



ANNUAL FINANCIAL REPORT 2011 – 2012

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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

Chairman's report



The past year has been without question one of the most significant in our history, with the opening of and move to our outstanding new Royal Children's Hospital (RCH). As Chairman of this great hospital it has been incredibly satisfying to see the hard work of our Board, the Executive and all staff come to fruition in this new hospital built for the children of Victoria.

It is world class in every sense of the term and has set a new benchmark in hospital design, winning numerous awards and attracting a broad range of visitors from both Australia and internationally.

In the past year, two occasions in particular stand out for me.

Firstly, the official opening by Her Majesty The Queen and His Royal Highness The Duke of Edinburgh on Wednesday 26 October 2011. What a magnificent day, with The Queen repeating history by opening this hospital just as she did our old hospital in 1963. I can think of no greater testament to who we are as an organisation than to have The Queen open our hospital, not once, but twice.

Secondly, Patient Move Day on Wednesday 30 November. I visited with the Hon Ted Baillieu MLA, Premier of Victoria and the Hon David Davis MLC, Minister for Health, on the morning of the move and was immensely proud of our staff and the level of planning that went into making this day so smooth. I am always impressed by the passion and dedication of our staff and this event demonstrated this once again.

Our challenge now is to ensure we make the most of this wonderful hospital and work with our campus partners, Murdoch Childrens Research Institute and The University of Melbourne Department of Paediatrics, as well as the RCH Foundation, to deliver outstanding care for this and future generations of young children.

I can think of no greater testament to who we are as an organisation than to have The Queen open our hospital, not once, but twice.

I would like to thank and acknowledge my colleagues on the RCH Board for their continued efforts and support. In particular I thank Patrick Burroughs who this year leaves the Board almost 12 years since he first joined the Women's and Children's Health Board in 2000. During this time he has been a great advocate for our hospital and an active member, and at times Chairman, of various committees including Audit, Finance and Investment. We welcome Mr Sammy Kumar, Managing Partner Strategy and Transformation PricewaterhouseCoopers to the Board.

I also would like to thank and pay special mention to Chief Executive Officer, Professor Christine Kilpatrick and the RCH Executive for leadership of our staff through the significant journey to this new hospital. They have done an outstanding job in meeting the challenges, not only of the build and move, but also in leading the major change program across the organisation. This has been a complex and, at times, difficult task and I, together with all board members, recognise their commitment to, and passion for, our hospital.

To our staff, supporters, patients, families and friends, I also say thank you—we could not do what we do without you.

TONY BEDDISON AO
Chairman

CEO's report



The past year saw significant change for The Royal Children's Hospital (RCH) and our campus partners, Murdoch Childrens Research Institute and The University of Melbourne Department of Paediatrics.

Not only have we had the culmination of one of the biggest healthcare projects ever undertaken in Australia—the move to the new RCH—but also the implementation of significant reforms across the health sector with the Government's National Health Reform Strategy. These reforms put our hospital and our partners even more clearly on a national stage, with new performance targets for funding models.

Our challenge within this context of change is to not only maximise our performance and the potential of the new RCH, but to further position ourselves in the hearts and minds of not just Victorians but all Australians. Our national impact is already felt through specialist clinical and community care, paediatric research and education. It is now up to us to take this to the next level to secure important support nationally.

THE NEW ROYAL CHILDREN'S HOSPITAL

The move to our new hospital took place just one month after the magnificent official opening by Her Majesty The Queen. The move had been more than a year in the planning, with governance provided by an Executive-led steering committee and with clinical areas designing their own move plans to reflect their patient groups.

On Wednesday 30 November, 151 critically-ill patients were transferred from the old to the new hospital. Starting at 7.00am, with one child moving every 3.5 minutes, our Patient Move Day was seamless.

Importantly, there was no disruption to patient care or to the community. At 8.00am, the old and new Emergency Departments simultaneously closed and opened, with not one minute of care lost. This was fundamentally one of the most important principles of our move. As the state's major paediatric trauma centre and a national centre for paediatric heart, liver and lung transplantation, our services had to remain uninterrupted.

The community, who share an incredible sense of personal ownership of the hospital, were witness to this feat as all Melbourne media covered the event from 7.00am that morning right through to the evening news. The move finished more than three hours ahead of schedule and was testament to the outstanding skill and experience of our staff.

We have already seen the positive impact of our wonderful new hospital. Staff, patients and families are genuinely enjoying the facilities and we are thrilled to see people engaging positively with the parkland setting.

Staff moved in the weeks before and after Patient Move Day, with all staff well settled by the time we celebrated our first Christmas in our new home.

In order to safely move patients to the new hospital, the RCH reduced activity over October to December 2011, including non-urgent elective surgery and some outpatient clinics. Once the move was complete, elective surgery and outpatient clinics were progressively increased back to normal levels.

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facilities and we are thrilled to see people engaging positively with the parkland setting.

Importantly, children are enjoying the environment. This hospital has many special features reflecting the unique nature of a children's hospital and reflecting the growing body of evidence about the impact of environment, art and nature on the healing process. We now have a facility that truly matches the level of care we provide.

I think the result here at the RCH is testament to this evidence, delivering a patient and family-focused healing environment based on the latest in thinking in this area.

FIRST PAEDIATRIC INTESTINAL TRANSPLANT

This year we made Australian medical history, performing the country's first paediatric intestinal transplant, giving a 13-year-old RCH patient a second chance at life.

The complex, multi-organ operation was a collaboration between the RCH and Austin Hospital, led by Austin Hospital surgeon Professor Bob Jones. The patient had intestinal failure due to a gastroenterological condition Hirschsprung's disease. Since infancy his condition had worsened and he's spent much of his life as an inpatient at the RCH.

The ten-and-a-half hour surgery gave him a new liver, small bowel, pancreas and duodenum and is a wonderful testament to the many years of work by our team. The RCH has been working in collaboration for some time with Austin Hospital on the development of an intestinal transplantation program. This is credit not only to our leadership in clinical care, but also to the courage and dedication of our teams who work together to provide these young, chronically-ill patients with the opportunity to have a normal life.

OUR CAMPUS PARTNERS

One of the most positive aspects of our new hospital is the even closer integration with our campus partners, Murdoch Childrens Research Institute and The University of Melbourne Department of Paediatrics. Our second campus wide Research Week was held, showcasing the multidisciplinary and interdisciplinary research conducted across the RCH campus. The close proximity of RCH laboratories and Murdoch Childrens Research Institute laboratories with each other, as well as our clinical areas, has further enhanced our work. In addition, our shared educational space, the Health Education and Learning Precinct, has meant even closer collaboration between the RCH and our education partner The University of Melbourne Department of Paediatrics. The RCH Foundation continues to provide outstanding support for our work, funding a record amount of projects this financial year.



Photo: John Gallings



Photo: John Gollings

FINANCE REPORT

The RCH ended the year in a sound financial position achieving a break even operating budget.

VIP VISITS

Our new hospital has set quite a benchmark both here and internationally with its contemporary design drawing inspiration from our unique parkland setting. We have hosted many, many visitors including health, government and industry officials from Australia and overseas.

Their Excellencies Ms Quentin Bryce AC and Mr Michael Bryce AM AE visited early in the new year and also met with staff, patients and families from Developmental Medicine, as well as visiting the Emergency Department and young patients in the Sugar Glider Ward.

International sports star David Beckham also visited and spent more than two hours meeting patients and staff, a great boost for our patients who really enjoyed his visit.

GOOD FRIDAY APPEAL

The Good Friday Appeal continues to excel as the country's largest community fundraiser with this year's record amount of more than \$15.8 million. Poster boy, Declan, was all smiles as he presented the big cheque to me and our Chairman Tony Beddison AO at this year's celebration event in June.

This year's event was also a chance to farewell Appeal Director, Christine Unsworth who has been in the chair for 16 years. Christine is somewhat of an RCH expert since she also worked here for around 11 years prior to moving on to the Appeal. We all wish Christine a fond farewell and thank her for her dedicated years of fundraising for our hospital. We also welcome Deborah Hallmark as the new Director and look forward to working with her in the future.

Special thanks must go to the Good Friday Appeal team, as well as the Appeal media partners the Herald and Weekly Times, Channel 7, 3AW and Magic 1278 who again provided outstanding coverage and

support. To the many thousands of volunteers who continue to show fantastic support and passion for our hospital and our work, thank you.

This year's funds will go towards the purchase of a PET MRI, an impressive piece of equipment which will help reduce the number of anaesthetics children require for imaging procedures.

The Good Friday Appeal continues to excel as the country's largest community fundraiser with this year's record amount of more than \$15.8 million.

RUN FOR THE KIDS

In its seventh year the Herald Sun/City Link Run for the Kids surpassed previous records to raise a staggering \$1.65 million for the Good Friday Appeal in support of our great hospital. With more than 30,000 competitors the event has become a must attend for serious and social runners and walkers who complete either the short or long course. Our hospital set its own record this year with close to 300 staff competing, all wearing team t-shirts featuring the new hospital logo.

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 through hospital awards, or in the community.

DAME ELISABETH MURDOCH AC DBE NURSING LEADERSHIP SCHOLARSHIP

Dr Sharon Kinney
Nurse Consultant, Research

ANNUAL HOSPITAL AWARDS

On Tuesday 15 November at our 141st Annual General Meeting and last in our old hospital, we celebrated the hard work and achievements of our staff over the past year. Twelve awards were presented to members of staff nominated by their colleagues for their contribution to the hospital.

Awards went to:

- Gold Medal – Associate Professor Andrew Kornberg, Neurology
- Chairman's Medal – Lauren Andrew, Allied Health
- CEO Award – The New RCH Project Team
- CEO Award – Transformation and Redesign team
- New RCH Project Award – Simone Zelencich, Workforce Partnerships
- Innovation Award – Orthotics and Prosthetics Department
- Team Award – RCH Eating Disorder Program
- Allied Health Award – Judith Sloan, Social Work
- Enrolled Nurse Excellence Award – Natasha Daly, Koala Ward
- Mary Patten Award – Sharyn Hore, Children's Cancer Centre
- Yvonne Wagner Medal – Monica Car, RCH@Home
- Dr William Snowball Medal – Dr Bindu Bali

2011 VICTORIAN HEALTHCARE AWARDS

The RCH was recognised at the 2011 Victorian Public Healthcare Awards and won three awards and one highly commended.

Excellence in healthcare outcomes through person centred care

Winner: Power to parents: taking child warfarin therapy monitoring home – RCH Anticoagulation Service.

Excellence in enhanced quality healthcare through e-health and communications

Winner: Early diagnosis for developmental dysplasia of the hip – RCH Orthopaedics.

Outstanding achievement by an individual or a team in mental healthcare

Winner: The RCH Eating Disorder Program – RCH Centre for Adolescent Health and RCH Mental Health.

Minister for Health's Award for developing a capable and engaged workforce

Highly Commended: Victorian Paediatric Orthopaedic Network – RCH Orthopaedics.

ORDER OF AUSTRALIA

AUSTRALIA DAY 2012 HONOURS

Mrs Loula Kostos OAM

Loula was recognised for service to the RCH as a volunteer, where she has served for the past 47 years. She has helped countless families as an interpreter and in the operating suite in a family support role.

Mrs Davina Anne Johnson OAM

Davina was recognised for service to community health through the RCH Auxiliaries. She has been a dedicated and passionate supporter of the RCH, the Foundation and Auxiliaries for over 20 years, and currently holds the advisory position of Immediate Past President of Auxiliaries.

Mrs Claire Russell Vickery OAM

Claire funded and initiated the development of the 'Family Based Therapy' Eating Disorder Program at the RCH. Claire was recognised for service to the community through the Butterfly Foundation, which she founded in 2002. The Butterfly Foundation supports eating disorder sufferers and their carers.

Dr Rodney Neill Westhorpe OAM

Rodney was Paediatric Anaesthetist, RCH, 1997-2008; Deputy Director, RCH Department of Anaesthetics, 1988-2006. Rodney was recognised for service to medicine as an anaesthetist.

Ms Ruth Elizabeth Wraith OAM

Ruth was a Director of Child Psychotherapy and a Consultant at RCH International. Ruth was recognised for service to community health, particularly the treatment of children recovering from trauma.

Emeritus Professor Louise Brearley Messer AM

Louise was an Honorary Consultant at the RCH, 1990-2008. Louise was recognised for service to the dental profession, particularly in the field of paediatric dentistry, as a clinician, academic and researcher.

Mr Andrew Charles Darbyshire AM

Andrew was recognised for service to the community as a supporter of research into child-related brain conditions, through contributions to special needs children and their families, and to the arts.

QUEEN'S BIRTHDAY HONOURS 2012

Mr Richard Williams OAM

Richard was recognised for his contribution to fundraising for the RCH through his work with the Pied Pipers, a great supporter of the hospital and the Good Friday Appeal.

THANK YOU

The past year has been a truly historic year in our hospital's long history and we thank and acknowledge the outstanding contribution of our staff during this exciting and challenging time. The move to the new hospital in November 2011 was the culmination of many, many years of work by dedicated staff to ensure the new RCH continues to be a centre of excellence, delivering the very best care to Victorian children. I thank each and every staff member, as well as our generous supporters and donors. I also thank our patients and their families, for their ongoing courage in facing some very tough medical challenges. They never cease to amaze me with their resilience and energy. I'm delighted our new hospital takes patient and family-centred care to a new level, enabling us to continue to improve the health and wellbeing of Victoria's children now and into the future.

PROFESSOR CHRISTINE KILPATRICK
Chief Executive Officer

Board members

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 former senior partner of, and now a Consultant 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 former 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 MAX FINDLAY

Mr Findlay joined Programmed Maintenance Services in August 1988 and was appointed Managing Director in March 1990. He has extensive industry specific experience, including approximately 20 years of marketing and general management experience in the industrial and manufacturing industries. Mr Findlay's experience prior to joining Programmed Maintenance Services included 11 years with Australian Consolidated Industries, three years with Smith and Nephew and five years with James Sephton Plastics. In his time with Programmed Maintenance Services, Mr Findlay held the positions of Business Development Manager, General Manager and Managing Director. He 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, Mr Findlay has been involved in a number of Public and Private Company Boards.

MS JANE HUME

Ms Hume has a background in Investment Banking with positions as a Vice President at Deutsche Asset Management Australia, Key Accounts Manager at Rothschild Australia Asset Management and as Investment Research Manager and Private Banker at National Australia Bank. She has a Bachelor of Commerce degree from the University of Melbourne, a Graduate Diploma of Arts (Political Science) from the University of Melbourne and a Graduate Diploma of Finance and Investment from

the Securities Institute of Australia. She has also had a number of roles in community and professional organisations, including the committee of management of the Post and Antenatal Depression Association (PANDA).

THE HON ROB KNOWLES AO

The Hon Rob Knowles AO was Victorian Minister for Health from 1996 until 1999 and MLC for Ballarat from 1976-1999. He has also served as Chairman of Food Standards Australia and New Zealand; as a member of the National Health and Hospital Reform Commission and as a former Aged Care Complaints Commissioner. He is currently Chairman of the Mental Health Council of Australia, a Commissioner with the National Mental Health Commission and Chairman of Campus Council at The Royal Children's Hospital Melbourne. He is also a Director of Annex, the Brotherhood of St Laurence, Drinkwise Australia Ltd, IPG Pty Ltd and the Silver Chain Group of Companies and a member of the Dean's External Advisory Council for the Faculty of Medicine, Health Sciences and Nursing at the University of Melbourne.

MR DAVID MANDEL

Mr Mandel has a Bachelor of Science (Chemistry) from the University of Sussex England. He commenced his career with Unilever UK and held a number of senior management roles with Smorgon Consolidated Industries, Visy and Riverwood International Corp in both the USA and Australia, where he was Managing Director for three years from 1995 to 1997. Riverwood in Australia was a 600 employee, five plant, \$125 million revenue folding carton business. Mr Mandel is currently a non-Executive Director of Sirius Corporation Ltd and Narhex Life Sciences Ltd, a small listed biotech research company which has developed an anti HIV/AIDS protease inhibitor in trials, as well as a number of organisations in both the commercial and not for profit sectors.

MR IAN QUICK

Mr Quick currently works as a management and problem solving consultant. He specialises in the finance and technology sectors, and has worked in a wide range of roles including as a Fund Manager, Project Manager, Company Secretary, and Chief Operating Officer. He has been involved with many community organisations.

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

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.

Dr Sumithran is a Fellow of both Royal Australian College of Medical Administrators and the Australian College of Health Service Executives. Dr Sumithran is also a member of the Board of Directors of Barwon Health.

