The Royal Children's Hospital Melbourne

Annual Financial Report 2023-24

Contents

Acknowledgement of Country

The Royal Children's Hospital (RCH) acknowledges the traditional owners of the land on which the RCH is situated, the land of the Wurundjeri people of the Kulin nation, and we pay our respects to their Elders past and present.

General Information

The Royal Children's Hospital (RCH) acknowledges the traditional owners of the land on which the RCH is situated, the land of the Wurundjeri people of the Kulin Nation, and we pay our respects to their Elders past and present.

Our Vision

A world where all kids thrive.

We believe all children and young people should have the same opportunity to realise their potential.

Our Role

We work together to put children and young people at the heart of our care, research and learning.

Our Values

Our values help us achieve a world where all kids thrive.

Curious
We are creative, playful and collaborative.

Courageous
We pursue our goals with determination, ambition and confidence.

Inclusive
We embrace diversity, communicate well, build connections and celebrate our successes together.

Kind
We are generous, warm and understanding.

The RCH is a public health service and is incorporated pursuant to the provisions of the Health Services Act 1988 (as amended). The RCH has cared for the children of Victoria since it was founded in 1870 and is internationally recognised as a leading centre for paediatric treatment, teaching and research.

Board Chair's report

The Royal Children's Hospital is a special place for many people – but the confidence we've gained from children, young people and families can never be taken for granted. The trust of our community has been hard fought and hard earned over many years. In large part, it's all because of the wonderful, talented and hardworking staff who work together, putting our patients first. The foundation of this work allows us to look beyond the horizon and expand the reach of our care, which is an ambition at the heart of our new Strategic Plan 2024-26.

The launch of the plan was the culmination of years of close consultation with more than 3,500 of our staff. It's a bold plan, that puts children and young people at the heart of everything we do. It centres around three main goals; *Our Hospital: A leading academic paediatric hospital*, *Our Health System: An integrated paediatric service* and *Our Community: Healthy children and young people in the community.* These goals will help guide us to better connect and collaborate across the paediatric sector so that we can strengthen the care our community receives.

At the RCH, we continue to deliver care at extraordinary levels across the hospital.

The 2023-24 financial we provided care for:

- 81,401 Emergency Department presentations
- 410,190 ambulatory appointments
- 19,752 surgeries
- 52,312 inpatient admissions

The 93rd Good Friday Appeal raised a record $23,368,724 million dollars, thanks to the generous support of our community. This year, $2.5 million from fundraising was shared with regional health services, to make sure whether you're in Parkville or Paynesville, every child is supported to receive the very best care, close to home.

Listening to our families

In November 2023, a new four-step escalation process named OneTEAM for parents and families was rolled out to offer caregivers and parents a clear pathway to escalate their concerns. This new process is an acknowledgement that families and parents are the experts of their child and should be considered part of their care team. OneTEAM has received overwhelmingly positive feedback from the community, and was the proud winner of the 'Partnering with consumers to improve patient experience' award at the 2023 Victorian Public Healthcare Awards.

Empowering our community

An important part of providing great care is making sure families have the most up-to-date health information and advice, in some cases without needing to step foot in a hospital. This past year, we have built upon our strong-standing in the community as a trusted voice for accessible and understandable health information and continued to work on translating this information into community languages. We also provided expert comment in the media and advice for parents through our National Child Health Poll, which continued to provide new and informative insights into the behaviours and attitudes of Australian parents and caregivers. This quarterly poll looked at topics including influenza, concussion and fever, raising awareness of the issues that matter most to parents in the community.

Care closer to home

We've also developed an innovative program where children undergoing day case Tonsillectomy and Adenoidectomy can have their postoperative care in their home. This new Hospital In The Home program makes the procedure more accessible and includes intensive education for families, home nursing visits and post operative monitoring. The model addresses surgical waitlist challenges, bypasses bed-lock and cancellation of surgery, and provides world class care in the patient's home. The program was also the winner of the 'Care closer to home' award at the 2023 Victorian Public Healthcare Awards.

On behalf of the RCH board, I would like to thank the incredible staff at the RCH for continuing to inspire us in caring for children and young people. Without you, the RCH would not be the great institution it is today. To Bernadette McDonald our CEO, thank you for your ambitious leadership and never-ending commitment to better care. I would like to extend that thanks to the RCH Executive team who mirror that strong leadership in the teams they lead.

I would like to acknowledge our colleagues at the Royal Children's Hospital Foundation (RCHF) for their generous support, including Sue Hunt AM who stepped down from her role as CEO after 13 years.

To our partners at the Murdoch Children's Institute and University of Melbourne, thank you for working alongside us and encouraging us to strive for better outcomes.

Finally, no family ever wants to be in a position where they need to take their child to a hospital. But I am filled with confidence and pride in knowing that if you find yourself at the RCH, you will be receiving some of the very best care anywhere in the world.

As we look ahead to the next year, it is my hope that we will build on this strong foundation to help deliver the care that every single child deserves.

In accordance with the Financial Management Act 1994, I am pleased to present the report of operations for The Royal Children's Hospital for the year ending 30 June 2024.

Dr Rowena Coutts
Board Chair
The Royal Children's Hospital
Melbourne

25 September 2024

Powers and duties

The powers and duties of the RCH are prescribed by the Health Services Act 1988. The hospital is accountable to the people of Victoria through the Minister for Health, The Honourable Mary-Anne Thomas from 1 July 2023 to 30 June 2024, the Minister for Ambulance Services, the Honourable Gabrielle Williams From 1 July 2023 to 2 October 2023 and the Honourable Mary-Anne Thomas from 2 October 2023 to 30 June 2024, the Minister for Mental Health, the Honourable Gabrielle Williams from 1 July 2023 to 2 October 2023 and the Honourable Ingrid Stitt From 2 October 2023 to 30 June 2024 as well as the Minister for Disability/Minister for Children, the Honourable Lizzie Blandthorn from 2 October 2023 to 30 June 2024.

Nature and range of services

The RCH is a major specialist paediatric hospital in Victoria and provides specialist care for children from Tasmania, southern New South Wales, and other states around Australia. It is also Victoria's designated major trauma centre for paediatrics.

The hospital delivers the statewide Paediatric, Infant, and Perinatal Emergency Retrieval (PIPER) service and is a Nationally Funded Centre for paediatric heart transplantation, paediatric liver transplantation (in collaboration with Austin Health), and paediatric lung transplantation (in collaboration with Alfred Health). The RCH delivers forensic medicine services, treatment for complex congenital heart disease (including hypoplastic left heart syndrome) and provides an internationally recognised Gender Service.

The RCH is part of the Melbourne Children's Campus and collaborates with its campus partners, the Murdoch Children's Research Institute and the University of Melbourne, Department of Paediatrics to provide global leadership in integrated clinical care, research and education.

The RCH leads a number of statewide services, including:

- Victorian Paediatric Rehabilitation Service (with Monash Health, Ballarat Health Services, Barwon Health, Bendigo Health, Eastern Health and Goulburn Valley Health).
- Victorian Paediatric Palliative Care Program (with Monash Health and Very Special Kids).
- Victorian Forensic Paediatric Medical Service (with Monash Health and Victorian Institute of Forensic Medicine).
- Victorian Infant Hearing Screening Program.

Staff Excellence Awards

At our 2023 Staff Excellence Awards celebration, we recognised the incredible work of team members across the organisation.

The recipients of the 2023 awards were:

Chair's Medal – Rob Grant

Integrated Access Award – Code Grey Team

Quality, Innovation and Improvement Award – Donna Eade

People Award – Amin Albatat

Sustainable Healthcare Award – Karen Kiang

Dr William Snowball Award – Myles Loughnan

Mary Patten Award – Jenny O'Neill

Bernadette O'Connor Award – Anne-Marie Adams

Yvonne Wagner Award – Tony Stratford

Health, Safety and Wellbeing Award – Kelly Light

Newcomer Impact Award (clinical) – Michelle Rootsey

Newcomer Impact Award (non-clinical) – Chelsea Collins

2023/24 Board member profiles

Board Chair
Dr Rowena Coutts
LLB and BJuris (Monash University), Doctor FedUni (Hon).

Dr Rowena Coutts currently consults to higher education organisations providing governance, legal, audit and policy advice, and is a partner in the family primary production business. She is the past Chair and Director of Ballarat Health Services and former Chair of the Grampians Regional Board Network. As former Senior Deputy Vice-Chancellor, University of Ballarat/Federation University Australia she had responsibility for Corporate Services including Finance, Legal, Governance, HR, Technology Park, Commercial, International Education and PR. She is also a former Chair and member of Board of Directors, Ballarat Clarendon College. Rowena commenced her career as a lawyer, holding an LLB and BJuris from Monash University and a Doctor FedUni (Hon).

Board Deputy Chair
Professor Richard Doherty
MBBS (Hons), DObstRCOG, FRACP

Professor Richard Doherty trained in paediatrics and in paediatric infectious diseases in Brisbane and Boston and is a consultant physician in Paediatric Infectious Diseases at Monash Children's Hospital and Professor in the Monash Department of Paediatrics. He is also a former staff member of the RCH. He has held previous appointments as Dean of the Royal Australasian College of Physicians, Head of the Department of Paediatrics and Associate Dean for Teaching Hospitals at Monash, Medical Director of the Southern Health Children's Program, Deputy Director of the Macfarlane Burnet Centre for Medical Research and consultant physician at the RCH. He has served as a Director of the Australian Medical Council and on national committees including NHMRC panels, the 2016 Intern Review, the National Medical Training Advisory Network and several Victorian Department of Health advisory committees. Richard was a member of the Medical Board of Australia from 2018 to 2021.

Board Deputy Chair
Pallavi Khanna
CA, GAICD

Pallavi Khanna is an experienced risk management and governance advisor. She has worked both in South Africa and Australia across the corporate and not-for-profit sectors. For more than 20 years Pallavi has worked with organisations to develop strategies to address strategic risks, undertaken independent evaluation of governance frameworks and managed projects to deliver strategic objectives. She has also undertaken assessments pertaining to privacy (Australia and International), IT controls, procurement (probity) and customer experience. Pallavi is an independent member of the Finance and Risk Committee at the City of Stonnington. Her prior board roles include Avet Health, Public Galleries Association of Victoria, Common Equity Housing Ltd and Ballarat Health Services. She is a Chartered Accountant (Australia and South Africa), Prince 2 certified, and a graduate of the Australian Institute of Company Directors.

Elleni Bereded–Samuel AM

MED, GradDip (Couns), GradCert (Mgt), BA

Elleni Bereded–Samuel AM is an experienced senior executive, board member, and community engagement practitioner. Her work with migrant and refugee communities has been recognised with many awards including an AM for services to the community in 2019. She has also been recognised in the Westpac AFR awards as one of 100 Women of Influence in Australia and won the Diversity@Work Individual Champion Award for Diversity and Inclusion. Elleni has deep expertise in strengthening education, training and employment opportunities, and access to services for Australians from culturally and linguistically diverse backgrounds. She has extensive skills in creating strategies and programs that help people access and participate in society. Currently Elleni is the Executive Manager of Diversity and Inclusion with Great Care Pty Ltd.

She provides thought leadership and subject matter expertise on diversity and inclusion-related issues to the diverse community of Australians. Elleni was previously a Director of SBS, The Royal Women's Hospital, Western Health, Breast Screen Victoria, and the Australian Social Inclusion Board. In addition to serving on the Board of the RCH, Elleni is the Co-Chair of the Growing Minds Australia (GMA) Community Engagement Advisory Committee and is a member of the GMA Scientific Advisory Committee.

Sammy Kumar

B. Bus, FCA

Sammy Kumar is the Co-Founder and CEO of Sayers Group. Sammy is a business leader with over 35 years' experience in management consulting, mergers and acquisitions, risk management, strategy, technology and ventures. Sammy's work includes significant experience in many overseas markets including the US, Canada, South America and Asia Pacific. He has advised companies in a number of different sectors including financial services, telecommunications, technology services, private equity and venture capital. During his time at PwC he started, led and grew businesses both in Australia and the Asia-Pacific region, managing revenues of over $1 billion. Sammy is a thought leader on a range of topics including revenue risk management, mega trends impacting economies, and the impact of technology on business strategy. Sammy is a committed member of the broader community, serving on the Boards of the RCH and the RCH Foundation. He is also a Board member of Melbourne and Olympic Park Trust and most recently appointed Member of the Advisory Board for the Centre for Australia-India Relations.

Jude Munro AO

BA Hons (Uni of Melbourne), Grad Dip Public Policy (Uni of Melbourne), Grad Dip Business Administration (University of Swinburne)

Jude Munro AO is experienced in guiding large complex organisations both as a Non-Executive Director and CEO. She has been Board Chair of Australia's fourth largest water utility, a state planning authority, and one of Victoria's largest not-for-profits with services directed to children, young people and families. She has also been a Chair of a not-for-profit company with oversight of four major hospitals. She has been a Director of a national aviation business, an airport, a state transit authority, a bus company, a development company, and chair of Australia's first Pride Centre for the LGBTQI+ community. She provides advice to organisations on strategic planning, governance and leadership. Jude mentors CEOs and assists organisations in selection and CEO performance reviews. She has been CEO of two capital city Councils – Adelaide and Brisbane. Her last CEO position was as CEO of Brisbane City Council for 10

years. She led the Council with its $2.6B annual budget, 9,000 employees on planning and delivering infrastructure projects, bus and ferry services, regulatory and other municipal services for more than 1.2 million people. The infrastructure projects included the $2.7 billion Clem7 tunnel, the steering committee chair for the feasibility stage of Airport Link, the Green Bridge, and Go Between bridge. She served three Lord Mayors in that time.

Dr Michael Wildenauer

PhD MBA(Computing), GDipCommLaw BSc(MathSc), MACS(Snr), CP, MAICD

After many years of technology leadership experience in Australia, the US, UK and Europe, Dr Michael Wildenauer transitioned into academia. At La Trobe Business School (LBS), he was a Professor of Practice in Management, teaching MBA and Master's courses on the social and ethical issues around technology and business, and in corporate governance. Since 2021, Michael has been an academic at the Centre for AI and Digital Ethics (CAIDE) and the Melbourne Law School at the University of Melbourne. In addition to his current professional and governance roles, Michael was previously the Chair of the Ethics Committee of the Australian Computer Society (ACS) and a Member of the ACS Professional Standards Board. In the health sector, Michael has been a Non-Executive Director of Kyneton District Health, where he was at various times the Chair of its Governance and Remuneration Committee and a member of the Clinical Governance and Audit and Risk Committees and was also an external member of the Audit and Risk Committee of Central Highlands Rural Health. Michael has been awarded a PhD in Corporate Governance for research on board effectiveness, an MBA with a concentration in computing, a Grad Diploma in Communications Law, and a BSc in Pure Mathematics and Computing. His interests are at the intersection of ethics, technology, law and governance.

Mark Rogers

B.Eng (Hons), B.Sc

Mark is the Group Executive – Chief Financial Officer & Group Strategy of Medibank. Mark is a director of Myhealth Medical Group, East Sydney Private Hospital and Integrated Mental Health. He has more than 25 years of global finance, strategic and operational experience across the financial services, insurance and health care (including primary care, diagnostics, pharmaceuticals, and tertiary care) sectors. Mark commenced his career as Chemical Engineer.

Andrew Chan

B.Comm, LLB (Honours)

Andrew Chan is a partner at Mills Oakley, a national corporate law firm and has over 15 years' legal experience in Australia and the UK. As a parent of a regular patient, Andrew is particularly interested in improving the consumer and patient experience at RCH and he is a member of both the RCH Community Advisory Committee and Quality Committee.

