implementing research week 	<ul style="list-style-type: none"> • Research and ethics processes were accredited by the NH&MRC in 2010 as part of the NHMRC's Harmonisation of Multi-centre Ethical Review (HoMER) initiative. • Research week implemented (inaugural event held in October 2010 and 2011 event held in June). First Campus Research report published October, 2010. 2011 research report published June, 2011. • Director Clinical Research appointed. • Professor/Director of Nursing Research appointed. • Research code of conduct, use of tissue procedure and use of clinical data procedure developed for campus.
6	Provide excellent education, development and training	<p>Create a world-class precinct that facilitates learning by:</p> <ul style="list-style-type: none"> • undertaking an audit of clinical education activity • developing and implementing a learning and development program for non-clinical education 	<ul style="list-style-type: none"> • Audit of clinical education completed. • Diploma of management program pilot delivered by the Graduate Business School resulting in with 30 front-line managers receiving qualification.
		<p>Educate the paediatric healthcare professionals of the future by:</p> <ul style="list-style-type: none"> • continuing to deliver high quality under-graduate and post-graduate clinical education programs in collaboration with our education partners • working collaboratively with our campus partners to address training needs of our professional community 	<ul style="list-style-type: none"> • Inaugural Campus Education Week held in May 2011. • Campus Education Committee established. • The development and implementation of a paediatric sedation education and credentialing program was highly commended for improving quality performance award at 2010 Victorian Public Healthcare Awards.

Part B: Performance Priorities

Financial performance

	2010–11 Actuals
Operating result	
Annual operating result (\$m)	(17.5)

	2010–11 Actuals
Cash management/liquidity	
Creditors days	38
Debtors days	49
Net movement in cash balance (\$m)	(\$6.6)

Service performance

	2010–11 Actuals
WIES activity performance	
WIES (public and private) performance to target (%)	98.3%

	2010–11 Actuals
Elective Surgery	
Elective surgery admissions – quarter 1	1,886
Elective surgery admissions – quarter 2	1,823
Elective surgery admissions – quarter 3	1,736
Elective surgery admissions – quarter 4	1,876

	2010–11 Actual
Critical Care	
PICU minimum operating capacity	19 beds
NICU usual operating capacity and flex capacity	Usual 24 Flex max 26

	2010–11 Actuals
Quality and Safety	
Health service accreditation	Four year accreditation awarded
Residential aged care accreditation	n/a
Cleaning standards	Overall hospital score 93% in external audit conducted in February 2011
Submission of data to VICNISS (%)	100%
VICNISS Infection Clinical Indicators	Bloodstream infections <ul style="list-style-type: none"> Neonatal unit 3 per 1000 line days ICU 2.8 per 1000 line days Ventilator acquired pneumonia in ICU 3 per 1000 ventilator days Data covers period July 2010 to May 2011
Hand Hygiene Program compliance (%)	Regular audits of hand hygiene compliance undertaken. Results of June 2011 audit demonstrated compliance of 74%
SAB rate (OBDs)	1.3 (95% CI 0.8-2.1) July 2010-March 2011
Victorian Patient Satisfaction Monitor	n/a

	2010–11 Actuals
Maternity	
Postnatal home care	n/a

	2010–11 Actuals
Mental Health	
28 day readmission rate (%)	11.43%
Post-discharge follow-up rate (%)	n/a
Seclusion rate (OBDs)	1.51%

	2010–11 Actuals
Access performance	
Percentage of operating time on hospital bypass	n/a
Percentage of emergency patients admitted to an inpatient bed within 8 hours	75%
Percentage of non-admitted emergency patients with length of stay of less than 4 hours	76%
Number of patients with length of stay in the emergency department greater than 24 hours	9
Percentage of Triage Category 1 emergency patients seen immediately	100%
Percentage of Triage Category 2 emergency patients seen within 10 minutes	96%
Percentage of Triage Category 3 emergency patients seen within 30 minutes	73%

	2010–11 Actuals
Elective surgery	
Percentage of Category 1 elective patients admitted with in 30 days	100%
Percentage of Category 2 elective surgery patients waiting less than 90 days	91%
Percentage of Category 3 elective surgery patients waiting less than 365 days	96%
Number of patients on the elective surgery waiting list	2,486
Number of Hospital Initiated Postponements (HiPs) per 100 scheduled admissions	10

Part C: Activity and Funding

Activity Weighted Inlier Equivalent Separations (WIES)	2010-11 Activity Achievement
WIES Public	31,324
WIES Private	10,314
Total WIES (Public and Private)	41,638
WIES Renal	0
WIES DVA	0
WIES TAC	500
WIES TOTAL	42,138
Sub Acute Inpatient	
CRAFT	
Rehab L1 (non DVA)	
Rehab L2 (non DVA)	
Rehab – Paediatric	2,091
GEM (non DVA)	
Palliative Care – Inpatient	
Transition Care (non DVA) – bed day	
Restorative Care	
Rehab 2 – DVA	
GEM – DVA	
Palliative Care – DVA	
Ambulatory	
VACS – Allied Health	59,511
VACS – Variable	85,178
Transition Care (non DVA) – Homeday	
SACS – Non DVA	
SACS – Paediatric	
Post Acute Care	
VACS – Allied Health – DVA	
VACS – Variable – DVA	
SACS – DVA	
Post Acute Care – DVA	
Aged Care	n/a
Aged Care Assessment Service	
Residential Aged Care	
Mental Health	
MH – Inpatient	12 beds
MH – Ambulatory	40,283 reportable contacts
Community Health/Primary Care	
Community Health/Direct Care	

Activity	Acute	Sub-Acute	Mental Health	Other	Total
Admitted Patient Separations					
Same Day	16,190	0	12		16,202
Multi Day	18,219	87	196		18,502
Total Separations	32,409	87	208		34,704
Emergency	14,708	6			14,714
Elective	19,697	22			19,719
Other including Maternity	4	59			63
Total Separations	34,409	87	208		34,704
Total WIES	42,138	0	0		42,138
Total Bed Days	102,718	2,091	3,038		107,847
Non Admitted Patients					
Emergency Department Presentations	61,599				61,599
Outpatient Services – occasions of services (VACS and Non VACS clinics)	245,875				245,875
Other Services – occasions of services	135,413		40,283		175,696
Total occasions of service	381,288		40,283		421,571
Victorian Ambulatory Classification System – Number of encounters (applicable to Health Service / hospital allocated with VACS throughput targets)	139,131				139,131

The Royal Children's Hospital Summary of Financial Results

	2011 \$'000	2010 \$'000	2009 \$'000	2008 \$'000	2007 \$'000
Total Revenue	415,749	393,947	371,153	351,213	333,924
Total Expenses	433,216	416,061	405,837	356,173	331,486
Operating Surplus/(Deficit)	(17,467)	(22,114)	(34,684)	(4,960)	2,438
Retained Surplus/(Accumulated Deficit)	(66,180)	(41,322)	(11,830)	5,479	17,838
Total Assets	221,324	239,032	252,678	272,171	255,567
Total Liabilities	110,788	111,096	112,199	95,626	91,487
Net Assets	110,536	127,936	140,479	176,545	164,080
Total Equity	110,536	127,936	140,479	176,545	164,080

Revenue Indicators

	Average Collection Days	
	2011	2010
Private	49	32
TAC	-	-
VWA	-	-
Other compensible	-	-
Psychiatric	-	-
Residential aged care	-	-

Debtors Outstanding as at 30 June 2011 (\$'000)

	Under 30 Days	31 – 60 Days	61 – 90 Days	Over 90 Days	Total 30 June 2011	Total 30 June 2010
Private	4,016	728	311	374	5,429	3,384
TAC	-	-	-	-	-	-
VWA	-	-	-	-	-	-
Other compensible	-	-	-	-	-	-
Psychiatric	-	-	-	-	-	-
Residential aged care	-	-	-	-	-	-

Finances

The RCH ended the year in a sound financial position with an Operating surplus before Capital and Specific Items of \$94k against a break even operating budget. While the operating result from services supported by the Statement of Priorities returned an operating loss of \$15.5 million this was offset by an operating surplus of \$15.6 million from Hospital and Community Initiatives.

Responsible Bodies Declaration

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

Signed:



Tony Beddison AO
The Royal Children's Hospital
Board Chairman
16 August 2011

Attestation on Compliance with Australian/New Zealand Risk Management Standard

I, Christine Kilpatrick certify that The Royal Children's Hospital Melbourne has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard ISO 31000:2009 and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. Further planned improvements to the internal control systems will result in an improved ability to understand manage and control these risk exposures. The Royal Children's Hospital Audit and Corporate Risk Management Committee verifies this assurance and that the risk profile of the Royal Children's Hospital has been critically reviewed within the last 12 months.

Signed:



Professor Christine Kilpatrick
Chief Executive Officer
16 August 2011

Attestation on Data Integrity

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

Signed:



Professor Christine Kilpatrick
Chief Executive Officer
16 August 2011

Disclosure Index

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

Legislation	Requirement	Page Reference
Ministerial Directions		
Report of Operations		
Charter and purpose		
FRD 22B	Manner of establishment and the relevant Ministers	8, 57
FRD 22B	Objectives, functions, powers and duties	8
FRD 22B	Nature and range of services provided	8
Management and structure		
FRD 22B	Organisational structure	7
Financial and other information		
FRD 10	Disclosure index	16
FRD 11	Disclosure of ex gratia payments	8
FRD 21A	Responsible person and executive officer disclosures	5, 57 – 60
FRD 22B	Application and operation of <i>Freedom of Information Act 1982</i>	8
FRD 22B	Application and operation of <i>Whistleblowers Protection Act 2001</i>	8
FRD 22B	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	9
FRD 22B	Details of consultancies over \$100,000	9
FRD 22B	Details of consultancies under \$100,000	9
FRD 22B	Major changes or factors affecting performance	3
FRD 22B	Occupational health and safety	9
FRD 22B	Operational and budgetary objectives and performance against objectives	14
FRD 22B	Significant changes in financial position during the year	3
FRD 22B	Statement of availability of other information	9
FRD 22B	Statement on National Competition Policy	8
FRD 22B	Subsequent events	61
FRD 22B	Summary of the financial results for the year	14
FRD 22B	Workforce Data Disclosures	6
FRD 25	Victorian Industry Participation Policy disclosures	8
SD 4.2(j)	Reports of Operations, Responsible Body Declaration	15
SD 3.4.13	Attestation on data integrity	15
SD 4.5.5	Attestation on Compliance with Australian/New Zealand Risk Management Standard	15
Financial Statements		
Financial statements required under Part 7 of the FMA		
SD 4.2(a)	Compliance with Australian accounting standards and other authoritative pronouncements	19, 27
SD 4.2(b)	Comprehensive Operating Statement	22
SD 4.2(b)	Balance Sheet	23
SD 4.2(b)	Statement of Changes in Equity	24
SD 4.2(b)	Cash Flow Statement	25
SD 4.2(c)	Accountable officer's declaration	19
SD 4.2(c)	Compliance with Ministerial Directions	19
SD 4.2(d)	Rounding of amounts	27
Legislation		
<i>Freedom of Information Act 1982</i>		8
<i>Whistleblowers Protection Act 2001</i>		8
<i>Victorian Industry Participation Policy Act 2003</i>		8
<i>Building Act 1993</i>		9
<i>Financial Management Act 1994</i>		19, 27

The RCH Financial Statements

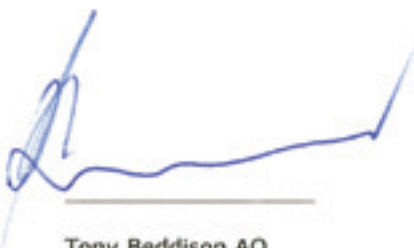
The Royal Children's Hospital
Board member's, accountable officer's and
chief finance and accounting officer's declaration

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

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

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

We authorise the attached financial statements for issue on this day.



Tony Beddison AO
Chairman

The Royal Children's Hospital

Melbourne
23rd August 2011



Professor Christine Kilpatrick
Accountable Officer

The Royal Children's Hospital

Melbourne
23rd August 2011



Mr Bill Shanahan
Acting Chief Finance and Accounting
Officer

The Royal Children's Hospital

Melbourne
23rd August 2011



Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Board Members, The Royal Children's Hospital

The Financial Report

The accompanying financial report for the year ended 30 June 2011 of The Royal Children's Hospital which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a statement of significant accounting policies and other explanatory information, and the Board member's, accountable officer's and chief finance and accounting officer's declaration has been audited. The financial report includes the consolidated financial statements of the economic entity, comprising the Royal Children's Hospital and the entities it controlled at the year's end.