Board Members: Sub-Committee Membership

**AUDIT AND CORPORATE RISK
MANAGEMENT COMMITTEE**

Patrick Burroughs (Chair)
Max Findlay
David Mandel
Ian Quick
John Rimmer

**COMMUNITY ADVISORY
COMMITTEE**

Dr Lakshmi Sumithran (Chair)
Jane Hume

FINANCE

John Rimmer (Chair)
Patrick Burroughs
Dr Julie Caldecott
Max Findlay
David Mandel
Ian Quick

**INTELLECTUAL PROPERTY
COMMITTEE (REQUIRED
BY THE RCH BY-LAWS)**

Whole of Board

INVESTMENT

Patrick Burroughs (Chair)
Dr Julie Caldecott
Max Findlay
Jane Hume

**PRIMARY CARE AND
POPULATION HEALTH
ADVISORY COMMITTEE**

Dr Julie Caldecott (Chair)
The Hon Rob Knowles AO
Dr Lakshmi Sumithran

QUALITY COMMITTEE

Dr Lakshmi Sumithran (Chair)
Dr Julie Caldecott
Jane Hume
John Rimmer

**REMUNERATION
COMMITTEE**

Tony Beddison AO (Chair)
Patrick Burroughs
The Hon Rob Knowles AO
John Rimmer

**THERAPEUTIC AND
EDUCATIONAL CREATIVE
ARTS COMMITTEE**

Linda Berry (Chair)
Dr Julie Caldecott
David Mandel

Executive staff

As at June 30, 2012

CHIEF EXECUTIVE OFFICER
Professor Christine Kilpatrick
MBBS, MBA, MD, FRACP, FRACMA, GAICD

DEPUTY CHIEF EXECUTIVE OFFICER
EXECUTIVE DIRECTOR OPERATIONS
John Stanway
BEc, Grad Dip IR, GAICD

EXECUTIVE DIRECTOR PEOPLE AND CULTURE
Colin Brown
BA

EXECUTIVE DIRECTOR COMMUNICATIONS AND MARKETING
Julie Browning Waldren
BEEd, GradDip PR

EXECUTIVE DIRECTOR NEW RCH PROJECT
Alex Campbell
BEc, MHA, CPA, AFCHSE

CHIEF OF PAEDIATRIC SURGERY
Clinical Associate Professor
Leo Donnan
MBBS, FAOrth, FRACS

EXECUTIVE DIRECTOR FINANCE AND CORPORATE SERVICES AND CHIEF FINANCIAL OFFICER
Jennifer Gale
FCPA, BBus (Acc)

EXECUTIVE DIRECTOR LEGAL SERVICES
Katherine Lorenz
BA, LLB (Hons)

EXECUTIVE DIRECTOR MEDICAL SERVICES
Dr Peter McDougall
MBBS, MBA, FRACP, GAICD

CHIEF OF PAEDIATRIC MEDICINE
Professor Colin Robertson
MBBS, MSc, MD, FRACP

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 2012

Labour category	June current month FTE		June YTD FTE	
	2012	2011	2012	2011
Nursing	1057	973	1020	965
Administration and Clerical	623	573	591	568
Medical Support	348	353	349	344
Hotel and Allied Services	200	196	199	195
Medical Officers	109	102	105	98
Hospital Medical Officers	253	221	242	227
Sessional Clinicians	90	89	86	87
Ancillary Staff (Allied Health)	270	258	264	253
Total	2950	2765	2856	2738

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, liver (with Austin Hospital) and lung (with Alfred Hospital) transplant centre as well as the national centre for the treatment of hypo-plastic left heart syndrome. The hospital is the paediatric major trauma centre for Victoria, Tasmania and southern New South Wales. The hospital is a major teaching and research centre with key partnerships with 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 RCH were processed in accordance with the provisions of the FOI Act. RCH provides an annual report on FOI applications to the Department of Justice.

NOMINATED OFFICERS

Ms Judith Smith, Freedom of Information Officer and Reviewer

Ms Diane Watkins, Consumer Liaison Officer, FOI Reviewer

Ms Pam Grant, Medical Imaging, Manager-Clerical and Support Services, FOI Reviewer

Dr Emma Magrath, Medico-Legal Physician, FOI Internal Reviewer

Ms Annabelle Mann, Legal Counsel, FOI Internal Reviewer

Requests received	2011-12	2010-11
Total	1598	1509
Outcome		
Access granted	1448	1417
No information available	15	24
Application withdrawn	58	65

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.

We marked national Privacy Week in May with the distribution of the revised ‘The privacy of your personal information’ brochure, a privacy session for staff and communication regarding privacy via the RCH intranet. Department education and presentations are conducted on request. 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 2011-2012, 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), the State of Victoria is obliged to apply competitive neutrality policy and principles to all significant business activities undertaken by government agencies and local authorities.

The RCH has regard to this policy in relevant significant business activities.

EX-GRATIA PAYMENTS

The RCH made no ex-gratia payments for the year ending 30 June 2012.

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.

For the Financial Year ending 30 June 2012, RCH does not have contracts that require separate disclosure.

RCH OCCUPATIONAL HEALTH AND SAFETY

The 2011-12 year has seen the OH&S Management system continue to develop and embed the changes implemented in 2010-11. The OH&S team has continued to work in a cohesive and committed manner and has developed good working relationships with the campus partners MCRI and University of Melbourne.

The move to the new hospital was a highlight for the first part of the 2011-12 year with considerable work being completed in the lead up to the move to ensure new equipment was safe and that staff were able to safely settle into the new environment. Ergonomic assessments were carried out across the hospital as well as safety inspections for all high risk areas to identify and control hazards.

The 2011-12 Safety and Wellness plan was developed and endorsed by the RCH Board in order to achieve systematic and sustainable improvements in health and safety as well as plan and organise the RCH health and safety activities. The plan provided the organisation with a roadmap for ongoing improvement in OH&S performance brought about by the setting of objectives and targets, and the allocation of responsibility for the work required. All of the KPIs were either met or exceeded which has resulted in an improved performance over previous years.

Manual handling continues to be the most significant accident type for the organisation. Considerable work has been done across the hospital to ensure that staff are aware of their responsibilities in reducing the negative impact manual

handling incidents have on staff and the organisation. The OH&S team has recruited Smart Move Smart Lift (SMSL) trainers across RCH and provided training to sustain our train the trainer program. A comprehensive review of our manual handling aids was undertaken and the introduction of a bed/cot mover (Gzunda) was introduced.

The new Consultative Committee structure implemented late in 2011 has proven to be very successful with many potential issues raised and addressed before they become problems. This structure also allowed for a quick escalation of issues that could not be dealt with at the work place level. It also provided an opportunity to bring together all campus partners in a consultative and constructive forum.

An outcome of the new Consultative Committee approach has been a heightened awareness of OH&S issues across the hospital. This increased awareness has resulted in an increase in the number of reportable incidents however, the majority of these have been very minor with little or no time lost.

The number and duration of workers compensation claims remain low with the most pleasing result being a decrease in claims costs. The OH&S team continues to focus on injury prevention and early return to work and has been successful in achieving an early return to work in all but a small number of cases. The 2011-12 early intervention strategies have included the development of comprehensive Job Safety Analysis (JSAs) for all occupational groups to better manage return to work outcomes.

Chemicals management is a large undertaking for the RCH due to the large amount of hazardous and potentially harmful chemicals used daily as part of standard operating procedures. At the RCH we take very seriously our responsibility to patients, staff and the environment to responsibly manage the use and disposal of chemicals. We enact stringent chemicals management policies above and beyond established laws to reduce chemical exposure. An online chemical management database was launched to allow for quick and easy access to Material Safety Data Sheets (MSDS) and consolidation of chemical registers. The new material safety data management system, ChemWatch, is now available to all RCH staff. All (MSDS) are now recorded in ChemWatch to manage all chemicals used in the RCH.

An important requirement under the OH&S legislation is to train employees. The RCH Health and Safety training includes: Induction for new employees, WorkCover training for Managers, Health and Safety Representative (HSR) training, HSR Refresher training, Hazard Identification and Risk Management, manual handling and ergonomics. The RCH 2011-12 training program has had a positive effect on the safety practices of staff.

COMPLIANCE WITH BUILDING AND MAINTENANCE PROVISIONS

The new hospital is maintained by the state’s private sector partner, Children’s Health Partnership (CHP) through Spotless for a period of 25 years. Spotless has established a comprehensive management and maintenance program with specialist contractors to maintain all Essential Safety Measures (ESM) services on site. An annual certificate will be issued at the end of the reporting period.

An external Building Surveyor will audit the maintenance of all the ESM at the new 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 new RCH is managed by the state’s private sector partner, Children’s Health Partnership (CHP) and Spotless Service. CHP and the RCH hold all licences required by environment legislation and have 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 2011. The 2011-12 Compliance Framework will be met by the due date of 30 September 2012.

CONSULTANCIES LESS THAN \$10K

During the year, there were four consultancies employed for less than \$10k, totalling \$14,530.

CONSULTANCIES MORE THAN \$10K

Refer to page 16 for details.

ADDITIONAL INFORMATION (FRD 22C 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 that declarations of pecuniary interests have been duly completed by all relevant officers;
- b) Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary;
- c) Details of publications produced by the entity about itself, and how these 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;
- 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) A general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes;
- 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; and

- l) Details of all consultancies and contractors including:

- Consultants/contractors engaged;
- Services provided; and expenditure committed to for each engagement.

2011-12 Statement of Priorities

Part A: RCH Strategic Priorities

CONSULTANCIES MORE THAN \$10,000

Consultant	Purpose of Consultancy	Start Date	End date	Total approved project fee (excluding GST) \$	Expenditure 2011-12 (excluding GST) \$
Engaged by the RCH					
Australian Council for Education Research Ltd	Expert advice in respect of setup of Australian Early Development Index (AEDI) program. This is funded by one-off funding from the Department of Education, Employment and Workplace Relations (DEEWR) for the program.	Jul-11	Mar-12	58,435	58,435
Cloudenerve Pty Ltd	Expert advice in respect of setup of IT requirements for AEDI program. This is funded by a one-off funding from the Department of Education, Employment and Workplace Relations (DEEWR) for the program.	Feb-12	Apr-12	13,300	13,300
Designed Interventions Pty Ltd	Expert advice and on human resources.	Nov-11	Jan-12	29,250	29,250
	Expert advice and on human resources.	Jul-11	Jun-12	18,750	12,750
Engaged by the State					
CHW Consulting Pty Ltd	Expert advice in setting up IT services for the new hospital site.	Jul-09	Nov-11	440,262	59,045
Total				559,997	172,780

Victoria health priorities framework priority area	Health service strategy	Deliverable	Outcome
<ul style="list-style-type: none">Developing a system that is responsive to people's needsImplementing continuous improvements and innovation	<p>Deliver excellence in healthcare</p> <ul style="list-style-type: none">Pursue perfection in healthcare quality and safetyProvide leadership in paediatric healthcare innovationCreate better experiences for patients and their familiesImprove care planning and coordination of care for patients with chronic and complex conditions	<ul style="list-style-type: none">Pilot of a team-based approach to recognising and responding to clinical deterioration (based on the National Safety and Quality Health Service Standard) completed by June 2012.	<ul style="list-style-type: none">ISBAR has been introduced as a handover tool for MET.Coloured vests implemented to identify roles during a MET.Parent-initiated MET calls have been introduced.The National Standard for management of a deteriorating patient is being addressed by this group.
		<ul style="list-style-type: none">Transition of NETS and PERS to RCH governance achieved by September 2011.	<ul style="list-style-type: none">Completed
		<ul style="list-style-type: none">National Funded Centre (NFC) for Norwood procedure and staged surgical palliation for hypoplastic left heart syndrome established by August 2011.	<ul style="list-style-type: none">Completed. Minister for Health launched this NFC at RCH on 16 September 2011.
		<ul style="list-style-type: none">Process for systematically collecting data on patient experience implemented by June 2012.	<ul style="list-style-type: none">The patient and family satisfaction survey was repeated in March 2012 with positive results in many areas. Issues identified include the use of the healthcare rights and responsibilities brochure, and this was re-launched in May 2012.Patient and family satisfaction survey for Nationally Funded Centre Programs implemented in April 2012 in accordance with NFC Program requirements.
<ul style="list-style-type: none">Improving every Victorian's health status and experiencesIncreasing the system's financial sustainability and productivityUtilising e-health and communications technology	<p>Realise the potential of the new RCH</p> <ul style="list-style-type: none">Deliver sustainable improvements to hospital systemsRelocate safely and efficiently to the new RCHHarness the opportunities created by our new environment	<ul style="list-style-type: none">Pilot of 'every patient and family every time' program completed by June 2012.	<ul style="list-style-type: none">Information brochure for staff and consumers developed and work has commenced on an education plan for staff.
		<ul style="list-style-type: none">Continue to develop referral and entry systems that makes it easy to get the right care at the right place at the right time.	<ul style="list-style-type: none">Defined Point of Access (DPOA) within RCH@Home has been evaluated.E-referral system for RCH@Home and HARP services is being piloted. It is anticipated that this will increase rate of referrals by streamlining the process for referrers.An evaluation of the Hawthorn satellite (HiTH and PAC) is currently underway.Redesign of Specialist Clinics contact centre processes has been completed and enhanced consumer and referrer access.A referral management system is under development for implementation in Specialist Clinics in 2012-13.Referral and entry systems for Primary Ciliary Dyskinesia Diagnostics Service, a new service funded by Department of Health, are currently being developed.
		<ul style="list-style-type: none">New RCH Orienteer Program established by September 2011.	<ul style="list-style-type: none">Completed.
		<ul style="list-style-type: none">Models of care for implementation in the new RCH finalised by October 2011.	<ul style="list-style-type: none">Completed.
		<ul style="list-style-type: none">Five-year information technology plan reviewed and revised by December 2011.	<ul style="list-style-type: none">Implementation of identified systems for the new hospital (patient calling and patient queuing) completed in time for new hospital move.Further work to be done following finalisation of business case re: scope of works with Department of Health.
		<ul style="list-style-type: none">Implementation of priority information technology projects commenced by June 2012.	<ul style="list-style-type: none">Governance Committee with Department of Health commenced and priority to Clinical Productivity Tools agreed.High level project planning commenced and Program Director Recruitment completed.
		<ul style="list-style-type: none">Contractual requirements associated with commissioning and handover of the new RCH satisfied by December 2011.	<ul style="list-style-type: none">Completed.
		<ul style="list-style-type: none">Safe and efficient move achieved by December 2011.	<ul style="list-style-type: none">Completed.
		<ul style="list-style-type: none">RCH brand refresh completed by December 2011.	<ul style="list-style-type: none">Completed.
		<ul style="list-style-type: none">RCH website redeveloped by June 2012.	<ul style="list-style-type: none">Completed.

Part B: Performance Priorities

Victoria health priorities framework priority area	Health service strategy	Deliverable	Outcome
• Expanding service, workforce and system capacity	Support and strengthen the RCH team <ul style="list-style-type: none">- Attract and retain talented and skilled team members- Promote the safety and wellbeing of our team members- Celebrate achievement	• Staff successfully transitioned to new RCH service models (including outpatients and ward support) by December 2011.	• Completed.
		• OH&S education program revised and implemented by November 2011.	• Completed.
		• RCH recognition program and celebration evening reviewed by June 2012.	• A review of current annual RCH Recognition and Awards program will be completed prior to celebration evening in November 2012.
		• RCH values built into processes across the employment life cycle by April 2012.	• The RCH values are currently being embedded into recruitment, employee induction, manager induction checklist and exit interview procedures and guidelines in support of active promotion and familiarisation by all staff.
• Increasing the system's financial sustainability and productivity	Enhance community and stakeholder support <ul style="list-style-type: none">- Ensure financial sustainability- Enhance relationships with our metropolitan and rural service partners to improve paediatric healthcare in Victoria- Optimise our community support	• Balanced budget achieved by June 2012.	• Achieved.
		• Philanthropic support, in partnership with the RCH Foundation, expanded by June 2012.	• Good Friday Appeal achieved another record amount.
		• Stakeholder engagement plan developed by June 2012.	• Stakeholder plan was successfully implemented to support the move.
		• Paediatric tumour stream developed as part of Victorian Comprehensive Cancer Centre by June.	• Completed.
• Implementing continuous improvements and innovation	Maximise campus-led research <ul style="list-style-type: none">- Grow our research effort- Improve patient outcomes by translating research into clinical practice- Enhance the campus reputation for delivering internationally-recognised research	• RCH research strategic directions identified in collaboration with our campus partners by March 2012.	• "Big Idea" in development phase with excellent cross campus commitment.
		• Campus relationships enhanced through active participation in Campus Council.	• Development of plan to enhance cancer research with appointment of three clinician scientists.
		• Clinical research, especially in nursing and allied health, increased by June 2012.	• Combined Campus Education and Research Week scheduled for 29th October 2012.
		• Principles in The National Statement and Australian Code of the Responsible Conduct of Research applied to clinical research on campus by June 2012.	• Professor of Nursing Research appointed. Strategic research priorities for nursing identified.
• Expanding service, workforce and system capacity • Increasing accountability and transparency	Provide excellent education, development and training <ul style="list-style-type: none">- Create a world-class precinct that facilitates learning- Educate the paediatric healthcare professionals of the future- Develop our leaders	• e-Learning program for training (including new RCH training) implemented.	• Revised the RCH Research Policy to better reflect the NHMRC Australian Code for the Responsible Conduct of Research and created a procedure for handling and resolving breaches of this code on campus. This was completed in December 2011.
		• Director of Education and Learning appointed by June 2012.	• Recruitment of Research Governance Officer has been completed. This position will bring the campus in line with the National Statement in terms of research governance. The monitoring and auditing is underway as per the requirements.
		• Performance Development Program (PDAP) process and tools updated by June 2012.	• Completed.
		• To enhance decision making capability, content and use of internal reporting systems evaluated and opportunities for improvement identified by June 2012.	• Director of Medical Education appointed.
		• A first level review of the PDAP template based on alignment with RCH needs has been completed.	• New reports developed to meet federal funding KPIs.
		• A re-launch of Learning Seat with suite of support tools and resources scheduled for September 2012.	• Scorecard reporting comments developed in conjunction with operational directors.