Board appointments

Mark Rogers and Andrew Chan were appointed to the Board on 1 July 2023.

RCH Board Committee membership 2023/24 financial year

Audit and Corporate Risk Management Committee

Pallavi Khanna (Chair)
Dr Michael Wildenauer
Mark Rogers
Michelle Bendschneider (External member)

Community Advisory Committee

Elleni Bereded-Samuel AM (co-Chair)
Andrew Symes (External member) (co-Chair)
Dr Rowena Coutts
Andrew Chan

Digital Health Committee

Sammy Kumar (Chair)
Professor Richard Doherty
Dr Michael Wildenauer

The committee was ceased on 26 February 2024, with cyber reporting to occur via the Audit and Corporate Risk Committee and Digital Strategy updates to be provided to the Board.

Finance Committee

Mark Rogers (Chair)
Jude Munro AO
Pallavi Khanna

Quality and Population Health Committee

Professor Richard Doherty (Chair)
Pallavi Khanna
Dr Rowena Coutts
Jude Munro AO
Andrew Chan
Rose Bryant-Smith (External member) part-year

Remuneration and Governance Committee

Dr Rowena Coutts (Chair)
Prof Richard Doherty
Pallavi Khanna

People and Culture Committee (previously named Workplace Culture Committee)

Dr Michael Wildenauer (Chair)
Elleni Bereded-Samuel AM
Dr Rowena Coutts

Executive staff

Bernadette McDonald
Chief Executive Officer
RN (Registered Nurse), MHA, GAICD

Sandy Bell
Executive Director Strategy, Planning and Performance
BA (Hons), MPPM, GAICD

Tom Connell
Executive Director Medical Services and Chief Medical Officer
MB BAO BCH B Med Science MRCPI FRACP PhD FRACMA

Andrew Gay
Chief Financial Officer
BBus, MBA, FCPA, GAICD

Doug McCaskie
Executive Director of Ambulatory Services and Chief Allied Health Officer
Adjunct Associate Professor, Speech Pathologist, Grad Dip (Research), MHA, GAICD

Ed Oakley
Chief of Critical Care
MBBS FACEM

Clive Peter
Executive Director, People and Culture
Bsc. Hons, MPhil, MAICD

Kathryn Riddell
Executive Director Nursing and Chief Nursing Officer
Adjunct Professor, RN, CCRN, MN (Research), MACN

Kog Ravindran
Executive Director Communications
Bachelor of Journalism, Specialist Certificate in Public Administration (Advanced)

Michelle Telfer
Chief of Medicine
MBBS (Hons.), FRACP, GAICD

Nathalie Webb
Chief of Surgery
MB BS (Hons) FRACS (Urol) FFSTEd MSurgEd GAICD

Michael Cheung concluded his duties as acting Chief of Surgery on 9 July 2023. Nathalie Webb commenced in this role on 10 July 2023.

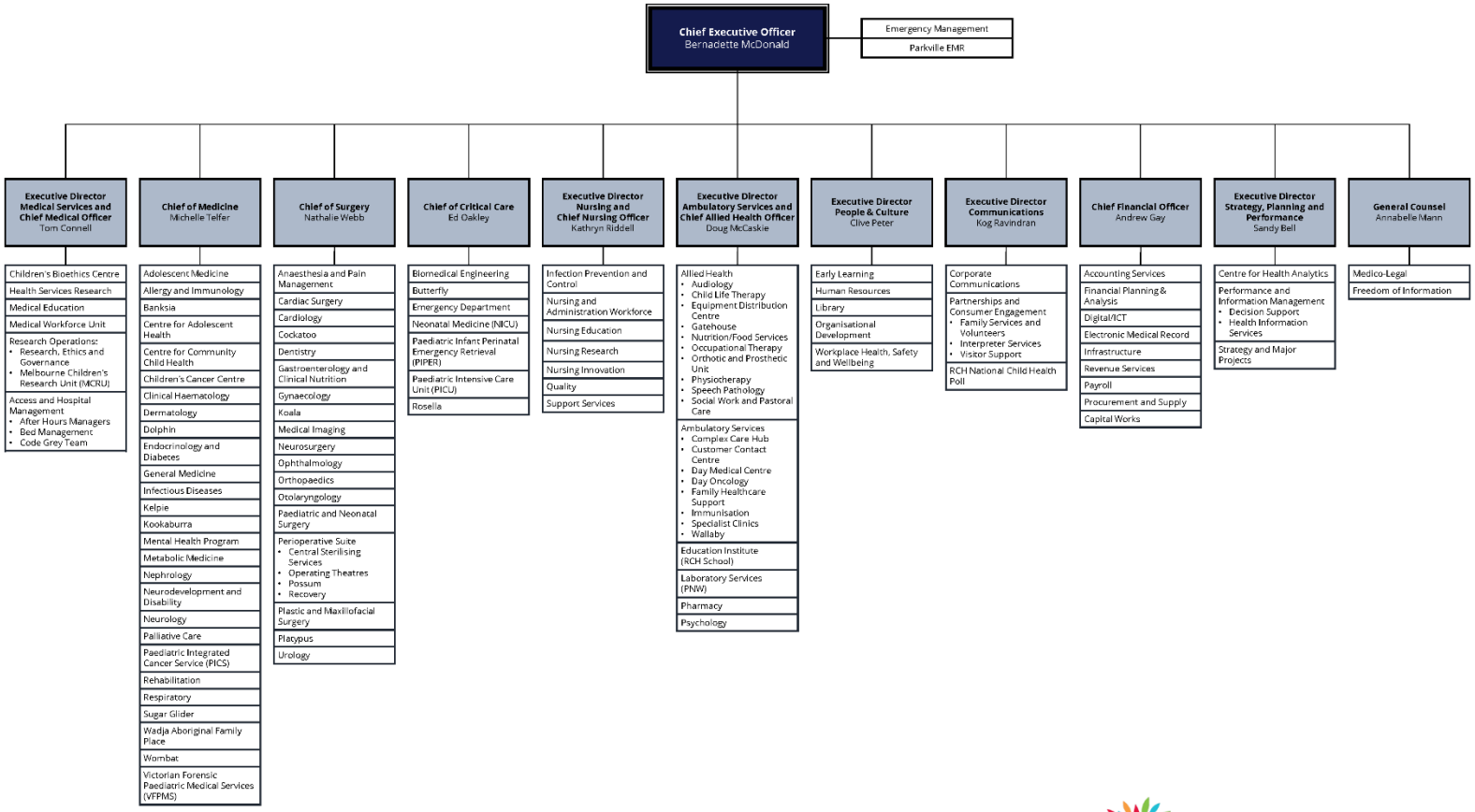
Kelly Bernard was Acting Chief Operating Officer from 1 July 2023 until 6 August 2023. Kirsten Noakes assumed duties as Acting Chief Operating Officer from 7 August 2023 until 7 July 2024.

Michelle Telfer continued in her role as Acting Chief of Medicine from 1 July 2023 and was permanently appointed on 5 September 2023.

Alison Errey concluded her duties as Executive Director Communications on 27 July 2023. Nadean Weller assumed duties as Acting Executive Director Communications from 28 July until 4 September 2023. Kog Ravindran commenced as interim Executive Director Communications on 5 September 2023 and was permanently appointed on 5 February 2024.

Changes to the executive structure were implemented in May 2024 with the introduction of the Executive Director Ambulatory Services/Chief Allied Health Officer in place of the Chief Operating Officer. At this time, Kathryn Riddell's role changed from Executive Director Nursing and Allied Health and Chief Nursing Officer to Executive Director Nursing and Chief Nursing Officer. Doug McCaskie was appointed the Executive Director Ambulatory Services/Chief Allied Health Officer in June 2024.

Organisational structure



The Royal Children's Hospital Melbourne

Workforce data

Hospitals Labour Category	June FTE		Average Monthly FTE	
	2022/23	*2023/24*	*2022/23*	*2023/24*
Nursing	1,510	1,592	1,410	1,524
Administration and Clerical	851	861	835	854
Medical Support	433	442	426	439
Hotel and Allied Services	271	284	285	277
Medical Officers	140	145	143	145
Hospital Medical Officers	382	401	379	398
Sessional Clinicians	175	181	168	176
Ancillary Staff (Allied Health)	412	425	405	423

Code of Conduct

The RCH Code of Conduct is founded on four organisational values; being curious, courageous, inclusive and kind. Our role is that we work together to put children and young people at the heart of our care, research and learning.

In the pursuit of our role at the Royal Children's Hospital (RCH), we aim to grow and nurture a safe and positive workplace culture that is underpinned by our values and *We* recognise the rights and the diverse needs of children and young people and encourage their participation wherever practicable. The Code of Conduct sets out our behavioural expectations and the way we conduct ourselves at the RCH. This Code applies to all RCH Board members, managers and employees, prospective employees, contractors, honorary employees, students, volunteers, and affiliates. Our campus partners and contractors acknowledge and observe the Code.

In addition, all employees and volunteers are required to comply and abide by the Victorian Public Sector Code of Conduct, the National Safety and Quality Health Service Standards, and any applicable Code of Conduct of their relevant professional membership body.

The RCH promotes a culture of diversity, inclusion and belonging. Grievance and dispute resolution processes are in place that provide fairness and protect employees from the negative consequences of accessing formal dispute processes. This ensures employment decisions at the RCH are based on merit and reflect equal employment opportunities for all team members.

Occupational Health and Safety

In 2023-2024, The Royal Children's Hospital (RCH) actively reviewed and updated its Workplace Health and Safety (WHS) program to proactively address both existing and emerging risks, with the primary goal of fostering a safe working environment for all employees. The hospital reiterated its commitment to prioritising the wellbeing of each individual and ensuring that all aspects of safety are consistently upheld and supported.

Mental Health First Aid Training

The RCH reinforced its commitment to foster a supportive culture around mental health by providing nationally accredited, two-day mental health first aid training. Over 500 individuals were trained as Mental Health First Aiders and additional instructors were recruited to sustain ongoing training efforts. In May 2024, The RCH earned recognition from Mental Health First Aid Australia as a *Skilled Workplace*, affirming its dedication to enhance mental health first aid skills among its staff.

Suicide Prevention Training

Building on its progress to improve mental health literacy, in January 2024 the RCH forged a new partnership with LivingWorks Australia to introduce Applied Suicide Intervention Skills Training (ASIST). This evidence-based training equipped participants with practical tools and resources to identify signs of suicidality in others and connect them with appropriate resources, support, and services.

Peer Support Program

The RCH is dedicated to fostering a culture of psychological safety, encouraging staff to utilize trained peer supporters. In March 2024, the RCH enhanced its Peer Support Program through a comprehensive review aimed at understanding and strengthening its effectiveness. Currently, 35 Peer Supporters at RCH benefit from monthly clinical supervision, ongoing education and skill development. In response to staff feedback, the RCH is preparing to introduce badges and email signatures for Peer Supporters, enhancing their visibility and making them easily identifiable to colleagues.

Therapy Dog Visits

The Lort Smith and Miracle Paws therapy dogs continued to provide monthly onsite therapy dog visits. Building on the learnings from last year, the therapy dogs visited more than 50 areas of the hospital and satellite hubs and featured prominently following critical incidents and at special events including the Acting Nurse Unit Leadership Day and the Allied Health Professionals Day held in October 2023.

Corporate Health Partner Initiatives

In 2023-24, the RCH strengthened its corporate partnerships, which the hospital utilised to facilitate skin and health checks benefiting over 150 staff. The significance of these preventative screening initiatives was highlighted by a recent testimonial from a staff member whose routine skin check led to the early detection and successful treatment of melanoma. This underscored the critical role of such screenings in maintaining staff health and wellbeing.

Physical Health and Fitness

Recognising the importance of physical activity, several initiatives were implemented to support staff and their families in achieving healthier and more active lifestyles.

Fitness Passport continued to cater to RCH staff and families, resulting in a 17% increase in total memberships across all types, now serving 752 members. This initiative aimed to provide access to a variety of physical activities and facilities, encouraging regular exercise among participants. Recognising the need to move more during the winter months, the RCH established a daily lunchtime walking group in June 2024. The aim of this initiative was to encourage physical activity and social connections within teams across the campus. To further promote physical activity among staff, the RCH engaged a pilates instructor to conduct onsite stretching classes. These sessions focused on educating staff on how to incorporate movement and stretching into their sedentary work routines.

Sleep and Fatigue Supports

To manage fatigue-related risks and promote sleep health, the RCH continued to partner with Fatigue Management and Sleep Solutions Australia. Staff benefited from one-on-one consultations with Sleep a Psychologist, providing personalised sleep guidance while also presenting sleep educational seminars focused on sleep quality and fatigue management. These initiatives underscore the RCH's commitment to creating a supportive workplace environment that prioritises staff wellbeing through comprehensive sleep health education and ongoing support programs.

Healthcare Worker Wellbeing Initiative

Building on the learnings from Phase One of the statewide Safer Care Victoria *Wellbeing for Healthcare Workers Initiative,* the RCH participated in Phase Two of the project by collaborating with the nursing team on the Koala Ward in July 2023 to implement five areas of planned change, aimed at contributing to increasing joy and reducing burnout. The initiatives included establishing a social committee that organised diverse monthly events as well as the integration of a Staff Wellbeing Support Clinician to deliver educational sessions.

Employee Assistance Program

The RCH Employee Assistance Program (EAP) continued to provide free and confidential counselling, coaching and additional services to support employees and their family members.

The following benchmarking data was provided by Converge International for the 2023-2024 period:

Annual EAP utilisation rate 2023- 2024*	
RCH	6.6%
Industry Average (healthcare and social assistance)	4.7%

Injury Management and WorkCover

The Early Intervention Program continued to be well-utilised in managing staff injuries. For 2023-24, the RCH cared for 165 staff who sustained an injury in the workplace. 147 of these staff received support under our Early Intervention Program.

A total of 14 standard WorkCover claims were accepted during 2023-24. The number and duration of workers' compensation claims remain low when benchmarked against industry averages. As a result, the RCH performed 51% better than peer organisations.

On 31 March 2024, several legislative changes came into effect under the *Workplace Injury Rehabilitation and Compensation Amendment (WorkCover Scheme Modernisation) Act 2023 (Scheme Modernisation Act*) which included new eligibility requirements for mental injury claims as well as additional whole person impairment (WPI) requirements.

The RCH implemented the necessary scheme reform changes with its injury management practices. This ensured compliance with the new legislative changes whilst maintaining a focus on injury prevention and supporting staff through recovery and return to work.

Occupational Health and Safety data

Occupational Health and Safety Statistics	2021/22	2022/23	2023/24
The number of reported hazards/ incidents for the year per 100FTE	6.4	14.6	11.5
The number of 'lost time' standard WorkCover claims for the year per 100FTE	0.31	0.41	0.32
The average cost per WorkCover claim for the year	$130,940	$179,117	$110,110

Staff Mental Health Strategy

The Staff Mental Health Strategy has been pivotal in transforming the landscape of mental health at RCH over the last three years and in 2023-24, we set out to achieve the final year deliverables. This strategy adopted an integrated approach to mental health focusing on three strategic objectives: promotion, prevention and support.

Our model was in keeping with the approach suggested in the Beyond Blue good practice framework for mental health and wellbeing in organisations.

In the next phase of our journey towards fostering a supportive and healthy workplace at RCH, we are committed to developing a new, holistic mental health and wellbeing strategy. Building upon the success of previous years, the new strategy will aim to strengthen our support systems and initiatives to create a resilient, healthy and psychologically safe workplace.