The Board Members' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Level 24, 35 Collins Street, Melbourne Vic. 3000

Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

Auditing in the Public Interest

Independent Auditor's Report (continued)

Opinion

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

Matters Relating to the Electronic Publication of the Audited Financial Report

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

MELBOURNE
23 August 2011



for D D R Pearson
Auditor-General

The Royal Children's Hospital Comprehensive Operating Statement

For the Year Ended 30 June 2011

	Note	Parent Entity 2011 \$'000	Parent Entity 2010 \$'000	Consolidated 2011 \$'000	Consolidated 2010 \$'000
Revenue from Operating Activities	2	405,703	384,037	417,813	406,859
Revenue from Non-operating Activities	2	1,900	1,425	8,167	8,103
Employee Expenses	3	(293,479)	(271,675)	(297,160)	(274,917)
Non Salary Labour Costs	3	(20,909)	(19,163)	(21,171)	(19,448)
Supplies & Consumables	3	(49,364)	(47,166)	(49,374)	(47,182)
Other Expenses From Continuing Operations	3	(43,757)	(47,081)	(48,476)	(50,892)
Net Result Before Capital & Specific Items		94	377	9,799	22,523
Capital Purpose Income	2	7,938	7,669	5,622	6,570
Assets Received Free of Charge	2d	3	3	4	3
Specific Income	2e	-	308	-	308
Expenditure Using Capital Purpose Income	3	(1,112)	(394)	(1,112)	(394)
Depreciation and Amortisation	4	(24,595)	(30,581)	(24,782)	(30,708)
Available-for-Sale Revaluation Surplus gain/(loss) recognised	15a	205	504	205	504
NET RESULT FOR THE YEAR		(17,467)	(22,114)	(10,261)	(1,194)
Other Comprehensive Income					
Net fair value gains/(losses) on Available for Sale financial investments	15a	67	429	3,033	1,283
Net fair value revaluation on Non Financial Assets	15a	-	9,142	-	9,441
COMPREHENSIVE RESULT FOR THE YEAR		(17,400)	(12,543)	(7,228)	9,530

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

The Royal Children's Hospital

Balance Sheet

As at 30 June 2011

	Note	Parent Entity 2011 \$'000	Parent Entity 2010 \$'000	Consolidated 2011 \$'000	Consolidated 2010 \$'000
Current Assets					
Cash and Cash Equivalents	5	16,153	23,236	37,823	49,858
Receivables	6	16,359	17,556	11,678	21,867
Other Financial Assets	7	-	-	52,147	49,569
Inventories	8	1,469	1,295	1,469	1,295
Prepayments		522	1,145	525	1,145
Total Current Assets		34,503	43,231	103,642	123,734
Non-Current Assets					
Receivables	6	7,627	5,601	7,627	5,601
Other Financial Assets	7	18,225	17,064	65,705	42,571
Property, Plant & Equipment	9	155,220	167,938	158,616	171,274
Intangible Assets	10	2,219	1,669	2,324	1,830
Investment Properties	11	3,531	3,531	3,531	3,531
Total Non-Current Assets		186,821	195,802	237,803	224,807
TOTAL ASSETS		221,324	239,033	341,445	348,541
Current Liabilities					
Payables	12	24,704	29,703	26,279	30,776
Employee Benefits and Related On-Costs Provisions	13	64,377	58,667	64,899	59,245
Other Liabilities	14	5,331	8,441	5,376	8,501
Total Current Liabilities		94,412	96,811	96,554	98,522
Non-Current Liabilities					
Employee Benefits and Related On-Costs Provisions	13	11,928	9,489	12,030	9,576
Other Liabilities	14	4,448	4,797	4,448	4,797
Total Non-Current Liabilities		16,376	14,286	16,478	14,373
TOTAL LIABILITIES		110,788	111,097	113,032	112,895
NET ASSETS		110,536	127,936	228,418	235,646
EQUITY					
Property Plant & Equipment Revaluation Surplus	15a	32,702	32,702	34,555	34,555
Financial Asset Available for Sale Revaluation Surplus	15a	517	450	4,337	1,304
General Purpose Reserve	15a	14,206	9,557	14,206	9,557
Restricted Specific Purpose Reserve	15a	20,862	18,120	133,071	123,123
Contributed Capital	15b	108,429	108,429	108,429	108,429
Accumulated Deficit	15c	(66,180)	(41,322)	(66,180)	(41,322)
TOTAL EQUITY		110,536	127,936	228,418	235,646
Commitments for Expenditure	18				
Contingent Assets and Contingent Liabilities	19				

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

The Royal Children's Hospital

Statement of Changes in Equity

For the Year Ended 30 June 2011

Consolidated		Property, Plant & Equipment Revaluation Surplus	Financial Asset Available for Sale Revaluation Surplus	General Purpose Surplus	Restricted Specific Purpose Surplus	Contributions by Owners	Accumulated Surpluses/ (Deficits)	Total
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2009		25,114	21	6,346	109,620	108,429	(23,414)	226,116
Net result for the year	15c	-	-	-	-	-	(1,194)	(1,194)
Other comprehensive income for the year	15a	9,441	1,283	-	-	-	-	10,724
Transfer from accumulated surplus	15a	-	-	3,211	13,503	-	(16,714)	-
Balance at 30 June 2010		34,555	1,304	9,557	123,123	108,429	(41,322)	235,646
Net result for the year	15c	-	-	-	-	-	(10,261)	(10,261)
Other comprehensive income for the year	15a	-	3,033	-	-	-	-	3,033
Transfer from accumulated surplus	15a	-	-	4,649	9,948	-	(14,597)	-
Balance at 30 June 2011		34,555	4,337	14,206	133,071	108,429	(66,180)	228,418

Parent		Property, Plant & Equipment Revaluation Surplus	Financial Asset Available for Sale Revaluation Surplus	General Purpose Surplus	Restricted Specific Purpose Surplus	Contributions by Owners	Accumulated Surpluses/ (Deficits)	Total
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2009		23,560	21	6,346	13,953	108,429	(11,830)	140,479
Net result for the year	15c	-	-	-	-	-	(22,114)	(22,114)
Other comprehensive income for the year	15a	9,142	429	-	-	-	-	9,571
Transfer from accumulated surplus	15a	-	-	3,211	4,167	-	(7,378)	-
Balance at 30 June 2010		32,702	450	9,557	18,120	108,429	(41,322)	127,936
Net result for the year	15c	-	-	-	-	-	(17,467)	(17,467)
Other comprehensive income for the year	15a	-	67	-	-	-	-	67
Transfer from accumulated surplus	15a	-	-	4,649	2,742	-	(7,391)	-
Balance at 30 June 2011		32,702	517	14,206	20,862	108,429	(66,180)	110,536

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

The Royal Children's Hospital

Cash Flow Statement

For the Year Ended 30 June 2011

	Note	Parent Entity 2011 \$'000	Parent Entity 2010 \$'000	Consolidated 2011 \$'000	Consolidated 2010 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Grants from Government		316,957	311,799	314,278	306,288
Patient Fees Received		9,924	9,615	9,924	9,615
Private Practice Fees Received		25,781	22,225	25,781	22,225
Donations and Bequests Received		14,159	12,943	35,554	19,227
GST Received from/(Paid to) ATO		6,327	6,427	6,489	6,503
Interest Received		1,056	841	2,128	2,383
Other Receipts		31,847	30,452	34,720	33,719
Employee Benefits Paid		(303,551)	(286,830)	(307,535)	(290,345)
Fee for Service Medical Officers		(2,807)	(2,702)	(2,807)	(2,702)
Payments for Supplies & Consumables		(57,989)	(51,198)	(57,776)	(51,985)
Other Payments		(43,533)	(49,946)	(48,396)	(53,264)
Cash Generated from Operations		(1,827)	3,626	12,360	1,664
Capital Grants from Government		1,707	6,037	1,707	6,037
Other Capital Receipts		74	-	74	-
Capital Donations and Bequests Received		5,833	1,267	3,529	168
NET CASH INFLOW FROM OPERATING ACTIVITIES	16	5,786	10,930	17,672	7,869
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for Non Financial Assets		(12,443)	(8,347)	(12,647)	(8,673)
Purchase of Investments		(5,055)	(12,436)	(35,966)	(34,401)
Proceeds from Sale of Investments		5,055	10,436	19,335	25,828
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(12,443)	(10,347)	(29,278)	(17,246)
CASH FLOWS FROM FINANCING ACTIVITIES					
NET CASH INFLOW FROM FINANCING ACTIVITIES		-	-	-	-
NET INCREASE / (DECREASE) IN CASH HELD		(6,657)	583	(11,608)	(9,377)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		21,265	20,682	47,887	57,264
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5	14,609	21,265	36,280	47,887

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

Notes to the Financial Statements

30 June 2011

Table of Contents

Note		
1	Statement of Significant Accounting Policies	27
2	Revenue	33
2a	Analysis of Revenue by Source	34
2b	Patient Fees	35
2c	Net Gain/(Loss) from Disposal of Non-Financial Assets	36
2d	Assets Received Free of Charge or For Nominal Consideration	36
2e	Specific Income	36
3	Expenses	37
3a	Analysis of Expenses by Source	38
3b	Analysis of Expenses by Internal and Restricted Specific Purpose Funds for Services Support by Hospital and Community Initiatives	39
4	Depreciation and Amortisation	39
5	Cash and Cash Equivalents	40
6	Receivables	40
7	Other Financial Assets	41
8	Inventories	41
9	Property, Plant and Equipment	42
10	Intangible Assets	43
11	Investment Properties	44
12	Payables	44
13	Employee Benefits and Related On-Costs Provisions	45
14	Other Liabilities	45
15	Equity	46
16	Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities	47
17	Financial Instruments	48
18	Commitments for Expenditure	55
19	Contingent Assets and Contingent Liabilities	55
20	Jointly Controlled Operations and Assets	56
21	Responsible Person Disclosures	57
21a	Executive Officer Disclosures	60
22	Controlled Entities	61
23	Events occurring after the Balance Sheet Date	61

Note 1: Statement of Significant Accounting Policies

(a) Statement of Compliance

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

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

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

The annual financial statements were authorised for issue by the Board of The Royal Children's Hospital on 23rd of August 2011.

(b) Basis of accounting preparation and measurement

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

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

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

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

Particularly, exceptions to the historical cost convention include:

- Non-current physical assets, which subsequent to acquisition, are measured at valuation and are re-assessed with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair values;
- Derivative financial instruments, managed investment schemes, certain debt securities, and investment properties after initial recognition, which are measured at fair value through profit and loss;
- Available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised; and
- The fair value of assets other than land is generally based on their depreciated replacement value.

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

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

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

(c) Reporting Entity

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

Its principle address is:
50 Flemington Road
Parkville
Victoria 3052

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

(d) Rounding Of Amounts

All amounts shown in the financial statements are expressed to the nearest thousand dollars unless otherwise stated. Figures in the financial statements may not equal due to rounding.

(e) Functional and Presentation Currency

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

(f) Principles of Consolidation

The assets, liabilities, incomes and expenses of all controlled entities of The Royal Children's Hospital have been included at the values shown in their audited 30 June 2011 Annual Financial Statements.

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

The consolidated financial statements include the audited financial statements of the following controlled entities:

- The Royal Children's Hospital Foundation Trust Funds
- The Royal Children's Hospital Education Institute Limited
- Communities That Care Limited

The Royal Children's Hospital Foundation Trust Funds is a controlled entity of The Royal Children's Hospital by virtue of the power to appoint a new or additional trustee of the Foundation Trust Funds.

The Royal Children's Hospital Education Institute Limited and Communities That Care Limited are deemed to be controlled entities of The Royal Children's Hospital because the majority of the entities' Board positions comprise of The Royal Children's Hospital Directors and Senior Management.

Intersegment Transactions

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

Jointly controlled assets

Interest in Victorian Comprehensive Cancer Centre which is a jointly controlled asset is accounted by recognising in The Royal Children's Hospital's Financial Statements its proportionate share of assets, liabilities and any income and expenses of such assets.

(g) Scope and presentation of financial statements

Fund Accounting

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

Services Supported by Health Services Agreement and Services Supported by Hospital and Community Initiatives

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

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

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

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

Note 1: Statement of Significant Accounting Policies (continued)

Balance Sheet

Assets and Liabilities are categorised either as current or non current.

Statement of changes in equity

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

Cash flow statement

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

Comparative Information

Below are the changes to the previous year's figures. These changes do not impact the underlying results.

- Note 2 Revenue - Commercial Laboratory Medicine is added under Commercial Activities and Special Purpose Fund. This change occurred in order to align with Department of Health reporting guidelines.
- Note 2 Revenue - Reclass of \$2.7M between Interest/Dividend and Market movement in investment under Revenue from Non-Operating Activities. This change is to better reflect movement in Royal Children's Hospital Foundation Managed Funds.
- Cash Flow statement – Reinvested investment income was included in the cash flow in prior years but is considered a non cash transaction. The cashflow has been adjusted to exclude this non cash transaction. This change to the comparative information of The Royal Children's Hospital reduced interest received by \$0.5M from \$1.3M to \$0.8M, and reduced consolidated interest received by \$0.9M from \$3.3M to \$2.4M. This adjustment also reduced the net purchase of investments for The Royal Children's Hospital by \$0.5M and reduced the consolidated net purchase of investments by \$0.9M. There was no impact on cash balances.

(h) Going Concern

The financial statements are prepared on a going concern basis.

The Royal Children's Hospital is dependent on the continued financial support of the Department of Health for a significant portion of its revenue. The Department of Health has provided confirmation that it will continue to provide The Royal Children's Hospital adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to September 2012.

(i) Income Recognition

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

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

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

Contributions are deferred as income in advance when there is a present obligation to repay them and the present obligation can be reliably measured.

Indirect Contributions

Insurance is recognised as revenue following advice from the Department of Health.

Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Acute Health Division Hospital Circular 14/2009.

Patient Fees

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

Private Practice Fees

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

Revenue from commercial activities

Revenue from commercial activities such as commercial laboratory medicine is recognised at the time invoices are raised.

Donations and Other Bequests

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

Dividend Revenue

Dividend Revenue is recognised on a receivable basis.

Interest Revenue

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

Sale of Investments

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

Resources Provided and Received Free of Charge or for Nominal Consideration

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

(j) Expense Recognition

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

Cost of Goods Sold

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

Superannuation

Defined contribution plans

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

Defined benefit plans

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

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

The Royal Children's Hospital made contributions to the following major superannuation plans during the year:

	Contributions paid or payable for the year	
	2011	2010
	\$	\$
Defined benefit plans:		
Health Super Scheme	982,018	1,155,109
Defined contribution plans:		
Health Super Scheme	17,651,446	16,354,106
Hesta	4,139,443	3,476,007
Other	833,434	880,071

Depreciation

Assets with a cost in excess of \$1,000 (2009-10 and 2010-11) are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives. Depreciation is generally calculated on a straight-line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and depreciation method for all assets are reviewed at least annually, and adjustments made where appropriate. This depreciation charge is not funded by the Department of Health.

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

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

Note 1: Statement of Significant Accounting Policies (continued)

	2011	2010
Buildings		
Structure Shell Building Fabric	52 years	52 years
Site Engineering Services and Central Plant	23 years	23 years
Fit Out	23 years	23 years
Trunk Reticulated Building Systems	24 years	24 years
Plant & Equipment	3 to 7 years	3 to 7 years
Medical Equipment	7 to 10 years	7 to 10 years
Computers & Communications	3 years	3 years
Furniture & Fittings	13 years	13 years
Motor Vehicles	10 years	10 years
Intangible Assets	3 years	3 years
Leasehold Improvements	4 to 8 years	4 to 8 years

The remaining useful life of buildings was also reviewed as part of the valuation of Land and Buildings as at 30 June 2009 with the depreciated replacement cost where applicable reflecting the Buildings' remaining useful life. Buildings which are due to be demolished as part of The Royal Children's Hospital redevelopment have a remaining useful life of 5 months from 30 June 2011.