FINANCIAL PERFORMANCE		
Key performance indicator	2011-12 Actuals	Target
Operating result		
Annual operating result (\$m)	0.002	0
Cash management		
Creditors	42	< 60 days
Debtors	50	< 60 days

ACCESS PERFORMANCE		
Key performance indicator	2011-12 Actuals	Target
Emergency care ⁽¹⁾		
Percentage of operating time on hospital bypass	0	3
Percentage of emergency patients transferred to an inpatient bed within 8 hours	78	80
Percentage of non-admitted emergency patients with a length of stay less than 4 hours	78	80
Number of patients with a length of stay in the emergency department greater than 24 hours	7	0
Percentage of Triage Category 1 emergency patients seen immediately	100	100
Percentage of Triage Category 2 emergency patients seen within 10 minutes	87	80
Percentage of Triage Category 3 emergency patients seen within 30 minutes	75	75

Elective surgery ⁽¹⁾		
Percentage of Urgency Category 1 elective patients admitted within 30 days	100	100
Percentage of Urgency Category 2 elective surgery patients waiting less than 90 days	74	80
Percentage of Urgency Category 3 elective surgery patients waiting less than 365 days	83	90
Number of patients on the elective surgery waiting list ⁽²⁾	3,259	3850
Number of Hospital Initiated Postponements (HiPs) per 100 scheduled admissions	11.5	8

(1) Established benchmark targets for patient access to public health services. Performance of RCH against the targets may be adversely affected by transition to the new hospital during 2011-12. This will be taken into consideration when calculating the Performance Assessment Score and level of monitoring required of RCH.

(2) The target shown is the number of patients on the elective surgery waiting list as at 30 June 2012.

SERVICE PERFORMANCE		
Key performance indicator	2011-12 Actuals	Target
WIES ⁽¹⁾ activity performance		
Percentage of WIES (public and private) performance to target	98	98 to 102
Elective surgery ⁽²⁾		
Number of patients admitted from the elective surgery waiting list – quarter 1	1,965	1,883
Number of patients admitted from the elective surgery waiting list – quarter 2	1,307	1,271
Number of patients admitted from the elective surgery waiting list – quarter 3	1,675	1,721
Number of patients admitted from the elective surgery waiting list – quarter 4	1,638	1,875

Critical Care ⁽³⁾		
ICU minimum operating capacity	19	19 ⁽⁴⁾
NICU standard operating capacity and flex capacity	12-13	12-13 ⁽⁵⁾
No. of days below ICU minimum operating capacity	102	0
No. of days below NICU usual operating capacity and flex capacity	10	0

Quality and safety		
Health service accreditation	Four year accreditation awarded	Full compliance
Cleaning standards	Overall hospital score 96% in internal audit June 2012	Full compliance
Hand Hygiene Program compliance rate	74	65
SAB rate per occupied bed days ⁽⁶⁾	< 0.9/10,000 (95% CI 0.4-1.9) July 2011-March 2012	< 2/10,000

Newborns		
Percentage of eligible newborns screened for hearing deficit before one month of age	97.8	> 97

(1) WIES is a Weighted Inlier Equivalent Separation.

(2) Established benchmark targets for patient access to public health services. It is expected that health services show demonstrable improvement towards achievement of benchmark targets.

(3) With the move to the New Hospital, intensive care beds transitioned over time to optimal capacity

(4) As at 1 July 2011 ICU minimum operating capacity is 18, increasing to 19 as at 1 January 2012

(5) As at 1 July 2011 NICU standard operating capacity and flex capacity is 11-13, increasing to 12-13 as at 1 January 2012

(6) SAB is Staphylococcus aureus bacteraemia

Part C: **Activity**

Funding type	2011-12 Activity achievement
Acute inpatient	
WIES Public	31,885
WIES Private	9,455
WIES (Public and Private)	41,340
WIES Renal	4
WIES TAC	502
WIES TOTAL	41,846
Subacute inpatient	
Rehab – Paediatric	1,906
Palliative Care – Other	
Ambulatory	
Emergency Services – Non Admitted	
VACS – Allied Health	58,414
VACS – Variable	73,544
VACS – Other	
Hospital Admission Risk Program (HARP)	
SACS	
SACS – Paediatric	3,087
Post Acute Care	743
Palliative Care – Community	
Palliative Care – Other	
Aged care	
HACC	
Mental health	
Mental Health – Inpatient	
Mental Health – Ambulatory	36,478
	reportable contacts
Mental Health – Service System Capacity	12 beds
Primary health	
Community Health/Primary Care Programs	
Community Health – Other	
Other	
Nationally Funded Centre Activity	
Transplants – Paediatric Heart	9
Transplants – Paediatric Liver	9
Hypoplastic Left Heart Syndrome Surgery – Norwood Procedure (Stage 1)	10
Hypoplastic Left Heart Syndrome Surgery – BCPS (Stage 2)	6
Drug Services	
Other specified funding	
Total Funding	

Summary of **Financial Results**

	2012 \$'000	2011 \$'000	2010 \$'000	2009 \$'000	2008 \$'000
Total Revenue	482,674	415,749	393,947	371,153	351,213
Total Expenses	487,465	433,216	416,061	405,837	356,173
Net Result for the year (inc. Capital and Specific Items)	(4,791)	(17,467)	(22,114)	(34,684)	(4,960)
Retained Surplus/(Accumulated Deficit)	(70,539)	(66,180)	(41,322)	(11,830)	5,479
Total Assets	1,135,558	221,324	239,032	252,678	272,171
Total Liabilities	1,044,939	110,788	111,096	112,199	95,626
Net Assets	90,619	110,536	127,936	140,479	176,545
Total Equity	90,619	110,536	127,936	140,479	176,545

Revenue Indicators

Average Collection Days		
	2012	2011
Total Average Days	50	49

Debtors Outstanding as at 30 June 2012 (\$'000)

	Under 30 days	31-60 days	61-90 days	Over 90 days	Total 30 June 2012	Total 30 June 2011
Private	3,020	1,258	168	590	5,036	5,429
TAC	82	44	2	15	144	80

Operational and Financial Performance 2012

The Royal Children’s Hospital (RCH) ended the year in a sound financial position with an Operating Surplus before Capital and Specific Items of \$2k against a break even operating budget. While the operating result from services supported by the Statement of Priorities returned an operating loss of \$11.6 million, this was offset by an operating surplus of \$11.61 million from hospital and community initiatives. The financial result reflects the impact of the Efficiency and Effectiveness Program implemented during the financial year.

Summary of Significant Change in Financial Position 2012

The Royal Children’s Hospital’s (RCH) agreed to record the states’ assets and obligations in relation to the Public Private Partnership (PPP) arrangement in this financial year. The RCH assets includes PPP leased Assets of \$908 million and the RCH liability includes Finance leased liability of \$917 million. The transaction has no impact to the RCH operating surplus before capital and specific items.

Subsequent Events

There has been no matter or circumstance which has arisen since 30 June 2012 that has significantly affected, or may affect:

(a) The operations, in financial years subsequent to 30 June 2012 of The Royal Children’s Hospital

(b) The results of those operations, or

(c) The state of affairs, in financial years, subsequent to 30 June 2012, of The Royal Children’s Hospital.

The RCH ended the year in a sound financial position and achieved a break even operating budget.

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 2012.

Signed:



Tony Beddison AO
The Royal Children’s Hospital
Board Chairman

6 September 2012

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

6 September 2012

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

6 September 2012

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
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Financial Statements

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 2012 and the financial position at that date of The Royal Children's Hospital and Consolidated Entities as at 30 June 2012.

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
6 September 2012



PROFESSOR CHRISTINE KILPATRICK
Accountable Officer

The Royal Children's Hospital
Melbourne
6 September 2012



JENNIFER GALE
Executive Director Finance
& Corporate Services and CFO

The Royal Children's Hospital
Melbourne
6 September 2012

INDEPENDENT AUDITOR'S REPORT

To the Board Members of The Royal Children's Hospital

The Financial Report

The accompanying financial report for the year ended 30 June 2012 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 as disclosed in note 23 to the financial statements.

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, 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 and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)

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.


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 2012 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, 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 2012 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
6 September 2012


for D D R Pearson
Auditor-General

Auditing in the Public Interest

The Royal Children's Hospital Comprehensive Operating Statement

For the Year Ended 30 June 2012

	Note	Parent Entity 2012 \$'000	Parent Entity 2011 \$'000	Consolidated 2012 \$'000	Consolidated 2011 \$'000
Revenue from Operating Activities	2	443,093	405,703	456,943	417,813
Revenue from Non-operating Activities	2	2,018	1,900	6,456	8,167
Employee Expenses	3	(317,884)	(288,552)	(322,220)	(292,184)
Non Salary Labour Costs	3	(27,483)	(27,927)	(27,887)	(28,535)
Supplies and Consumables	3	(50,260)	(49,364)	(50,279)	(49,374)
Facility management, life cycle and other charges under PPP arrangement	3	(7,333)	-	(7,333)	-
Other Expenses	3	(42,150)	(41,666)	(45,984)	(46,088)
Net Result Before Capital and Specific Items		2	94	9,696	9,799
Capital Purpose Income	2	29,185	7,956	17,460	5,652
Net Gain/(Loss) on Disposal of Non-Current Assets	2c	(20,210)	(18)	(20,210)	(30)
Assets Received Free of Charge	2d	28,647	3	28,650	4
Expenditure Using Capital Purpose Income	3	(23,422)	(1,112)	(23,422)	(1,112)
Depreciation and Amortisation	4	(18,933)	(24,595)	(19,131)	(24,782)
Cumulative (gain)/loss transferred to Comprehensive Operating Statement on Sale of Financial Assets	15a	(59)	205	(59)	205
NET RESULT FOR THE YEAR		(4,791)	(17,467)	(7,017)	(10,261)
Other Comprehensive Income					
Net fair value gains/(losses) on Available for Sale Financial Investments	15a	(352)	67	(4,226)	3,033
Net fair value revaluation on Non Financial Assets	15a	(14,774)	-	(14,774)	-
COMPREHENSIVE RESULT FOR THE YEAR		(19,917)	(17,400)	(26,017)	(7,228)

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

The Royal Children’s Hospital

Balance Sheet

As at 30 June 2012

	Note	Parent Entity 2012 \$'000	Parent Entity 2011 \$'000	Consolidated 2012 \$'000	Consolidated 2011 \$'000
Current Assets					
Cash and Cash Equivalents	5	30,054	16,153	51,016	37,823
Receivables	6	14,006	16,359	11,198	11,678
Other Financial Assets	7	-	-	48,352	52,147
Inventories	8	1,660	1,469	1,660	1,469
Prepayments		569	522	572	525
Total Current Assets		46,289	34,503	112,798	103,642
Non-Current Assets					
Receivables	6	10,299	7,627	10,299	7,627
Other Financial Assets	7	17,702	18,225	62,225	65,705
Property, Plant and Equipment	9	1,054,818	155,220	1,058,390	158,616
Intangible Assets	10	2,920	2,219	3,067	2,324
Investment Properties	11	3,531	3,531	3,531	3,531
Total Non-Current Assets		1,089,269	186,821	1,137,512	237,803
TOTAL ASSETS		1,135,558	221,324	1,250,310	341,445
Current Liabilities					
Payables	12	24,937	24,704	27,092	26,279
Employee Benefits and Related On-Costs Provisions	13	83,819	64,377	84,501	64,899
Other Liabilities	14	4,925	5,331	4,925	5,376
Total Current Liabilities		113,681	94,412	116,518	96,554
Non-Current Liabilities					
Employee Benefits and Related On-Costs Provisions	13	9,926	11,928	10,059	12,030
Finance Lease Liabilities	14	917,233	-	917,233	-
Other Liabilities	14	4,099	4,448	4,099	4,448
Total Non-Current Liabilities		931,258	16,376	931,391	16,478
TOTAL LIABILITIES		1,044,939	110,788	1,047,909	113,032
NET ASSETS		90,619	110,536	202,401	228,418
EQUITY					
Property Plant and Equipment Revaluation Surplus	15a	17,928	32,702	19,781	34,555
Financial Asset Available for Sale Revaluation Surplus	15a	165	517	111	4,337
General Purpose Reserve	15a	16,743	14,206	16,743	14,206
Restricted Specific Purpose Reserve	15a	17,893	20,862	127,876	133,071
Contributed Capital	15b	108,429	108,429	108,429	108,429
Accumulated Deficit	15c	(70,539)	(66,180)	(70,539)	(66,180)
TOTAL EQUITY		90,619	110,536	202,401	228,418
Commitments	19				
Contingent Assets and Contingent Liabilities	20				

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 2012

Consolidated		Property, Plant & Equipment Revaluation Surplus	Financial Asset Available for Sale Revaluation Surplus	General Purpose Surplus	Restricted Specific Purpose Surplus	Contributed Capital	Accumulated Surpluses/ (Deficits)	Total
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 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 to accumulated surplus/(deficit)	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
Net result for the year	15c	-	-	-	-	-	(7,017)	(7,017)
Other comprehensive income for the year	15a	(14,774)	(4,226)	-	-	-	-	(19,000)
Transfer to accumulated surplus/(deficit)	15a	-	-	2,537	(5,195)	-	2,658	-
Balance at 30 June 2012		19,781	111	16,743	127,876	108,429	(70,539)	202,401

Parent		Property, Plant & Equipment Revaluation Surplus	Financial Asset Available for Sale Revaluation Surplus	General Purpose Surplus	Restricted Specific Purpose Surplus	Contributed Capital	Accumulated Surpluses/ (Deficits)	Total
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 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 to accumulated surplus/(deficit)	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
Net result for the year	15c	-	-	-	-	-	(4,791)	(4,791)
Other comprehensive income for the year	15a	(14,774)	(352)	-	-	-	-	(15,126)
Transfer to accumulated surplus/(deficit)	15a	-	-	2,537	(2,969)	-	432	-
Balance at 30 June 2012		17,928	165	16,743	17,894	108,429	(70,539)	90,620

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 2012

Note	Parent Entity 2012 \$'000	Parent Entity 2011 \$'000	Consolidated 2012 \$'000	Consolidated 2011 \$'000	
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Grants from Government	346,839	316,957	345,115	314,278	
Patient Fees Received	14,414	9,924	14,414	9,924	
Private Practice Fees Received	25,780	25,781	25,780	25,781	
Donations and Bequests Received	15,250	14,159	25,345	35,554	
GST Received from/(Paid to) ATO	5,811	6,327	5,761	6,489	
Interest Received	1,047	1,056	3,709	2,128	
Other Receipts	36,505	31,847	40,852	34,720	
Employee Benefits Paid	(324,467)	(303,551)	(329,014)	(307,535)	
Fee for Service Medical Officers	(3,129)	(2,807)	(3,129)	(2,807)	
Payments for Supplies and Consumables	(56,733)	(57,989)	(56,791)	(57,776)	
Other Payments	(45,983)	(43,533)	(49,725)	(48,396)	
Cash Generated from/(used in) Operations	15,334	(1,827)	22,317	12,360	
Capital Grants from Government	296	1,707	296	1,707	
Other Capital Receipts	2,291	74	2,291	74	
Capital Donations and Bequests Received	12,145	5,833	420	3,529	
NET CASH INFLOW FROM OPERATING ACTIVITIES	16	30,066	5,786	25,325	17,672
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for Non Financial Assets	(17,402)	(12,443)	(17,807)	(12,647)	
Proceeds from Sale of Property, Plant and Equipment	393	-	393	-	
Purchase of Investments	(866)	(5,055)	(1,429)	(35,966)	
Proceeds from Sale of Investments	1,868	5,055	6,869	19,335	
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(16,007)	(12,443)	(11,974)	(29,278)	
CASH FLOWS FROM FINANCING ACTIVITIES					
NET CASH INFLOW FROM FINANCING ACTIVITIES	-	-	-	-	
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD	14,059	(6,657)	13,351	(11,608)	
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	14,609	21,265	36,280	47,887	
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	5	28,669	14,609	49,631	36,280

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

Notes to the Financial Statements

30 June 2012

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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 6 September 2012.