Critical support wellbeing project

The RCH understands that a proactive approach to mental health results in better outcomes for both staff, patients and their families. In June 2023, The RCH launched a new pilot Staff Wellbeing Support Program (SWS program) led by a team of multidisciplinary mental health clinicians. The aim of the program was to support staff wellbeing through various initiatives including capability building, wellbeing workshops, individual consultations, triage services, and referrals to specialised support, when needed. Over the last 12 months, the program engaged with a select cohort of craft groups, wards, and departments offering workshops and consultations tailored to address staff needs. Topics covered included preventing burnout, promoting wellbeing, stress management, self-care, and resilience building. Over 600 RCH staff within the pilot cohorts have benefited from these activities.

The team's impact extended beyond the pilot cohorts as they collaborated with other departments on initiatives including reflective practice, wellbeing protocols, and critical incident debriefs. They also supported initiatives such as Trauma Informed Patient Care and Schwartz Rounds.

In April 2024, the RCH Staff Wellbeing Support team collaborated with Creative Studios to create a series of e-learning modules. These modules were designed to address prevalent psychosocial risks in healthcare settings such as burnout, compassionate fatigue, depression, anxiety, and stress. The primary objective of these modules was to provide staff with evidence-based skills and strategies to recognise, manage and mitigate these risks effectively.

Staff family violence support

The RCH took positive steps to support our staff who experienced family violence. We continued to support and strengthen our family violence support program for staff in 2023-24. Managers and staff continued to seek supports and guidance via Family Violence Contact Officers. Recognising the need to continue to build manager capability, bite-size learning modules were developed in April 2024 to increase knowledge and provide practical skills to support our leaders resulting in increased disclosures of family violence among staff.

The culture of support continued to be fostered via campus and precinct events including the 16 days of Activism in December 2023 and “Are you Safe at Home?” day in May 2024. Recruitment of additional Contact Officers is underway to support the ongoing success of this program.

Respiratory Protection Program

The RCH Respiratory Protection Program was introduced to support healthcare workers protect themselves against acquiring respiratory illness by minimising the risk of exposure to respiratory hazards. Conducting annual N95 respirator fit testing continued to be a priority in 2023-24, providing fit testing to over 2000 staff, students, volunteers, and contractors.

To strengthen its focus in 2023-24, the Respiratory Protection team upskilled the hospital’s most at-risk departments to perform their own intra-department fit tests, resulting in improved compliance rates.

A key focus in 2023-24 has been the development of a new built-for-purpose software application. This new Fit Testing database and dashboard will facilitate and streamline appointment bookings and improve record keeping.

Smart Move Smart Lift Program

The Smart Move Smart Lift (SMSL) Program is a train-the-trainer model focused on supporting staff across the organisation with techniques required when handling patients. A total of 33 new trainers were credentialed throughout the 2023-24 period, taking our overall total to 196 instructors supporting local training.

A key focus over the last year has been the development of tailored SMSL training for clinical areas with unique manual handling hazards, including our Mental Health ward Banksia, our Paediatric Infant Perinatal Emergency Retrieval (PIPER) unit and care provided to patients with complex handling requirements, including bariatric care.

Recognising young workers are at a higher risk of workplace injuries, the RCH engaged with the Nursing Education Team throughout 2023-24, to further support the successful induction of newly graduated nursing staff to proactively identify and manage manual handling hazards.

In addition, a new e-learning module designed to support Ambulatory on-road staff was developed by one of our Nurse Educators in August 2023 to address the variable musculoskeletal risks when supporting patients and families in their homes. This new module was recognised at the 2023 Staff Excellence Awards for its contribution to Excellence in Health, Safety and Wellbeing.

Consultation and Health and Safety Representatives Engagement

The RCH recognises the important role of health and safety representatives (HSRs) in representing the health and safety interests of employees. In September 2023, the Workplace Health and Safety team marked a significant milestone with the 20th edition of its quarterly Health and Safety Newsletter. This newsletter serves as a crucial communication tool for HSRs, providing updates on legislative changes, wellbeing initiatives, guidance and available resources. Moreover, the newsletter highlighted practical examples of risk controls implemented by local HSR champions. The ongoing publication of the Health and Safety Newsletter reflected the RCH's commitment to maintaining high standards of health and safety and ensuring that HSRs are well-informed and equipped to address emerging challenges effectively.

In 2023-24, the RCH continued to facilitate WorkSafe Approved HSR training with a total of 48 new HSRs trained. The hospital recognised the crucial role HSRs play in promoting workplace safety by hosting a morning tea in October 2023 to celebrate their contributions and achievements.

Building Manager Capability in Safety and Injury Management

We continued to support our leaders to build safety and injury management capability in 2023-24 with a total of 161 leaders participating in specialised training, leading to clearer delineation of roles and responsibilities within the organisation.

Occupational Violence

The RCH implemented comprehensive measures to support the occupational health and safety of staff, with a key focus on the prevention and management of occupational violence and aggression (OVA).

In response to the increased need for an integrated organisational approach to the prevention and management of OVA, the RCH launched the 2024-26 OVA Strategy to support the goal of delivering safe, evidence-based care in an environment where everyone's wellbeing is paramount. A project lead was appointed in November 2023 to oversee and ensure the successful implementation of the strategy.

The OVA strategy initiatives focussed on six domains:

- Governance
- Prevention
- Training
- Response
- Reporting
- Investigation

Recognising the need to meet the unique needs of paediatric patients and families, The RCH partnering with Five Arcs Consulting in February 2024 to develop a bespoke contemporary paediatric training program known as, Paediatric Approaches to Understanding Safe de-escalation (P.A.U.S.E). A total of 10 instructors were credentialled over five days to support ongoing training of our workforce with over 350 staff trained so far in the new de-escalation and training techniques.

Occupational violence statistics	2023/24
WorkCover accepted claims with an occupational violence cause per 100 FTE	0
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0
Number of occupational violence incidents reported	137
Number of occupational violence incidents reported per 100 FTE	3.16
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	8.76

Definitions of occupational violence

- Occupational violence – any incident where an employee is abused, threatened, or assaulted in circumstances arising out of, or in the course of their employment.
- Incident – an event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity rating must be included. Code Grey reporting is not included, but if an incident occurs during a planned or unplanned Code Grey, it must be included.
- Accepted Workcover claims – accepted Workcover claims that were lodged in 2023-2024.
- Lost time – is defined as greater than one day.
- Injury, illness, or condition – this includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

Financial information

Summary of the financial results for the year

In financial year 2024, the RCH has met its Statement of Priorities (SOP) financial measure by delivering an operating deficit of $12.68m. The RCH, as a public health service, is exposed to increasing cost pressure to deliver its services namely (but not limited to) pharmaceutical costs and labour costs commensurate to the Enterprise Bargaining Agreement (EBA). These cost pressures led to higher average cost per NWAU compared to the Victorian Equivalent Price (VEP) funding. Another main contributor to the financial result of the year is funding for ED expansion infrastructure project (funded by Victorian Building Health Authority (VHBA)), where $4.8m project work and its notional funding is recorded as capital purpose income. This transaction offsets the SOP deficit, and brings in the RCH Net Result From Transactions to a deficit of $7.23m.

Significant changes in financial position during the year

In 2024, the RCH saw its net asset increased $308m, mainly due to revaluation of its land and building ($316m) as part of five-year cycle scheduled revaluation mandated under Financial Reporting Direction (FRD 103 Non- Financial Physical Assets). The RCH main hospital valuation (50 Flemington Road) increased by 28% from its carrying value (mainly due to an increase in asset replacement cost), and continues to be the most significant movement in the property valuation. Note that the main hospital building is part of a Public Private Partnership (PPP), where the RCH records the repayment of the financial obligation on behalf of the Department of Health. This obligation continues to decline year on year as a result of repayment made by the Department of Health to the consortium.

Significant events occurring after balance date/ subsequent events

- The Chief Executive Officer fixed term employment with the RCH came to an end on the 13 September 2024. Professor Edward Oakley has been appointed as the Interim CEO of the RCH while a search is undertaken for a new CEO.
- The Royal Children's Hospital (RCH) Board and The Royal Children's Foundation (RCHF) Board has signed a Relationship Agreement on the 22 August 2024 to clarify the relationship between the RCH and the RCHF Trust No.1 under AASB 10. The consideration of control and the potential impact will be assessed in financial year 2024/25.

	2024	2023	2022	2021	2020
	$000	**$000**	**$000**	**$000**	**$000**
OPERATING RESULT*	(12,679)	501	183	25	8
Total revenue	1,126,176	1,132,140	994,687	913,672	873,279
Total expenses	(1,133,405)	(1,104,776)	(1,009,085)	(927,649)	(882,377)
Net result from transactions	(7,229)	27,365	(14,398)	(13,977)	(9,097)
Total other economic flows	(472)	(6,894)	6,139	6,353	(7,873)
Net result	(7,701)	20,471	(8,260)	(7,624)	(16,971)
Total assets	1,997,190	1,716,061	1,588,893	1,600,907	1,606,457
Total liabilities	1,103,155	1,130,468	1,163,071	1,192,469	1,190,395
Net assets/Total equity	894,035	585,593	425,822	408,438	416,062

Reconciliation between the Net Result from Transactions to the Statement of Priorities Operating Result

	2023/24 ($000)
Operating result	**(12,679)**
Capital purpose income	112,729
COVID 19 State Supply Arrangements – Assets received free of charge or for nil consideration under the State Supply	266
State supply items consumed up to 30 June 2024	(266)
Expenditure for capital purpose	(148)
Depreciation and amortisation	(68,605)
Finance costs (other)	(38,526)
Net result from transactions	**(7,229)**

Consultancies information

Details of consultancies (under $10,000)

In 2023-2024, there was one consultancy where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2023-24 in relation to this consultancy is $3,000 (excl. GST).

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

In 2023-2024, there were four consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2023-2024 in relation to these consultancies is $165,482 (excl. GST).

Consultancies over $10,000						
Consultant	**Purpose of consultancy**	**Start date**	**End date**	**Total approved project fee** excl. GST	**Expenditure 2023-2024** excl. GST	**Future expenditure** excl. GST
Logicalis Australia Pty Ltd	Delivery of RCH unified communications strategy	Jul-22	Oct-23	$119,332	$83,532	$0
Aspex Consulting Pty Ltd	Statewide paediatric services plan	Jun-23	Feb-24	$201,857	$27,800	$0
Sally Kelly	Nursing & Administrative Workforce Unit review	Nov-23	Dec-23	$14,250	$14,250	$0
Trafficworks Pty Ltd	RCH Carpark Review	Oct-23	Jun-24	$39,900	$39,900	$0

Government advertising campaign

The RCH did not undertake any government advertising campaigns for the 2023-24 period.

Information and communication technology (ICT) expenditure

The total ICT expenditure incurred during 2023-24 is $34.68 million (excluding GST).

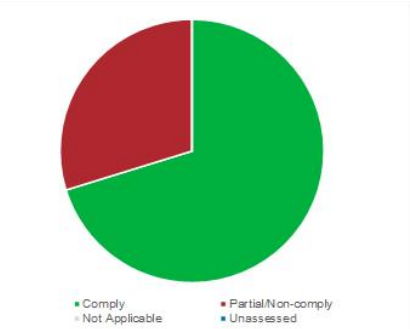
Business as Usual (BAU) ICT expenditure	Non-Business as Usual (non-BAU) ICT expenditure		
Total (excluding GST)	**Total=Operational expenditure and Capital Expenditure** (excluding GST) (a) + (b)	**Operational expenditure** (excluding GST) (a)	**Capital expenditure** (excluding GST) (b)
$33.1 million	**$1.58 million**	$0.01 million	$1.57 million

Asset Management Accountability Framework

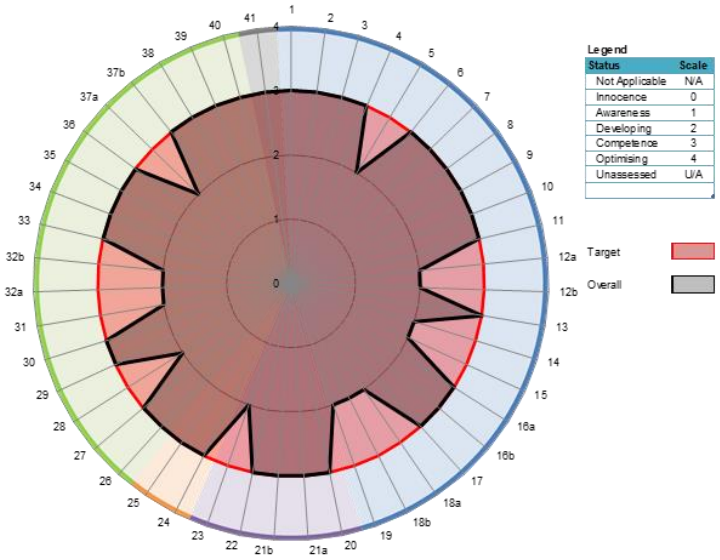
The Asset Management Accountability Framework (AMAF) is a mandatory framework for managing public assets in Victoria.

The RCH's Asset Management Accountability Framework (AMAF) purpose is to ensure compliance with the 2018 Standing Directions of the Minister for Finance section 4.2.3 regarding asset planning, acquisition, disposal and operations. The RCH continues to work towards adherence to the AMAF and continuously seeks to enhance asset management compliance across the organisation. The RCH remains materially compliant through its asset management strategies, capital governance frameworks, enabling improved performance standards and processes.

AMAF Compliance



Asset management maturity



A summary of the RCH's performance against each of the pillars is described as follows:

Leadership and Accountability (Requirements 1-19)

The RCH continues to work towards the target maturity level in this category. The RCH obtained partial compliance in some areas of governance, monitoring asset performance, asset management system performance and evaluation of asset performance. The RCH continues to develop its asset performance monitoring standards and targets, further incorporating it into the overall corporate and strategic planning framework.

Planning (Requirements 20-23)

The RCH continues to work towards the target maturity level in this category, with continued improvements in the area of risk management and contingency planning. The RCH aims to further develop the maturity of its asset management strategy with coverage of the entire asset base over the whole asset lifecycle on a portfolio basis.

Acquisition (Requirements 24 and 25)

The RCH has achieved target maturity in this category and continues to work towards exceeding target maturity levels.

Operation (Requirements 26-40)

The RCH continues to work towards the target maturity level in this category. The RCH has partially complied with some requirements in the areas of monitoring and preventative action, maintenance of assets and information management systems. The RCH is developing maturity in improving processes to ensure proactive asset management performance.

Disposal (Requirement 41)

The RCH has achieved target maturity in this category and continues to work towards exceeding the target maturity level.

Disclosure of review and study expenses

The RCH has no review or study expenses to report for the 2023-24 period.

Social procurement framework

The Royal Children's Hospital (RCH) is committed to social and sustainable outcomes for the community of Victoria. RCH has developed a Social Procurement Strategy in alignment with the Victorian Social Procurement Framework (SPF) to document the commitment, processes, mechanisms and communication approaches to ensure social value benefits and outcomes are a focus for procuring goods and/or services.

All procurement activities at the RCH apply the most appropriate SPF objective as relevant to the goods and/or services being procured at the time. The three prioritised SPF objectives for financial year 2023-24: *Opportunities for Victorians with disability*; *Supporting safe and fair workplaces*; and *Environmentally sustainable business practices*, are those which RCH can directly influence through strategic procurements.