(k) Financial Assets

Cash and Cash Equivalents

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

Receivables

Receivables consist of:

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

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

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

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

In accordance with Acute Health Division Hospital Circular 14/2009, Accounting for Long Service Leave, The Royal Children's Hospital has recognised a non-current receivable from the Department of Health and non-cash revenue for services provided.

Investments and Other Financial Assets

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

Investments are classified in the following categories:

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

The Royal Children's Hospital classifies its other financial assets between current and non-current assets based on the purpose for which the assets were acquired. Management determines the classification of its other financial assets at initial recognition.

The Royal Children's Hospital assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

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

Financial assets at fair value through profit and loss

Financial instruments at fair value through profit or loss are initially measured at fair value and attributed transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result.

Financial assets held for trading purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in net result incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 17.

Available-for-sale financial assets

Available-for-sale financial assets are stated at fair value and classified as current and non current other financial assets. Gains and losses arising from changes in fair value are recognised directly in equity, until the investment is disposed of or is determined to be impaired, at which time to the extent appropriate, the cumulative gain or loss previously recognised in equity is included in profit or loss for the period. Fair value is determined in the manner described in Note 17.

Impairment of Financial Assets

At the end of each reporting period The Royal Children's Hospital assesses whether there is objective evidence that a financial asset or group of financial asset is impaired. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 90 days overdue, and changes in debtor credit ratings. All financial instruments assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

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

Financial Assets have been assessed for impairment in accordance with Australian Accounting Standards. Where a financial asset's fair value at balance date has reduced by 20 per cent or more than its cost price; or where its fair value has been less than its cost price for a period of 12 or more months, the financial instrument is treated as impaired.

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

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

Net Gain/ (Loss) on Financial Instruments

Net gain/ (loss) on financial instruments includes:

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

Revaluation of Financial Instruments at Fair Value

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

(l) Non-Financial Assets

Inventories

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

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

The bases used in assessing loss of service potential for inventories held for distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

Property, Plant and Equipment

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

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

Note 1: Statement of Significant Accounting Policies (continued)

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

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

Cultural Assets are measured at fair value less impairment.

Revaluations of Non-current Physical Assets

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103D (Non Current Physical Assets). This revaluation process normally occurs at least every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values.

Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

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

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

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

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

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

Investment Property

Investment properties represent properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of State of Victoria.

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 Children's Hospital.

Subsequent to initial recognition at cost, investment properties are revalued to fair value with changes in the fair value recognised as income or expenses in the period that they arise. Investment properties are not depreciated.

Rental revenue from the leasing of investment properties is recognised in the comprehensive operating statement in the periods in which it is receivable, as this represents the pattern of service rendered through the provision of the properties.

Intangible Assets

Intangible assets represent identifiable non-monetary assets without physical substance including computer software and development costs.

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

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

Intangible assets with indefinite useful lives are not amortised. The useful life of intangible assets that are not being amortised are reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. In addition, The Royal Children's Hospital tests all intangible assets with indefinite useful lives for impairment by comparing its recoverable amount with its carrying amount:

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

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

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

(m) Other non-financial assets

Prepayments

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

Disposal of Non-Financial Assets

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

Impairment of Non-Financial Assets

Apart from intangible assets with indefinite useful lives, all other assets are assessed annually for indications of impairment, except for:

- inventories;
- assets arising from construction contracts;
- financial instrument assets; and
- investment property that is measured at fair value.

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

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

(n) Liabilities

Payables

These amounts consist predominantly of liabilities for goods and services.

These amounts represent liabilities for goods and services provided prior to the end of the financial year that are unpaid, and arise when The Royal Children's Hospital becomes obliged to make future payments in respect of the purchase of these goods and services. The normal credit terms are usually Nett 30 days.

Provisions

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

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

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

Employee Benefits

Wages and Salaries, Annual Leave and Accrued Days Off

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

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

Long Service Leave

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

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

Note 1: Statement of Significant Accounting Policies (continued)

The components of this current LSL liability are measured at;

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

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

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

Sick Leave

Sick leave entitlements are non-vesting. Accordingly no provision is recognised at year end.

On-Costs

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

Superannuation Liabilities

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

Termination Benefits

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

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

(o) Leases

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

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

Finance Leases

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

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

The Royal Children's Hospital has not entered into any finance lease agreements as at 30 June 2011.

Operating Leases

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

Leasehold Improvements

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

(p) Property, Plant & Equipment Revaluation Surplus

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

(q) Financial Asset Available-for-Sale Revaluation Surplus

The available-for-sale revaluation surplus arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold that portion of the

surplus which relates to that financial asset, and is effectively realised, is recognised in the comprehensive operating statement. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in the comprehensive operating statement.

(r) General Purpose Reserve

General Purpose Reserves represent internally managed specific purpose funds that are not restricted. Internally managed specific purpose funds are funds established, managed, and controlled by the Board.

(s) Specific Restricted Purpose Reserve

A specific restricted purpose reserve is established where The Royal Children'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.

(t) Contributed Capital

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

(u) Commitments for expenditure

Commitments for expenditure are not recognised on the balance sheet. Commitments for expenditure are disclosed at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated.

(v) Contingent Assets and Contingent Liabilities

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

(w) Goods and Services Tax

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

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

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

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

(x) Category Groups

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

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

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

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

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

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

Off Campus, Ambulatory Services (Ambulatory) comprises all recurrent health revenue/expenditure on public hospital type services, provided under the following

Note 1: Statement of Significant Accounting Policies (continued)

agreements: Services that are provided or received by hospitals (or area health services) but are delivered/received outside a hospital campus, services which have moved from a hospital to a community setting since June 1998, services

which fall within the agreed scope of inclusions under the new system, which have been delivered within hospitals i.e. in rural/remote areas.

(y) New Accounting Standards and Interpretations

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 Financial instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and Measurement</i>).	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 124 Related Party Disclosures (Dec 2009)	Government related entities have been granted partial exemption with certain disclosure requirements.	Beginning 1 Jan 2011	Preliminary assessment suggests the impact is insignificant. However, the Health Service is still assessing the detailed impact and whether to early adopt.
AASB 1053 Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	Beginning 1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented to the Victorian Public Sector.
AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]	This Standard gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031 and Interpretations 2, 4, 16, 1039 and 1052]	This standard amends AASB 8 to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for purposes of certain operating segment disclosures. This standard also makes numerous editorial amendments to other AASBs.	Beginning 1 Jan 2011	The amendments only apply to those entities to whom AASB 8 applies, which are for-profit entities except for-profit government departments. Detail of impact is still being assessed.
AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	Amendments to Interpretation 14 arise from the issuance of prepayments of a minimum funding requirement.	Beginning 1 Jan 2011	Expected to have no significant impact.
AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.	Beginning 1 July 2013	Does not affect financial measurement or recognition, so is not expected to have any impact on financial result or position. May reduce some note disclosures in financial statements.
AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]	This Standard makes numerous improvements designed to enhance the clarity of standards.	Beginning 1 Jan 2011	No significant impact on the financial statements.
AASB 2010-5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	This amendment contains editorial corrections to a range of Australian Accounting Standards and Interpretations, which includes amendments to reflect changes made to the text of IFRSs by the IASB.	Beginning 1 Jan 2011	No significant impact on the financial statements.
AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]	This amendment adds and changes disclosure requirements about the transfer of financial assets. This includes the nature and risk of the financial assets.	Beginning 1 Jan 2011	This may impact on departments and public sector entities as it creates additional disclosure for transfers of financial assets. Detail of impact is still being assessed.
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	These amendments are in relation to the introduction of AASB 9.	Beginning 1 Jan 2013	This amendment may have an impact on departments and public sector bodies as AASB 9 is a new standard and it changes the requirements of numerous standards. Detail of impact is still being assessed.
AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	This amendment provides a practical approach for measuring deferred tax assets and deferred tax liabilities when measuring investment property by using the fair value model in AASB 140 <i>Investment Property</i> .	Beginning 1 Jan 2012	This amendment provides additional clarification through practical guidance.
AASB 2010-9 Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]	This amendment provides guidance for entities emerging from severe hyperinflation who are going to resume presenting Australian Accounting Standards financial statements or entities that are going to present Australian Accounting Standards financial statements for the first time. It provides relief for first-time adopters from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.	Beginning 1 Jan 2011	Amendment unlikely to impact on public sector entities.
AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]	This amendment affects multiple Australian Accounting Standards and AASB Interpretations for the objective of increased alignment with IFRSs and achieving harmonisation between both Australian and New Zealand Standards. It achieves this by removing guidance and definitions from some Australian Accounting Standards, without changing their requirements.	Beginning 1 Jan 2011	This amendment will have no significant impact on public sector bodies.
AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054]	The objective of this amendment is to include some additional disclosure from the Trans-Tasman Convergence Project and to reduce disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.	Beginning 1 Jan 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented to Victorian Public Sector.
AASB 2011-3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments [AASB 1049]	This amends AASB 1049 to clarify the definition of the ABS GFS Manual, and to facilitate the adoption of changes to the ABS GFS Manual and related disclosures.	Beginning 1 Jan 2012	This amendment provides clarification to users on the version of the GFS Manual to be used and what to disclose if the latest GFS Manual is not used. No impact on performance measurements will occur.

Note 2: Revenue

	Parent						Consolidated					
	HSA 2011 \$'000	HSA 2010 \$'000	H&CI 2011 \$'000	H&CI 2010 \$'000	Total 2011 \$'000	Total 2010 \$'000	HSA 2011 \$'000	HSA 2010 \$'000	H&CI 2011 \$'000	H&CI 2010 \$'000	Total 2011 \$'000	Total 2010 \$'000
Revenue from Operating Activities												
Government Grants												
– Department of Human Services	7,531	71,313	-	-	7,531	71,313	7,531	71,313	-	-	7,531	71,313
– Department of Health	304,907	225,444	-	-	304,907	225,444	304,907	225,444	-	-	304,907	225,444
– Commonwealth Government	2,679	2,326	3,326	8,949	6,005	11,275	2,679	2,326	3,326	8,949	6,005	11,275
Total Government Grants	315,117	299,083	3,326	8,949	318,443	308,032	315,117	299,083	3,326	8,949	318,443	308,032
Indirect contributions by Department of Health												
– Insurance	4,613	3,513	-	-	4,613	3,513	4,613	3,513	-	-	4,613	3,513
– Long Service Leave	2,026	(662)	-	-	2,026	(662)	2,026	(662)	-	-	2,026	(662)
Total Indirect Contributions by Department of Health	6,639	2,851	-	-	6,639	2,851	6,639	2,851	-	-	6,639	2,851
Patient Fees												
– Patient Fees (refer note 2b)	10,744	9,130	1,057	1,004	11,801	10,134	10,744	9,130	1,057	1,004	11,801	10,134
Total Patient Fees	10,744	9,130	1,057	1,004	11,801	10,134	10,744	9,130	1,057	1,004	11,801	10,134
Commercial Activities and Specific Purpose Funds												
– Private Practice and other patient activity	-	-	18,595	14,298	18,595	14,298	-	-	18,595	14,298	18,595	14,298
– Commercial Laboratory Medicine	-	-	199	199	199	199	-	-	199	199	199	199
– Child Health & Information	-	-	214	190	214	190	-	-	214	190	214	190
– Community Child Care	-	-	1,216	1,102	1,216	1,102	-	-	1,216	1,102	1,216	1,102
– Educational Resource Centre	-	-	748	935	748	935	-	-	748	935	748	935
– Property Income	-	-	240	286	240	286	-	-	530	695	530	695
– Car Park Fees	-	-	4,070	3,816	4,070	3,816	-	-	4,070	3,816	4,070	3,816
– Other	-	-	2,986	4,040	2,986	4,040	-	-	6,445	7,022	6,445	7,022
Total Business Units & Specific Purpose Funds	-	-	28,268	24,866	28,268	24,866	-	-	32,017	28,257	32,017	28,257
Research & Program Grants	489	269	-	-	489	269	489	269	-	-	489	269
Recoupment from Private Practice for Use of Hospital Facilities	6,987	7,728	-	-	6,987	7,728	6,987	7,728	-	-	6,987	7,728
Corporate Services	1,316	1,288	-	-	1,316	1,288	1,316	1,288	-	-	1,316	1,288
Pathology	6,964	6,565	-	-	6,964	6,565	6,964	6,565	-	-	6,964	6,565
Donations & Bequests	-	-	14,159	12,943	14,159	12,943	-	-	22,407	32,374	22,407	32,374
Other Revenue from Operating Activities	10,637	9,361	-	-	10,637	9,361	10,637	9,361	113	-	10,750	9,361
Sub-Total Revenue from Operating Activities	358,893	336,275	46,810	47,762	405,703	384,037	358,893	336,275	58,920	70,584	417,813	406,859
Revenue from Non-Operating Activities												
Interest & Dividends	-	-	1,900	1,425	1,900	1,425	-	-	8,414	6,080	8,414	6,080
Market Movement in Investments	-	-	-	-	-	-	-	-	(247)	2,023	(247)	2,023
Sub-Total Revenue from Non-Operating Activities	-	-	1,900	1,425	1,900	1,425	-	-	8,167	8,103	8,167	8,103
Revenue from Capital Purpose Income												
State Government Capital Grants												
– Targeted Capital Works and Equipment	-	-	1,296	1,400	1,296	1,400	-	-	1,296	1,400	1,296	1,400
– Other	-	-	411	4,637	411	4,637	-	-	411	4,637	411	4,637
Assets Received Free of Charge (refer note 2d)	-	-	3	3	3	3	-	-	4	3	4	3
Net Gain/(Loss) on Disposal of Non-Current Assets (refer note 2c)	-	-	(18)	16	(18)	16	-	-	(30)	16	(30)	16
Donations and Bequests	-	-	5,833	1,267	5,833	1,267	-	-	3,529	168	3,529	168
Other Capital Purpose Income	-	-	416	349	416	349	-	-	416	349	416	349
Sub-Total Revenue from Capital Purpose Income	-	-	7,941	7,672	7,941	7,672	-	-	5,626	6,573	5,626	6,573
Specific Income (refer note 2e)	-	-	-	308	-	308	-	-	-	308	-	308
Available for sale Revaluation Surplus gain recognized (refer note 15a)	-	-	205	504	205	504	-	-	205	504	205	504
Total Revenue (refer to note 2a)	358,893	336,275	56,856	57,671	415,749	393,946	358,893	336,275	72,918	86,072	431,811	422,347