(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 2012, and the comparative information presented in these financial statements for the year ended 30 June 2011.

The going concern basis was used to prepare the financial statements.

These financial statements are presented in Australian dollars, the functional and presentation currency of The Royal Children’s Hospital.

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

The financial statements are prepared in accordance with the historical cost convention, except for the revaluation of certain non-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 judgements. 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 principal 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

All amounts shown in the financial statements are expressed to the nearest thousand dollars unless otherwise stated.

Minor discrepancies in tables between totals and sum of components are due to rounding.

(e) Principles of Consolidation

In accordance with AASB 127 *Consolidated and Separate Financial Statements*, the consolidated financial statements of The Royal Children’s Hospital incorporates the assets and liabilities of all entities controlled by The Royal Children’s Hospital as at 30 June 2012, and their income and expenses for that part of the reporting period in which control existed. Control exists when The Royal Children’s Hospital has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The consolidated financial statements include the audited financial statements of the controlled entities listed in Note 23.

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

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

- The Royal Children’s Hospital’s Foundation Trust Fund
- The Royal Children’s Hospital Education Institute Limited
- Communities That Care Limited

The Royal Children’s Hospital’s Foundation Trust Fund 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 Fund.

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.

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

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.

(f) 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 fund-raising activities conducted solely in respect of these funds.

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

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

Comprehensive operating statement

The comprehensive operating statement includes the subtotal entitled ‘Net result Before Capital and 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 is made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services. The Net result Before Capital and 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 (refer Note 1 (g)). Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided.
- Specific income/expense, comprises the following items, where material:
 - Voluntary departure packages
 - Write-down of inventories
 - Non-current asset revaluation increments/decrements
 - Diminution/impairment of investments
- Depreciation and amortisation, as described in Note 1 (h)
- Assets provided or received free of charge, as described in Note 1 (g) and (h)
- Impairment of financial and non financial assets, includes all impairment losses which have been recognised in accordance with Note 1 (j) and (k).
- Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold, or doesn’t meet asset recognition criteria and therefore does not result in the recognition of an asset in the balance sheet, where funding for that expenditure is from capital purpose income.

Balance Sheet

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

Statement of changes in equity

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

Cash flow statement

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

Comparative Information

Below are the changes to the consolidated figures from previous year’s financial report. These changes do not impact the underlying result:

- Note 3: Expenses – Consultancy, contractors and advertising costs are reclassified into individual line items as per the new FRD 22C. Consultancy and Contractors costs are added under Non Salary Labour Costs sub-total, \$4.9M from salaries and wages and \$2.4M from Administrative expense were reclassified to this new line item. Advertising cost is added under Other Expenses from Continuing Operations sub-total, \$285k was reclassified from Administrative expenses to this new line item.
- Comprehensive Operating Statement – Reclass of net loss on disposal of Non-Current Assets from Capital Purpose income of \$30k. This reclass is as per Health Service Guideline.
- Removal of Income in Advance under Financial Liabilities from Financial Instrument note. Income in advance is not considered a financial instrument. The schedules affected are Interest rate exposure of Financial Assets and Liabilities and Maturity Analysis of financial liabilities.

(g) Income Recognition

Income is recognised in accordance with AASB 118 *Revenue* and is recognised 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.

Government Grants and other transfers of income (other than contributions by owners)

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

Insurance and Outsourced contributions for the Public Private Partnership are recognised as revenue following advice from the Department of Health.

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

Patient and Resident Fees

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

Private Practice Fees

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

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 when the right to receive payment is established.

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.

Note 1: Statement of Significant Accounting Policies (continued)

Resources Received Free of Charge or for Nominal Consideration

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

(h) Expense Recognition

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

Cost of Goods Sold

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

Employee expenses

Employee expenses include:

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

Defined contribution superannuation plans

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

Defined benefit superannuation plans

The amount charged to the comprehensive operating statement in respect of defined benefit 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		
	2012 \$	2011 \$
Defined benefit plans:		
Health Super Scheme	946,134	982,018
Defined contribution plans:		
Health Super Scheme	17,955,845	17,651,446
Hesta	4,916,980	4,139,443
Other	1,002,907	833,434

Depreciation

Assets with a cost in excess of \$1,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives. Depreciation is generally calculated on a straight-line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and depreciation method for all assets are reviewed at least annually,

and adjustments made where appropriate. This depreciation charge is not funded by the Department of Health.

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

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

	2012	2011
Buildings		
- Structure Shell Building Fabric	52 Years	52 Years
- Site Engineering Services and Central Plant	23 years	23 years
Central Plant		
- Fit Out	23 years	23 years
- Trunk Reticulated Building Systems	24 years	24 years
Plant and Equipment	3 to 7 years	3 to 7 years
Medical Equipment	7 to 10 years	7 to 10 years
Computers and Communication	3 years	3 years
Furniture and 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. Under the Public Private Partnership (PPP) arrangement, the Front Entry Building is currently being refurbished with project cost incurred by Children’s Health Partnership Pty Ltd (CHP). As of 30 June 2012, the Front Entry Building has been fully depreciated.

There is no depreciation on the Public Private Partnership (PPP) arrangement leased assets as the risk; maintenance and replacement of the leased assets are retained by Children’s Health Partnership Pty Ltd.

Amortisation

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

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually or whenever there is an indication that the asset may be impaired. The useful lives of intangible assets that are not being amortised are reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. In addition, The Royal Children’s Hospital tests all intangible assets with indefinite useful lives for impairment by comparing the recoverable amount for each asset 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 (2011: 3 years).

Finance Costs

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

Finance costs include:

- Finance charges in respect of finance leases recognised by The Royal Children’s Hospital on behalf of the State of Victoria in accordance with AASB 117 *Leases*.

Resources Provided Free of Charge or for Nominal Consideration

Resources provided 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.

As of 30 June 2012, The Department of Health has provided land free of charge for the new Royal Children’s Hospital site. The land is recognised at fair value of \$28.5M.

(i) Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of The Royal Children’s Hospital’s activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

Financial assets at fair value through profit and loss

Financial assets are categorised as fair value through profit or loss at trade date if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through profit or loss on the basis that the financial assets form part of a group of financial assets that are managed by the entity concerned based on their fair values, and have their performance evaluated in accordance with documented risk management and investment strategies.

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.

Loans and receivables

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

Loans and receivables category includes cash and deposits (refer to Note 1(j)), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Available-for-sale financial assets

Available-for-sale financial instrument assets are those designated as available-for-sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the

investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in net result for the period. Fair value is determined in the manner described in Note 18.

Financial liabilities at amortised cost

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

Financial instrument liabilities measured at amortised cost include all of The Royal Children’s Hospital’s contractual payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit or loss.

The Financial Liabilities includes the Department of Health obligations to the Children’s Health Partnership for the Quarterly Service Payment (QSP) of the new Royal Children’s Hospital.

(j) 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.

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

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

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

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.

Note 1: Statement of Significant Accounting Policies (continued)

Investments in jointly controlled assets and operations

In respect of any interest in jointly controlled assets, The Royal Children's Hospital recognises in the financial statements:

- its share of jointly controlled assets;
- any liabilities that it had incurred;
- its share of liabilities incurred jointly by the joint venture;
- any income earned from the selling or using of its share of the output from the joint venture; and
- any expenses incurred in relation to being an investor in the joint venture.

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

Receivables are assessed for bad and doubtful debts on a regular basis. Bad debts considered as written off and allowances for doubtful receivables are expensed.

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

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

In order to determine an appropriate fair value as at 30 June 2012 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.

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

Net Gain/(Loss) on Financial Instruments

Net gain/(loss) on financial instruments includes:

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

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.

(k) Non-Financial Assets

Inventories

Inventories include goods 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 basis 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 revalue at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

The initial cost for non-financial physical assets under finance lease (Refer to Note 1(m)) is measured at the present value of the minimum lease payments committed over the lease term by the State of Victoria, each determined at the inception of the lease.

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.

Land and Buildings are recognised 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.

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

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

Investment Properties

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 nor tested for impairment.

Rental revenue from the leasing of investment properties is recognised in the comprehensive operating statement in the periods in which it is receivable, on a straight line basis over the lease term.

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.

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 in the Comprehensive Operating Statement 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;
- financial instrument assets;
- 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.

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

It is deemed that, in the event of the loss 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.

(l) Liabilities

Payables

Payables consist of:

- Contractual payables which consist predominantly of accounts payable representing liabilities for goods and services provided to the health service prior to the end of the financial year that are unpaid, and arise when the health service becomes obliged to make future payments in respect of the purchase of those goods and services.

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

- Statutory payables, such as goods and services tax (GST) and fringe benefits tax (FBT) payables.

Contractual payables are initially recognised at fair value, and then subsequently carried at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

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.

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 2 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.

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.

(m) 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.

Note 1: Statement of Significant Accounting Policies (continued)

Finance Leases

As at 30 June 2012, The Royal Children’s hospital does not hold any finance lease arrangements with other parties.

The new facility was built through a Public Private Partnership arrangement between the State of Victoria and Children’s Health Partnership Pty Ltd. The Royal Children’s Hospital occupies the new facility through a sublease agreement with Children’s Health Partnership Pty Ltd. The Royal Children’s Hospital, on behalf of the State of Victoria, agreed to record and reports the state’s obligations (including Finance Lease liability and Operating expenses) associated with the new Royal Children’s Hospital’s development.

The Finance leases are recognised as assets and liabilities at amounts equal to the present value of the minimum lease payment, each determined at the inception of the lease. Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the comprehensive operating statement.

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

Operating Leases

Rental income from operating lease is recognised when received over the term of the relevant lease.

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.

(n) Equity

Contributed Capital

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

Property, Plant and Equipment Revaluation Surplus

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

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

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.

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.

(o) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 19) at their nominal value and are inclusive of the goods and services tax (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. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

(p) 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.

(q) Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the 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.

(r) Foreign currency

Foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the payment.

(s) 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.

(t) Issued but not yet effective Australian accounting and reporting pronouncements

The table in this appendix is provided to assist entities in updating their disclosure as required by AASB 108 paragraph 30, of issued but not yet effective Australian Accounting Standards in the Summary of Significant Accounting Policies note of their financial reports.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 <i>Financial instruments</i>	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>).	1 Jan 2013	Detail of impact is still being assessed.
AASB 10 <i>Consolidated Financial Statements</i>	This Standard establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities and supersedes those requirements in AASB 127 <i>Consolidated and Separate Financial Statements</i> and Interpretation 112 <i>Consolidation – Special Purpose Entities</i> .	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 10 in a not-for-profit context. As such, impact will be assessed after the AASB’s deliberation.
AASB 11 <i>Joint Arrangements</i>	This Standard requires entities that have an interest in arrangements that are controlled jointly to assess whether the arrangement is a joint operation or joint venture. AASB 11 shall be applied for an arrangement that is a joint operation. It also replaces parts of requirements in AASB 131 <i>Interests in Joint Ventures</i> .	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 11 in a not-for-profit context. As such, impact will be assessed after the AASB’s deliberation.
AASB 12 <i>Disclosure of Interests in Other Entities</i>	This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 and AASB 131.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 12 in a not-for-profit context. As such, impact will be assessed after the AASB’s deliberation.
AASB 13 <i>Fair Value Measurement</i>	This Standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other AASs. AASB 13 includes a ‘fair value hierarchy’ which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or liabilities; other observable inputs; and unobservable inputs.	1 Jan 2013	Disclosure for fair value measurements using unobservable inputs are relatively onerous compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures for public sector entities that have assets measured using depreciated replacement cost.
AASB 119 <i>Employee Benefits</i>	In this revised Standard for defined benefit superannuation plans, there is a change to the methodology in the calculation of superannuation expenses, in particular there is now a change in the split between superannuation interest expense (classified as transactions) and actuarial gains and losses (classified as ‘Other economic flows – other movements in equity’) reported on the comprehensive operating statement.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. While the total superannuation expense is unchanged, the revised methodology is expected to have a negative impact on the net result from transactions of the general government sector and for those few Victorian public sector entities that report superannuation defined benefit plans.
AASB 127 <i>Separate Financial Statements</i>	This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 127 in a not-for-profit context. As such, impact will be assessed after the AASB’s deliberation.
AASB 128 <i>Investments in Associates and Joint Ventures</i>	This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 128 in a not-for-profit context. As such, impact will be assessed after the AASB’s deliberation.

Note 1: Statement of Significant Accounting Policies (continued)

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	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 in the Victorian public sector.
AASB 2009-11 <i>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]</i>	This Standard gives effect to consequential changes arising from the issuance of AASB 9.	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2010-2 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>	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.	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 in the Victorian public sector.
AASB 2010-7 <i>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 and 1038 and Interpretations 2, 5, 10, 12, 19 and 127]</i>	These consequential amendments are in relation to the introduction of AASB 9.	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2010-8 <i>Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]</i>	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 2010-10 <i>Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 and AASB 2010-7]</i>	The amendments ultimately affect AASB 1 <i>First-time Adoption of Australian Accounting Standards</i> and provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.	1 Jan 2013	No significant impact is expected on entity reporting.
AASB 2011-2 <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054]</i>	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.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011-3 <i>Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments [AASB 1049]</i>	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.	1 July 2012	<p>This amendment provides clarification to users preparing the whole of government and general government sector financial reports on the version of the GFS Manual to be used and what to disclose if the latest GFS Manual is not used.</p> <p>No impact on departmental or entity reporting.</p>
AASB 2011-4 <i>Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]</i>	This Standard amends AASB 124 <i>Related Party Disclosures</i> by removing the disclosure requirements in AASB 124 in relation to individual key management personnel (KMP).	1 July 2013	No significant impact is expected from these consequential amendments on entity reporting.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2011-6 <i>Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, AASB 128 & AASB 131]</i>	The objective of this Standard is to make amendments to AASB 127 <i>Consolidated and Separate Financial Statements</i> , AASB 128 <i>Investments in Associates</i> and AASB 131 <i>Interests in Joint Ventures</i> to extend the circumstances in which an entity can obtain relief from consolidation, the equity method or proportionate consolidation.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011-7 <i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 and 1038 and Interpretations 5, 9, 16 and 17]</i>	This Standard outlines consequential changes arising from the issuance of the five ‘new Standards’ to other Standards. For example, references to AASB 127 <i>Consolidated and Separate Financial Statements</i> are amended to AASB 10 <i>Consolidated Financial Statements</i> or AASB 127 <i>Separate Financial Statements</i> , and references to AASB 131 <i>Interests in Joint Ventures</i> are deleted as that Standard has been superseded by AASB 11 and AASB 128 (August 2011).	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2011-8 <i>Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 and 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 and 132]</i>	This amending Standard makes consequential changes to a range of Standards and Interpretations arising from the issuance of AASB 13. In particular, this Standard replaces the existing definition and guidance of fair value measurements in other Australian Accounting Standards and Interpretations.	1 Jan 2013	Disclosures for fair value measurements using unobservable inputs is potentially onerous, and may increase disclosures for assets measured using depreciated replacement cost.
AASB 2011-9 <i>Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]</i>	The main change resulting from this Standard is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). These amendments do not remove the option to present profit or loss and other comprehensive income in two statements, nor change the option to present items of OCI either before tax or net of tax.	1 July 2012	<p>This amending Standard could change the current presentation of ‘Other economic flows- other movements in equity’ that will be grouped on the basis of whether they are potentially reclassifiable to profit or loss subsequently.</p> <p>No other significant impact will be expected.</p>
AASB 2011-10 <i>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 and AASB 2011-8 and Interpretation 14]</i>	This Standard makes consequential changes to a range of other Australian Accounting Standards and Interpretation arising from the issuance of AASB 119 <i>Employee Benefits</i> .	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2011-11 <i>Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements</i>	This Standard makes amendments to AASB 119 <i>Employee Benefits</i> (September 2011), to incorporate reduced disclosure requirements into the Standard for entities applying Tier 2 requirements in preparing general purpose financial statements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011-12 <i>Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]</i>	This Standard makes amendments to AASB 1 <i>First-time Adoption of Australian Accounting Standards</i> , as a consequence of the issuance of IFRIC <i>Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine</i> . This Standard allows the first-time adopters to apply the transitional provisions contained in Interpretation 20.	1 Jan 2013	<p>There may be an impact for new agencies that adopt Australian Accounting Standards for the first time.</p> <p>No implication is expected for existing entities in the Victorian public sector.</p>

Note 1: Statement of Significant Accounting Policies (continued)

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
2011-13 <i>Amendments to Australian Accounting Standard – Improvements to AASB 1049</i>	This Standard aims to improve the AASB 1049 <i>Whole of Government and General Government Sector Financial Reporting</i> at the operational level. The main amendments clarify a number of requirements in AASB 1049, including the amendment to allow disclosure of other measures of key fiscal aggregates as long as they are clearly distinguished from the key fiscal aggregates and do not detract from the information required by AASB 1049. Furthermore, this Standard provides additional guidance and examples on the classification between ‘transactions’ and ‘other economic flows’ for GAAP items without GFS equivalents.	1 July 2012	No significant impact is expected from these consequential amendments on entity reporting.
2012-1 <i>Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements [AASB 3, AASB 7, AASB 13, AASB 140 and AASB 141]</i>	This amending Standard prescribes the reduced disclosure requirements in a number of Australian Accounting Standards as a consequence of the issuance of AASB 13 <i>Fair Value Measurement</i> .	1 July 2013	As the Victorian whole of government and the general government (GG) sector are subject to Tier 1 reporting requirements (refer to AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>), the reduced disclosure requirements included in AASB 2012-1 will not affect the financial reporting for Victorian whole of government and GG sector.
AASB Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	This Interpretation clarifies when production stripping costs should lead to the recognition of an asset and how that asset should be initially and subsequently measured.	1 Jan 2013	No significant impact is expected on entity reporting.