Analysis of the RCH spend profile and activities undertaken in 2023-24 has yielded the following results:

Social Procurement Framework		
Reporting period:		*2023–24*
Aggregate spend		
All suppliers		
Number of suppliers	#	1,618
Total spent with suppliers (ex. GST)	$	175,017,608
Social benefit suppliers		
Number of social benefit suppliers	#	13
Total spent with social benefit suppliers (ex. GST)	$	62,151
Objective: Opportunities for Victorian Aboriginal people		
Outcome: Purchasing from Victorian Aboriginal businesses.		
Number of Victorian Aboriginal businesses engaged.	#	7
Total expenditure with Victorian Aboriginal businesses (ex. GST).	$	30,098
Objective: Opportunities for Victorians with disability		
Outcome: Purchasing from Victorian social enterprises and Australian Disability Enterprises.		
Number of Victorian social enterprises (led by a mission for people with disability) and Australian Disability Enterprises engaged.	#	1
Total expenditure with Victorian social enterprises (led by a mission for people with disability) and Australian Disability Enterprises engaged (ex. GST).	$	32,053
Objective: Opportunities for disadvantaged Victorians		
Outcome: Purchasing from Victorian social enterprises.		
Number of Victorian social enterprises (led by a social mission for one of the five disadvantaged cohorts) engaged.	#	6
Total expenditure with Victorian social enterprises (led by a social mission for one of the five disadvantaged cohorts) engaged (ex. GST).	$	946
Objective: Sustainable Victorian social enterprises and Aboriginal business sectors		
Outcome: Purchasing from Victorian social enterprises and Aboriginal businesses.		
Number of Victorian social enterprises engaged.	#	7
Total expenditure with Victorian social enterprises (ex. GST).	$	30,098

Social Benefit Supplier Spend as a Proportion of Total Supplier Spend

Social Benefit Supplier as a Proportion of Total Suppliers

Disclosures required under legislation

Freedom of Information Act 1982

The *Victorian Freedom of Information (FOI) Act 1982* provides a legally enforceable right of access to information held by government agencies limited only by exemptions necessary for the protection of essential public interests and private affairs.

FOI requests to the RCH can be made in writing. Detailed instructions on how to make an FOI application can be found on the RCH website (rch.org.au/foi), together with information regarding associated costs and timeframes.

For more information, the Freedom of Information staff at the RCH can be reached on (03) 9345 5132 or (03) 9345 5464. Alternatively, inquiries can be sent by email to foi@rch.org.au.

General information regarding the *Freedom of Information Act* can be found on the Office of the Victorian Information Commissioner (OVIC) website: www.ovic.vic.gov.au.

Nominated FOI Officers

Annabelle Mann, General Counsel

Tanya Dargaville, Senior Legal Counsel

Liz Morgan, Senior Legal Counsel
Judith Smith, Freedom of Information Officer and Reviewer

Kylie Borlase, Freedom of Information Administration Officer
Ricky Huynh, FOI Reviewer
Angela Wood, FOI Reviewer

Requests received	2022/23	2023/24
Total requests	797	945
Access granted in full	408	449
No information available	43	58
Application withdrawn	93	67

Requests made came primarily from patients and their families (approximately 50%), legal representatives (38%) and the Transport Accident Commission (approximately 6%). The remaining 6% of requests were for non-patient related information.

All FOI applications received by the RCH were processed in accordance with the provisions of the *Freedom of Information Act*.

During 2023-24, two FOI requests were subject to a complaint/internal review by OVIC. One FOI request progressed to the Victorian Civil and Administrative Tribunal (VCAT).

As required, the RCH provides an annual report on its FOI activity to OVIC.

Building Act 1993

As required under the *Building Act 1993*, all RCH infrastructure projects were delivered with the required building permits for new projects and Certificates of Occupancy or Certificates of Final Inspection, where applicable, for all completed projects.

All RCH capital works are compliant with requirements of regulatory bodies and codes, such as the Australasian Health Facility Design Guidelines; the Victorian Department of Health Fire Risk Management Guidelines; Disability Discrimination Act regulations; Cladding Safety Victoria, and Victorian Health Building Authority.

The current RCH building was delivered as a Public Private Partnership (PPP) project, in accordance with the State Government's Partnerships Victoria policy. Children's Health Partnership (CHP) is the state's private sector partner and is responsible for maintaining the hospital facility through Downer EDI Limited (Downer), the Facility Management subcontractor, for a period of 25 years (the term is 25 years with a five year "make good" period that ends in 2036).

Downer provides a comprehensive maintenance and asset management program for the facility, incorporating maintenance of essential safety measures.

An annual report is issued by Downer to certify testing and maintenance is compliant with the *Building Act 1993*. Fire Safety Systems, Emergency Warning and Intercommunication System (EWIS) audits are undertaken to comply with the Department of Health risk management guidelines and the Australian Standards.

Public Interest Disclosures Act 2012

The RCH supports the objectives of the *Public Interest Disclosures Act 2012* (Vic) (and has policies and procedures in place to support disclosure of known or suspected incidences of improper conduct that involve the RCH or its employees by reporting such conduct to IBAC in accordance with Part 2 of the *Act.*

The RCH encourages individuals to make any disclosures which are public interest disclosures within the meaning of the Act directly to IBAC in accordance with s51 of the *Independent Broad-Based Anti-Corruption Commission Act 2011*. The RCH is not aware of any disclosures reported to IBAC for the year ending 30 June 2024.

National Competition Policy

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

Carers Recognition Act 2012

The Carers Recognition Act 2012 promotes and values the role of people in care relationships. The RCH understands the different needs of persons in care relationships and that care relationships bring benefits to patients, their carers and the community. The RCH takes all practicable measures to ensure that its employees, agents and carers have an awareness and understanding of the care principles and this is reflected in our commitment to a model of patient and family-centered care and to involving carers in the development and delivery of our services.

Environmental performance

Greenhouse gas emissions					
Total greenhouse gas emissions (tonnes CO2e)	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
Gross floor area including carpark	166,970	166,967	166,967	166,968	168,780
Seperations – inpatient				50,405	48,680
OBD				136,724	130,383
PPT Outpatient & ED				408,257	280,127
Scope 1	6,359.55	6,657.22	6,763.91	6,175	5,162
Scope 2 factor 0.87 for 2024)	32,488.06	29,361.45	27,553.62	29,425	30,365
Co2 emmissions factor (elec)	1.02	0.98	0.91	0.91	0.87
Co2 emmissions factor (gas)	52.23	51.53	51.53	51.53	51.53
Total	**38,848**	**36,019**	**34,318**	**35,600**	**35,527**

Normalised greenhouse gas emissions	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
Emissions per unit of floor space (kgCO2e/m2)	232.622	215.682	205.495	213.213	210.495
Emissions per unit of Separations (kgCO2e/Separations)	829.085	803.952	838.24	706.27	729.81
Emissions per unit of bed-day (LOS+Aged Care OBD) (kgCO2e/OBD)	292.759	294.338	308.143	260.376	272.484

Stationary Energy					
Total stationary energy purchased by energy type (GJ)	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
Electricity	114,663.70	107,858.40	109,003.30	116,405.00	125,647.78
Electricity kwh	*31,851,027.78*	*29,960,666.67*	*30,278,694.44*	*32,334,722.22*	*34,902,162.00*
Natural Gas	121,766.10	129,191.20	131,261.50	119,834.47	100,183.00
Total	**236,430**	**237,050**	**240,265**	**236,239**	**225,831**

Normalised stationary energy consumption	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
Energy per unit of floor space (GJ/m2)	1.416	1.419	1.439	1.415	1.338
Energy per unit of Separations (GJ/Separations)	5.046	5.291	5.869	4.687	4.639
Energy per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)	1.782	1.937	2.157	1.728	1.732

Water					
Total water consumption by type (kL)	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
Class A Recycled Water	N/A	N/A	N/A	N/A	N/A
Potable Water	151,944.01	139,932.13	144,902.02	140,048.00	147,410.00
Reclaimed Water (rain + RO recovered)	N/A	N/A	N/A	10,438	8,922
Total	**151,944**	**139,932**	**144,902**	**140,048**	**147,410**

Normalised water consumption (Potable + Class A)	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
Water per unit of floor space (kL/m2)	0.91	0.84	0.87	0.84	0.87
Water per unit of Separations (kL/Separations)	3.24	3.12	3.54	2.78	3.03
Water per unit of bed-day (LOS+Aged Care OBD) (kL/OBD)	1.15	1.14	1.3	1.02	1.13

Waste and Recycling					
Waste	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2022/24**
Recycling kg					194,396
General Waste kg					839,332
Clinical Waste kg					172,730
Total waste generated (kg clinical waste+kg general waste+kg recycling waste)	1,034,823.55	1,073,490.85	1,073,490.85	1,725,340	1,206,458
Total waste to landfill generated (kg clinical waste+kg general waste)	893,919.84	874,690.87	874,690.87	1,263,392	998,922
Total waste to landfill per patient treated ((kg clinical waste+kg general waste)/PPT)	3.46	3.29	3.29	3.09	3.57
Recycling rate % (kg recycling / (kg general waste+kg recycling))	16.39	23.88	23.88	36.31	23.16

Additional information available on request

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

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

Local Jobs First Act 2003

The RCH complies with the intent of the *Local Jobs First Act 2003 (Vic)*, promoted through the Local Jobs First Policy (LJFP). The Local Jobs First Policy encompasses both Victorian Industry Participation Policy and Major Projects Skills Guarantee. Part of this policy requires, wherever possible, local industry development through the improvement of opportunities for local suppliers while taking into consideration the principle of value for money and transparency in procurement processes.

There were no RCH projects, which required disclosure under the LJFP for the 2023-24 period.

Gender Equality Act 2020

The RCH is dedicated to creating a workplace where every employee can bring their whole self to work, feel safe and accepted, and reach their full potential. This commitment stems from the understanding that quality of care is directly linked to the wellbeing of those providing it.

In 2024, the RCH submitted the Gender Equality Action Plan Progress Report, a mid-cycle review of the RCH Gender Equality Action Plan, in compliance with the *Victorian Gender Equality Act 2020*. Of the 24 action items, nine have been completed, including four that are now ongoing as part of our Business as Usual (BAU) activities. During the mid-cycle review, it was decided to void eight actions that had either been resolved through other means or were deemed to not be relevant to progressing the organisation's diversity and inclusion agenda. The remaining seven actions are in progress and on track to completion before the next GEAP cycle. Our progress has been measured against the 7 Gender Equality Indicators outlined in the *Act.* The RCH measures positively against most Indicators, though we recognise that cultural shifts are necessary both within our gender-dominated workforce, and in social values and societal structures, to achieve further internal progress.

The Gender Equality Act 2020 mandates that all organisations adopt an intersectional approach, considering the impact on and support for all communities within the workplace. The RCH has employed this method in its Diversity and Inclusion efforts for many years. We believe that by celebrating and supporting all communities, we foster a safer environment for everyone, recognising that no group exists in isolation. As such, we have a number of plans, actions, events and acknowledgements, which though not specifically directed at Gender Equality, build capability and promote inclusion.

The RCH's Diversity, Inclusion and Belonging Action Plan and Disability Action Plan are both set to expire in 2024. To prepare for this, the RCH has joined Diversity Australia to enhance the skills and knowledge of our staff in these areas. Additionally, the Aboriginal Cultural Safety Plan has been updated and submitted as required annually.

The RCH remains steadfast in its commitment to diversity and inclusion, celebrating and acknowledging significant days that are important to our staff, patients and their families, from all communities and backgrounds. For our Aboriginal communities, we commemorated Sorry Day with a flag-raising and smoking ceremony, an event led by the Wadja Aboriginal Family Place Leadership and the RCH Board Chair. This event has become one of the most significant on the RCH calendar, acknowledging the hospital's impact on health equity outcomes for Aboriginal and Torres Strait Islander children. NAIDOC Week has now been expanded to include a diverse range of events such as lectures, art projects for patients, public performances, and activities specifically for Aboriginal staff.

The RCH also honours International Women's Day and the non-binary community with various events, and this year recognised International Men's Health Week with a panel and forum. International Day of People with Disabilities was marked by a reading and performance by a disability artist and activist, engaging staff, families, and patients.

Our commitment to LGBTQIA+ inclusivity has also matured, as evidenced by our partnership with campus partners (Murdoch Children's Research Institute, Melbourne University, and RCH Foundation) to create an LGBTQIA+ Campus Strategy led by a formalised LGBTQIA+ Cross-Campus Collective. This initiative includes the appointment of a Melbourne Children's LGBTQIA+ Coordinator, a role in which the RCH was actively involved in recruiting and who will be part-time embedded in the RCH People and Culture team. We continue to celebrate the LGBTQIA+ community through participation in events like the Midsumma Pride March, IDAHOBIT commemorations, and Wear It Purple activities, now often also collaborating with our precinct partners (Peter MacCallum Cancer Centre, Royal Melbourne Hospital, and The Royal Women's Hospital).

The RCH Workplace Mediation and Support Officer continues to provide a confidential and safe avenue for staff to discuss concerns, be they emotional, psychological, or physical. This approach has led to numerous safe outcomes and has facilitated a multidisciplinary approach to address complex issues related to cultural safety in our workplace

The RCH will continue to listen and respond to the needs of diverse communities, ensuring a safe and inclusive environment for all patients and employees.

Safe Patient Care Act 2015

The RCH has no matters to report in relation to its obligations under section 40 of the *Safe Patient Care Act 2015.*

Car parking fees

The RCH is committed to reducing the burden of car parking fees for vulnerable patients who frequently attend health services. The RCH works with stakeholders make sure that users can access car parks as safely, conveniently and economically as possible.

The RCH complies with the Department of Health hospital circular on car parking fees. Details of car parking fees and concession benefits can be viewed on the RCH website: Car_parking_official_visitors_and_off_site_staff

Attestations and Declarations

Financial Management Compliance Attestation Statement

I Dr Rowena Coutts, on behalf of the Responsible Body, certify that the The Royal Children's Hospital has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.

Dr Rowena Coutts

Board Chair
The Royal Children's Hospital
Melbourne

25 September 2024

Data Integrity Declaration

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

Ed Oakley

Interim Chief Executive Officer
The Royal Children's Hospital
Melbourne

25 September 2024

Conflict of Interest Declaration

I, Ed Oakley, certify that The Royal Children's Hospital has put in place appropriate internal controls and processes to ensure that it has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within <Health Service Name>and members of the board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive board meeting.

Ed Oakley

Interim Chief Executive Officer
The Royal Children's Hospital
Melbourne

25 September 2024

Integrity, Fraud and Corruption Declaration

I, Ed Oakley, certify that The Royal Children's Hospital has put in place appropriate internal controls and processes to ensure that integrity, fraud and corruption risks have been reviewed and addressed at The Royal Children's Hospital during the year.