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

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

Note 2a: Analysis of Revenue by Source

(based on the consolidated view of note 2)

	Admitted Patients 2011 \$'000	Outpatients 2011 \$'000	EDS 2011 \$'000	Ambulatory 2011 \$'000	Mental Health 2011 \$'000	Primary Health 2011 \$'000	Other 2011 \$'000	Total 2011 \$'000
Revenue from Services Supported by Health Services Agreement								
Government Grants	237,481	30,468	11,813	4,747	13,095	4,520	10,314	312,438
Commonwealth Government	1,623	406	-	-	50	217	383	2,679
Indirect contributions by Department of Health	5,716	923	-	-	-	-	-	6,639
Patient Fees (refer note 2b)	10,647	96	-	1	-	-	-	10,744
Research & Program Grants	154	31	-	-	35	220	49	489
Recoupment from Private Practice for Use of Hospital Facilities	5,601	1,386	-	-	-	80	(80)	6,987
Corporate Services	1,053	263	-	-	-	-	-	1,316
Pathology	5,571	1,393	-	-	-	-	-	6,964
Other	7,059	1,322	55	913	334	192	762	10,637
Sub-Total Revenue from Services Supported by Health Services Agreement	274,905	36,288	11,868	5,661	13,514	5,229	11,428	358,893
Revenue from Services Supported by Hospital and Community Initiatives								
Commonwealth Government Grants	-	-	-	-	-	-	3,326	3,326
Patient Fees	-	-	-	-	-	-	1,057	1,057
Business Units & Specific Purpose Funds	-	-	-	-	-	-	32,017	32,017
Donations & Bequests (non capital)	-	-	-	-	-	-	22,407	22,407
Revenue from Non-Operating Activities	-	-	-	-	-	-	8,167	8,167
Capital Purpose Income (refer note 2)	-	-	-	-	-	-	5,626	5,626
Other	-	-	-	-	-	-	318	318
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	72,918	72,918
Total Revenue	274,905	36,288	11,868	5,661	13,514	5,229	84,346	431,811

Note 2a: Analysis of Revenue by Source (continued)

(based on the consolidated view of note 2)

	Admitted Patients 2010 \$'000	Outpatients 2010 \$'000	EDS 2010 \$'000	Ambulatory 2010 \$'000	Mental Health 2010 \$'000	Primary Health 2010 \$'000	Other 2010 \$'000	Total 2010 \$'000
Revenue from Services Supported by Health Services Agreement								
Government Grants	223,362	30,277	11,784	3,874	12,784	4,413	10,263	296,757
Commonwealth Government	1,147	287	-	-	140	308	444	2,326
Indirect contributions by Department of Human Services	2,148	703	-	-	-	-	-	2,851
Patient Fees (refer note 2b)	8,843	155	-	127	5	-	-	9,130
Research & Program Grants	167	32	-	7	9	54	-	269
Recoupment from Private Practice for Use of Hospital Facilities	6,220	1,533	-	(20)	(5)	81	(81)	7,728
Corporate Services	1,029	258	-	-	-	-	-	1,288
Pathology	5,252	1,313	-	-	-	-	-	6,565
Other	6,446	1,210	59	691	245	61	649	9,361
Sub-Total Revenue from Services Supported by Health Services Agreement	254,614	35,768	11,843	4,679	13,178	4,917	11,275	336,275
Revenue from Services Supported by Hospital and Community Initiatives								
Commonwealth Government Grant	-	-	-	-	-	-	8,949	8,949
Patient Fees	-	-	-	-	-	-	1,004	1,004
Business Units & Specific Purpose Funds	-	-	-	-	-	-	28,257	28,257
Donations & Bequests (non capital)	-	-	-	-	-	-	32,374	32,374
Revenue from Non-Operating Activities	-	-	-	-	-	-	8,103	8,103
Capital Purpose Income (refer note 2)	-	-	-	-	-	-	6,573	6,573
Specific Income (refer note 2e)	-	-	-	-	-	-	308	308
Other	-	-	-	-	-	-	504	504
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	86,072	86,072
Total Revenue	254,614	35,768	11,843	4,679	13,178	4,917	97,347	422,347

Indirect contributions by Department of Health:

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

Note 2b: Patient Fees

	Parent Entity 2011 \$'000	Parent Entity 2010 \$'000	Consolidated 2011 \$'000	Consolidated 2010 \$'000
Patient Fees Raised				
Recurrent:				
Acute				
– Inpatients	10,279	8,223	10,279	8,223
– Outpatients	707	490	707	490
– Other	815	1,421	815	1,421
Total Recurrent	11,801	10,134	11,801	10,134

Note 2c: Net Gain/(Loss) on Disposal of Non-Financial Assets

	Parent Entity 2011 \$'000	Parent Entity 2010 \$'000	Consolidated 2011 \$'000	Consolidated 2010 \$'000
Proceeds from Disposals of Non-Current Assets				
Plant and Equipment	5	60	5	60
Motor Vehicles	-	-	3	-
Total Proceeds from Disposal of Non-Current Assets	5	60	8	60
Less: Written Down Value of Non-Current Assets				
Plant and Equipment	20	44	20	44
Motor Vehicles	-	-	15	-
Computers & Communications	3	-	3	-
Total Written Down Value of Non-Current Assets Sold	23	44	38	44
Net Gain/(Loss) on Disposal of Non-Current Assets	(18)	16	(30)	16

Note 2d: Assets Received Free of Charge or For Nominal Consideration

	Parent Entity 2011 \$'000	Parent Entity 2010 \$'000	Consolidated 2011 \$'000	Consolidated 2010 \$'000
During the reporting period, the fair value of assets received free of charge, was as follows:				
Medical Equipment*	3	3	4	3
TOTAL	3	3	4	3

*Two mechanical wheel chairs were donated to The Royal Children's Hospital during the financial year ended 30 June 2011.

Note 2e: Specific Income

	Parent Entity 2011 \$'000	Parent Entity 2010 \$'000	Consolidated 2011 \$'000	Consolidated 2010 \$'000
Specific Income				
Revaluation Increment on Non Current Assets – Investment Land & Buildings	-	308	-	308
TOTAL	-	308	-	308

Note 3: Expenses

	Parent						Consolidated					
	HSA 2011 \$'000	HSA 2010 \$'000	H&CI 2011 \$'000	H&CI 2010 \$'000	Total 2011 \$'000	Total 2010 \$'000	HSA 2011 \$'000	HSA 2010 \$'000	H&CI 2011 \$'000	H&CI 2010 \$'000	Total 2011 \$'000	Total 2010 \$'000
Employee Expenses												
Salaries & Wages	243,608	227,538	16,346	14,269	259,954	241,807	243,608	227,538	19,648	17,050	263,256	244,588
WorkCover Premium	1,228	2,006	409	341	1,637	2,347	1,228	2,006	468	396	1,696	2,402
Departure Packages	552	706	7	2	559	708	552	706	10	103	562	809
Long Service Leave	8,083	4,863	210	151	8,293	5,014	8,083	4,863	264	218	8,347	5,081
Superannuation	21,771	20,642	1,265	1,157	23,036	21,799	21,771	20,642	1,528	1,395	23,299	22,037
Total Employee Expenses	275,242	255,755	18,237	15,920	293,479	271,675	275,242	255,755	21,918	19,162	297,160	274,917
Non Salary Labour Costs												
Fees for Visiting Medical Officers	1,895	1,880	912	822	2,807	2,702	1,895	1,880	912	822	2,807	2,702
Agency Costs - Nursing	2,896	1,574	-	-	2,896	1,574	2,896	1,574	-	-	2,896	1,574
Agency Costs - Other	12,047	12,962	3,159	1,925	15,206	14,887	12,047	12,962	3,421	2,210	15,468	15,172
Total Non Salary Labour Costs	16,838	16,416	4,071	2,747	20,909	19,163	16,838	16,416	4,333	3,032	21,171	19,448
Supplies and Consumables												
Drug Supplies	15,716	14,223	213	14	15,929	14,237	15,716	14,223	213	14	15,929	14,237
S100 Drugs	2,123	2,410	-	-	2,123	2,410	2,123	2,410	-	-	2,123	2,410
Medical, Surgical Supplies and Prosthesis	22,921	22,138	77	68	22,998	22,206	22,921	22,138	76	75	22,997	22,213
Pathology Supplies	6,238	6,092	86	3	6,324	6,095	6,238	6,092	86	3	6,324	6,095
Food Supplies	1,986	2,185	4	33	1,990	2,218	1,986	2,185	15	42	2,001	2,227
Total Supplies and Consumables	48,984	47,048	380	118	49,364	47,166	48,984	47,048	390	134	49,374	47,182
Other Expenses from Continuing Operations												
Domestic Services & Supplies	2,678	2,614	47	50	2,725	2,664	2,678	2,614	55	68	2,733	2,682
Fuel, Light, Power and Water	3,067	2,911	24	23	3,091	2,934	3,067	2,911	32	29	3,099	2,940
Insurance costs funded by DH	4,613	3,512	-	-	4,613	3,512	4,613	3,512	-	-	4,613	3,512
Motor Vehicle Expenses	251	265	(74)	(68)	177	197	251	265	(24)	(19)	227	246
Repairs & Maintenance	2,641	3,344	318	228	2,959	3,572	2,641	3,344	404	366	3,045	3,710
Maintenance Contracts	5,805	5,392	142	107	5,947	5,499	5,805	5,392	163	122	5,968	5,514
Patient Transport	309	428	-	-	309	428	309	428	-	-	309	428
Bad & Doubtful Debts	151	34	-	-	151	34	151	34	-	-	151	34
Lease Expenses	480	491	162	173	642	664	480	491	247	252	727	743
Postage & Telephone	1,206	1,086	76	82	1,282	1,168	1,206	1,086	162	167	1,368	1,253
Stationery	1,665	1,226	349	555	2,014	1,781	1,665	1,226	455	721	2,120	1,947
Other Administrative Expenses	10,113	9,590	9,211	14,708	19,323	24,297	10,113	9,590	13,421	17,907	23,534	27,497
Audit Fees												
- VAGO - Audit of Financial Statements	128	104	-	-	128	104	128	104	58	55	186	159
- Other	396	227	-	-	396	227	396	227	-	-	396	227
Total Other Expenses from Continuing Operations	33,503	31,224	10,255	15,858	43,757	47,081	33,503	31,224	14,973	19,668	48,476	50,892
Expenditure using Capital Purpose Income												
Other Expenses	-	-	1,112	394	1,112	394	-	-	1,112	394	1,112	394
Total Expenditure using Capital Purpose Income	-	-	1,112	394	1,112	394	-	-	1,112	394	1,112	394
Depreciation and Amortisation (refer to Note 4)	-	-	24,595	30,581	24,595	30,581	-	-	24,782	30,708	24,782	30,708
Total	-	-	24,595	30,581	24,595	30,581	-	-	24,782	30,708	24,782	30,708
Total Expenses	374,567	350,443	58,650	65,618	433,216	416,060	374,567	350,443	67,508	73,098	442,075	423,541

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

Note 3a: Analysis of Expenses by Source

(based on the consolidated view of note 3)

	Admitted Patients 2011 \$'000	Outpatients 2011 \$'000	EDS 2011 \$'000	Ambulatory 2011 \$'000	Mental Health 2011 \$'000	Primary Health 2011 \$'000	Other 2011 \$'000	Total 2011 \$'000
Services Supported by Health Services Agreement								
Employee Expenses	207,238	22,905	13,939	6,646	10,999	8,033	5,482	275,242
Non Salary Labour Costs	8,267	1,218	376	4,608	727	270	1,372	16,838
Supplies & Consumables	38,501	5,603	630	573	85	23	3,570	48,984
Other Expenses from Continuing Operations	30,192	1,783	141	117	286	244	739	33,503
Sub-Total Expenses from Services Supported by Health Services Agreement	284,198	31,509	15,086	11,944	12,097	8,570	11,163	374,567
Services Supported by Hospital and Community Initiatives								
Employee Benefits	-	-	-	-	-	-	21,918	21,918
Non Salary Labour Costs	-	-	-	-	-	-	4,333	4,333
Supplies & Consumables	-	-	-	-	-	-	390	390
Other Expenses from Continuing Operations	-	-	-	-	-	-	14,973	14,973
Sub-Total Expense from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	41,614	41,614
Total Expenses from Ordinary Activities before Depreciation and Specific Items	284,198	31,509	15,086	11,944	12,097	8,570	52,777	416,181
Expenditure using Capital Purpose Income	-	-	-	-	-	-	1,112	1,112
Depreciation and Amortisation (refer note 4)	-	-	-	-	-	-	24,782	24,782
Total Expenses	284,198	31,509	15,086	11,944	12,097	8,570	78,671	442,075