Note 2: Revenue

	Parent						Consolidated					
	HSA 2012 \$'000	HSA 2011 \$'000	H&CI 2012 \$'000	H&CI 2011 \$'000	Total 2012 \$'000	Total 2011 \$'000	HSA 2012 \$'000	HSA 2011 \$'000	H&CI 2012 \$'000	H&CI 2011 \$'000	Total 2012 \$'000	Total 2011 \$'000
Revenue from Operating Activities												
Government Grants												
- Department of Human Services	5,846	7,531	-	-	5,846	7,531	5,846	7,531	-	-	5,846	7,531
- Department of Health	333,777	304,907	-	-	333,777	304,907	333,777	304,907	211	-	333,988	304,907
- Commonwealth Government	4,521	2,679	1,952	3,326	6,473	6,005	4,521	2,679	1,952	3,326	6,473	6,005
Total Government Grants	344,144	315,117	1,952	3,326	346,096	318,443	344,144	315,117	2,163	3,326	346,307	318,443
Indirect Contributions by Department of Health												
- Insurance	440	4,613	-	-	440	4,613	440	4,613	-	-	440	4,613
- Facility management, lifecycle and other charges under PPP arrangement	7,334	-	-	-	7,334	-	7,334	-	-	-	7,334	-
- Long Service Leave	2,672	2,026	-	-	2,672	2,026	2,672	2,026	-	-	2,672	2,026
Total Indirect Contributions by Department of Health	10,446	6,639	-	-	10,446	6,639	10,446	6,639	-	-	10,446	6,639
Patient Fees												
- Patient Fees (refer Note 2b)	12,500	10,744	1,519	1,057	14,019	11,801	12,500	10,744	1,519	1,057	14,019	11,801
Total Patient Fees	12,500	10,744	1,519	1,057	14,019	11,801	12,500	10,744	1,519	1,057	14,019	11,801
Commercial Activities and Specific Purpose Funds												
- Private Practice and other patient activity	-	-	13,127	18,595	13,127	18,595	-	-	13,127	18,595	13,127	18,595
- Commercial Laboratory Medicine	-	-	137	199	137	199	-	-	137	199	137	199
- Child Health and Information	-	-	201	214	201	214	-	-	201	214	201	214
- Community Child Care	-	-	1,506	1,216	1,506	1,216	-	-	1,506	1,216	1,506	1,216
- Educational Resource Centre	-	-	649	748	649	748	-	-	649	748	649	748
- Property Income	-	-	819	240	819	240	-	-	1,105	530	1,105	530
- Car Park Fees	-	-	5,214	4,070	5,214	4,070	-	-	5,214	4,070	5,214	4,070
- Other	-	-	2,568	2,986	2,568	2,986	-	-	5,826	6,445	5,826	6,445
Total Business Units and Specific Purpose Funds	-	-	24,221	28,268	24,221	28,268	-	-	27,765	32,017	27,765	32,017
Research and Program Grants	764	489	-	-	764	489	764	489	-	-	764	489
Recoupment from Private Practice for Use of Hospital Facilities	12,516	6,987	-	-	12,516	6,987	12,516	6,987	-	-	12,516	6,987
Corporate Services	1,301	1,316	5	-	1,306	1,316	1,301	1,316	5	-	1,306	1,316
Pathology	7,681	6,964	-	-	7,681	6,964	7,681	6,964	-	-	7,681	6,964
Donations and Bequests	-	-	15,250	14,159	15,250	14,159	-	-	25,345	22,407	25,345	22,407
Other Revenue from Operating Activities	10,794	10,637	-	-	10,794	10,637	10,794	10,637	-	113	10,794	10,750
Sub-Total Revenue from Operating Activities	400,146	358,893	42,947	46,810	443,093	405,703	400,146	358,893	56,797	58,920	456,943	417,813
Revenue from Non-Operating Activities												
Interest and Dividends	-	-	2,018	1,900	2,018	1,900	-	-	6,512	8,414	6,512	8,414
Market Movement in Investments	-	-	-	-	-	-	-	-	(56)	(247)	(56)	(247)
Sub-Total Revenue from Non-Operating Activities	-	-	2,018	1,900	2,018	1,900	-	-	6,456	8,167	6,456	8,167
Revenue from Capital Purpose Income												
State Government Capital Grants												
- Targeted Capital Works and Equipment	-	-	-	1,296	-	1,296	-	-	-	1,296	-	1,296
- Department of Health -Indirect Contribution on repayment of finance lease liabilities and PPP modifications costs	-	-	14,315	-	14,315	-	-	-	14,315	-	14,315	-
- Other	-	-	296	411	296	411	-	-	296	411	296	411
Assets Received Free of Charge (refer Note 2d)	-	-	28,647	3	28,647	3	-	-	28,650	4	28,650	4
Net Gain/(Loss) on Disposal of Non-Financial Assets (refer Note 2c)	-	-	(20,212)	(18)	(20,212)	(18)	-	-	(20,212)	(30)	(20,212)	(30)
Donations and Bequests	-	-	12,145	5,833	12,145	5,833	-	-	420	3,529	420	3,529
Other Capital Purpose Income	-	-	2,431	416	2,431	416	-	-	2,431	416	2,431	416
Sub-Total Revenue from Capital Purpose Income	-	-	37,622	7,941	37,622	7,941	-	-	25,900	5,626	25,900	5,626
Available for sale Revaluation Surplus gain recognized (refer Note 15a)	-	-	(59)	205	(59)	205	-	-	(59)	205	(59)	205
Total Revenue (refer to Note 2a)	400,146	358,893	82,528	56,856	482,674	415,749	400,146	358,893	89,094	72,918	489,240	431,811

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 2012 \$'000	Outpatients 2012 \$'000	EDS 2012 \$'000	Ambulatory 2012 \$'000	Mental Health 2012 \$'000	Primary Health 2012 \$'000	Other 2012 \$'000	Total 2012 \$'000
Revenue from Services Supported by Health Services Agreement								
Government Grants	265,353	31,185	12,679	5,154	14,106	4,403	6,743	339,623
Commonwealth Government	3,195	799	-	-	50	-	477	4,521
Indirect contributions by Department of Health	3,024	88	-	-	-	-	7,334	10,446
Patient Fees (refer Note 2b)	12,399	93	-	-	-	-	8	12,500
Research and Program Grants	104	21	-	-	61	480	98	764
Recoupment from Private Practice for Use of Hospital Facilities	10,024	2,492	-	-	-	-	-	12,516
Corporate Services	1,041	260	-	-	-	-	-	1,301
Pathology	6,145	1,536	-	-	-	-	-	7,681
Other	7,080	1,361	40	923	292	195	903	10,794
Sub-Total Revenue from Services Supported by Health Services Agreement	308,365	37,835	12,719	6,077	14,509	5,078	15,563	400,146
Revenue from Services Supported by Hospital and Community Initiatives								
Commonwealth Government Grants	-	-	-	-	-	-	2,163	2,163
Patient Fees	-	-	-	-	-	-	1,519	1,519
Business Units and Specific Purpose Funds	-	-	-	-	-	-	27,765	27,765
Donations and Bequests (non capital)	-	-	-	-	-	-	25,345	25,345
Revenue from Non-Operating Activities	-	-	-	-	-	-	6,456	6,456
Capital Purpose Income (refer Note 2)	-	-	-	-	-	-	25,900	25,900
Corporate Services	-	-	-	-	-	-	5	5
Other	-	-	-	-	-	-	(59)	(59)
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	89,094	89,094
Total Revenue	308,365	37,835	12,719	6,077	14,509	5,078	104,657	489,240

	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 and 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 Grant	-	-	-	-	-	-	3,326	3,326
Patient Fees	-	-	-	-	-	-	1,057	1,057
Business Units and Specific Purpose Funds	-	-	-	-	-	-	32,017	32,017
Donations and 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

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 2012 \$'000	Parent Entity 2011 \$'000	Consolidated 2012 \$'000	Consolidated 2011 \$'000
Patient Fees Raised				
Recurrent:				
Acute				
– Inpatients	12,070	10,279	12,070	10,279
– Outpatients	1,368	707	1,368	707
– Other	581	815	581	815
Total Recurrent	14,019	11,801	14,019	11,801

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

	Parent Entity 2012 \$'000	Parent Entity 2011 \$'000	Consolidated 2012 \$'000	Consolidated 2011 \$'000
Proceeds from Disposal of Non-Current Assets				
Plant and Equipment (Footnote 1)	391	5	391	5
Motor Vehicles	1	-	1	3
Total Proceeds from Disposal of Non-Current Assets	392	5	392	8
Less: Written Down Value of Non-Current Assets				
Furniture and Fittings	502	-	502	-
Plant and Equipment	241	20	241	20
Medical Equipment	817	-	817	15
Cultural Assets	124	-	124	-
Software	38	-	38	-
Buildings (Footnote 2)	18,597	-	18,597	-
Computers and Communications	284	3	284	3
Total Written Down Value of Non-Current Assets Sold	20,603	23	20,603	38
Net Gain/(Loss) on Disposal of Non-Current Assets	(20,210)	(18)	(20,210)	(30)

Footnote 1: Proceeds from auction for plant and equipment of the old hospital.

Footnote 2: Carrying amount of Front Entry Building written off.

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

	Parent Entity 2012 \$'000	Parent Entity 2011 \$'000	Consolidated 2012 \$'000	Consolidated 2011 \$'000
During the reporting period, the fair value of assets received free of charge, was as follows:				
Land (Footnote 3)	28,530	-	28,533	-
Cultural assets (Footnote 4)	25	-	25	-
Medical Equipment (Footnote 5)	92	3	92	4
TOTAL	28,647	3	28,650	4

Footnote 3: As of 30 June 2012, The Department of Health has provided land free of charge for the new Royal Children's Hospital site. The land is recognised at fair value of \$28.5 million. The existing parcel of land was split into two portions; one portion is to be returned to parkland upon the completion of stage 2 and the other portion to be developed as a commercial precinct. The proposed parkland was assessed at a lower value than previously recorded, which results in the write down value on the existing land. By the completion of stage 2, the total hectare of land occupied by The Royal Children's Hospital should not exceed 4.1 hectares.

Footnote 4: 34 Donated cultural assets.

Footnote 5: An anaesthetic work station was donated to The Royal Children's Hospital during the financial year ended 30 June 2012.

Note 3: Expenses

	Parent						Consolidated					
	HSA 2012 \$'000	HSA 2011 \$'000	H&CI 2012 \$'000	H&CI 2011 \$'000	Total 2012 \$'000	Total 2011 \$'000	HSA 2012 \$'000	HSA 2011 \$'000	H&CI 2012 \$'000	H&CI 2011 \$'000	Total 2012 \$'000	Total 2011 \$'000
Employee Expenses												
Salaries and Wages	263,644	241,002	16,140	14,025	279,784	255,027	263,644	241,002	20,025	17,278	283,669	258,280
WorkCover Premium	2,147	1,228	367	409	2,514	1,637	2,147	1,228	429	468	2,576	1,696
Departure Packages	1,071	552	14	7	1,085	559	1,071	552	15	10	1,086	562
Long Service Leave	9,283	8,083	455	210	9,738	8,293	9,283	8,083	554	264	9,837	8,347
Superannuation	23,374	21,771	1,389	1,265	24,763	23,036	23,374	21,771	1,678	1,528	25,052	23,299
Total Employee Expenses	299,519	272,636	18,365	15,916	317,884	288,552	299,519	272,636	22,701	19,548	322,220	292,184
Non Salary Labour Costs												
Fees for Visiting Medical Officers	2,193	1,895	936	912	3,129	2,807	2,193	1,895	936	912	3,129	2,807
Agency Costs – Nursing	2,398	2,896	-	-	2,398	2,896	2,398	2,896	-	-	2,398	2,896
Agency Costs – Other	13,603	12,047	1,982	3,159	15,585	15,206	13,603	12,047	2,131	3,421	15,734	15,468
Contractors and Consultants	4,670	4,240	1,701	2,778	6,371	7,018	4,670	4,240	1,956	3,124	6,626	7,364
Total Non Salary Labour Costs	22,864	21,078	4,619	6,849	27,483	27,927	22,864	21,078	5,023	7,457	27,887	28,535
Supplies and Consumables												
Drug Supplies	18,208	15,716	180	213	18,388	15,929	18,208	15,716	180	213	18,388	15,929
S100 Drugs	394	2,123	-	-	394	2,123	394	2,123	-	-	394	2,123
Medical, Surgical Supplies and Prosthesis	22,695	22,921	34	77	22,729	22,998	22,695	22,921	38	76	22,733	22,997
Pathology Supplies	6,759	6,238	(3)	86	6,756	6,324	6,759	6,238	(3)	86	6,756	6,324
Food Supplies	1,986	1,986	7	4	1,993	1,990	1,986	1,986	22	15	2,008	2,001
Total Supplies and Consumables	50,042	48,984	218	380	50,260	49,364	50,042	48,984	237	390	50,279	49,374
Other Expenses												
Domestic Services and Supplies	3,020	2,678	44	47	3,064	2,725	3,020	2,678	47	55	3,067	2,733
Fuel, Light, Power and Water	3,367	3,067	14	24	3,381	3,091	3,367	3,067	22	32	3,389	3,099
Insurance costs funded by DH	3,908	4,613	-	-	3,908	4,613	3,908	4,613	-	-	3,908	4,613
Motor Vehicle Expenses	344	251	(43)	(74)	301	177	344	251	(1)	(24)	343	227
Repairs and Maintenance	2,608	2,641	310	318	2,918	2,959	2,608	2,641	365	404	2,973	3,045
Maintenance Contracts	5,037	5,805	84	142	5,121	5,947	5,037	5,805	91	163	5,128	5,968
Patient Transport	385	309	241	-	626	309	385	309	241	-	626	309
Bad and Doubtful Debts	925	151	-	-	925	151	925	151	-	-	925	151
Lease Expenses	636	480	225	162	861	642	636	480	297	247	933	727
Advertising Expenses	98	275	24	9	122	284	98	275	50	10	148	285
Postage and Telephone	1,413	1,206	86	76	1,499	1,282	1,413	1,206	157	162	1,570	1,368
Stationery	1,179	1,665	284	349	1,463	2,014	1,179	1,665	404	455	1,583	2,120
Facility management, lifecycle and other charges under PPP arrangement	7,333	-	-	-	7,333	-	7,333	-	-	-	7,333	-
Other Administrative Expenses	8,823	8,204	8,708	8,745	17,531	16,948	8,823	8,204	12,073	12,657	20,897	20,861
Audit Fees												
- VAGO – Audit of Financial Statements	137	128	-	-	137	128	137	128	65	58	202	186
- KPMG Internal Audit Fees	292	396	-	-	292	396	292	396	-	-	292	396
Total Other Expenses from Continuing Operations	39,505	31,869	9,977	9,798	49,483	41,666	39,505	31,869	13,811	14,219	53,317	46,088
Expenditure using Capital Purpose Income												
Other Expenses	-	-	436	1,112	436	1,112	-	-	436	1,112	436	1,112
Special Function Costs	-	-	46	-	46	-	-	-	46	-	46	-
Finance lease interest expense	-	-	22,940	-	22,940	-	-	-	22,940	-	22,940	-
Total Expenditure using Capital Purpose Income	-	-	23,422	1,112	23,422	1,112	-	-	23,422	1,112	23,422	1,112
Depreciation and Amortisation (refer to Note 4)	-	-	18,933	24,595	18,933	24,595	-	-	19,131	24,782	19,131	24,782
Total	-	-	18,933	24,595	18,933	24,595	-	-	19,131	24,782	19,131	24,782
Total Expenses	411,930	374,567	75,534	58,650	487,465	433,216	411,930	374,567	84,325	67,508	496,256	442,075