Ed Oakley

Interim Chief Executive Officer
The Royal Children's Hospital
Melbourne

25 September 2024

Compliance with Health Share Victoria (HSV) Purchasing Policies

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

Ed Oakley

Interim Chief Executive Officer
The Royal Children's Hospital
Melbourne

25 September 2024

Disclosure index

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

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Reporting against the Statement of Priorities – Part A

Focus Priorities	2023-2024 Deliverables	2023-2024 Updates
Excellence in clinical governance We aim for the best patient experience and care outcomes by assuring safe practice, leadership of safety, an engaged and capable workforce, and continuing to improve and innovate care		
MA3 Working with Safer Care Victoria to reduce hospital acquired complications, including minimising COVID-19 transmission into and within the health service, including to staff and patients.	• MA3 RCH to work with SCV, Monash and paediatric clinical network to determine meaningful paediatric HAC indicators.	• RCH, Monash and VPCN has reviewed the suite of 13 HAC's currently relevant to RCH and collaborated with interjurisdictional partners to confirm seven HAC's are not applicable to the paediatric population. • Work continues with both SCV and the Department of Health to confirm agreement on those HAC's deemed not applicable to the paediatric setting. • RCH is collaborating with interjurisdictional partners to determine a revised suite of HAC relevant to Paediatrics that could be applied nationally. • This work is complex and will continue into the 2024-25 year.
MA9 Maintain commitment to driving planned surgery reform in alignment with the Surgery Recovery and Reform Program, as well as identify and implement local reform priorities	• MA9 Implement and scale high throughput approaches to planned surgery in line with Safer Care Victoria's Targeted high throughput approaches to theatre list management recommendations.	*Increased in-hours, twilight and weekend activity to address excessive waiting lists and treat long-waiting patients.* • With a focus on maximising theatre capacity at RCH, an additional ***399 patients*** received their surgery from the High Intensity Theatres (HIT) list, conducted from July 23 - June 24. In total, there were 44 all-day Saturday HIT lists supported by the Department of Health, which provided the RCH Orthopaedic, Department of

Focus Priorities	2023-2024 Deliverables	2023-2024 Updates
	• MA9 Proactively manage preparation lists (formally waiting lists) including validation and support of patients into optimal care pathways.	Paediatric Surgery, Plastics and Otolaryngology departments with an opportunity to provide care sooner to clinically overdue patients. • Two separate trials of twilight lists were piloted, allowing a further ***86 patients*** to have surgery. Sessions ran from 1730-2130 as standard alone sessions or extensions of all day lists, highlighted challenges such as theatre overruns. A "starting on time" project was created from this learning. • Merging of AM/PM lists to all day lists and "filling the grid" (greater use of theatre 14) will provide lasting reform with a more sustainable opportunity to maximise throughput at the RCH. • The RCH reports to the Department of Health monthly on longest waiters and has met the 80% target with ***433 patients*** (88%) treated or removed from the wait list. Clinically overdue patients remain a priority with ***477 less patients*** overdue at the same time last year. Adult patients (18 years plus) who remain on the RCH waitlist will all have a plan of care to transition of adult health services. *Collaboration with HSP partners to offer care close to home through theatre-sharing arrangements and hub-and-spoke clinical services.* • Surgical partnerships continue to facilitate delivery of care close to home. Since the creation of a collaborative relationship between the RCH and Werribee Mercy Health in February 2023, over ***100 patients*** have received urology surgery at Werribee performed by an RCH surgeon. Work on the urology outpatient's waitlist continues with over ***190 patients*** screened and transferred to Werribee for their appointments. This model of care promotes more timely care closer to home and reserves the RCH's capacity for more complex patients. • The purpose-built rapid access hub at Werribee Mercy Health has allowed over ***260 RCH patients*** to receive their endoscopy treatment over a 16-month period. Providing outreach education services to Werribee staff has allowed the patient criteria age to drop from 15 years to 10 years, which has built surgical and anaesthetic capacity and capability. These procedures are conducted by an RCH proceduralist.

Focus Priorities	2023-2024 Deliverables	2023-2024 Updates
		Partnership with private health services to utilise alternative infrastructure to meet waiting list demands. • Specific DH funding allowed contracted care arrangements for ***53 orthopaedic patients*** to have their surgery at St Vincent's Private Hospital from August 23-June 2024. A short-term opportunity between May-June 2024 arose for ***14 patients*** to have orthognathic surgery at Epworth. Patients were aged 16 years plus, which allowed their often ongoing, complex maxillary facial surgery to be completed by an RCH surgeon and then transition to adult service if required. *Development of day-stay models of care leveraging hospital-in-the-home supports to improve access and flow.* • Safe and timely care included ***221 patients*** who had tonsillectomy and/or other procedures as part of the DH strategy, reducing length of stay and re-admission rates. The day stay conversion program saved over 246 hours as a result of reducing the post-op stay to from six hours to fiye hours. This was communicated through the review and update to the state-wide clinical guideline. In addition, 214 bed days were saved due to the optimisation of this low-risk patient cohort. Excitingly, this program won the Promoting Care Closer to Home-Victorian Health Award 2023. *Establishment of Patient Support Unit to optimise patient readiness for surgical admission* • Ongoing Patient Support Unit funding allows the RCH to review the effectiveness of the current health service system and drive innovation to optimise patients on both the outpatient's waitlist and the planned surgery waitlist. Having newly created surgical liaison nurse positions to screen, refer and optimise for theatre will assist the Elective Surgery Access Unit model of care. The new Planned surgery access policy 2024 will guide staff to treat in turn based on need, maintain single preparation lists within individual departments, actively manage lists and encourage regionalised lists for improved co-ordination. • From April 2023 -April 2024, over 1,700 patients were removed as part of the 6 monthly waitlist validation audit which is reported quarterly to DH. • Consumer engagement with notable attention to high-risk groups such as out of home care, indigenous communities, culturally and linguistically diverse populations and disabilities groups remain at the heart of the unit.

Focus Priorities	2023-2024 Deliverables	2023-2024 Updates
MA11 Develop strong and effective systems to support early and accurate recognition and management of deterioration of paediatric patients.	• MA11 Partner with Safer Care Victoria (SCV) and relevant multidisciplinary groups to establish protocols and auditing processes to manage effective monitoring and escalation of deterioration in paediatric patients via ViCTOR charts. • MA11 Improve paediatric patient outcomes through implementation of the "ViCTOR track and trigger" observation chart and escalation system, whenever children have observations taken. • MA11 Implement staff training on the "ViCTOR track and trigger" tool to enhance identification and prompt response to deteriorating paediatric patient conditions.	• The RCH has actively supported SCV by participating in a working group to establish processes to effectively promote the use of ViCTOR observation charts across the sector. • RCH has ViCTOR observation charts built into the EMR and has done for eight years. The RCH ViCTOR track and triggers charts are linked to our rapid review and MET response systems, ensuring all children with observations outside of a normal parameter are reviewed or the parameters are altered to as required. • The RCH reviews all significant MET calls and monitors for potentially preventable factors ensuring we have robust processes for reviewing and monitoring the use of the ViCTOR tools. • All new staff undertake specific training on the ViCTOR tools during hospital orientation. ViCTOR is also included in the EMR orientation and our nursing workforce undergo local training once they commence in their clinical areas.
Working to achieve long term financial sustainability Ensure equitable and transparent use of available resources to achieve optimum outcomes.		
MB2 Development of a health service financial sustainability plan in partnership with the Department with a goal to achieving long term health service safety and sustainability	• MB2 Cost containment initiatives: Implement strategies to control costs, such as negotiating favorable contracts with suppliers, optimizing workforce utilization, and managing healthcare	• RCH achieved savings of $10M during the year across a range of initiatives including supplier contract benefits, workforce utilization and benefits from other investments. • Improved workforce balancing resulted in savings in penalty costs and an improvement in activity delivered

Focus Priorities	2023-2024 Deliverables	2023-2024 Updates
	technologies and equipment effectively. • MB2 RCH will redesign services and models of care to improve efficiency and sustainability.	
Improving equitable access to healthcare and wellbeing Ensure that Aboriginal people have access to a health, wellbeing and care system that is holistic, culturally safe, accessible, and empowering. Ensure that communities in rural and regional areas have equitable health outcomes irrespective of locality.		
MC3 Enhance the provision of appropriate and culturally safe services, programs and clinical trials for and as determined by Aboriginal people, embedding the principles of self-determination.	• MC3 Partner with Aboriginal community-controlled health organisations, respected Aboriginal leaders and Elders, and Aboriginal communities to deliver healthcare improvements. • MC3 Promote a culturally safe welcoming environment with Aboriginal cultural symbols and spaces demonstrating, recognising, celebrating and respecting Aboriginal communities and culture.	• The RCH Wadja Aboriginal Family Place has engaged with the West Metro Health Services Partnership and Aboriginal community organisations in the Aboriginal Health Improvement Initiative. This aims to improve cultural safety in Emergency Departments. • Culturally safe and welcoming signage “Wominjeka” has been added in the ED triage space, similar to existing signage at the main entrance RCH information desk.

Focus Priorities	2023-2024 Deliverables	2023-2024 Updates
A stronger workforce There is increased supply of critical roles, which supports safe, high-quality care. Victoria is a world leader in employee experience, with a focus on future roles, capabilities and professional development. The workforce is regenerative and sustainable, bringing a diversity of skills and experience that reflect the people and communities it serves. As a result of a stronger workforce, Victorians receive the right care at the right time closer to home.		
MD1 Improve employee experience across four initial focus areas to assure safe, high-quality care: leadership, health and safety, flexibility, and career development and agility.	• MD1 Implement and/or evaluate new/expanded programs that uplift workforce flexibility such as a flexibility policy for work arrangements. • MD1 Implement and/or evaluate a new/expanded wellbeing and safety program and its improvement on workforce wellbeing	There is increased supply of critical roles, which supports safe, high-quality care. Victoria is a world leader in employee experience, with a focus on future roles, capabilities and professional development. The workforce is regenerative and sustainable, bringing a diversity of skills and experience that reflect the people and communities it serves. As a result of a stronger workforce, Victorians receive the right care at the right time closer to home. MD1-1 • Through FY23/24 the RCH significantly focused on workforce capacity, resilience and efficiency. During this period labour turnover reduced from 8.63% to 7.82%, 983 new starters were onboarded, which largely represented building back capacity to pre-Covid levels, 38 formal structural change processes were implemented to realign teams, resourcing and positions as well as creating the new Ambulatory Services / Allied Health division. The Flexible Work Arrangements procedure was reviewed and updated in April 2024 reinforcing the RCH's commitment to workforce flexibility and providing guidance to employees and managers. The RCH reviewed and implemented the changes in the Fair Work Act relating to Fixed Term contracts and worked with managers and employees to ensure understanding and compliance and driving job security. MD1-2 *Staff Mental Health Strategy* • The RCH continued to deploy the Staff Mental Health Strategy, which has been pivotal in transforming the landscape of mental health at the RCH over the last three years and in 2023-24 we set out to achieve the final year deliverables. This Strategy adopted an integrated approach to mental health, focusing on three strategic objectives: promotion, prevention and support. Our model was in keeping with the approach suggested in the Beyond Blue good practice framework for mental health and wellbeing in organisations. Positive results have been

Focus Priorities	2023-2024 Deliverables	2023-2024 Updates
		experienced by staff and evidenced by positive and improving results in our people matter survey results. • In the next phase of our journey towards fostering a supportive and healthy workplace at RCH, we are committed to developing a new, holistic mental health and wellbeing strategy. Building upon the success of previous years, the new strategy aims to strengthen our support systems and initiatives to create a resilient, healthy and psychologically safe workplace. *Staff Wellbeing Support Project* • In June 2023, The RCH launched a new pilot Staff Wellbeing Support Program (SWS program) lead by a team of multidisciplinary mental health clinicians. The aim of the program was to support staff wellbeing through various initiatives including capability building, wellbeing workshops, individual consultations, triage services, and referrals to specialised supports when needed. • Over the last 12 months, the program engaged with a select cohort of craft groups, wards, and departments, offering workshops and consultations tailored to address staff needs. Topics covered included preventing burnout, promoting wellbeing, stress management, self-care, and resilience building. These efforts have benefitted over 600 RCH staff within the pilot cohorts. Work has become refined to build capability at a Leader, Team and individual basis. *Peer Support Program* • The RCH is dedicated to fostering a culture of psychological safety, encouraging staff to utilise trained peer supporters. In March 2024, the RCH enhanced its Peer Support Program through a comprehensive review aimed at understanding and strengthening its effectiveness. Currently, 35 Peer Supporters at RCH benefit from monthly clinical supervision, ongoing education, and skill development. In response to staff feedback, RCH is preparing to introduce badges and email signatures for Peer Supporters, enhancing their visibility and making them easily identifiable to colleagues. *Building Manager Capability in Safety and Injury Management* • We continued to support our leaders to build safety and injury management capability in 2023-24 with a total of 161 leaders participating in specialised training, leading to clearer delineation of roles and responsibilities within the organisation.

Focus Priorities	2023-2024 Deliverables	2023-2024 Updates
Moving from competition to collaboration Share knowledge, information and resources with partner health and wellbeing services and care providers. This will allow patients to experience one health, wellbeing and care system through connected digital health information, evidence and data flows, enabled by advanced interoperable platforms.		
ME2 Engage in integrated planning and service design approaches, whilst assuring consistent and strong clinical governance, with partners to join up the system to deliver seamless and sustainable care pathways and build sector collaboration	• ME2 RCH together with the Victorian Paediatric Clinical Network will develop a statewide paediatric plan.	A draft, statewide paediatric plan has been developed in partnership with the Victorian Paediatric Clinical Network. The draft plan is being finalised and implementation priorities are being developed. All 21 paediatric health services have been engaged throughout the process and have made a significant contribution to the focus of the plan.
Empowering people to keep healthy and safe in the community. Support individual health and mental wellbeing by giving people the tools and information they need to stay healthy and well. Work with the local government to respond to health threats and empower the community to proactively respond to health risks.		
EA4 Enhance health literacy and promote high-quality health information so that the local community, including those in priority cohorts, can apply this knowledge to their own circumstances.	• EA4 Implement the Child Health Poll incorporating the voice of children and young people plus updating the Kids Health Fact Sheets.	The RCH has established itself as a leading source of trusted, evidence-based health information for parents, carers, and the broader community – working to empower children, young people and families. This information is housed on the RCH website and shared proactively through mainstream media engagement and social media distribution. There are two distinct project areas that contribute to the RCH's work as a leader in high-quality health information. • The RCH Kids Health Info (KHI) Factsheets are digital resources produced by clinicians on a broad range of specific health subjects from rashes to RSV. Housed on the RCH website, there are more than 300 clinically approved KHI factsheets that are used by Victorian families to help make informed decisions about child health. These resources are hugely popular and in the period between 1 July 2023 to 30 June 2024, they attracted more than 10.9 million views, with a total of 7.1 million unique users – representing a 6.1% increase on unique visitors and a 0.627 % increase on total views during the previous 12 months. • The RCH National Child Health Poll (RCH Poll), established in 2015, is an innovative health promotion and prevention project. Through the RCH Poll, we

Focus Priorities	2023-2024 Deliverables	2023-2024 Updates
		glean an understanding of parents' and caregivers' knowledge on key child health issues, as well as the barriers to taking better health related decisions for their children. From water safety to child anxiety and understanding fever, the RCH Poll is the only nationally focused survey that helps to understand the practical issues, health myths and questions Victorian families face every day. Between 1 July 2023 and 30 June 2024, the RCH Poll produced data and supporting communications for three topics – fever, concussion and flu. The RCH Poll has also provided unique and valuable insights to inform policy enabling effective prevention and health promotion for children including vaping regulations, flu vaccination, and regulation of infant and toddler food products. Through our ongoing efforts in advocacy and health promotion and prevention we aim to support the health and wellbeing of all children, including those who will never step foot inside the four walls of the RCH – supporting the organisation's vision of a 'world where all kids thrive'. • In an environment where health misinformation is rife and there are fewer and fewer trusted sources of truth, KHI factsheets and the RCH Poll have unprecedented authority and are consistently the highest ranked source of children's health information in Google search results.
A health system that takes effective climate action The health service is focused on taking effective action to achieve net zero emissions and adapt to climate change.		
EC1 Reduce clinical and operational practices that are wasteful and environmentally harmful to effectively contribute towards achieving net zero emissions across the health, wellbeing, and care system, including by delivering more energy efficient health services	• EC1 Develop an evidence-based plan and commence an initiative to reduce operational or clinical practices that are wasteful; identify appropriate data sources and outcome measures to demonstrate a positive environmental impact (i.e. avoided greenhouse gas emissions, reductions in resource use, reductions in waste	The RCH continues to deliver on the commitments outlined in our Sustainability Plan 2023-25, to reduce greenhouse gas emissions and adapt to climate change. This year we: • Recruited our first Sustainability Manager, responsible for overseeing delivery of campus-wide sustainability initiatives. • Launched a sustainability governance structure, which will ensure that all aspects of the sustainability plan are appropriately resourced and achieved in a timely manner. • Commenced baselining activity for all action areas so that we can identify improvement opportunities and report on progress. • Significantly reduced the use of Desflurane (a potent anaesthetic gas with significant greenhouse effect) for all but a few patient cases.