	Admitted Patients 2010 \$'000	Outpatients 2010 \$'000	EDS 2010 \$'000	Ambulatory 2010 \$'000	Mental Health 2010 \$'000	Primary Health 2010 \$'000	Other 2010 \$'000	Total 2010 \$'000
Services Supported by Health Services Agreement								
Employee Expenses	192,953	21,083	12,959	5,939	11,048	6,648	5,125	255,755
Non Salary Labour Costs	7,321	1,355	337	5,305	611	231	1,256	16,416
Supplies & Consumables	36,332	5,489	652	708	68	25	3,775	47,048
Other Expenses from Continuing Operations	24,861	4,064	237	192	939	286	646	31,224
Sub-Total Expenses from Services Supported by Health Services Agreement	261,467	31,991	14,185	12,144	12,666	7,190	10,802	350,443
Services Supported by Hospital and Community Initiatives								
Employee Benefits	-	-	-	-	-	-	19,162	19,162
Non Salary Labour Costs	-	-	-	-	-	-	3,032	3,032
Supplies & Consumables	-	-	-	-	-	-	134	134
Other Expenses from Continuing Operations	-	-	-	-	-	-	19,668	19,668
Sub-Total Expense from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	41,996	41,996
Total Expenses from Ordinary Activities before Depreciation and Specific Items	261,467	31,991	14,185	12,144	12,666	7,190	52,798	392,439
Expenditure using Capital Purpose Income	-	-	-	-	-	-	394	394
Depreciation and Amortisation (refer note 4)	-	-	-	-	-	-	30,708	30,708
Total Expenses	261,467	31,991	14,185	12,144	12,666	7,190	83,900	423,541

Note 3b: Analysis of Expenses by Internal and Restricted Specific Purpose Funds for Services Supported by Hospital and Community Initiatives

	Parent Entity 2011 \$'000	Parent Entity 2010 \$'000	Consolidated 2011 \$'000	Consolidated 2010 \$'000
Private Practice Activities	11,247	10,622	11,247	10,622
Car Park	331	339	331	339
Property	89	97	89	97
Child Health & Information Centre	206	177	206	177
Community Child Care	1,034	1,001	1,034	1,001
Educational Resource Centre	672	861	672	861
Safety Centre	31	39	31	39
Research	4,940	4,848	4,940	4,848
Departmental & General Purpose Funds	14,393	16,659	23,064	24,013
TOTAL	32,943	34,643	41,614	41,996

Note 4: Depreciation and Amortisation

	Parent Entity 2011 \$'000	Parent Entity 2010 \$'000	Consolidated 2011 \$'000	Consolidated 2010 \$'000
Depreciation				
Buildings	15,927	21,552	15,987	21,607
Plant & Equipment	71	58	72	58
Medical Equipment	5,662	5,581	5,662	5,581
Computers and Communication	955	1,408	1,005	1,439
Furniture and Equipment	259	262	261	263
Motor Vehicles	24	25	35	34
Total Depreciation	22,898	28,886	23,022	28,982
Amortisation				
Intangible Assets	1,697	1,695	1,759	1,726
Total Amortisation	1,697	1,695	1,759	1,726
Total Depreciation & Amortisation	24,595	30,581	24,782	30,708

Note 5: Cash and Cash Equivalents

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

	Parent Entity 2011 \$'000	Parent Entity 2010 \$'000	Consolidated 2011 \$'000	Consolidated 2010 \$'000
Cash on Hand	38	45	38	45
Cash at Bank	4,549	4,589	5,378	5,456
Deposits at Call	8,932	4,238	9,132	4,438
Fixed Deposits	2,634	14,364	23,275	39,919
TOTAL	16,153	23,236	37,823	49,858
Represented by:				
Cash for Health Service Operations	4,786	10,005	4,786	10,005
Cash for Capital Commitments	3,540	5,071	3,540	5,071
Cash for Operating Commitments	3,647	5,133	12,735	14,975
Cash for Restricted Specific Purpose Reserves	2,637	1,056	15,219	17,836
Total per Cash Flow Statement	14,609	21,265	36,280	47,887
Cash for Monies Held in Trust	1,543	1,971	1,543	1,971
TOTAL	16,152	23,236	37,823	49,858

Note 6: Receivables

	Parent Entity 2011 \$'000	Parent Entity 2010 \$'000	Consolidated 2011 \$'000	Consolidated 2010 \$'000
CURRENT				
Contractual				
Controlled Entity Debtors	2,410	3,086	-	-
Inter Hospital Debtors	1,591	1,536	1,591	1,536
Trade Debtors	2,923	2,308	3,007	2,436
Patient Fees	3,929	2,122	3,929	2,122
Accrued Investment Income	115	161	547	351
Diagnostic Debtors	1,534	1,445	1,534	1,445
Sundry Debtors	531	485	1,140	491
Good Friday Appeal Funds	-	-	-	13,147
AEDI Commonwealth Grant	3,394	6,073	-	-
Less Allowance for Doubtful Debts				
Trade Debtors	323	248	324	248
Patient Fees	122	103	122	103
Sundry Debtors	129	132	129	132
Diagnostic Debtors	253	208	253	208
	15,601	16,527	10,920	20,838
Statutory				
GST Receivable	758	1,029	758	1,029
TOTAL CURRENT RECEIVABLES	16,359	17,556	11,678	21,867
NON CURRENT				
Statutory				
Long Service Leave - DH	7,627	5,601	7,627	5,601
TOTAL NON-CURRENT RECEIVABLES	7,627	5,601	7,627	5,601
TOTAL RECEIVABLES	23,986	23,157	19,305	27,468
(a) Movement in Allowance for Doubtful Contractual Receivables				
Balance at beginning of year	690	802	690	802
Amounts written off during the year	(49)	(35)	(49)	(35)
Increase / (decrease) in allowance recognised in profit or loss	186	(77)	187	(77)
Balance at end of year	827	690	828	690

(b) Ageing analysis of receivables

Please refer to note 17b for the ageing analysis of contractual financial assets

(c) Nature and extent of risk arising from receivables

Please refer to note 17b for the nature and extent of credit risk arising from contractual financial assets

Note 7: Other Financial Assets

	Parent Entity 2011 \$'000	Parent Entity 2010 \$'000	Consolidated 2011 \$'000	Consolidated 2010 \$'000
CURRENT				
Managed Funds	-	-	51,247	47,626
Term Deposit	-	-	900	1,943
Total Current	-	-	52,147	49,569
NON CURRENT				
Managed Funds	18,225	17,064	65,705	42,571
Total Non Current	18,225	17,064	65,705	42,571
TOTAL	18,225	17,064	117,852	92,140
Represented by:				
Restricted Specific Purpose Reserves (refer to Note 15)	18,225	17,064	117,852	92,140
TOTAL	18,225	17,064	117,852	92,140

(a) Ageing analysis of other financial assets

Please refer to note 17b for the ageing analysis of other financial assets.

(b) Nature and extent of risk arising from other financial assets

Please refer to note 17b for the nature and extent of credit risk arising from the other financial assets.

Note 8: Inventories

	Parent Entity 2011 \$'000	Parent Entity 2010 \$'000	Consolidated 2011 \$'000	Consolidated 2010 \$'000
Pharmaceuticals - at cost	1,452	1,227	1,451	1,227
Gift Shop - at cost	18	67	18	67
TOTAL	1,469	1,295	1,469	1,295

Note 9: Property, Plant & Equipment

	Parent Entity 2011 \$'000	Parent Entity 2010 \$'000	Consolidated 2011 \$'000	Consolidated 2010 \$'000
Land				
Land at Fair Value				
Crown	62,188	62,188	62,188	62,188
Freehold	11,529	11,529	13,818	13,818
Total Land	73,717	73,717	76,006	76,006
Buildings				
Buildings at Cost	309	317	309	318
Less Accumulated Depreciation	162	25	162	25
	147	292	147	293
Buildings at Fair Value	89,724	89,724	90,524	90,524
Less Accumulated Depreciation	37,318	21,528	37,358	21,548
	52,406	68,196	53,166	68,976
Leasehold Improvements at cost	-	-	346	219
Less Accumulated Depreciation	-	-	211	170
	-	-	135	49
Total Buildings	52,553	68,488	53,449	69,318
Plant and Equipment				
Plant and Equipment at fair value	2,650	2,411	2,677	2,433
Less Accumulated Depreciation	1,906	1,835	1,920	1,849
Total Plant and Equipment	744	576	757	584
Medical Equipment				
Medical Equipment at fair value	69,154	62,294	69,154	62,294
Less Accumulated Depreciation	45,179	41,070	45,179	41,070
Total Medical Equipment	23,975	21,224	23,975	21,224
Computers and Communication				
Computers and Communication at fair value	19,895	18,447	20,407	18,915
Less Accumulated Depreciation	17,849	16,930	18,259	17,290
Total Computers and Communications	2,046	1,517	2,148	1,625
Furniture and Fittings				
Furniture and Fittings at fair value	3,350	3,331	3,395	3,381
Less Accumulated Depreciation	1,958	1,699	1,977	1,716
Total Furniture and Fittings	1,392	1,632	1,418	1,665
Motor Vehicles				
Motor Vehicles at fair value	326	293	415	390
Less Accumulated Depreciation	153	129	172	158
Total Motor Vehicles	173	164	243	232
Cultural Assets				
Cultural Assets At Cost	244	244	244	244
	244	244	244	244
Cultural Assets At Fair Value	376	376	376	376
Total Cultural Assets	620	620	620	620
TOTAL	155,220	167,938	158,616	171,274

Note 9: Property, Plant & Equipment (continued)

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

	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Medical Equipment \$'000	Computers & Communi- cations \$'000	Furniture & Fittings \$'000	Motor Vehicles \$'000	Cultural Assets \$'000	Total \$'000
Balance at 1 July 2009	66,565	90,710	603	20,337	1,932	1,860	250	606	182,863
Additions	-	214	39	6,638	1,006	68	18	14	7,997
Disposals	-	-	-	(44)	-	-	-	-	(44)
Net transfers between classes	-	-	-	(126)	126	-	-	-	-
Revaluation Increments/ (Decrements)	9,441	-	-	-	-	-	-	-	9,441
Depreciation and Amortisation (note 4)	-	(21,607)	(58)	(5,581)	(1,439)	(263)	(34)	-	(28,982)
Balance at 1 July 2010	76,006	69,318	584	21,224	1,625	1,665	232	620	171,274
Additions	-	118	245	8,431	1,533	15	60	-	10,402
Disposals	-	-	-	(20)	(3)	-	(14)	-	(37)
Net transfers between classes	-	-	-	2	(2)	-	-	-	-
Revaluation Increments/ (Decrements)	-	-	-	-	-	-	-	-	-
Depreciation and Amortisation (note 4)	-	(15,987)	(72)	(5,662)	(1,006)	(261)	(35)	-	(23,023)
Balance at 30 June 2011	76,006	53,449	757	23,975	2,148	1,418	243	620	158,616

In November 2005 the Victorian State Government announced plans to redevelop The Royal Children's Hospital. The new site in Parkville, west of the current hospital has been chosen and construction commenced in late 2007 and is expected to be completed in 2011. Two of the current buildings will be retained under the West Option, the Research Building and Front Entry Building. The remainder of the current buildings will be demolished and the current site revegetated and returned to parkland. The estimated cost of demolition and revegetation will be incurred by the consortium responsible for the project. Therefore a provision for the demolition of buildings and reinstatement of parkland has not been raised in the Hospital's financial statements as at 30 June 2011.

An annual assessment of the fair value of land and buildings was conducted by Management as at 30 June 2011. Management obtained from Department of Health the approved Valuer General Victoria indices for 2011 and applied these to the carrying values of individual assets per the 2009 valuation. The indexed carrying value was then compared to the carrying values at June 2011 to determine the change in fair value. As this change in fair value is immaterial, there is no requirement to adjust the carrying value of land and building as at 30 June 2011.

Note 10: Intangible Assets

	Parent Entity 2011 \$'000	Parent Entity 2010 \$'000	Consolidated 2011 \$'000	Consolidated 2010 \$'000
Software	9,087	6,840	9,347	7,093
Less Accumulated Amortisation	6,868	5,171	7,023	5,263
Total Written Down Value	2,219	1,669	2,324	1,830

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

	Software \$'000	Total \$'000
Consolidated		
Balance at 1 July 2009	2,815	2,815
Additions	741	741
Amortisation (note 4)	(1,726)	(1,726)
Balance at 1 July 2010	1,830	1,830
Additions	2,253	2,253
Amortisation (note 4)	(1,759)	(1,759)
Balance at 30 June 2011	2,324	2,324

Note 11: Investment Properties

	Parent Entity 2011 \$'000	Parent Entity 2010 \$'000	Consolidated 2011 \$'000	Consolidated 2010 \$'000
Balance at Beginning of Period	3,531	3,223	3,531	3,223
Net Gain from Fair Value Adjustments	-	308	-	308
Balance at End of Period	3,531	3,531	3,531	3,531

Note 12: Payables

	Parent Entity 2011 \$'000	Parent Entity 2010 \$'000	Consolidated 2011 \$'000	Consolidated 2010 \$'000
CURRENT				
Contractual				
Trade Creditors	13,315	16,063	13,315	16,063
Accrued Expenses	3,900	4,329	5,173	5,402
Deposits	36	40	36	40
Sundry Creditors	1,274	1,487	1,576	1,487
	18,525	21,919	20,100	22,992
Statutory				
Superannuation and WorkCover	2,532	2,651	2,532	2,651
Department of Health	3,647	5,133	3,647	5,133
	6,179	7,784	6,179	7,784
TOTAL CURRENT	24,704	29,703	26,279	30,776

(a) Maturity analysis of payables

Please refer to note 17c for the ageing analysis of contractual payables

(b) Nature and extent of risk arising from payables

Please refer to note 17c for the nature and extent of risk arising from contractual payables