Note 3a: Analysis of Expenses by Source

(based on the consolidated view of Note 3)

	Admitted Patients 2012	Outpatients 2012	EDS 2012	Ambulatory 2012	Mental Health 2012	Primary Health 2012	Other 2012	Total 2012
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Services Supported by Health Services Agreement								
Employee Expenses	221,694	26,772	15,344	7,155	11,125	8,556	8,873	299,519
Non Salary Labour Costs	13,374	2,518	471	4,002	734	274	1,491	22,864
Supplies and Consumables	40,035	5,833	916	864	133	9	2,252	50,042
Other Expenses from Continuing Operations	29,353	5,566	351	411	1,074	1,741	1,009	39,505
Sub-Total Expenses from Services Supported by Health Services Agreement	304,456	40,689	17,082	12,432	13,066	10,580	13,625	411,930
Services Supported by Hospital and Community Initiatives								
Employee Benefits	-	-	-	-	-	-	22,701	22,701
Non Salary Labour Costs	-	-	-	-	-	-	5,024	5,024
Supplies and Consumables	-	-	-	-	-	-	237	237
Other Expenses from Continuing Operations	-	-	-	-	-	-	13,811	13,811
Sub-Total Expense from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	41,773	41,773
Total Expenses from Ordinary Activities before Depreciation and Specific Items	304,456	40,689	17,082	12,432	13,066	10,580	55,398	453,703
Expenditure using Capital Purpose Income	-	-	-	-	-	-	436	436
Other expenses	-	-	-	-	-	-	46	46
Special Function Costs	-	-	-	-	-	-	22,940	22,940
PPP Interest Expense	-	-	-	-	-	-	19,131	19,131
Depreciation and Amortisation (refer Note 4)	-	-	-	-	-	-	-	-
Total Expenses	304,456	40,689	17,082	12,432	13,066	10,580	97,951	496,256

	Admitted Patients 2011	Outpatients 2011	EDS 2011	Ambulatory 2011	Mental Health 2011	Primary Health 2011	Other 2011	Total 2011
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Services Supported by Health Services Agreement								
Employee Expenses	205,438	22,099	13,939	6,646	10,999	8,033	5,482	272,636
Non Salary Labour Costs	11,701	2,024	376	4,608	727	270	1,372	21,078
Supplies and Consumables	38,501	5,603	630	573	85	23	3,570	48,984
Other Expenses from Continuing Operations	28,558	1,783	141	117	286	244	739	31,869
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	-	-	-	-	-	-	19,548	19,548
Non Salary Labour Costs	-	-	-	-	-	-	7,457	7,457
Supplies and Consumables	-	-	-	-	-	-	390	390
Other Expenses from Continuing Operations	-	-	-	-	-	-	14,219	14,219
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
Impairment of Non-Current Assets	-	-	-	-	-	-	-	-
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

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

	Parent Entity 2012 \$'000	Parent Entity 2011 \$'000	Consolidated 2012 \$'000	Consolidated 2011 \$'000
Private Practice Activities	11,487	11,247	11,487	11,247
Car Park	113	331	113	331
Property	49	89	49	89
Child Health and Information Centre	191	206	191	206
Community Child Care	1,370	1,034	1,370	1,034
Educational Resource Centre	511	672	511	672
Safety Centre	4	31	4	31
Research	5,121	4,940	5,121	4,940
Departmental and General Purpose Funds	14,333	14,393	22,926	23,064
TOTAL	33,179	32,943	41,772	41,614

Note 4: Depreciation and Amortisation

	Parent Entity 2012 \$'000	Parent Entity 2011 \$'000	Consolidated 2012 \$'000	Consolidated 2011 \$'000
Depreciation				
Buildings	10,051	15,927	10,115	15,987
Plant and Equipment	71	71	72	72
Medical Equipment	5,751	5,662	5,751	5,662
Computers and Communication	1,136	955	1,193	1,005
Furniture and Equipment	170	259	173	261
Motor Vehicles	27	24	36	35
Total Depreciation	17,206	22,898	17,340	23,022
Amortisation				
Intangible Assets	1,727	1,697	1,791	1,759
Total Amortisation	1,727	1,697	1,791	1,759
Total Depreciation and Amortisation	18,933	24,595	19,131	24,782

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 2012 \$'000	Parent Entity 2011 \$'000	Consolidated 2012 \$'000	Consolidated 2011 \$'000
Cash on Hand	13	38	13	38
Cash at Bank	5,243	4,549	7,195	5,378
Deposits at Call	9,798	8,932	22,996	9,132
Fixed Deposits	15,000	2,634	20,812	23,275
TOTAL	30,054	16,153	51,016	37,823
Represented by:				
Cash for Health Service Operations (as per Cash Flow Statement)	28,669	14,609	49,631	36,280
Cash for Monies Held in Trust				
- Cash at Bank	1,385	1,543	1,385	1,543
Total Cash and Cash Equivalents	30,054	16,153	51,016	37,823

Note 6: Receivables

	Parent Entity 2012 \$'000	Parent Entity 2011 \$'000	Consolidated 2012 \$'000	Consolidated 2011 \$'000
CURRENT				
Contractual				
Controlled Entity Debtors	2,282	2,410	-	-
Inter Hospital Debtors	2,439	1,591	2,439	1,591
Trade Debtors	2,660	2,923	2,771	3,007
Patient Fees	3,692	3,929	3,692	3,929
Accrued Investment Income	198	115	836	547
Diagnostic Debtors	1,539	1,534	1,539	1,534
Sundry Debtors	828	531	828	1,140
AEDI Commonwealth Grant	1,459	3,394	-	-
Less Allowance for Doubtful Debts				
Trade Debtors	863	323	863	324
Patient Fees	285	122	285	122
Sundry Debtors	274	129	274	129
Diagnostic Debtors	321	253	321	253
	13,353	15,601	10,362	10,920
Statutory				
GST Receivable	484	758	667	758
Accrued Revenue – Department of Health	169	-	169	-
TOTAL CURRENT RECEIVABLES	14,006	16,359	11,198	11,678
NON-CURRENT				
Statutory				
Long Service Leave – Department of Health	10,299	7,627	10,299	7,627
TOTAL NON-CURRENT RECEIVABLES	10,299	7,627	10,299	7,627
TOTAL RECEIVABLES	24,305	23,986	21,497	19,305
(a) Movement in Allowance for Doubtful Contractual Receivables				
Balance at beginning of year	827	690	828	690
Amounts written off during the year	(6)	(49)	(6)	(49)
Increase/(decrease) in allowance recognised in profit or loss	922	186	921	187
Balance at end of year	1,743	827	1,743	828

(b) Ageing analysis of receivables

Please refer to Note 18b for the ageing analysis of contractual financial assets

(c) Nature and extent of risk arising from receivables

Please refer to Note 18b for the nature and extent of credit risk arising from contractual financial assets

Note 7: Other Financial Assets

	Parent Entity 2012 \$'000	Parent Entity 2011 \$'000	Consolidated 2012 \$'000	Consolidated 2011 \$'000
CURRENT				
Managed Funds	-	-	47,452	51,247
Term Deposit	-	-	900	900
Total Current	-	-	48,352	52,147
NON-CURRENT				
Managed Funds	17,702	18,225	62,225	65,705
Total Non-Current	17,702	18,225	62,225	65,705
TOTAL	17,702	18,225	110,577	117,852
Represented by:				
Restricted Specific Purpose Reserves (refer to Note 15)	17,702	18,225	110,577	117,852
TOTAL	17,702	18,225	110,577	117,852

Note 8: Inventories

	Parent Entity 2012 \$'000	Parent Entity 2011 \$'000	Consolidated 2012 \$'000	Consolidated 2011 \$'000
Pharmaceuticals – at cost	1,648	1,452	1,648	1,451
Gift Shop – at cost	12	18	12	18
TOTAL	1,660	1,469	1,660	1,469

Note 9: Property, Plant and Equipment

	Parent Entity 2012 \$'000	Parent Entity 2011 \$'000	Consolidated 2012 \$'000	Consolidated 2011 \$'000
Land				
Land at Fair Value				
Crown	75,944	62,188	75,944	62,188
Freehold	11,529	11,529	13,817	13,818
Total Land (Footnote 9)	87,473	73,717	89,761	76,006
Buildings				
Buildings at Cost	908	309	1,147	309
Less Accumulated Depreciation	208	162	447	162
	700	147	700	147
Buildings at Fair Value	60,559	89,724	61,616	90,524
Less Accumulated Depreciation	36,755	37,318	36,830	37,358
	23,804	52,406	24,786	53,166
Leasehold Improvements at cost	-	-	-	346
Less Accumulated Depreciation	-	-	-	211
	-	-	-	135
Total Buildings (Footnote 7)	24,504	52,553	25,486	53,449
Plant and Equipment				
Plant and Equipment at fair value	849	2,650	884	2,677
Less Accumulated Depreciation	365	1,906	380	1,920
Total Plant and Equipment (Footnote 8)	484	744	504	757
Medical Equipment				
Medical Equipment at fair value	58,882	69,154	58,882	69,154
Less Accumulated Depreciation	28,386	45,179	28,386	45,179
Total Medical Equipment (Footnote 8)	30,496	23,975	30,496	23,975
Computers and Communication				
Computers and Communication at fair value	5,510	19,895	6,174	20,407
Less Accumulated Depreciation	3,686	17,849	4,154	18,259
Total Computers and Communications (Footnote 8)	1,824	2,046	2,020	2,148
Furniture and Fittings				
Furniture and Fittings at fair value	1,290	3,350	1,335	3,395
Less Accumulated Depreciation	514	1,958	535	1,977
Total Furniture and Fittings (Footnote 8)	776	1,392	800	1,418
Motor Vehicles				
Motor Vehicles at fair value	332	326	421	415
Less Accumulated Depreciation	152	153	179	172
Total Motor Vehicles (Footnote 8)	180	173	242	243
Cultural Assets				
Cultural Assets At Cost	244	244	244	244
	244	244	244	244
Cultural Assets At Fair Value	277	376	277	376
Total Cultural Assets (Footnote 8)	521	620	521	620
Public Private Partnership (PPP) Assets				
Leased Buildings	804,020	-	804,020	-
Leased Equipment	92,787	-	92,787	-
Leased Fittings	3,703	-	3,703	-
Leased Assets	900,510	-	900,510	-
Improvement on Leased Buildings and Equipment	8,050	-	8,050	-
Total PPP Assets (Footnote 6)	908,560	-	908,560	-
TOTAL	1,054,818	155,220	1,058,390	158,616

Note 9: Property, Plant and Equipment (continued)

Reconciliations of the carrying amounts of each class of asset for the consolidated entity at the beginning and end of the previous and current financial year are set out below.
(Note: Intangible Assets are not included in this schedule. Refer Note 10)

	Land	Buildings	Plant and Equipment	Medical Equipment	Computers and Communications	Furniture and Fittings	Motor Vehicles	Cultural Assets	PPP Assets	Total
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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)	-	-	-	-	-
Depreciation and Amortisation (Note 4)	-	(15,987)	(72)	(5,662)	(1,006)	(261)	(35)	-	-	(23,023)
Balance at 1 July 2011	76,006	53,449	757	23,975	2,148	1,418	243	620	-	158,616
Additions	28,530	749	61	13,648	1,079	57	35	25	908,560	952,744
Disposals	-	(18,597)	(241)	(817)	(284)	(502)	-	(124)	-	(20,565)
Net transfers between classes	-	-	-	(560)	270	-	-	-	-	(290)
Revaluation Increments/ (Decrements)	(14,775)	-	-	-	-	-	-	-	-	(14,775)
Depreciation and Amortisation (Note 4)	-	(10,115)	(72)	(5,751)	(1,193)	(173)	(36)	-	-	(17,340)
Balance at 30 June 2012	89,761	25,486	504	30,496	2,020	800	242	521	908,560	1,058,390

Footnote 6: The RCH on behalf of the State of Victoria has recorded the Public Private Partnership (PPP) assets and any other improvement to the PPP assets for the value of \$908 million. The PPP Assets (except 3B Equipment) are maintained and replaced by the Children's Health Partnership Pty Ltd.
Under the Public Private Partnership (PPP) arrangement, the Front Entry Building is currently being refurbished with project costs incurred by the Children's Health Partnership Pty Ltd. As of 30 June 2012, the Front Entry Building has been fully depreciated.

Footnote 7: RCH maintains the ownership of the Research Precinct Building, while the refurbishment is underway with an expected completion date of December 2014. The revaluation of the building will be performed once refurbishment is completed.

Footnote 8: As part of the move to the new facility, RCH disposed of certain assets that were not able to be transferred/used in the new facility, with carrying amount totalling \$1.9 million (Refer Note 2c).

Footnote 9: As of 30 June 2012, The Department of Health has provided land free of charge for the new Royal Children's Hospital site. The land is recognised at fair value of \$28.5 million. The existing parcel of land was split into two portions; one portion is to be returned to Parkland upon the completion of stage 2 and the other portion to be developed as commercial precinct. The proposed Parkland was assessed at a lower value than previously recorded, which results in the write down value on the existing land. By the completion of stage 2, the total hectare of land occupied by The Royal Children's Hospital should not exceed 4.1 hectares.
An annual assessment of the fair value of land and buildings was conducted by Management as at 30 June 2012. Management obtained from Department of Health the approved Valuer-General Victoria indices for 2012 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 2012 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 2012.