Focus Priorities	2023-2024 Deliverables	2023-2024 Updates
		• Reverted to 99% re-usable crockery and cutlery for patient meal service post-COVID. • Trialled the use of solid hygiene chemical technology in our dishwashing facilities, which reduced plastic packaging by 95% and delivered significant energy and water savings.

Reporting against the Statement of Priorities – Part B Performance Priorities

High quality and safe care

Key Performance Measure	Target	Result
Infection prevention and control		
Compliance with the Hand Hygiene Australia program[1]	85%	82.8%
Percentage of healthcare workers immunised for influenza	94%	95%
Healthcare associated infections (HAI's)		
Rate of central-line-associated blood stream infections (CLABSI) in intensive care units per 1,000 central-line days	Zero	0.2
Rate of healthcare-associated *S. aureus* bloodstream infections per 10,000 bed days	≤ 0.7	2.0
Patient experience		
Percentage of patients who reported positive experiences of their hospital stay	95%	94.1%
Aboriginal Health		
Percentage of Aboriginal admitted patients who left against medical advice[2]	25% reduction in gap based on prior year's annual rate	Not on last year's SoP
Percentage of Aboriginal emergency department presentations who did not wait to be seen	25% reduction in gap based on prior year's annual rate	3.7%
Mental Health Patient Experience		
Percentage of families/carers reporting a 'very good' or 'excellent' overall experience of the service	80%	68.7%
Percentage of families/carers who report they 'always' or 'usually' felt their opinions as a carer were respected	90%	89.2%
Mental Health Post-Discharge Follow-up		
Percentage of consumers followed up within 7 days of separation – Inpatient (CAMHS)	88%	84%
Mental Health Readmission		
Percentage of consumers re-admitted within 28 days of separation - Inpatient (CAMHS)	< 14%	20%
Mental Health Seclusion		
Rate of seclusion episodes per 1,000 occupied bed days - Inpatient (CAMHS)	≤ 5	7

1 Effective date of target change from 85% to 80% conditional on pending changes to BP3 requirements

2 Further work will be undertaken on leave event measures terminology that better captures patient experience and Aboriginal community's holistic understanding of health and wellbeing

Strong governance, leadership and culture

Key Performance Measure	Target	Result
People matter survey – Percentage of staff with an overall positive response to safety culture survey questions	62%	77%

Timely access to care

Key Performance Measure	Target	Result
Planned Surgery		
Percentage of urgency category 1 planned surgery patients admitted within 30 days	100%	100%
Percentage of all planned surgery patients admitted within the clinically recommended time	94%	62.1%
Reduce long waiting planned surgery patients	5.0%	38.8%
Number of patients on the planned surgery waiting list	3,500	4,201
Number of patients admitted from the planned surgery waiting list	8,178	8,340
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5% or 15% proportional improvement from prior year	41.2%
Number of hospital-initiated postponements per 100 scheduled planned surgery admissions	≤ 7	6.7
Emergency Care		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	99%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	77%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	74%
Number of emergency patients with a length of stay in the ED greater than 24 hours	Zero	9
Mental Health		
Percentage of ‘urgent’ (category ‘C’) mental health triage episodes with a face-to-face contact received within 8 hours	80%	79%
Percentage of mental health-related emergency department presentations with a length of stay of less than 4 hours	81%	57%

Specialist Clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	82.6%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	77%
Home Based Care		
Percentage of admitted bed days delivered at home	Equal to or better than prior year result	12.1% (better than 23)
Percentage of admitted episodes delivered at least partly at home	Equal to or better than prior year result	8.3% (better than 23)

Effective financial management

Key Performance Measure	Target	Result
Operating result ($M)	(12.68)	(12.68)
Average number of days to pay trade creditors	60 days	35.98 days
Average number of days to receive patient fee debtors	60 days	47.59 days
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.7
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ $250,000	($1.39M)
Actual number of days of available cash, measured on the last day of each month	14 days	11.98 days

Reporting against the Statement of Priorities – Part C

Funding Type	Achieved	Activity	Budget ($'000)
Consolidated Activity Funding			
Acute admitted, subacute admitted, emergency services, non-admitted NWAU	91,431	99,428	453,705
Acute Admitted			
Acute admitted TAC	475	692	3,773
Other Admitted			70,916
Acute Non-Admitted			
Emergency Services			90
Home Enteral Nutrition NWAU	462	550	2,010
Home Renal Dialysis NWAU	36.6	116	598
Specialist Clinics	99,516		21,703
Total Parenteral Nutrition NWAU	266	178	674
Other non-admitted			12,968
Government Initiatives			
Government Initiatives			620
Subacute/Non-Acute, Admitted & Non- admitted			
Subacute Non-Admitted Other			12,660
Victorian Artificial Limb Program			366
Subacute Admitted Other			2,511
Subacute & Non-Acute Other			
Other specified funding			16,049
Mental Health and Drug Services			
Mental Health Ambulatory	47,950	52,514	24,834
Mental Health Inpatient - Available bed days	6,209	6,209	5,625
Mental Health Service System Capacity			3,798
Mental Health Other			482
Drug Services			28
Primary Health			
Community Health / Primary Care Programs	2,572	2,056	3,903
Community Health Officer			151
Small Rural			
Small Rural Primary Health & HACC			193
Other			
NFC - Paediatric Heart no VAD	1	5	2,348
NFC - Paediatric Heart VAD	4	9	9,795
NFC - Paediatric Lung Transplantation			39
NFC - Transplants - Paediatric Liver	11	6	2,109
Health Workforce			8,420
Supplementation funding			30,585
Total Funding			**690,952**

Financial statements

The Royal Children's Hospital Board Member's, Accountable Officer's and Chief Finance and Accounting Officer's declaration

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2024 and the financial position of The Royal Children's Hospital and the Consolidated Entity at 30 June 2024.

At the time of signing, we are not aware of any circumstance 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.

Dr Rowena Coutts
Chair
The Royal Children's Hospital
Melbourne
23 September 2024

Professor Edward Oakley
Interim Chief Executive Officer
The Royal Children's Hospital
Melbourne
23 September 2024

Andrew Gay
Chief Financial Officer
The Royal Children's Hospital
Melbourne
23 September 2024

Independent Auditor's Report

VAGO
Victorian Auditor-General's Office

To the Board of The Royal Children's Hospital

Opinion

I have audited the consolidated financial report of the The Royal Children's Hospital (the health service) and its controlled entities (together the consolidated entity), which comprises the:

- consolidated entity and health service balance sheets as at 30 June 2024
- consolidated entity and health service comprehensive operating statements for the year then ended
- consolidated entity and health service statements of changes in equity for the year then ended
- consolidated entity and health service cash flow statements for the year then ended
- notes to the financial statements, including material accounting policy information
- board member's, accountable officer's and chief finance and accounting Officer's declaration.

In my opinion, the financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the health service as at 30 June 2024 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the health service and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I have determined that there are no matters that required my significant auditor attention and accordingly there are no key audit matters that I am required to communicate in my report.

Other information

The Board of the health service is responsible for the Other Information, which comprises the information in the health service's annual report for the year ended 30 June 2024, but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.

Board's responsibilities for the financial report

The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair

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T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

Board's responsibilities for the financial report (continued)	presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Board is responsible for assessing the health service and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.
Auditor's responsibilities for the audit of the financial report	As required by the *Audit Act 1994,* my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report. As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also: • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the health service and the consolidated entity's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board • conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the health service and the consolidated entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the health service and the consolidated entity to cease to continue as a going concern. • evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation • obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the health service and consolidated entity to express an opinion on the financial report. I remain responsible for the direction, supervision and performance of the audit of the health service and the consolidated entity. I remain solely responsible for my audit opinion. I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
24 September 2024

Dominika Ryan
as delegate for the Auditor-General of Victoria

The Royal Children's Hospital Financial statements table of contents

The Royal Children's Hospital
Comprehensive operating statement

For the financial year ended 30 June 2024

	Note	Parent entity 2024 $'000	Parent entity 2023 $'000	Consolidated 2024 $'000	Consolidated 2023 $'000
Revenue and income from transactions					
Operating activities	2.1	1,121,474	1,128,858	1,105,335	1,130,574
Non-operating activities	2.1	4,702	3,282	4,859	3,657
Total revenue and income from transactions		**1,126,176**	**1,132,140**	**1,110,194**	**1,134,231**
Expenses from transactions					
Employee expenses	3.1	(723,094)	(697,993)	(724,424)	(700,151)
Supplies and consumables	3.1	(130,186)	(137,738)	(130,186)	(137,738)
Public/private partnership operating expenses	3.1	(71,868)	(73,920)	(71,868)	(73,920)
Finance costs	3.1	(39,585)	(41,583)	(39,584)	(41,579)
Other operating expenses	3.1	(100,067)	(91,289)	(101,134)	(93,076)
Depreciation and amortisation	3.1	(68,605)	(62,253)	(68,799)	(62,583)
Total expenses from transactions		**(1,133,405)**	**(1,104,776)**	**(1,135,994)**	**(1,109,048)**
NET RESULT FROM TRANSACTIONS		**(7,229)**	**27,365**	**(25,800)**	**25,183**
Other economic flows included in net result					
Net gain/(loss) on sale of non-financial assets	3.2	(2,480)	(2,146)	(2,480)	(2,146)
Net gain/(loss) on financial instruments	3.2	(272)	(643)	6,826	7,649
Other gains/(losses) from other economic flows	3.2	2,280	(4,105)	2,366	(4,105)
Total other economic flows included in net result		**(472)**	**(6,894)**	**6,712**	**1,398**
NET RESULT FOR THE YEAR		**(7,701)**	**20,471**	**(19,088)**	**26,581**
Other comprehensive income					
Items that will not be reclassified to net result					
Changes in property, plant and equipment revaluation surplus	4.3 (f)	316,143	139,299	316,033	139,509
Total other comprehensive income		**316,143**	**139,299**	**316,033**	**139,509**
COMPREHENSIVE RESULT FOR THE YEAR		**308,442**	**159,770**	**296,945**	**166,090**

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

The Royal Children's Hospital
Balance sheet

As at 30 June 2024

	Note	Parent entity 2024 $'000	Parent entity 2023 $'000	Consolidated 2024 $'000	Consolidated 2023 $'000
ASSETS					
Current assets					
Cash and cash equivalents	6.2	88,660	82,801	90,059	90,823
Receivables	5.1	30,882	35,295	32,268	34,073
Other financial assets	4.1	-	-	95,960	108,166
Inventories	4.7	3,243	2,733	3,279	2,770
Prepayments		5,889	5,818	5,898	5,901
Total current assets		**128,674**	**126,647**	**227,464**	**241,732**
Non-current assets					
Receivables	5.1	57,753	52,720	57,753	52,720
Property, plant and equipment	4.3	1,778,555	1,496,717	1,783,411	1,501,796
Intangible assets	4.4	24,782	30,942	24,951	31,240
Investment properties	4.6	7,425	9,034	9,262	10,871
Total non-current assets		**1,868,516**	**1,589,413**	**1,875,378**	**1,596,627**
TOTAL ASSETS		**1,997,190**	**1,716,061**	**2,102,841**	**1,838,359**
LIABILITIES					
Current liabilities					
Payables	5.2	65,427	69,248	65,720	75,026
Contract liabilities	5.3	30,054	19,713	27,666	16,196
Employee benefits	3.3	200,868	190,353	200,868	190,393
Borrowings	6.1	48,066	45,376	48,066	45,376
Other liabilities		1,699	1,744	1,699	1,744
Total current liabilities		**346,114**	**326,434**	**344,018**	**328,734**
Non-current liabilities					
Employee benefits	3.3	17,348	17,180	17,348	17,216
Borrowings	6.1	739,693	786,591	739,693	786,489
Other liabilities		-	262	-	262
Total non-current liabilities		**757,041**	**804,033**	**757,041**	**803,966**
TOTAL LIABILITIES		**1,103,155**	**1,130,468**	**1,101,059**	**1,132,701**
NET ASSETS		**894,035**	**585,593**	**1,001,782**	**705,659**
EQUITY					
Property, plant and equipment revaluation surplus	4.3 (f)	1,054,873	738,730	1,059,573	743,540
Restricted specific purpose surplus		10,568	29,363	50,873	72,291
Contributed capital		91,314	91,314	91,314	91,314
Accumulated deficit		(262,720)	(273,814)	(199,977)	(201,486)
TOTAL EQUITY		**894,035**	**585,593**	**1,001,782**	**705,659**

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

The Royal Children's Hospital
Statement of changes in equity

For the financial year ended 30 June 2024

Consolidated	Property, plant and equipment revaluation surplus	Restricted specific purpose reserve	Contributed capital	Accumulated surplus/ (deficit)	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2022	**604,031**	**69,990**	**91,314**	**(225,766)**	**539,569**
Net result for the year	-	-	-	26,581	26,581
Other comprehensive income for the year	139,509	-	-	-	139,509
Transfer to accumulated surplus/(deficit)	-	2,301	-	(2,301)	-
Balance at 30 June 2023	**743,540**	**72,291**	**91,314**	**(201,486)**	**705,659**
Net result for the year	-	-	-	(19,088)	(19,088)
Other comprehensive income for the year	316,033	-	-	-	316,033
Derecognition of joint arrangement	-	-	-	(822)	(822)
Transfer to accumulated surplus/(deficit)	-	(21,418)	-	21,418	-
Balance at 30 June 2024	**1,059,573**	**50,873**	**91,314**	**(199,977)**	**1,001,782**

Parent	Property, plant and equipment revaluation surplus	Restricted specific purpose reserve	Contributed capital	Accumulated surplus/ (deficit)	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2022	**599,431**	**28,017**	**91,314**	**(292,939)**	**425,823**
Net result for the year	-	-	-	20,471	20,471
Other comprehensive income for the year	139,299	-	-	-	139,299
Transfer to accumulated surplus/(deficit)	-	1,346	-	(1,346)	-
Balance at 30 June 2023	**738,730**	**29,363**	**91,314**	**(273,814)**	**585,593**
Net result for the year	-	-	-	(7,701)	(7,701)
Other comprehensive income for the year	316,143	-	-	-	316,143
Transfer to accumulated surplus/(deficit)	-	(18,795)	-	18,795	-
Balance at 30 June 2024	**1,054,873**	**10,568**	**91,314**	**(262,720)**	**894,035**

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

The Royal Children's Hospital
Cash flow statement

For the financial year ended 30 June 2024

	Note	Parent entity 2024 $'000	Parent entity 2023 $'000	Consolidated 2024 $'000	Consolidated 2023 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating grants from government		768,532	736,482	768,917	737,422
Capital grants from government		7,739	6,228	7,739	6,228
Patient fees received		32,226	26,484	32,226	26,484
Private practice fees received		23,847	26,791	23,847	26,791
Donations and bequests received		50,844	38,803	30,507	40,941
GST received from ATO		9,709	10,463	9,725	10,493
Interest and dividends received		4,702	3,282	8,309	7,606
Salaries and wages recovered from external parties		15,554	15,313	15,554	15,313
Non-salary expenses recovered from external parties		28,111	23,417	28,111	23,417
Car park receipts		11,179	10,783	11,179	10,783
Other receipts		25,694	20,542	27,294	18,823
Total receipts		**978,137**	**918,587**	**963,409**	**924,301**
Employee expenses paid		(698,666)	(666,690)	(700,086)	(668,803)
Fee for service medical officers		(3,244)	(3,206)	(3,244)	(3,206)
Payments for supplies and consumables		(144,798)	(139,928)	(150,167)	(140,486)
Finance cost		(1,059)	(1,116)	(1,059)	(1,116)
GST paid to ATO		(2,468)	(3,186)	(2,468)	(3,186)
Payments for gas and electricity		(6,486)	(6,449)	(6,499)	(6,463)
Payment for medical indemnity insurance		(8,035)	(7,093)	(8,035)	(7,093)
Other payments		(89,594)	(78,264)	(91,422)	(79,989)
Total payments		**(954,349)**	**(905,930)**	**(962,980)**	**(910,341)**
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES	8.1	**23,789**	**12,656**	**429**	**13,960**
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for non-financial assets		(24,822)	(13,668)	(24,670)	(13,588)
Capital donations and bequests received		8,118	3,054	5,313	2,263
Proceeds from sale of non-financial assets		625	24	625	24
Purchase of investments		(0)	-	(8,414)	(36,000)
Proceeds from disposal of investments		-	-	27,804	34,807
NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		**(16,079)**	**(10,590)**	**657**	**(12,494)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		-	-	-	-
Repayment of borrowings		(1,077)	(1,121)	(1,077)	(1,121)
Cash outflow for leases		(773)	(964)	(773)	(964)
NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		**(1,851)**	**(2,085)**	**(1,851)**	**(2,085)**
Net increase/(decrease) in cash and cash equivalents held		5,859	(19)	(765)	(620)
Cash and cash equivalents at the beginning of financial year		82,801	82,820	90,823	91,443
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR	6.2	**88,660**	**82,801**	**90,059**	**90,823**

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

Notes to the Financial Statements 30 June 2024

Note 1: Basis of preparation

Structure

These annual financial statements represent the audited general purpose financial statements for The Royal Children's Hospital (the RCH) and its controlled entity for the financial year ended 30 June 2024. The purpose of the report is to provide users with information about the RCH's stewardship of resources entrusted to it.