Note 13: Employee Benefits and Related On-Costs Provisions

	Parent Entity 2011 \$'000	Parent Entity 2010 \$'000	Consolidated 2011 \$'000	Consolidated 2010 \$'000
CURRENT PROVISIONS				
Employee Benefits				
- unconditional and expected to be settled within 12 months	27,326	25,465	27,745	25,977
- unconditional and expected to be settled after 12 months	31,680	28,620	31,738	28,686
	59,006	54,085	59,483	54,663
Provisions related to employee benefit on-costs				
- unconditional and expected to be settled within 12 months (nominal value)	1,981	1,640	2,020	1,640
- unconditional and expected to be settled after 12 months (present value)	3,390	2,942	3,396	2,942
	5,371	4,582	5,416	4,582
TOTAL CURRENT PROVISIONS	64,377	58,667	64,899	59,245
NON-CURRENT PROVISIONS				
Employee Benefits	10,775	8,499	10,867	8,586
Provisions related to employee benefit on-costs	1,153	990	1,163	990
TOTAL NON CURRENT PROVISIONS	11,928	9,489	12,030	9,576
TOTAL PROVISIONS	76,305	68,156	76,929	68,821
(a) EMPLOYEE BENEFITS AND RELATED ON-COSTS				
CURRENT EMPLOYEE BENEFITS AND RELATED ON-COSTS				
Unconditional long service leave entitlements	32,669	29,704	32,885	29,986
Annual leave entitlements	22,113	20,004	22,350	20,247
Accrued Wages and Salaries	8,813	8,295	8,865	8,332
Accrued Days Off	783	664	799	680
NON CURRENT EMPLOYEE BENEFITS AND RELATED ON-COSTS				
Conditional long service leave entitlements (present value)	11,928	9,489	12,030	9,576
TOTAL EMPLOYEE BENEFITS	76,305	68,156	76,929	68,821
(b) MOVEMENTS IN PROVISIONS				
Movement in Long Service Leave:				
Balance at start of year	39,193	37,221	39,562	37,632
Provision made during the year				
- Revaluations	(50)	(3)	(50)	(3)
- Expense recognising Employee Service	8,355	5,006	8,406	5,122
Settlement made during the year	(2,901)	(3,031)	(3,003)	(3,189)
Balance at end of year	44,597	39,193	44,915	39,562

Note 14: Other Liabilities

	Parent Entity 2011 \$'000	Parent Entity 2010 \$'000	Consolidated 2011 \$'000	Consolidated 2010 \$'000
CURRENT				
Monies Held in Trust*				
- Patient Monies Held in Trust	223	193	223	193
- Employee Salary Packaging Monies Held in Trust	1,320	1,778	1,320	1,778
Income in Advance				
- Rental	349	397	349	397
- AEDI Commonwealth Grant	3,394	6,073	3,394	6,073
- Other	45	-	90	60
Total Current	5,331	8,441	5,376	8,501
NON CURRENT				
Income in Advance				
- Rental	4,448	4,797	4,448	4,797
Total Non-Current	4,448	4,797	4,448	4,797
Total Other Liabilities	9,779	13,238	9,824	13,298
*Total Monies Held in Trust				
Represented by the following assets:				
Cash Assets (refer to Note 5)	1,543	1,971	1,543	1,971
TOTAL	1,543	1,971	1,543	1,971

Note 15: Equity

	Parent Entity 2011 \$'000	Parent Entity 2010 \$'000	Consolidated 2011 \$'000	Consolidated 2010 \$'000
(a) Reserves				
Property Plant & Equipment Revaluation Surplus*				
Balance at the beginning of the reporting period	32,702	23,560	34,555	25,114
Revaluation Increment/(Decrement)				
- Land	-	9,142	-	9,441
Balance at the end of the reporting period	32,702	32,702	34,555	34,555
Represented by:				
- Land	32,702	32,702	34,555	34,555
	32,702	32,702	34,555	34,555
Financial Assets Available-for-Sale Revaluation Surplus**				
Balance at the beginning of the reporting period	450	21	1,304	21
Valuation gain/(loss) recognised	272	933	3,238	1,787
Cumulative (gain)/loss transferred to Comprehensive Operating Statement on Sale of Financial Assets	(205)	(504)	(205)	(504)
Balance at end of the reporting period	517	450	4,337	1,304
General Purpose Reserve				
Balance at the beginning of the reporting period	9,557	6,346	9,557	6,346
Transfer (to)/from Accumulated Surpluses/(Deficits)	4,649	3,211	4,649	3,211
Balance at the end of the reporting period	14,206	9,557	14,206	9,557
Restricted Specific Purpose Reserve				
Balance at the beginning of the reporting period	18,120	13,953	123,123	109,620
Transfer (to)/from Accumulated Surpluses/(Deficits)	2,742	4,167	9,948	13,503
Balance at the end of the reporting period	20,862	18,120	133,071	123,123
Total Reserves	68,287	60,829	186,169	168,539
(b) Contributed Capital				
Balance at the beginning of the reporting period	108,429	108,429	108,429	108,429
Balance at the end of the reporting period	108,429	108,429	108,429	108,429
(c) Accumulated Surpluses/(Deficits)				
Balance at the beginning of the reporting period	(41,322)	(11,830)	(41,322)	(23,414)
Net Result for the Year	(17,467)	(22,114)	(10,261)	(1,194)
Transfer (to)/from Reserves	(7,391)	(7,378)	(14,597)	(16,714)
Balance at the end of the reporting period	(66,180)	(41,322)	(66,180)	(41,322)
(d) Total Equity at end of financial year	110,536	127,936	228,418	235,646

* The property, plant and equipment Revaluation Surplus arises on the revaluation of property, plant and equipment.

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

Note 15: Equity (continued)

	Parent Entity 2011 \$'000	Parent Entity 2010 \$'000	Consolidated 2011 \$'000	Consolidated 2010 \$'000
(e) Restricted Specific Purpose Funds				
Private Practice	16,118	13,564	16,118	13,564
Major Equipment Replacement	2,181	2,021	2,181	2,021
Research & Trust Funds	576	493	576	493
Education & Training	265	187	265	187
Controlled Entity & Specific Purpose Funds	1,387	1,520	113,596	106,523
Funds Held in Perpetuity	335	335	335	335
Total Restricted Specific Purpose Funds	20,862	18,120	133,071	123,123
Represented by:				
- Other Financial Assets	18,225	17,064	117,852	92,140
- Receivables	-	-	-	13,147
- Cash	2,637	1,056	15,219	17,836
Total Restricted Specific Purpose Funds	20,862	18,120	133,071	123,123

Note 16: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities

	Parent Entity 2011 \$'000	Parent Entity 2010 \$'000	Consolidated 2011 \$'000	Consolidated 2010 \$'000
Net Result for the Year	(17,467)	(22,114)	(10,261)	(1,194)
Depreciation & Amortisation	24,595	30,581	24,782	30,708
Revaluation Increment of Non Current Assets	-	(308)	-	(308)
Provision for Doubtful Receivables	138	(112)	138	(111)
Resources/Assets Received Free of Charge	(3)	(3)	(4)	(3)
Net (Gain)/Loss from Sale of Plant and Equipment	18	(16)	30	(16)
Income from Managed Funds Reinvested	(890)	(507)	(6,090)	(3,598)
Available-for-Sale Revaluation Surplus (Gain)/Loss recognised	(205)	(504)	(205)	(504)
Change in Operating Assets & Liabilities				
Increase in Market Value of Investments	-	-	246	(2,023)
Increase/(Decrease) in Payables	(4,882)	3,012	(4,377)	3,107
Increase in Employee Benefits	8,030	1,306	7,989	1,318
Increase/(Decrease) in Other Assets	449	(340)	446	(340)
(Increase)/Decrease in Receivables	(966)	4,855	8,025	(14,223)
(Decrease) in Other Liabilities	(3,031)	(4,920)	(3,046)	(4,944)
NET CASH INFLOW FROM OPERATING ACTIVITIES	5,786	10,930	17,672	7,869

Note 17: Financial Instruments

(a) Financial risk management objectives and policies

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

- Cash Assets
- Term Deposits
- Receivables (excluding statutory receivables)
- Investments in Equities and Managed Investment Schemes
- Payables (excluding statutory receivables)

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

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

Categorisation of Financial Instruments

	Carrying Amount 2011 \$'000	Carrying Amount 2010 \$'000
Financial Assets		
Cash and cash equivalents	37,823	49,858
Term Deposit	900	1,943
Available for Sale at fair value through equity	65,705	42,571
Held for Trading at fair value through profit and loss	51,247	47,626
Receivables	10,920	20,838
Total Financial Assets (i)	166,595	162,836
Financial Liabilities		
At amortised cost	25,127	31,096
Total Financial Liabilities (ii)	25,127	31,096

(i) The total amount of the financial assets disclosed here excludes statutory receivables (i.e. GST input tax credit recoverable)

(ii) The total amount of the financial liabilities disclosed here excludes statutory payables (i.e. Taxes payable)

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

	Net holding gain/ (loss) 2011 \$'000	Net holding gain/ (loss) 2010 \$'000
Financial Assets		
Cash and cash equivalents (i)	8,414	6,080
Held for Trading at fair value through profit and loss (iii)	(247)	2,023
Total Financial Assets	8,167	8,103
Financial Liabilities		
At amortised cost (ii)	-	-
Total Financial Liabilities	-	-

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

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

(iii) For financial assets and liabilities that are held-for-trading or designated at fair value through profit or loss, the net gain or loss is calculated by taking the movement in the fair value of the financial asset or liability.

(b) Credit Risk

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

Credit risk management policy

The Royal Children's Hospital

The Royal Children's Hospital manages credit risk arising from receivables by undertaking transactions predominately with other government bodies and patients covered by Medicare and highly rated insurers. The majority of the patients are located within Australia. Standard payment terms are 30 days for Department of Health, patient debtors and large corporate clients, 14 days for Murdoch Childrens Research Institute and 7 days for all other debtors. Credit risk is also managed through debt collection procedures, including use of debt collection agency for debts outstanding for 90 days.

The Royal Children's Hospital mainly obtains contractual financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank.

For other investments, The Royal Children's Hospital policy is to limit investment in securities to those with a Standard and Poor's credit rating of at least A and not to invest in any derivative instruments, short selling or margin products. All investments are currently managed by the Victorian Funds Management Corporation (VFMC). VFMC was established under state legislation in 1994. The Minister is the Hon. Kim Wells, the Treasurer of Victoria. VFMC reports to the Minister through the Department of Treasury and Finance.

Note 17: Financial Instruments (continued)

(b) Credit Risk (continued)

The Royal Children's Hospital's Foundation

The Royal Children's Hospital's Foundation is exposed to a low level of risk in its Trade and other receivables.

The Royal Children's Hospital Foundation manages its exposure to credit risk by only investing in accordance with the Investment policy approved by the Board, which is monitored by the Trustee's Investment Committee. The Board permits investments in the following asset categories:

- Unlisted units in Managed funds which are invested in :
 - Equities listed on recognised stock exchanges
 - High yield securities in the form of loans and hybrid securities
 - Listed fixed interest securities listed on the ASX as well as interest rate derivatives and stock derivatives
 - Global fixed interest securities
 - Property development loans, infrastructure debt structured financial instruments, asset and mortgage-backed securities.
- Fixed interest securities which have a minimum rating level AA and actively traded liquid market
- Cash securities which have a minimum rating level AA and actively traded liquid market

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 Children's Hospital's and its Controlled Entities' maximum exposure to credit risk without taking account of the value of any collateral obtained.

Credit Quality

The credit quality of the financial assets of RCH that are not past due and not impaired can be summarised as:

Department of Health, including inter-hospital debts:	The Department of Health (DH) is a department of the Victorian State Government which is AAA rated. DH represents 36% of all debtors at 30 June 2011.
Patients:	70% of all inpatient fees for Australian patients are covered by the Medicare System provided by the Federal Government. The majority of the remaining 30% of inpatient fees and other fees is covered by private health insurers.
Controlled Entities:	90% of the debt of Controlled Entities is from The Royal Children's Hospital Foundation.

Ageing Analysis of contractual financial assets as at 30 June

	Consolidated Carrying Amount \$'000	Not Past Due and Not Impaired \$'000	Past Due but Not Impaired			Impaired Financial Assets \$'000
			Less than 1 month \$'000	1-3 Months \$'000	3 Months - 1 Year \$'000	
2011						
Financial Assets						
Cash & Cash Equivalents	37,823	37,823	-	-	-	-
Receivables (i)						
Inter Hospital Debtors	1,591	1,346	184	62	-	-
Trade Debtors	2,684	2,357	255	53	19	-
Patient Fees	3,807	3,122	587	98	-	-
Accrued investment income	547	547	-	-	-	-
Diagnostic Debtors	1,281	927	141	212	-	-
Sundry Debtors	1,011	1,011	-	-	-	-
Other Financial Assets						
Available for Sale - Managed Funds	65,705	65,705	-	-	-	-
Held for Trading - Managed Funds	51,247	51,247	-	-	-	-
Term Deposit	900	900	-	-	-	-
Total Financial Assets	166,596	164,983	1,167	426	19	-
2010						
Financial Assets						
Cash & Cash Equivalents	49,858	49,858	-	-	-	-
Receivables (i)						
Inter Hospital Debtors	1,536	1,228	231	77	-	-
Trade Debtors	2,189	1,440	307	442	-	-
Patient Fees	2,019	1,329	575	115	-	-
Accrued investment income	351	351	-	-	-	-
Diagnostic Debtors	1,237	994	190	53	-	-
Good Friday Appeal Funds	13,147	13,147	-	-	-	-
Sundry Debtors	359	359	-	-	-	-
Other Financial Assets						
Available for Sale - Managed Funds	42,571	42,571	-	-	-	-
Held for Trading - Managed Funds	47,626	47,626	-	-	-	-
Term Deposit	1,943	1,943	-	-	-	-
Total Financial Assets	162,836	160,846	1,303	687	-	-

(i) Ageing analysis of financial assets must exclude the types of statutory financial assets (i.e GST input tax credit)

There are no material financial assets which are individually determined to be impaired. Currently The Royal Children's Hospital does not hold any collateral as security nor credit enhancements relating to any of its financial assets. (2010: Nil)

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

Note 17: Financial Instruments (continued)

(c) Liquidity Risk

Liquidity risk is the risk that The Royal Children's Hospital would be unable to meet its financial obligations as and when they fall due.

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

Liquidity risk management policy

Liquidity risk is managed through regular fortnightly cash grants from the Department of Health. Trade payable contracts are entered into in accordance with The Royal Children's Hospital's policies for authorisation and suppliers are periodically reviewed. The Royal Children's Hospital aims to settle all short term payables within 60 days. Any short-term or long-term borrowings entered into by The Royal Children's Hospital require approval by the State Minister for Health and State Treasurer.

The following table disclosed the contractual maturity analysis for The Royal Children's Hospital and consolidated entity's financial liabilities.

For interest rates applicable to each class of liability refer to individual notes to the financial statements.