Note 10: Intangible Assets

	Parent Entity 2012 \$'000	Parent Entity 2011 \$'000	Consolidated 2012 \$'000	Consolidated 2011 \$'000
Software	10,965	9,087	11,330	9,347
Less Accumulated Amortisation	8,045	6,868	8,263	7,023
Total Written Down Value	2,920	2,219	3,067	2,324

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 2010	1,830	1,830
Additions	2,253	2,253
Amortisation (Note 4)	(1,759)	(1,759)
Balance at 1 July 2011	2,324	2,324
Additions	2,280	2,280
Disposals	(38)	(38)
Net transfer from Property, Plant and Equipment	292	292
Amortisation (Note 4)	(1,791)	(1,791)
Balance at 30 June 2012	3,067	3,067

Note 11: Investment Properties

	Parent Entity 2012 \$'000	Parent Entity 2011 \$'000	Consolidated 2012 \$'000	Consolidated 2011 \$'000
Balance at Beginning of Year	3,531	3,531	3,531	3,531
Net Gain from Fair Value Adjustments	-	-	-	-
Balance at End of Year	3,531	3,531	3,531	3,531

Note 12: Payables

	Parent Entity 2012 \$'000	Parent Entity 2011 \$'000	Consolidated 2012 \$'000	Consolidated 2011 \$'000
CURRENT				
Contractual				
Trade Creditors	9,620	13,315	9,493	13,315
Accrued Expenses	6,471	3,900	7,836	5,173
Deposits	35	36	35	36
Sundry Creditors	1,389	1,274	2,306	1,576
	17,515	18,525	19,670	20,100
Statutory				
Superannuation and WorkCover	2,863	2,532	2,863	2,532
Department of Health	4,559	3,647	4,559	3,647
	7,422	6,179	7,422	6,179
TOTAL CURRENT	24,937	24,704	27,092	26,279

(a) Maturity analysis of payables
Please refer to Note 18c for the ageing analysis of contractual payables
(b) Nature and extent of risk arising from payables
Please refer to Note 18c for the nature and extent of risk arising from contractual payables

Note 13: Employee Benefits and Related On-Cost Provisions

	Parent Entity 2012 \$'000	Parent Entity 2011 \$'000	Consolidated 2012 \$'000	Consolidated 2011 \$'000
CURRENT PROVISIONS				
Employee Benefits				
- unconditional and expected to be settled within 12 months	38,333	27,326	38,893	27,745
- unconditional and expected to be settled after 12 months	38,916	31,680	38,982	31,738
	77,249	59,006	77,875	59,483
Provisions related to employee benefit on-costs				
- unconditional and expected to be settled within 12 months (nominal value)	2,406	1,981	2,455	2,020
- unconditional and expected to be settled after 12 months (present value)	4,164	3,390	4,171	3,396
	6,570	5,371	6,626	5,416
TOTAL CURRENT PROVISIONS	83,819	64,377	84,501	64,899
NON-CURRENT PROVISIONS				
Employee Benefits	8,967	10,775	9,083	10,867
Provisions related to employee benefit on-costs	959	1,153	977	1,163
TOTAL NON-CURRENT PROVISIONS	9,926	11,928	10,060	12,030
TOTAL PROVISIONS	93,745	76,305	94,561	76,929
(a) EMPLOYEE BENEFITS AND RELATED ON-COSTS (Footnotes 10 and 11)				
CURRENT EMPLOYEE BENEFITS AND RELATED ON-COSTS				
Unconditional long service leave entitlements	41,114	32,669	41,392	32,885
Annual leave entitlements	26,066	22,113	26,377	22,350
Accrued Wages and Salaries	15,845	8,813	15,922	8,865
Accrued Days Off	794	783	816	799
NON-CURRENT EMPLOYEE BENEFITS AND RELATED ON-COSTS				
Conditional long service leave entitlements (present value)	9,926	11,928	10,054	12,030
TOTAL EMPLOYEE BENEFITS	93,745	76,305	94,561	76,929
(b) MOVEMENTS IN PROVISIONS				
Movement in Long Service Leave:				
Balance at start of year	44,597	39,193	44,915	39,562
Provision made during the year				
- Revaluations Increments/(Decrements)	687	(50)	687	(50)
- Expense recognising Employee Service	8,999	8,355	9,122	8,406
Settlement made during the year	(3,243)	(2,901)	(3,278)	(3,003)
Balance at end of year	51,040	44,597	51,446	44,915

Footnote 10: In 2011-12, Newborn Emergency Transport Service (NETS) and Perinatal Emergency Referral Service (PERS) operations (including staff) were transferred from the Royal Women's Hospital (RWH) to The Royal Children's Hospital (RCH). The transfer has resulted in an increase in the RCH Employee Benefit provision.

Footnote 11:

- (a) The new nursing Enterprise Bargaining Agreement (EBA) was certified by Fair Work Australia on the 29th of June 2012. The financial impact of this agreement has been provided in the 2011-12 RCH employee benefits.
- (b) Health professional, Health and Allied Services, Manager and Administrative Officers EBA has gone through ballot process on the 21st of June, 2012. Full version of the agreement was circulated to all members and hence created a constructive obligation for future outflows to occur. The financial impact of this agreement has been provided in the 2011-12 RCH employee benefits.

Note 14: Other Liabilities

	Parent Entity 2012 \$'000	Parent Entity 2011 \$'000	Consolidated 2012 \$'000	Consolidated 2011 \$'000
CURRENT				
Monies Held in Trust*				
- Patient Monies Held in Trust	235	223	235	223
- Employee Salary Packaging Monies Held in Trust	1,150	1,320	1,150	1,320
Income in Advance				
- Rental	348	349	348	349
- AEDI Commonwealth Grant	1,459	3,394	1,459	3,394
- Other	1,733	45	1,733	90
Total Current	4,925	5,331	4,925	5,376
NON-CURRENT				
Income in Advance				
- Rental	4,099	4,448	4,099	4,448
Finance Lease Liabilities (Note 19)	917,233	-	917,233	-
Total Non-Current	921,332	4,448	921,332	4,448
Total Other Liabilities	926,257	9,779	926,257	9,824
*Total Monies Held in Trust				
Represented by the following assets:				
Cash Assets (Note 5)	1,385	1,543	1,385	1,543
TOTAL	1,385	1,543	1,385	1,543

Note 15: Equity

	Parent Entity 2012 \$'000	Parent Entity 2011 \$'000	Consolidated 2012 \$'000	Consolidated 2011 \$'000
(a) Reserves				
Property Plant and Equipment Revaluation Surplus (Footnote 12)				
Balance at the beginning of the reporting Year	32,702	32,702	34,555	34,555
Revaluation Increment/(Decrement)				
- Land	(14,774)	-	(14,774)	-
Balance at the end of the reporting Year	17,928	32,702	19,781	34,555
Represented by:				
- Land	17,928	32,702	19,781	34,555
	17,928	32,702	19,781	34,555
Financial Assets Available-for-Sale Revaluation Surplus (Footnote 13)				
Balance at the beginning of the reporting Year	517	450	4,337	1,304
Valuation gain/(loss) recognised	(411)	272	(4,285)	3,238
Cumulative (gain)/loss transferred to Comprehensive Operating Statement on Sale of Financial Assets	59	(205)	59	(205)
Balance at end of the reporting Year	165	517	111	4,337
General Purpose Surplus				
Balance at the beginning of the reporting Year	14,206	9,557	14,206	9,557
Transfer (to)/from Accumulated Surpluses/(Deficits)	2,537	4,649	2,537	4,649
Balance at the end of the reporting Year	16,743	14,206	16,743	14,206
Restricted Specific Purpose Surplus				
Balance at the beginning of the reporting Year	20,862	18,120	133,071	123,123
Transfer (to)/from Accumulated Surpluses/(Deficits)	(2,969)	2,742	(5,195)	9,948
Balance at the end of the reporting Year	17,893	20,862	127,876	133,071
Total Reserves	52,729	68,287	164,511	186,169
(b) Contributed Capital				
Balance at the beginning of the reporting Year	108,429	108,429	108,429	108,429
Balance at the end of the reporting Year	108,429	108,429	108,429	108,429
(c) Accumulated Surpluses/(Deficits)				
Balance at the beginning of the reporting Year	(66,180)	(41,322)	(66,180)	(41,322)
Net Result for the Year	(4,791)	(17,467)	(7,017)	(10,261)
Transfer (to)/from Reserves	432	(7,391)	2,658	(14,597)
Balance at the end of the reporting Year	(70,539)	(66,180)	(70,539)	(66,180)
(d) Total Equity at end of financial year	90,619	110,536	202,401	228,418

Footnote 12: The Property, Plant and Equipment Revaluation Surplus balance is as a result of the revaluation of Property, Plant and Equipment undertaken in 2011-12.

Footnote 13: The Financial Assets Available-For-Sale Revaluation Surplus balance is as a result of the revaluation of Available-For-Sale Financial Assets undertaken in 2011-12. 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.

	Parent Entity 2012 \$'000	Parent Entity 2011 \$'000	Consolidated 2012 \$'000	Consolidated 2011 \$'000
(e) Restricted Specific Purpose Funds				
Private Practice	13,864	16,118	13,864	16,118
Major Equipment Replacement	1,272	2,181	1,272	2,181
Research and Trust Funds	634	576	634	576
Education and Training	219	265	219	265
Controlled Entity and Specific Purpose Funds	1,569	1,387	111,552	113,596
Funds Held in Perpetuity	335	335	335	335
Total Restricted Specific Purpose Funds	17,893	20,862	127,876	133,071
Represented by:				
Other Financial Assets	17,702	18,225	110,577	117,852
Cash	191	2,637	17,299	15,219
Total Restricted Specific Purpose Funds	17,893	20,862	127,876	133,071

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

	Parent Entity 2012 \$'000	Parent Entity 2011 \$'000	Consolidated 2012 \$'000	Consolidated 2011 \$'000
Net Result for the Year	(4,791)	(17,467)	(7,017)	(10,261)
Depreciation and Amortisation	18,933	24,595	19,131	24,782
Facility management, lifecycle and other expenses under PPP arrangement	(7,334)	-	(7,334)	-
Department of Health – Indirect Contribution on repayment of finance lease liabilities	(14,315)	-	(14,315)	-
Facility management, lifecycle and other charges under PPP arrangement	7,333	-	7,333	-
PPP – Non-Cash Finance lease interest expense	22,940	-	22,940	-
PPP – Non-Cash Special Function Costs	46	-	46	-
Provision for Doubtful Receivables	916	138	915	138
Resources/Assets Received Free of Charge	(28,647)	(3)	(28,650)	(4)
Net (Gain)/Loss from Sale of Plant and Equipment	20,212	18	20,212	30
Income from Managed Funds Reinvested	(886)	(890)	(2,512)	(6,090)
Available-for-Sale Revaluation Surplus (Gain)/Loss recognised	59	(205)	59	(205)
Change in Operating Assets and Liabilities				
Increase in Fair Value of Held for Trading Investments	-	-	56	246
Increase/(Decrease) in Payables	(98)	(4,882)	482	(4,377)
Increase in Employee Benefits	17,770	8,030	17,967	7,989
Increase/(Decrease) in Other Assets	(238)	449	(238)	446
(Increase)/Decrease in Receivables	(1,237)	(966)	(3,107)	8,025
(Decrease) in Other Liabilities	(597)	(3,031)	(643)	(3,046)
NET CASH INFLOW FROM OPERATING ACTIVITIES	30,066	5,786	25,325	17,672

Note 17: Non-Cash Financing and Investing Activities

	Parent Entity 2012 \$'000	Parent Entity 2011 \$'000	Consolidated 2012 \$'000	Consolidated 2011 \$'000
Acquisition of Building, Plant and Equipment by means of PPP Finance lease (Note 9)	908,561	-	908,561	-
Total Non-Cash Financing and Investing Activities	908,561	-	908,561	-

Note 18: Financial Instruments

(a) Financial risk management objectives and policies

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

- 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 manage prudentially Royal Children Hospital's financial risks within the government policy parameters.

Categorisation of financial instruments

	Consolidated Carrying Amount 2012 \$'000	Consolidated Carrying Amount 2011 \$'000
Financial Assets		
Cash and cash equivalents	51,016	37,823
Term Deposit	900	900
Available for Sale at fair value through equity	62,225	65,705
Held for Trading at fair value through profit and loss	47,452	51,247
Receivables	10,362	10,920
Total Financial Assets (Footnote 14)	171,955	166,595
Financial Liabilities		
At amortised cost	938,288	21,643
Total Financial Liabilities (Footnote 15)	938,288	21,643

Footnote 14: The total amount of the financial assets disclosed here excludes statutory receivables (i.e. GST input tax credit recoverables and Department of Health receivables)

Footnote 15: The total amount of the financial liabilities disclosed includes PPP finance liabilities and excludes income in advance and statutory payables (i.e. Taxes payable and Department of Health payables)

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

	Consolidated Net holding gain/ (loss) 2012 \$'000	Consolidated Net holding gain/ (loss) 2011 \$'000
Financial Assets		
Cash and cash equivalents (Footnote 16)	6,512	8,414
Held for Trading at fair value through profit and loss (Footnote 17)	(56)	(247)
Available for Sale (Footnote 16)	(59)	205
Receivables	(924)	(150)
Total Financial Assets	5,473	8,222
Financial Liabilities		
Public Private Partnership (PPP) Finance lease liabilities (Footnote 18)	22,940	-
Total Financial Liabilities	22,940	-

Footnote 16: For cash and cash equivalents, 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.

Footnote 17: 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.

Footnote 18: 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.

The obligation of fulfilling the Public Private Partnership (PPP) interest payment over the PPP term rests with Department of Health.

Note 18: Financial Instruments (continued)

(b) Credit Risk

The Royal Children's Hospital

Credit risk arises from the contractual financial assets of The Royal Children's Hospital which comprises 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.

The Royal Children's Hospital manages credit risk arising from receivables by undertaking transactions predominantly 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, controlled entity debtors, 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-1 and not to invest directly in any derivative instruments, short selling or margin products. RCH 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.

The Royal Children's Hospital's Foundation Trust Fund

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

The Royal Children's Hospital's Foundation Trust Fund 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

Given these investment guidelines, the Trust does not expect any counterparty to fail to meet its obligations.

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.

Note 18: Financial Instruments (continued)

Ageing Analysis of contractual financial assets as at 30 June

	Consolidated Carrying Amount	Not Past Due and Not Impaired	Past Due but Not Impaired			Impaired Financial Assets
	\$'000	\$'000	Less than 1 month \$'000	1-3 Months \$'000	3 Months - 1 Year \$'000	\$'000
2012						
Financial Assets						
Cash and Cash Equivalents	51,016	51,016	-	-	-	-
Receivables (Footnote 19)						
Inter Hospital Debtors	2,439	1,983	438	19	-	-
Trade Debtors	1,908	1,361	462	85	-	-
Patient Fees	3,407	2,414	926	67	-	-
Accrued investment income	836	836	-	-	-	-
Diagnostic Debtors	1,218	828	284	105	-	-
Sundry Debtors	555	555	-	-	-	-
Other Financial Assets						
Available for Sale - Managed Funds	62,225	62,225	-	-	-	-
Held for Trading - Managed Funds	47,452	47,452	-	-	-	-
Term Deposit	900	900	-	-	-	-
Total Financial Assets	171,955	169,569	2,110	276	-	-
2011						
Financial Assets						
Cash and Cash Equivalents	37,823	37,823	-	-	-	-
Receivables (Footnote 19)						
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	-

Footnote 19: Ageing analysis of financial assets exclude statutory financial assets (i.e GST input tax credit and Department of Health receivable)

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. (2011: 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 18: 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 discloses 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	Contractual Cash Flows	Maturity Dates			
			Less than 1 month \$'000	1-3 Months \$'000	3 Months - 1 Year \$'000	1-5 Years \$'000
2012	\$'000	\$'000				
Payables						
Trade Creditors and Accruals	17,329	17,329	4,484	12,139	706	-
Deposits	35	35	3	9	23	-
Sundry Creditors	2,306	2,306	1,390	19	-	-
Other Financial Liabilities (Footnote 20)						
Monies held in trust	1,385	1,385	1,385	-	-	-
Total Financial Liabilities	21,055	21,055	7,262	12,167	729	-
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 (Footnote 20)						
Monies held in trust	1,543	1,543	1,543	-	-	-
Total Financial Liabilities	21,643	21,643	10,305	11,081	257	-

The Royal Children's Hospital

	Carrying Amount	Contractual Cash Flows	Maturity Dates			
			Less than 1 month \$'000	1-3 Months \$'000	3 Months - 1 Year \$'000	1-5 Years \$'000
2012	\$'000	\$'000				
Payables						
Trade Creditors and Accruals	16,091	16,091	4,484	10,902	706	-
Deposits	35	35	3	9	23	-
Sundry Creditors	1,389	1,389	1,389	-	-	-
Other Financial Liabilities (Footnote 20)						
Monies held in trust	1,385	1,385	1,385	-	-	-
Total Financial Liabilities	18,900	18,900	7,261	10,911	729	-
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 (Footnote 20)						
Monies held in trust	1,543	1,543	1,543	-	-	-
Total Financial Liabilities	20,068	20,068	10,358	9,453	257	-

Footnote 20: Ageing analysis of financial liabilities excludes PPP finance lease liability and statutory financial liabilities (i.e GST payable)

Maturity analysis of PPP finance lease liability (\$917m) is disclosed under Note 19 (Commitments).

Note 18: 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.

Equity Price Risks

Both The Royal Children’s Hospital and The Royal Children’s Hospital’s Foundation Trust Fund manages the equity price risk associated with the investments in managed funds through their own Investment Committees. These sub-committees are delegated with responsibility for over seeing the development, monitoring and review of the Investment strategy and policies. The Committees meet at least quarterly and at each meeting, considers a report on The Royal Children’s Hospital’s investments provided by the Victorian Funds Management Corporation. The committee monitors the returns on investments, and determines the allocation between the different classes of investments available.