This section explains the basis of preparing the financial statements and identifies the key accounting estimates and judgements.

Note 1.1: Basis of preparation of the financial statements

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

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

The RCH is a not-for-profit entity and therefore applies the additional Australian-specific paragraphs ('Aus') applicable to 'not-for-profit' Health Services under the Australian Accounting Standards. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are the same as those adopted in the previous period.

The RCH operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose, and Capital Funds.

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

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

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

The financial statements were authorised for issue by the Board of the RCH on 23 September 2024.

Note 1.2: Abbreviations and terminology used in the financial statements

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

Reference	Title
AASB	Australian Accounting Standards Board
AASs	Australian Accounting Standards, which include interpretations
DH	Department of Health
DTF	Department of Treasury and Finance
FMA	Financial Management Act 1994
FRD	Financial Reporting Direction
NFC	Nationally Funded Centre
NWAU	National Weighted Activity Unit
RCH	Royal Children's Hospital
SD	Standing Direction
VAGO	Victorian Auditor-General's Office

Note 1.3: Reporting entity

The financial statements include all the controlled activities of the RCH.

The RCH principal address is:

50 Flemington Road
Parkville
Victoria 3052

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

Note 1.4: Principles of consolidation

The financial statements include the assets and liabilities of the RCH and its controlled entities as a whole at the end of the financial year and the consolidated results and cash flows for the year.

The RCH controls The Royal Children's Hospital Foundation.

Details of the controlled entity are set out in note 8.6.

The transactions and balances of the parent entity is not disclosed separately in the notes to the financial statements.

An entity is considered to be a controlled entity where the RCH has the power to govern the financial and operating policies of an organisation so as to obtain benefits from its activities. The Royal Children's Hospital Foundation Trust Fund is a controlled entity of the RCH by virtue of the power to appoint a new or additional trustee of the Foundation Trust Fund.

The RCH consolidates the results of its controlled entities from the date on which the health service gains control until the date the health service ceases to have control. 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.

Transactions between segments of the consolidated entity and their related balances have been eliminated to reflect the extent of the RCH's operations as a group.

Note 1.5: Joint arrangements

In respect of any interest in joint arrangements, the RCH recognises in the financial statements:

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

The RCH has the following joint arrangements:

- Victorian Comprehensive Cancer Centre Alliance

In October 2023, the Victorian Comprehensive Cancer Centre joint venture enacted some governance changes. The changes in constitution results in VCCC Alliance no longer meeting the requirements for joint control. As such, the assets, liabilities and results of operations have been derecognised in the RCH financial statement on 31 Oct 2023.

Details of joint arrangements are set out in note 8.7.

Note 1.6: Material accounting estimates and judgements

Management makes estimates and judgements when preparing the financial statements.

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

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

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

- Note 2.1 Income from transactions
- Note 3.3: Employee benefits and related on-costs
- Note 4.3: Property, plant and equipment
- Note 4.4: Intangible assets
- Note 4.5: Depreciation and amortisation
- Note 4.6: Investment property
- Note 5.1: Receivables
- Note 5.2: Payables
- Note 5.3: Contract liabilities

- Note 6.1(b): Lease liabilities
- Note 6.1(c): Public Private Partnership (PPP) lease liabilities
- Note 7.4: Fair value determination

Note 1.7: Goods and Services Tax (GST)

Income, expenses, assets and liabilities are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case 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 ATO is included with other receivables or payables in the balance sheet.

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

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

Note 2: Funding delivery of our services

The RCH's overall objective is to provide quality health service that support and enhance the wellbeing of all Victorians. The RCH is predominately funded by grant funding for the provision of outputs. The RCH also receives income from the supply of services.

Structure

Material judgements and estimates

This section contains the following material judgements and estimates:

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

Note 2.1: Income from transactions

Income from transactions

	Consolidated 2024 $'000	Consolidated 2023 $'000
Operating activities		
Revenue from contracts with customers		
Government grants (State) - operating	455,379	428,854
Government grants (Commonwealth) - operating	58,078	64,003
RCH Foundation grants - operating	30,128	35,063
Patient fees	28,969	30,024
Private practice fees	24,805	27,678
Pathology - recoveries for shared services	8,330	7,664
Commercial activities	15,442	14,739
Other revenue from operating activities	40,709	32,593
Total revenue from contracts with customers	**661,839**	**640,618**
Other sources of income		
Government grants (State) - operating	321,120	342,105
Government grants (State) - capital	96,411	116,009
RCH Foundation grants - capital	5,389	2,263
Salary and wages recoveries	16,129	17,901
Donations and bequests	1,988	5,684
Assets received free of charge	2,459	5,995
Total other sources of income	**443,496**	**489,956**
Total revenue and income from operating activities	**1,105,335**	**1,130,574**
Interest revenue	4,859	3,657
Total income from non-operating activities	**4,859**	**3,657**
Total revenue and income from transactions	**1,110,194**	**1,134,231**

Revenue recognition

Government operating grants

To recognise revenue, the RCH assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15: *Revenue from Contracts with Customers*.

When both these conditions are satisfied, the health service:

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

If a contract liability is recognised, the RCH recognises revenue as and when it satisfies its obligations under the contract, unless a contract modification is entered into between all parties. A contract modification may be obtained in writing, by oral agreement or implied by a customary business practice.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the health service:

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

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

The above policy applies to each of the RCH's revenue streams, with information detailed below relating to the RCH's significant revenue streams:

Government grant	Performance obligation
Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU)	NWAU is a measure of health service activity expressed as a common unit against which the Victorian efficient price (VEP) is paid. The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity. Revenue is recognised at point in time, which is when a patient is discharged.
Funding as Nationally Funded Centre (NFC)	RCH is funded for the following procedures: • paediatric heart transplants • paediatric liver transplants (in collaboration with Austin Health) • paediatric lung transplants (in collaboration with Alfred Health) Revenue is recognised at a point in time when a qualifying procedure has been completed.

Capital grants

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

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

RCH Foundation grants

The Royal Children's Hospital Foundation manages two trust funds, one of which is reported as a controlled entity of the RCH. In 2024, proceeds from The Royal Children's Hospital's Good Friday Appeal were managed in the trust fund that is not consolidated as a controlled entity. Distributions from the 2024 Good Friday Appeal will therefore be recognised as revenue in the consolidated operating statement as and when funds are distributed to the RCH.

Non-cash contributions from the Department of Health (DH)

The Department of Health makes some payments on behalf of the RCH as follows:

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the DH.
- Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the LSL funding arrangements set out in the relevant DH Hospital Circular.

- Public Private Partnership (PPP) lease and service payments are paid directly from the DH to the PPP consortium. Revenue and the matching expense are recognised in accordance with the nature and timing of the monthly or quarterly service payments made by the DH.
- Payments to the Victorian Health Building Authority to fund capital works projects during the year ended 30 Jun 2024, on behalf of RCH.
- Fair value of assets and services provided to the RCH free of charge or for nominal consideration.

Patient fees

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

Private practice fees

Private practice fees include recoupments from various private practice organisations for the use of hospital facilities. Private practice fees are recognised over time as the performance obligation, the provision of facilities, is provided to customers.

Revenue from commercial activities

Revenue from commercial activities such as commercial laboratory medicine and car park income is recognised at a point in time, upon provision of the goods or service to the customer.

Dividend income

Dividend income is recognised when the right to receive payment is established. Dividends represent the income arising from the RCH's controlled entity's investments in financial assets, and related revenue is included in 'other revenue from operating activities.

Sale of investments

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

Interest income

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

Personal protective equipment received free of charge

Under the State Supply Arrangement, Health Share Victoria supplies personal protective equipment to the RCH for nil consideration.

Note 3: Cost of delivering our services

This section provides an account of the expenses incurred by the RCH in delivering services and outputs. In section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with the provision of services are disclosed.

Structure

Material judgements and estimates

Key judgements and estimates	Description
Classifying employee benefit liabilities	The RCH applies material judgement when measuring and classifying its employee benefit liabilities. Employee benefit liabilities are classified as a current liability if the RCH does not have an unconditional right to defer payment beyond 12 months. Annual leave accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category. Employee benefit liabilities are classified as a non-current liability if the RCH has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category.
Measuring employee benefit liabilities	The RCH applies material judgement to determine when it expects its employee entitlements to be paid. With reference to historical data, if the RCH does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees. Expected future payments incorporate: • an inflation rate of 4.45%, reflecting the future wage and salary levels • durations of service and employee departures, which are used to determine the estimated value of long service leave that will be taken in the future, for employees who have not yet reached the vesting period. The estimated rates are between 33.96% and 85.70% • discounting at the rate of 4.348%, as determined with reference to market yields on government bonds at the end of the reporting period. All other entitlements are measured at their nominal value.

Note 3.1: Expenses from transactions

	Note	Consolidated 2024 $'000	Consolidated 2023 $'000
Salaries and wages		639,903	613,089
On-costs		63,307	60,323
Agency expenses		12,377	20,096
Fee for service medical officers expenses		3,244	3,206
Workcover premium		5,593	3,437
Total employee expenses		**724,424**	**700,151**
Drug supplies		79,229	82,581
Medical and surgical supplies		35,939	41,393
Diagnostic and radiology supplies		11,525	11,044
Other supplies and consumables		3,493	2,719
Total supplies and consumables		**130,186**	**137,738**
Contingent rent		44,039	38,654
Recurrent charges		17,949	17,136
Lifecycle maintenance		8,935	17,255
Community partnership payments		582	558
Minor works		362	318
Total public/private partneship operating expenses		**71,868**	**73,920**
Finance costs		1,106	1,155
Finance costs - PPP arrangements		38,477	40,424
Total finance costs		**39,584**	**41,579**
Fuel, light, power and water		7,593	7,077
Repairs and maintenance		3,770	2,896
Maintenance contracts		17,383	19,033
Medical indemnity insurance		8,830	7,816
Distributions to MCRI		21,356	17,368
Other administrative expenses		39,425	35,345
Expenses related to short term leases		121	89
Expenses related to leases of low value assets		988	987
Expenditure for capital purposes		1,669	2,466
Total other operating expenses		**101,134**	**93,076**
Depreciation and amortisation	4.5	68,799	62,583
Total non-operating expenses		**68,799**	**62,583**
Total expenses from transactions		**1,135,994**	**1,109,048**

Expense recognition

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

Employee expenses

Employee expenses include:

- Salaries and wages (including fringe benefits tax, leave entitlements, termination payments)
- On-costs
- Agency expenses;
- Fee for service medical officer expenses;
- Work cover premiums

Supplies and consumables

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

PPP operating expenses

PPP operating expenses are paid by the DH, for further details refer to 6.1 (c).

Finance costs

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

Finance costs include:

- interest on long-term borrowings (interest expense is recognised in the period in which it is incurred); and
- finance charges in respect of finance leases recognised by the RCH on behalf of the State of Victoria in accordance with AASB 16 *Leases*.

Finance charges in respect of assets contracted under the PPP arrangement, are reported on behalf of the State of Victoria.

Other operating expenses

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

- Fuel, light and power
- Repairs and maintenance
- Other administrative expenses
- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold of $2,500)

For the year ended 30 June 2024, the RCH changed its policy in relation to the asset capitalisation threshold, increasing from $1,000 to $2,500. This change in policy was required to eliminate the requirement to record and track relatively low valued items and to provides more relevant information in the financial statements. The financial impact of this change is not material to the RCH.

Foreign currencies

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

Borrowing costs of qualifying assets

In accordance with the paragraphs of AASB 123 *Borrowing Costs* applicable to not-for-profit public sector entities, the RCH continues to recognise borrowing costs immediately as an expense, to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset.

Expenditure for capital purposes

Expenditure for capital purposes includes property leases, capital purchases that do not meet the RCH's capitalisation criteria, such as low value equipment purchases.

Non-operating expenses

Non-operating expenses represent expenditure outside the normal operations such as depreciation and amortisation.

Note 3.2: Other economic flows

	Consolidated 2024 $'000	Consolidated 2023 $'000
Net gain/(loss) from revaluation of investment properties	(1,609)	-
Net gain/(loss) on disposal of non-financial assets	401	(874)
Amortisation of non-produced intangible assets	(1,272)	(1,272)
Total net gain/(loss) from non-financial assets	**(2,480)**	**(2,146)**
Revaluation of financial instruments at fair value through profit or loss	7,098	8,292
Allowance for impairment losses on contractual receivables	(272)	(643)
Total net gain/(loss) on financial instruments	**6,826**	**7,649**
Net gain/(loss) on derecognition of joint arrangement	86	-
Net gain/(loss) from revaluation of long service leave liability	2,280	(4,105)
Total other gains/(losses) from other economic flows	**2,280**	**(4,105)**
Total other economic flows included in net result	**6,712**	**1,398**

Other economic flows

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

Note 3.3: Employee benefits and related on-costs

	Consolidated 2024 $'000	Consolidated 2023 $'000
Current provisions		
Employee benefits		
Accrued days off		
- Unconditional and expected to be settled within 12 months [i]	1,471	1,456
Annual leave		
- Unconditional and expected to be settled within 12 months [i]	54,864	48,257
- Unconditional and expected to be settled after 12 months [ii]	8,751	11,535
Long service leave		
- Unconditional and expected to be settled within 12 months [i]	10,994	11,235
- Unconditional and expected to be settled after 12 months [ii]	102,345	97,732
	178,424	**170,215**
Provisions related to employee benefit on-costs		
- Unconditional and expected to be settled within 12 months [i]	8,274	6,737
- Unconditional and expected to be settled after 12 months [ii]	14,169	13,441
	22,443	**20,178**
Total current employee benefits and related on-costs	**200,868**	**190,393**
Non-current provisions		
Conditional long service leave	15,380	15,307
Provisions related to employee benefit on-costs	1,967	1,909
Total non-current employee benefits and related on-costs	**17,348**	**17,216**
Total employee benefits and related on-costs	**218,215**	**207,609**

a) Employee benefits and related on-costs

Current employee benefits and related on-costs		
Unconditional accrued days off	1,652	1,624
Unconditional annual leave entitlements	71,432	66,331
Unconditional long service leave entitlements	127,784	122,438
Non-current employee benefits and related on-costs		
Conditional long service leave entitlements	17,348	17,216
Total employee benefits and related on-costs	**218,215**	**207,609**
Attributable to:		
Employee benefits	193,805	185,522
Provision for related on-costs	24,411	22,087
Total employee benefits and related on-costs	**218,215**	**207,609**

b) Provision for related on-costs movement schedule

Movement in provision related on-costs		
Carrying amount at start of the year	**22,087**	**19,425**
Additional provision recognised	10,757	8,398
Amounts incurred during the year	(7,708)	(5,865)
Net (gain)/loss from revaluation of long service leave liability	(725)	129
Carrying amount at end of year	**24,411**	**22,087**

i The amounts disclosed are nominal amounts.
ii The amounts disclosed are discounted to present values.