Maturity Analysis of financial liabilities as at 30 June

Consolidated

	Carrying Amount \$'000	Contractual Cash Flows \$'000	Less than 1 month \$'000	Maturity Dates		
				1-3 Months \$'000	3 Months – 1 Year \$'000	1-5 Years \$'000
2011						
Payables						
Trade Creditors and Accruals	18,488	18,488	7,181	11,072	233	-
Deposits	36	36	3	9	24	-
Sundry Creditors	1,576	1,576	1,576	-	-	-
Other Financial Liabilities (i)						
Monies held in trust	1,543	1,543	1,543	-	-	-
Income in advance	3,484	3,484	343	894	2,247	-
Total Financial Liabilities	25,127	25,127	10,647	11,975	2,504	-
2010						
Payables						
Trade Creditors and Accruals	21,465	21,465	12,553	8,675	237	-
Deposits	40	40	3	10	27	-
Sundry Creditors	1,487	1,487	1,487	-	-	-
Other Financial Liabilities (i)						
Monies held in trust	1,971	1,971	1,971	-	-	-
Income in advance	6,133	6,133	566	1,518	4,049	-
Total Financial Liabilities	31,096	31,096	16,580	10,203	4,313	-

The Royal Children's Hospital

	Carrying Amount \$'000	Contractual Cash Flows \$'000	Less than 1 month \$'000	Maturity Dates		
				1-3 Months \$'000	3 Months – 1 Year \$'000	1-5 Years \$'000
2011						
Payables						
Trade Creditors and Accruals	17,215	17,215	7,538	9,443	233	-
Deposits	36	36	3	9	24	-
Sundry Creditors	1,274	1,274	1,274	-	-	-
Other Financial Liabilities (i)						
Monies held in trust	1,543	1,543	1,543	-	-	-
Income in advance	3,439	3,439	298	894	2,247	-
Total Financial Liabilities	23,507	23,507	10,656	10,346	2,504	-
2010						
Payables						
Trade Creditors and Accruals	20,392	20,392	12,389	7,766	237	-
Deposits	40	40	3	10	27	-
Sundry Creditors	1,487	1,487	1,487	-	-	-
Other Financial Liabilities (i)						
Monies held in trust	1,971	1,971	1,971	-	-	-
Income in advance	6,073	6,073	506	1,518	4,049	-
Total Financial Liabilities	29,963	29,963	16,356	9,294	4,313	-

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

Note 17: Financial Instruments (continued)

(d) Market Risk

The Royal Children's Hospital's and its Controlled Entities' exposure to market risk are primarily through interest rate risk and equity price risk. Exposure to foreign currency risk is discussed below. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraph below.

Currency Risk

The Royal Children's Hospital and its Controlled Entities are exposed to insignificant foreign currency risk through payables relating to purchases of supplies and consumables from overseas. It is also exposed to foreign currency risk through managed investments that have exposure to overseas markets. Movement in foreign currency is reflected in the value of the underlying units in the funds.

Interest Rate Risk

Exposure to interest rate risk arises primarily from The Royal Children's Hospital's cash and cash equivalents held in floating rate facilities. The Royal Children's Hospital minimises interest rate risk by mainly undertaking fixed rate and non-interest bearing financial instruments. For financial liabilities, The Royal Children's Hospital mainly undertakes financial liabilities with relatively even maturity values.

Interest rate exposure of Financial Assets and Liabilities as at 30 June

	*Weighted Average Effective Interest Rates	Consolidated Carrying Amount \$'000	Interest Rate Exposure		
			Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$'000	\$'000	\$'000	\$'000
2011					
Financial Assets					
Cash & Cash Equivalents	4.91	37,823	23,275	14,548	-
Receivables (i)					
Inter Hospital Debtors		1,591	-	-	1,591
Trade Debtors		2,684	-	-	2,684
Patient Fees		3,807	-	-	3,807
Accrued investment income		547	-	-	547
Diagnostic Debtors		1,281	-	-	1,281
Sundry Debtors		1,011	-	-	1,011
Other Financial Assets					
Available for Sale - Managed Funds	5.58	65,705	13,494	-	52,211
Held for Trading - Managed Funds		51,247	-	-	51,247
Term Deposit	5.80	900	900	-	-
Total Financial Assets		166,595	37,669	14,548	114,378
Financial Liabilities					
Payables (i)					
Trade Creditors and Accruals		18,488	-	-	18,488
Deposits		36	-	-	36
Sundry Creditors		1,576	-	-	1,576
Other Financial Liabilities					
Monies held in trust		1,543	-	-	1,543
Income in advance		3,484	-	-	3,484
Total Financial Liabilities		25,127	-	-	25,127
2010					
Financial Assets					
Cash & Cash Equivalents	4.95	49,858	39,919	9,939	-
Receivables (i)					
Inter Hospital Debtors		1,536	-	-	1,536
Trade Debtors		2,189	-	-	2,189
Patient Fees		2,019	-	-	2,019
Accrued investment income		351	-	-	351
Diagnostic Debtors		1,237	-	-	1,237
Good Friday Appeal Funds		13,147	-	-	13,147
Sundry Debtors		359	-	-	359
Other Financial Assets					
Available for Sale - Managed Funds	7.6	42,571	8,472	-	34,099
Held for Trading - Managed Funds		47,626	-	-	47,626
Term Deposit	6.0	1,943	1,943	-	-
Total Financial Assets		162,836	50,334	9,939	102,563
Financial Liabilities					
Payables (i)					
Trade Creditors and Accruals		21,465	-	-	21,465
Deposits		40	-	-	40
Sundry Creditors		1,487	-	-	1,487
Other Financial Liabilities					
Monies held in trust		1,971	-	-	1,971
Income in advance		6,133	-	-	6,133
Total Financial Liabilities		31,096	-	-	31,096

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

Note 17: Financial Instruments (continued)

(d) Market Risk (continued)

Sensitivity Disclosure Analysis

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

A parallel shift of +1% and -1% in market interest rates.

Base rates are sourced from Victorian Funds Management Corporation.

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

Consolidated

	2011				
	Carrying Amount \$'000	Interest Rate Risk			
		-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial Assets					
Variable rate Instruments					
Cash and Cash Equivalent	14,548	(145)	(145)	145	145
Fixed rate Instruments					
Term Deposits	37,669	-	-	-	-
	52,217	(145)	(145)	145	145

Consolidated

	2010				
	Carrying Amount \$'000	Interest Rate Risk			
		-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial Assets					
Variable rate Instruments					
Bank Balances	9,939	(99)	(99)	99	99
Fixed rate Instruments					
Term Deposits	50,334	-	-	-	-
	60,273	(99)	(99)	99	99

Equity Price Risks

The Royal Children's Hospital

The Royal Children's Hospital is exposed to equity price risks as a result of investment in managed funds. As at 30 June 2011 The Royal Children's Hospital has \$18 million invested under the management of the Victorian Funds Management Corporation (VFMC). The Royal Children's Hospital has the ability to direct the VFMC as to the class of investments that the fund should invest in or replace VFMC as the manager. Currently the RCH has a 75% defensive 25% growth asset allocation.

The Royal Children's Hospital manages the risk associated with these investments through the Investment Committee. This is a sub-committee of the Board, delegated with responsibility for over seeing the development, monitoring and review of The Royal Children's Hospital Investment strategy and policies. The Committee meets at least quarterly and at the meeting considers a report on The Royal Children's Hospital's investments provided by VFMC. The committee monitors the returns on investments, and determines the allocation between the different classes of investments available.

As at 30 June The Royal Children's Hospital had the following amounts invested in the different classes of investments:

Investment category	2011 \$'000	2010 \$'000	Benchmark
Cash	13,494	8,472	UBS Australian Bank Bill Index
Enhanced Cash	-	4,298	UBS Australian Bank Bill Index
Australian Equities	2,621	2,600	S&P/ASX 300 Accumulation Index
International Equities	1,537	1,136	MSCI World Index (Ex Aust, Net Div AUD)
Emerging Markets Equities	573	558	MSCI Emerging Markets Fund (Net Div in AUD)
Total	18,226	17,064	

The Australian and International Equities including Emerging Markets are held by The Royal Children's Hospital for the long term in a mix of actively managed and passive indexed funds.

Note 17: Financial Instruments (continued)

(d) Market Risk (continued)

The Royal Children's Hospital Foundation

The Royal Children's Hospital Foundation is exposed to equity price risks as a result of investment in managed funds. As at 30 June 2011 The Royal Children's Hospital Foundation has \$98.5 million invested with several investment managers who must meet the investment guidelines established by the Trustee.

The Royal Children's Hospital Foundation manages the risk associated with these investments through the Foundation's Investment Committee. This is a sub-committee of the Foundation Board, delegated with responsibility for over seeing the development, monitoring and review of The Royal Children's Hospital Foundation's Investment strategy and policies. The Committee meets at least quarterly and more frequently in recent times to monitor portfolio performance. The meeting considers a consolidated report on The Royal Children's Hospital Foundation's investments based on information provided by the fund managers. The committee monitors the returns on investments, and determines the allocation between the different classes of investments available.

As at 30 June The Royal Children's Hospital Foundation had the following amounts invested in the different classes of investments:

Investment category	2011 \$'000	2010 \$'000
High Yield Securities (Infrastructure Investments)	51,247	47,626
Australian Equities	19,087	10,446
International Equities	28,144	15,061
Total	98,478	73,133

The available for sale investments are held by the Royal Children's Hospital Foundation for the long term.

Taking into account past performance, future expectations, economic forecasts, and managements knowledge and experience of the financial markets, The Royal Children's Hospital believe that the following movements are 'reasonably possible' over the next 12 months.

A parallel shift of +12% and -12% in relevant market indices.

As at 30 June 2011 The Royal Children's Hospital's management believed that the following were a 'reasonably possible change' over the subsequent 12 months:

A parallel shift of +12% and -12% in relevant market indices.

Base rates are sourced from Victorian Funds Management Corporation.

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

Consolidated

	2011					2010				
	Carrying Amount \$'000	Price Risk				Carrying Amount \$'000	Price Risk			
		-12%		+12%			-12%		+12%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial Assets										
Investments										
Units in managed funds (available for sale)	52,211	-	(6,265)	-	6,265	34,099	-	(4,092)	-	4,092
Units in managed funds (held for trading)	51,247	(6,150)	-	6,150	-	47,626	(5,715)	-	5,715	-
	103,458	(6,150)	(6,265)	6,150	6,265	81,725	(5,715)	(4,092)	5,715	4,092

The Royal Children's Hospital

	2011					2010				
	Carrying Amount \$'000	Price Risk				Carrying Amount \$'000	Price Risk			
		-12%		+12%			-12%		+12%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial Assets										
Investments										
Units in managed funds (available for sale)	18,225	-	(2,187)	-	2,187	17,064	-	(2,048)	-	2,048
	18,225	-	(2,187)	-	2,187	17,064	-	(2,048)	-	2,048

Where the investment in the managed fund is carried as an available-for-sale investment, there will be no impact on the profit and loss of The Royal Children's Hospital from movements in the unit prices, unless the instruments are considered impaired. The investment is carried in the accounts at the fair value of the underlying assets which are determined by reference to published price quotations available in the markets.

Note 17: Financial Instruments (continued)

(e) Fair Value

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

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

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

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

Comparison between carrying amount and fair value

	Consolidated Carrying Amount 2011 \$'000	Fair Value 2011 \$'000	Consolidated Carrying Amount 2010 \$'000	Fair Value 2010 \$'000
Financial Assets				
Cash & Cash Equivalents	37,823	37,823	49,858	49,858
Receivables				
Inter Hospital Debtors	1,591	1,591	1,536	1,536
Trade Debtors	2,684	2,684	2,189	2,189
Patient Fees	3,807	3,807	2,019	2,019
Accrued investment income	547	547	351	351
Diagnostic Debtors	1,281	1,281	1,237	1,237
Good Friday Appeal Funds	-	-	13,147	13,147
Sundry Debtors	1,011	1,011	359	359
Other Financial Assets				
Available for Sale - Managed Funds	65,705	65,705	42,571	42,571
Held for Trading - Managed Funds	51,247	51,247	47,626	47,626
Term Deposit	900	900	1,943	1,943
Total Financial Assets	166,595	166,595	162,837	162,837
Financial Liabilities				
Payables				
Trade Creditors and Accruals	18,488	18,488	21,465	21,465
Deposits	36	36	40	40
Sundry Creditors	1,576	1,576	1,487	1,487
Other Financial Liabilities				
Monies held in trust	1,543	1,543	1,971	1,971
Income in advance	3,484	3,484	6,133	6,133
Total Financial Liabilities	25,127	25,127	31,096	31,096

	Consolidated Carrying Amount as at 30 June \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
2011				
Financial Assets				
Other Financial Assets				
Available for Sale - Managed Funds	65,705	13,493	52,212	-
Held for Trading - Managed Funds	51,247	-	51,247	-
Term Deposit	900	900	-	-
Total Financial Assets	117,852	14,393	103,459	-
2010				
Financial Assets				
Other Financial Assets				
Available for Sale - Managed Funds	42,571	17,064	25,507	-
Held for Trading - Managed Funds	47,626	-	47,626	-
Term Deposit	1,943	1,943	-	-
Total Financial Assets	92,140	19,007	73,133	-

Note 18: Commitments for Expenditure

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

	Parent Entity 2011 \$'000	Parent Entity 2010 \$'000	Consolidated 2011 \$'000	Consolidated 2010 \$'000
Capital Expenditure Commitments				
Payable:				
Plant and Equipment	10,900	878	10,900	878
Total capital expenditure commitments	10,900	878	10,900	878
Plant and Equipment				
Not later than one year	10,900	878	10,900	878
TOTAL	10,900	878	10,900	878
Operating Commitments				
Payable				
Not later than one year	4,154	5,637	3,776	5,694
Later than one year but not later than 5 years	-	436	-	436
Total Operating Commitments	4,154	6,074	3,776	6,131
Lease Commitments				
Commitments in relation to leases contracted for at the reporting date:				
Operating Leases	806	691	854	806
Total Lease Commitments	806	691	854	806
Operating Leases				
Cancellable				
Not later than one year	453	524	500	603
Later than 1 year and not later than 5 years	353	167	353	203
TOTAL	806	691	854	806
Total Commitments for expenditure (inclusive of GST)	15,860	7,643	15,530	7,815
less GST recoverable from the Australian Tax Office	(1,442)	(695)	(1,412)	(710)
Total commitments for expenditure (exclusive of GST)	14,418	6,948	14,118	7,104

Build-own-transfer arrangement – new Royal Children's Hospital

The State of Victoria has entered into a 29 year agreement in November 2007 under its Partnerships Victoria policy with Children's Health Partnership Pty Ltd (CHP) for the financing, design, construction, and maintenance for 25 years of the new Royal Children's Hospital (RCH). The construction of the new hospital is scheduled for completion in late 2011, at which time the RCH will assume the management of and responsibility for the provision of health services at the facility.