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

	Weighted Average Effective Interest Rates	Consolidated Carrying Amount	Interest Rate Exposure		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non Interest Bearing \$'000
2012	%	\$'000			
Financial Assets					
Cash and Cash Equivalents	4.07%	51,016	20,812	30,204	-
Receivables (Footnote 21)					
Inter Hospital Debtors		2,439	-	-	2,439
Trade Debtors		1,908	-	-	1,908
Patient Fees		3,407	-	-	3,407
Accrued investment income		836	-	-	836
Diagnostic Debtors		1,218	-	-	1,218
Sundry Debtors		555	-	-	555
Other Financial Assets					
Available for Sale – Managed Funds	4.48%	62,225	13,005	-	49,220
Held for Trading – Managed Funds		47,452	-	-	47,452
Term Deposit	4.50%	900	900	-	-
Total Financial Assets		171,955	34,717	30,204	107,034
Financial Liabilities					
Payables (Footnote 21)					
Trade Creditors and Accruals		17,329	-	-	17,329
Deposits		35	-	-	35
Sundry Creditors		2,306	-	-	2,306
Finance Lease Liabilities	4.84%	917,233	917,233	-	-
Other Financial Liabilities					
Monies held in trust		1,385	-	-	1,385
Total Financial Liabilities		938,288	917,233	-	21,055

Finance Lease Liability is a fixed interest rate contract at 4.84%

Note 18: Financial Instruments (continued)

	Weighted Average Effective Interest Rates	Consolidated Carrying Amount	Interest Rate Exposure		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non Interest Bearing \$'000
2011	%	\$'000			
Financial Assets					
Cash and Cash Equivalents	4.91%	37,823	23,275	14,548	-
Receivables (Footnote 21)					
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 (Footnote 21)					
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
Total Financial Liabilities		21,643	-	-	21,643

Footnote 21: The carrying amount exclude types of statutory financial assets and liabilities (i.e. GST input tax credit, GST payable, Department of Health payables and Income in advance)

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 shift of +1.25% and -1.25% in the current market interest rates

A shift of +20% and -20% in current 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 at year end as presented to key management personnel, if changes in the relevant risk occur.

Consolidated

	Carrying Amount	Interest Rate Risk				Price Risk			
		-1.25%		+ 1.25%		-20%		+ 20%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2012									
Financial Assets									
Cash and Cash Equivalent	51,016	(638)	(638)	638	638	-	-	-	-
Fixed rate Instruments									
Term Deposits	900	(11)	(11)	11	11	-	-	-	-
Investments									
Units in Managed Funds (Available for Sale)	62,225	-	-	-	-	-	(12,445)	-	12,445
Units in Managed Funds (Held for Trading)	47,452	-	-	-	-	(9,490)	-	9,490	-
	161,593	(649)	(649)	649	649	(9,490)	(12,445)	9,490	12,445
2011									
Financial Assets									
Cash and Cash Equivalent	14,548	(145)	(145)	145	145	-	-	-	-
Fixed rate Instruments									
Term Deposits	37,669	(377)	(377)	377	377	-	-	-	-
Investments									
Units in Managed Funds (Available for Sale)	52,211	-	-	-	-	-	(6,265)	-	6,265
Units in Managed Funds (Held for Trading)	51,247	-	-	-	-	(6,150)	-	6,150	-
	155,675	(522)	(522)	522	522	(6,150)	(6,265)	6,150	6,265

Note 18: Financial Instruments (continued)

(e) Fair Value

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

- (i) 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;
- (ii) 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
- (iii) 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 2012 \$'000	Fair Value 2012 \$'000	Consolidated Carrying Amount 2011 \$'000	Fair value 2011 \$'000
Financial Assets				
Cash and Cash Equivalents	51,016	51,016	37,823	37,823
Receivables				
Inter Hospital Debtors	2,439	2,439	1,591	1,591
Trade Debtors	1,908	1,908	2,684	2,684
Patient Fees	3,407	3,407	3,807	3,807
Accrued investment income	836	836	547	547
Diagnostic Debtors	1,218	1,218	1,281	1,281
Sundry Debtors	555	555	1,011	1,011
Other Financial Assets				
Available for Sale - Managed Funds	62,225	62,225	65,705	65,705
Held for Trading - Managed Funds	47,452	47,452	51,247	51,247
Term Deposit	900	900	900	900
Total Financial Assets	171,955	171,955	166,595	166,595
Financial Liabilities				
Payables				
Trade Creditors and Accruals	17,329	17,329	18,488	18,488
Deposits	35	35	36	36
Sundry Creditors	2,306	2,306	1,576	1,576
Other Financial Liabilities				
Monies held in trust	1,385	1,385	1,543	1,543
Finance Lease Liabilities	917,233	917,233	-	-
Total Financial Liabilities	938,288	938,288	21,643	21,643

	Consolidated Carrying Amount as at 30 June \$'000	Fair value measurement at end of reporting period using:		
2012		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial Assets				
Other Financial Assets				
Available for Sale – Managed Funds	62,225	17,702	44,523	-
Held for Trading – Managed Funds	47,452	-	47,452	-
Term Deposit	900	900	-	-
Total Financial Assets	110,577	18,602	91,976	-

	Consolidated Carrying Amount as at 30 June \$'000	Fair value measurement at end of reporting period using:		
2011		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
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	-

Note 19: 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 2012 \$'000	Parent Entity 2011 \$'000	Consolidated 2012 \$'000	Consolidated 2011 \$'000
Capital Expenditure Commitments				
Payable:				
Land and Buildings				
Plant and Equipment	311	10,900	311	10,900
Total capital expenditure commitments	311	10,900	311	10,900
Plant and Equipment				
Not later than one year	311	10,900	311	10,900
TOTAL	311	10,900	311	10,900
Operating Commitments				
Payable				
Not later than one year	3,705	4,154	3,705	3,776
Later than one year but not later than 5 years	313	-	313	-
Total Operating Commitments	4,018	4,154	4,018	3,776
Lease Commitments				
Commitments in relation to leases contracted for at the reporting date:				
Operating Leases	854	806	854	854
Total Lease Commitments	854	806	854	854
Operating Leases				
Cancellable				
Not later than one year	519	453	519	500
Later than 1 year and not later than 5 years	335	353	335	353
TOTAL	854	806	854	854
PPP Commitments – Finance Lease (Footnote 22)				
Commitments in relation to finance leases are payable as follows:				
Not later than one year	11,858	-	11,858	-
Later than 1 year and not later than 5 years	226,339	-	226,339	-
Later than 5 years	1,597,925	-	1,597,925	-
Minimum lease payments (Footnote 22)	1,836,122	-	1,836,122	-
Less stage 2 bid price	98,526	-	98,526	-
Less Future finance charges	813,686	-	813,686	-
Less 3B expenditure	6,677		6,677	
Total Finance lease (Note 14)	917,233	-	917,233	-
PPP Operating Expenses (Footnote 23)				
Future commitments for the operating expenses relating to the PPP Finance Lease:				
Not later than one year	14,375	-	14,375	-
Later than 1 year and not later than 5 years	130,867	-	130,867	-
Later than 5 years	1,745,297	-	1,745,297	-
Total Future Commitments	1,890,539	-	1,890,539	-
Total Commitments for expenditure (inclusive of GST)	2,812,954	15,860	2,812,954	15,530
less GST recoverable from the Australian Tax Office	(471)	(1,442)	(471)	(1,412)
Total commitments for expenditure (exclusive of GST)	2,812,483	14,418	2,812,483	14,118

Note 19: Commitments for Expenditure (continued)

PPP Commitments

Footnote 22: The stage 2 price of \$98,526,000 will be included in the lease liability on 31.12.2014, being the completion date for stage 2. The minimum lease payments include future payments for stage 2 of the Project Agreement. The effective interest rate implicit in the finance lease is 4.84%. The Department of Health of State of Victoria is obliged to fund the quarterly service payments due under the Project Agreement for the life of the Agreement, a period of up to 25 years.

Footnote 23: These commitments represent contingent rentals, lifecycle payments and recurrent charges relating to the facility management on the PPP which are due from the Department of Health of State of Victoria to CHP (Children’s Health Partnership). Contingent rentals arise from adjustments for consumer price and labour price indexes embedded in the capital component of the service payment. Contingent rentals are recognised as an expense in the period in which they are incurred.

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 was completed on 22nd December 2011, at which time the RCH assumed the responsibility for the provision of health services at the facility.

In December 2011 the RCH entered into a 25 year Site sub-lease agreement in order to lease the facility from CHP. Stage 2 of the Project to redevelop the commercial precinct and expansion of car park has commenced and will be completed in December 2014. The RCH, on behalf of the State, agreed to record all obligations (including Finance Lease and Operating Lease payments) associated under the new RCH’s development. 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.

Note 20: 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 (VMIA), with premiums being paid by the Department of Health.

There is a contingent liability in respect of grants received from the Department of Health that may be subject to recall of \$2.172 million (2011 \$2.87 million).

Note 21: Jointly Controlled Operations and Assets

Name of Entity	Principal Activity	Ownership Interest	
		2012	2011
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. The Royal Children’s Hospital joined the Victoria Comprehensive Cancer Centre on 1 July 2010.	13%	14%

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:

	2012 \$’000	2011 \$’000
Current Assets		
Cash and Cash Equivalents	152	84
Receivables	32	3
GST Recoverable	1	-
Prepayment	3	4
Total Current Assets	188	91
Non-Current Assets		
Property, Plant and Equipment	5	5
Total Non-Current Assets	5	5
Total Assets	193	96
Current Liabilities		
Accrued Expenses	23	6
Payables	19	16
Provisions – LSL and Annual Leave	29	-
Total Current Liabilities	71	22
Non-Current Liabilities		
Provisions – LSL	3	-
Total Non-Current Liabilities	3	-
Total Liabilities	74	22
Net Assets	119	75
EQUITY		
Accumulated Surpluses/(Deficits)	119	75
Total Equity	119	75

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

	2012 \$’000	2011 \$’000
Revenues		
Grants	384	259
Interest	6	4
Goods received free of charge	3	-
Total Revenue	393	263
Expenses		
Employee Benefits	131	66
Other Expenses from Continuing Operations	216	122
Depreciation and Amortisation	1	1
Total Expenses	349	189
Net Result	44	75

Note 22: Responsible Person Disclosures

(i) Responsible Persons

	Period	
Responsible Minister		
The Honourable David Davis MLC Minister for Health	1 July 2011	30 June 2012
Governing Board		
Mr Tony Beddison AO (Chairman)	1 July 2011	30 June 2012
Ms Linda Berry	1 July 2011	30 June 2012
Mr Patrick Burroughs	1 July 2011	30 June 2012
Dr Julie Caldecott	1 July 2011	30 June 2012
Mr Max Findlay	5 July 2011	30 June 2012
Ms Jane Hume	1 July 2011	30 June 2012
Hon Rob Knowles AO	1 July 2011	30 June 2012
Mr David Mandel	1 July 2011	30 June 2012
Mr Ian Quick	1 July 2011	30 June 2012
Mr John Rimmer	1 July 2011	30 June 2012
Dr Lakshmi Sumithran	5 July 2011	30 June 2012
Accountable Officers		
Professor Christine Kilpatrick (Chief Executive Officer)	1 July 2011	30 June 2012

(ii) Remuneration of Responsible Persons

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

	Parent 2012 No.	Parent 2011 No.	Consolidated 2012 No.	Consolidated 2011 No.
Income Band				
\$10,000 - \$19,999	3	8	3	8
\$20,000 - \$29,999	6	-	6	-
\$30,000 - \$39,999	1	1	1	1
\$80,000 - \$89,999*	1	-	1	-
\$400,000 - \$409,999	1	1	1	1
Total Numbers	12	10	12	10

* This figure includes remuneration received by RCH Board member as a Chairman in Campus Council

There are two additional Board Members in the Financial Year 2011-12

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

	Parent 2012 \$	Parent 2011 \$	Consolidated 2012 \$	Consolidated 2011 \$
Total Remuneration	703,911	602,837	703,911	602,837

The responsible Minister from 1/7/11 to 30/6/12 was the Hon David Davis MLC, Minister for Health. The Minister does not receive 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 2011-12 year. (2010-11 : NIL). The Responsible persons’ profiles are disclosed in The Royal Children’s Hospital’ Controlled Entities financial statements.

	Parent 2012 \$	Parent 2011 \$	Consolidated 2012 \$	Consolidated 2011 \$
(iii) Retirement Benefits of Responsible Persons				
Retirement benefits paid by the reporting entity in connection with the retirement of Responsible Persons of the reporting entity amount to:	-	-	-	-

Note 22: Responsible Person Disclosures (continued)

(iv) 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 Director of Clicks IT Recruitment 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 2012 \$	Parent 2011 \$	Consolidated 2012 \$	Consolidated 2011 \$
Hoban Recruitment	301,680	391,465	301,680	391,465
Clicks IT Recruitment Australia	56,555	266,813	56,555	266,813

Ms Linda Berry

A Director of The Royal Children’s Hospital, Ms Linda Berry is a former partner and now consultant to Minter Ellison. This firm rendered services to The Royal Children’s Hospital. In 2010-11 all dealings with The Royal Children’s Hospital are in the ordinary course of business and are on normal commercial terms and conditions.

	Parent 2012 \$	Parent 2011 \$	Consolidated 2012 \$	Consolidated 2011 \$
Minter Ellison	-	1,931	-	1,931

Mr Julian Clarke

A Director of The Royal Children’s Hospitals Foundation, Mr Julian Clarke was Managing Director of the Herald and 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. Mr Clarke’s term of office as a director of The Royal Children’s Hospital ended 30 June 2011.

	Parent 2012 \$	Parent 2011 \$	Consolidated 2012 \$	Consolidated 2011 \$
Herald and Weekly Times Ltd	-	852	1,164,168	1,239,053

The Herald and 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 2012 \$	Parent 2011 \$	Consolidated 2012 \$	Consolidated 2011 \$
Herald and Weekly Times Ltd	-	-	15,820,641	13,776,480

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 2012 \$	Parent 2011 \$	Consolidated 2012 \$	Consolidated 2011 \$
ATIVO	379,633	809,051	379,633	809,051

Note 22: Responsible Person Disclosures (continued)

Controlled Entity Related Party Transactions

The Royal Children’s Hospital’s Foundation Trust Fund

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

Mr Tony Beddison is a Director 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’s Foundation Trust Fund 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 2012 \$	Parent Entity 2011 \$
Distributions and reimbursements by The Royal Children’s Hospital’s Foundation Trust Fund	30,779,091	27,934,140

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 2012 \$	Parent Entity 2011 \$
Reimbursements by The Royal Children’s Hospital Education Institute Limited for salaries, goods and services	2,575,291	2,008,139

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 2012 \$	Parent Entity 2011 \$
Reimbursements by Communities That Care Limited for salaries, goods and services	70,244	21,500

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

	Parent Entity 2012 \$	Parent Entity 2011 \$
The Royal Children’s Hospital’s Foundation Trust Fund	2,223,065	2,279,108
The Royal Children’s Hospital Education Institute Limited	52,073	128,187
Communities That Care Limited	7,819	3,150
Total amounts receivable from Controlled Entities	2,282,957	2,410,445

Note 22a: Executive Officer Disclosures

Executive Officers’ Remuneration

The numbers of executive 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. The total annualised employee equivalent provides a measure of full-time equivalent executive officers over the reporting period.

Total remuneration payments include bonus payments leave entitlements and contract renegotiations during the year

Income Band	Parent			
	Total Remuneration		Base Remuneration	
	2012 No.	2011 No.	2012 No.	2011 No.
\$100,000 – \$109,999	-	-	-	1
\$140,000 – \$149,999	-	-	-	1
\$170,000 – \$179,999	-	1	-	-
\$180,000 – \$189,999	-	-	-	1
\$190,000 – \$199,999	-	3	-	1
\$200,000 – \$209,999	1	-	3	1
\$210,000 – \$219,999	-	-	3	-
\$220,000 – \$229,999	2	1	-	1
\$230,000 – \$239,999	2	-	-	-
\$240,000 – \$249,999	1	1	-	2
\$250,000 – \$259,999	-	-	1	-
\$260,000 – \$269,999	-	2	-	-
\$290,000 – \$299,999	1	-	-	-
\$320,000 – \$329,999	-	-	1	-
\$340,000 – \$349,999	-	-	-	1
\$370,000 – \$379,999	1	1	-	-
Total number of executives	8	9	8	9
Total annualised employee equivalent (AEE) (a)	7.63	7.91	7.63	7.91
Total amount	\$2,033,737	\$2,150,287	\$1,838,101	\$1,887,510

Note: (a) Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

Executive Remuneration 2011-12

Two Executive Directors resigned during the year.

Note 23: **Controlled Entities**

Name of entity	Country of incorporation/ establishment	Equity Holding
The Royal Children’s Hospital’s Foundation Trust Fund	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

	2012 \$’000	2011 \$’000
NET RESULT FOR THE YEAR		
The Royal Children’s Hospital’s Foundation Trust Fund	(2,301)	7,141
The Royal Children’s Hospital Education Institute Limited	8	12
Communities That Care Limited	24	(22)
Total Consolidated Result	(2,269)	7,131

Note 24: **Events occurring after the balance sheet date**

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