On completion of Stage 1 of the Project in November 2011 the RCH will enter into a 25 year Site sub-lease agreement in order to lease the facility from CHP. As the lease agreement meets the definition of a Finance Lease the RCH will record the Facility as a leased asset and also record a corresponding lease liability. The State will pay to CHP the Quarterly Service Payment (QSP) from the operational commencement date. Each QSP includes an allowance for the capital cost of the facility and the facilities maintenance and ancillary service to be delivered by CHP over the 25 year operating phase. The current market value of the financial commitment, as measured by the risk adjusted net present cost to the State of the QSP commencing December 2011 under the RCH Project Agreement is \$1,293 million (2011 \$1,181 million).

Note 19: Contingent Assets and Contingent Liabilities

Contingent Liabilities

Any claims made against The Royal Children's Hospital (RCH) are covered by public healthcare insurance managed by Victorian Managed Insurance Authority, with premiums being paid by the Department of Health.

The Royal Children's Hospital Foundation (RCHF) has entered into a funding agreement with the Commonwealth Government for the provision of \$21 million to undertake the Australian Early Development Index Project. RCHF has entered into this agreement at the request of the Royal Children's Hospital (RCH). In consideration of RCHF entering into the funding agreement, RCH has agreed to be responsible for the obligations and liabilities imposed on RCHF under the funding agreement, including but not limited to the indemnity granted by RCHF to the Commonwealth of Australia under clause 19 of the funding agreement.

There is a contingent liability in respect of grants received from the Department of Health that may be subject to recall of \$2.87 million (2010 \$3.172 million).

Note 20: Jointly Controlled Operations and Assets

Name of Entity	Principal Activity	Ownership Interest	
		2011	2010
Victorian Comprehensive Cancer Centre	The Member Entities have committed to the establishment of a world leading comprehensive cancer centre in Parkville, Victoria, through the Joint Venture, with a view to saving lives through the integration of cancer research, education and training and patient care	14%	0%

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

	2011 \$'000	2010 \$'000
Current Assets		
Cash and Cash Equivalents	84	-
Receivables	3	-
Prepayment	4	-
Total Current Assets	91	-
Non Current Assets		
Property, Plant and Equipment	5	-
Total Non Current Assets	5	-
Total Assets	96	-
Current Liabilities		
Accrued Expenses	6	-
Payables	16	-
Total Current Liabilities	22	-
Total Liabilities	22	-
Net Assets	75	-
EQUITY		
Accumulated Surpluses/(Deficits)	75	-
Total Equity	75	-

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

	2011 \$'000	2010 \$'000
Revenues		
Grants	259	-
Interest	4	-
Total Revenue	263	-
Expenses		
Employee Benefits	66	-
Other Expenses from Continuing Operations	122	-
Depreciation and Amortisation	1	-
Total Expenses	189	-
Net Result	75	-

Note 21: Responsible Person Disclosures

(a) Responsible Persons

	Period	
Responsible Minister		
The Honourable Daniel Andrews MLA Minister for Health and Ageing	1 July 2010	2 December 2010
The Honourable David Davis MP Minister for Health and Ageing	2 December 2010	30 June 2011
Governing Board		
Mr Tony Beddison AO (Chairman)	1 July 2010	30 June 2011
Ms Linda Berry	1 July 2010	30 June 2011
Mr Patrick Burroughs	1 July 2010	30 June 2011
Dr Julie Caldecott	1 July 2010	30 June 2011
Mr Julian Clarke	1 July 2010	30 June 2011
Mr Max Findlay	1 July 2010	30 June 2011
Mr Dennis Goldner	1 July 2010	30 June 2011
Mr John Rimmer	1 July 2010	30 June 2011
Dr Lakshmi Sumithran	1 July 2010	30 June 2011
Accountable Officers		
Professor Christine Kilpatrick (Chief Executive Officer)	1 July 2010	30 June 2011

(b) Remuneration of Responsible Persons

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

	Parent Entity 2011 No.	Parent Entity 2010 No.	Consolidated 2011 No.	Consolidated 2010 No.
Income Band				
\$10,000 – \$19,999	8	8	8	8
\$30,000 – \$39,999	1	1	1	1
\$360,000 – \$369,999	-	1	-	1
\$400,000 – \$409,999	1	-	1	-
Total Numbers	10	10	10	10

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

	Parent Entity 2011 \$	Parent Entity 2010 \$	Consolidated 2011 \$	Consolidated 2010 \$
Total Remuneration	602,837	544,929	602,837	578,145

The responsible Minister from 1/7/10 to 1/12/10 was the Honourable Daniel Andrews, Minister for Health and Ageing. The responsible Minister from 2/12/10 to 30/6/11 was the Hon. David Davis, Minister for Health and Ageing. Neither Minister received any remuneration from The Royal Children's Hospital. Ministerial remuneration is disclosed in the financial statements of the Department of Premier and Cabinet.

The responsible persons for The Royal Children's Hospital's Controlled Entities received no remuneration in the 2010-11 year. (2009-10 : NIL). The Responsible persons' profiles are disclosed in The Royal Children's Hospital's Controlled Entities financial statements.

(c) Retirement Benefits of Responsible Persons

	Parent Entity 2011 \$	Parent Entity 2010 \$	Consolidated 2011 \$	Consolidated 2010 \$
Retirement benefits paid by the reporting entity in connection with the retirement of Responsible Persons of the reporting entity amount to:	-	-	-	-

Note 21: Responsible Persons Disclosures (continued)

(d) Other Transactions of Responsible Persons and their Related Parties

Mr Tony Beddison AO (Chairman)

A Director of The Royal Children's Hospital, Mr Tony Beddison AO is a Director of Hoban Recruitment and a Director of Clicks Recruiting Australia.

Hoban Recruitment renders services to The Royal Children's Hospital. All dealings with The Royal Children's Hospital are in the ordinary course of business and are on normal commercial terms and conditions.

Hoban Recruitment rendered services to The Royal Children's Hospital for several decades prior to Mr Beddison's appointment as the Hospital's Chairman and the nature of these commercial arrangements was declared by Mr Beddison prior to his appointment as Chairman.

	Parent Entity 2011 \$	Parent Entity 2010 \$	Consolidated 2011 \$	Consolidated 2010 \$
Hoban Recruitment	391,465	175,206	391,465	175,206
Clicks Recruiting Australia	266,813	-	266,813	-

Ms Linda Berry

A Director of The Royal Children's Hospital, Ms Linda Berry is a partner at Minter Ellison. This firm rendered services to The Royal Children's Hospital. All dealings with The Royal Children's Hospital are in the ordinary course of business and are on normal commercial terms and conditions.

	Parent Entity 2011 \$	Parent Entity 2010 \$	Consolidated 2011 \$	Consolidated 2010 \$
Minter Ellison	1,931	10,743	1,931	10,743

Mr Julian Clarke

A Director of The Royal Children's Hospital and The Royal Children's Hospital Foundation, Mr Julian Clarke was Managing Director of the Herald & Weekly Times Pty Ltd (HWT) and currently serves as a Chairman of that company. The HWT manages the Good Friday Appeal and rendered services to The Royal Children's Hospital Foundation for the administrative costs necessarily incurred with the Good Friday Appeal.

	Parent Entity 2011 \$	Parent Entity 2010 \$	Consolidated 2011 \$	Consolidated 2010 \$
Herald & Weekly Times Ltd	852	995	1,239,053	888,405

The Herald & Weekly Times Ltd transferred funds to The Royal Children's Hospital Foundation during the year. These funds represent the public's donations to The Royal Children's Hospital Good Friday Appeal.

	Parent Entity 2011 \$	Parent Entity 2010 \$	Consolidated 2011 \$	Consolidated 2010 \$
Herald & Weekly Times Ltd	-	-	13,776,480	13,178,086

Mr Max Findlay

A Director of The Royal Children's Hospital, Mr Max Findlay was appointed a Director of Skilled Group Ltd in early 2010. ATIVO, a company within the Skilled Group, has been providing contractors and services to RCH mainly in Engineering and Maintenance for many years. These arrangements with Skilled Group/ATIVO pre-date Mr Findlay's appointment to the RCH Board in 2009 and are on normal commercial terms and conditions and in the ordinary course of business.

	Parent Entity 2011 \$	Parent Entity 2010 \$	Consolidated 2011 \$	Consolidated 2010 \$
ATIVO	809,051	687,576	809,051	687,576

Note 21: Responsible Persons Disclosures (continued)

Controlled Entity Related Party Transactions

The Royal Children's Hospital Foundation

The CEO of The Royal Children's Hospital is also a Director of The Royal Children's Hospital Foundation.

Messrs. Beddison and Clarke are Directors of The Royal Children's Hospital and The Royal Children's Hospital Foundation.

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

	Parent Entity 2011 \$	Parent Entity 2010 \$
Distributions and reimbursements by The Royal Children's Hospital Foundation	27,934,133	28,874,270

The Royal Children's Hospital Education Institute Limited

The transactions between the two entities relates to reimbursements made by The Royal Children's Hospital Education Institute Limited to The Royal Children's Hospital for salaries, goods and services paid on its behalf. All dealings are in the normal course of business and are on normal commercial terms and conditions.

	Parent Entity 2011 \$	Parent Entity 2010 \$
Reimbursements by The Royal Children's Hospital Education Institute Limited for salaries, goods and services	2,008,139	1,795,070

Communities that Care Limited

The transactions between the two entities relates to reimbursements made by Communities That Care Limited to The Royal Children's Hospital for salaries, goods and services paid on its behalf. All dealings are in the normal course of business and are on normal commercial terms and conditions.

	Parent Entity 2011 \$	Parent Entity 2010 \$
Reimbursements by Communities That Care Limited for salaries, goods and services	21,500	45,089

(e) Other Receivables from and (Payables to) Controlled Entities

	Parent Entity 2011 \$	Parent Entity 2010 \$
The Royal Children's Hospital Foundation	2,279,108	2,839,840
The Royal Children's Hospital Education Institute Limited	128,187	248,104
Communities That Care Limited	3,150	(1,920)
Total amounts receivable from Controlled Entities	2,410,445	3,086,024

Note 21a: Executive Officer Disclosures

Executive Officers' Remuneration

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

Total remuneration payments include bonus payments and contract renegotiations during the year.

	Parent				Consolidated			
	Total Remuneration		Base Remuneration		Total Remuneration		Base Remuneration	
	2011 No.	2010 No.	2011 No.	2010 No.	2011 No.	2010 No.	2011 No.	2010 No.
Income Band								
\$50,000 - \$59,999	-	-	-	-	-	-	1	-
\$60,000 - \$69,999	-	-	-	1	-	-	-	2
\$100,000 - \$109,999	-	-	1	-	-	-	1	-
\$110,000 - \$119,999	-	-	-	-	-	1	-	-
\$120,000 - \$129,999	-	1	-	1	-	1	-	1
\$130,000 - \$139,999	-	-	-	1	-	-	1	1
\$140,000 - \$149,999	-	-	1	-	-	-	1	-
\$160,000 - \$169,999	-	1	-	1	1	1	-	1
\$170,000 - \$179,999	1	-	-	-	2	1	1	1
\$180,000 - \$189,999	-	1	1	-	-	1	1	-
\$190,000 - \$199,999	3	1	1	1	4	1	1	1
\$200,000 - \$209,999	-	1	1	1	-	2	1	2
\$210,000 - \$219,999	-	1	-	1	-	1	-	1
\$220,000 - \$229,999	1	1	1	1	1	1	1	1
\$230,000 - \$239,999	-	1	-	1	-	1	-	1
\$240,000 - \$249,999	1	-	2	-	1	-	2	-
\$260,000 - \$269,999	2	-	-	-	2	-	-	-
\$270,000 - \$279,999	-	1	-	-	-	1	-	-
\$330,000 - \$339,999	-	1	-	1	-	1	-	1
\$340,000 - \$349,999	-	-	1	-	-	-	1	-
\$370,000 - \$379,999	1	-	-	-	1	-	-	-
	9	10	9	10	12	13	12	13

Total remuneration received or due and receivable by Executive Officers from the reporting entity amounted to:

	Parent				Consolidated			
	Total Remuneration		Base Remuneration		Total Remuneration		Base Remuneration	
	2011 No.	2010 No.	2011 No.	2010 No.	2011 No.	2010 No.	2011 No.	2010 No.
Total Remuneration	2,150,287	2,153,281	1,887,510	1,896,435	2,693,918	2,651,470	2,334,386	2,341,058

Executive Remuneration 2010/11

Three Executive Directors resigned during 2010/11. One executive directors pro rata base salary and total remuneration was less than \$100k and therefore was not reported above.

Note 22: Controlled Entities

Name of entity	Country of incorporation/ establishment	Equity Holding
The Royal Children's Hospital Foundation Trust Funds	Australia	n/a
The Royal Children's Hospital Education Institute Limited	Australia	Limited by Guarantee
Communities That Care Limited	Australia	Limited by Guarantee

Controlled Entities Contribution to the Consolidated Results

	2011 \$ '000	2010 \$ '000
NET RESULT FOR THE YEAR		
The Royal Children's Hospital Foundation Trust Funds	7,141	20,826
The Royal Children's Hospital Education Institute Limited	12	130
Communities That Care Limited	(22)	(36)
Total Consolidated Result	7,131	20,920

Note 23: Events Occurring After the Balance Sheet Date

Subject to current market volatility in share markets, there are no events occurring after balance date.



Campus partners