Employee benefit recognition

Employee benefits are accrued for employees in respect of accrued days off, annual leave and long service leave, for services rendered to the RCH as an expense during the period the services are delivered.

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

Annual leave and accrued days off

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

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

- nominal value – if the RCH expects to wholly settle within 12 months; or
- present value – if the RCH does not expect to wholly settle within 12 months.

Long Service Leave (LSL)

The liability for LSL is recognised in the provision for employee benefits.

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

The components of this current LSL liability are measured at:

- nominal value – if the RCH expects to wholly settle within 12 months; and
- present value – if the RCH does not expect to wholly settle within 12 months.

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

Termination benefits

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

Provision for on-costs related to employee expenses

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

Note 3.4: Superannuation

	Paid contributions for the year		Contribution outstanding at year end	
	Consolidated 2024 $'000	Consolidated 2023 $'000	Consolidated 2024 $'000	Consolidated 2023 $'000
Defined benefit plans [(i)]				
Aware Super Scheme	352	409	25	29
Defined contribution plans				
Aware Super Scheme	31,723	31,364	2,223	2,155
Hesta	18,260	17,095	1,388	1,272
Other	12,446	10,458	952	844
Total	**62,781**	**59,326**	**4,588**	**4,300**

(i) The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

Defined contribution superannuation plans

Defined contribution (i.e. accumulation) superannuation plan expenditure 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.

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

Defined benefit superannuation plans

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

The RCH does not recognise any unfunded defined benefit liability in respect of the plans because the health service 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 DTF discloses the State's defined benefits liabilities in its disclosure for administered items. Superannuation contributions paid or payable for the reporting period however, are included as part of employee benefits in the Comprehensive Operating Statement of the RCH.

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

Note 4: Key assets to support service delivery

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

Structure

Material judgements and estimates

Material judgements and estimates	Description
Estimating useful life of property, plant and equipment	The RCH assigns an estimated useful life to each item of property, plant and equipment. This is used to calculate the depreciation of the asset. The RCH reviews the useful life and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.
Estimating useful life of right-of-use assets	The useful life of each right-of-use asset is typically the respective lease term, except where The RCH is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset. The RCH applies material judgement to determine whether or not it is reasonably certain to exercise such purchase options.
Classifying land with no lease agreement in place	The RCH utilises some land owned by the Department of Health, which is classified as property, plant and equipment. In the absence of a lease agreement, the following points have been considered to conclude on the classification: • The RCH is responsible for maintenance, insurance, and other holding costs. • The RCH has the right to use the land indefinitely unless a ministerial change happens. • The land is held and used as property, plant and equipment in substance. This classification is subject to material judgement.

Estimating useful life of intangible assets	The RCH assigns an estimated useful life to each intangible asset with a finite useful life, which is used to calculate amortisation of the asset.
Identifying indicators of impairment	At the end of each year, the RCH assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers. Where an indication exists, the RCH tests the asset for impairment. The RCH considers a range of information when performing its assessment, including considering: • if an asset's value has declined more than expected based on normal use • if a significant change in technological, market, economic or legal environment which adversely impacts the way the RCH uses an asset • if an asset is obsolete or damaged • if the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life • if the performance of the asset is or will be worse than initially expected Where an impairment trigger exists, the RCH applies material judgement and estimates to determine the recoverable amount of the asset.

Note 4.1: Investments and other financial assets

	Consolidated 2024 $'000	Consolidated 2023 $'000
CURRENT		
Financial assets - at fair value through profit or loss		
Managed funds (i)	95,960	108,166
Total current	**95,960**	**108,166**
Represented by:		
Investments held by The Royal Children's Hospital Foundation	95,960	108,166
	95,960	**108,166**

(i) The managed funds consisted of investments held by the RCH Foundation Trust Fund (the Trust) as at 30 June 2024. The Trust is consolidated into the RCH for reporting purposes as the RCH is the ultimate beneficiary of the Trust. The Trust is registered under the Australian Charities and Not-for-profits Commission.

Investments and other financial assets

Hospital investments are made in accordance with the Standing Direction 3.7.2 – Treasury Risk Management, including the Central Banking System.

Investments held by the RCH Foundation Trust Fund do not fall within the scope of the Standing Directions as they are not public entity funds (i.e. not controlled by the government). However, such investments are consolidated into the RCH's financial statements as the RCH has control of the Trust. Refer to note 8.6 for further information.

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

The RCH classifies other financial assets as 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 RCH 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 or loss are subject to annual review for impairment.

Note 4.2: Investments in Associates

Investment in an associate is recognised when the RCH has significant influence to participate in the financial and operating policy discussions of the investee but is not control or joint control of those policies. If the RCH holds, directly or indirectly, 20 per cent or more of the voting power of the investee, it is presumed that the RCH has significant influence.

Initial recognition

On initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the RCH's share of the profit or loss of the investee after the date of acquisition. The RCH's share of the investee's profit or loss is recognised in the RCH's profit or loss.

Subsequent measurement

The carrying amount is increased or decreased to account for the RCH's share of the profit or loss of the investee subsequent to the initial recognition. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the RCH's proportionate interest in the investee arising from changes in the investee's other comprehensive income. Such changes include those arising from the revaluation of property, plant and equipment.

The RCH investment in Transcendomics

On 2 February 2024, the RCH become one of the founding shareholders of Transcendomics, a proprietary company limited by shares for the purposes of commercialising the Genomical Software Solution. With a total of 5 founding shareholders, an equal amount of 1,000 shares per investor was issued at a cost of $1 per 1,000 shares.

The RCH has classified its equity interests in Transcendomics as an Investment in Associates, with the RCH holding 20% voting right contributes to a significant influence of Transcendomics.

The RCH's share of the profit of Transcendomics for 2023-24 is not material to the RCH and has not been reflected in the financial statements.

Note 4.3: Property, plant and equipment

a) Gross carrying amount and accumulated depreciation

	Consolidated 2024 $'000	Consolidated 2023 $'000
Land		
Crown land for hospital use at fair value	144,884	152,913
Freehold	17,950	19,111
Total land	**162,834**	**172,024**
Leased buildings		
Buildings - right of use at fair value	624	624
Less accumulated depreciation	(587)	(549)
Total leased buildings	**37**	**74**
Buildings		
Buildings at fair value	11,769	21,329
Less accumulated depreciation	-	-
Total buildings	**11,769**	**21,329**
Leasehold improvements		
Leasehold improvements at fair value	1,405	1,405
Less accumulated depreciation	(771)	(682)
Total leasehold improvements	**634**	**723**
Plant and equipment		
Plant and equipment at fair value	2,052	2,139
Less accumulated depreciation	(1,474)	(1,324)
Total plant and equipment	**578**	**814**
Medical equipment		
Medical equipment at fair value	101,705	96,636
Less accumulated depreciation	(62,763)	(70,110)
Total medical equipment	**38,942**	**26,526**
Computers and communication		
Computers and communication at fair value	18,703	17,198
Less accumulated depreciation	(13,259)	(11,235)
Total computers and communication	**5,444**	**5,963**
Furniture and fittings		
Furniture and fittings at fair value	2,519	4,238
Less accumulated depreciation	(1,246)	(1,304)
Total furniture and fittings	**1,274**	**2,934**
Motor vehicles		
Motor vehicles at fair value	621	132
Less accumulated depreciation	(117)	(97)
Total motor vehicles	**504**	**34**
Cultural assets		
Cultural assets at fair value	607	604
Total artwork	**607**	**604**
Right of use - plant, equipment, furniture, fittings and vehicles		
Right of use - plant, equipment, furniture, fittings and vehicles at fair value	6,061	4,809
Less accumulated depreciation	(4,068)	(3,358)
Total right of use - plant, equipment, furniture, fittings and vehicles	**1,993**	**1,451**
PPP assets		
Right of use PPP - buildings at fair value	1,494,125	1,207,295
Less accumulated depreciation	-	-
Total right of use PPP - buildings	**1,494,125**	**1,207,295**
Right of use PPP - leasehold Improvements at cost	16,953	12,500
Less accumulated depreciation	-	-
Total right of use PPP- buildings work in progress	**16,953**	**12,500**
Right of use PPP - fittings at fair value	45,531	45,493
Less accumulated depreciation	(18,408)	(16,836)
Total right of use PPP - fittings	**27,124**	**28,657**
Right of use PPP - equipment at fair value	34,518	33,413
Less accumulated depreciation	(13,924)	(12,546)
Total right of use PPP - plant and equipment	**20,594**	**20,867**
Total right of use PPP assets	**1,558,796**	**1,269,319**
Total property, plant and equipment	**1,783,411**	**1,501,796**

b) Reconciliations of the carrying amounts of each class of assets

Note that intangible assets are not included in this schedule, refer note 4.4.

	Land	Right of use - buildings	Buildings	Plant and equipment	Medical equipment	Computers and communication	Furniture and fittings	Motor vehicles	Cultural Assets	Right of use - PP&E, F and V	PPP assets	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2022	**171,919**	-	**20,060**	**590**	**23,472**	**5,610**	**3,075**	**44**	**604**	**1,805**	**1,154,090**	**1,381,270**
Additions		280		343	7,996	3,132	216			739	24,352	37,057
Disposals				(30)	(21)	(5)	(8)			(204)		(269)
Revaluation increments/ (decrements)	105	-	2,386								137,018	139,509
Net transfers between classes		(43)	121	(2)	1	1	(79)				(1)	(1)
Depreciation and amortisation (note 4.5)		(162)	(515)	(87)	(4,921)	(2,775)	(270)	(10)		(890)	(46,140)	(55,770)
Balance at 30 June 2023	**172,024**	**74**	**22,052**	**814**	**26,526**	**5,963**	**2,934**	**34**	**604**	**1,451**	**1,269,319**	**1,501,796**
Additions	-	-	-	67	19,798	1,559	660	521	32	1,252	5,508	29,397
Disposals	-	-	-	-	(156)	(2)	-	-	(66)	-	-	(224)
Revaluation increments/ (decrements)	(9,191)	-	(9,106)	-	-	-	-	-	37	-	334,292	316,033
Net transfers between classes	-	-	14	(119)	0	69	(1,802)	-	-	-	1,794	(45)
Derecognition of joint arrangement			(4)			(7)	(0)					(11)
Depreciation and amortisation (note 4.5)	-	(38)	(554)	(184)	(7,227)	(2,138)	(518)	(51)	-	(710)	(52,117)	(63,535)
Balance at 30 June 2024	**162,834**	**37**	**12,403**	**578**	**38,942**	**5,444**	**1,274**	**504**	**607**	**1,993**	**1,558,796**	**1,783,410**

The RCH on behalf of the State of Victoria records the PPP assets and any other additions and improvement to the PPP assets.

Land and Buildings Carried at Valuation

The Valuer-General Victoria undertook to re-value all of the RCH's land and buildings to determine their fair value. The valuation, which conforms to Australian Valuation Standards, was determined with reference to the amount at which an orderly transaction to sell the assets or to transfer the liability would take place between market participants at the measurement date, under current conditions. The valuation was based on independent assessments. The effective date of the valuation was 30 June 2024.

There were changes in the valuation estimates this year, which was subject to VGV professional judgment. The RCH is mandated to engage with VGV on the valuation.

Property, plant and equipment

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

Initial recognition

Items of property, plant and equipment (excluding right-of-use assets) are initially measured at cost. Where an asset is acquired for no or nominal cost, being far below the fair value of the asset, the deemed cost is its fair value at the date of acquisition.

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

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

Subsequent measurement

Items of property plant and equipment (excluding right-of-use assets) are subsequently measured at fair value less accumulated depreciation and impairment losses where applicable.

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

Revaluation

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

An independent valuation of the RCH's land and buildings was conducted by VGV on 30 June 2024. The valuation, which complies with Australian Valuation Standards, was determined with reference to the amount for which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date, under market conditions.

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

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

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

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

Right of use assets

Where the RCH enters a contract, which provides the health service with the right to control the use of an identified asset for a period of time in exchange for payment, this contract is considered a lease.

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

Class of right-of-use asset	Lease term
Leased buildings	3 to 4 years
Leased motor vehicles, medical equipment, and office equipment	3 to 7 years

Presentation of right-of-use assets

RCH presents right-of-use assets as 'property, plant and equipment' unless they meet the definition of investment property, in which case they are presented as 'investment property' in the balance sheet.

Initial recognition

When a contract is entered into, the RCH assesses if the contract contains or is a lease.

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

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

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

The RCH presents its right-of-use assets as part of property, plant and equipment as if the asset was owned by the health service.

Subsequent measurement

Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses where applicable. Right-of-use assets are also adjusted for certain remeasurements of the lease liability (for example, when a variable lease payment based on an index or rate becomes effective).

When a right-of-use asset is adjusted due to a change in the assessment of whether an extension option or termination option is likely to be exercised, it shown as a lease option adjustment in the table in note 4.3 (b).

c) Fair value measurement hierarchy for non-financial assets

Consolidated	Carrying amount as at 30 June 2023 $'000	Fair value measurement at end of reporting period using: Level 1 (i) $'000	Level 2 (i) $'000	Level 3 (i) $'000
Land at fair value				
Non-specialised land	19,111		19,111	
Specialised land	152,913			152,913
Total land at fair value	**172,024**	-	**19,111**	**152,913**
Buildings at fair value				
Non-specialised buildings	19,270		19,270	
Specialised buildings	2,856			2,856
Total buildings at fair value	**22,126**	-	**19,270**	**2,856**
Other plant and equipment at fair value				
Plant and equipment	814			814
Motor vehicles	34			34
Medical equipment	26,526			26,526
Computers and communication equipment	5,963			5,963
Furniture and fittings	2,934			2,934
Cultural assets	604		604	
Right of use - PP&E, furniture & fittings and vehicles	1,451		1,451	
Total other plant and equipment at fair value	**38,327**	-	**2,055**	**36,272**
PPP assets at fair value				
PPP - specialised leased buildings	1,219,796			1,219,796
PPP - other leased assets	49,524			49,524
Total right of use PPP assets at fair value	**1,269,319**	-	-	**1,269,319**
Total	**1,501,796**	-	**40,436**	**1,461,360**

Consolidated	Carrying amount as at 30 June 2024 $'000	Fair value measurement at end of reporting period using: Level 1 (i) $'000	Level 2 (i) $'000	Level 3 (i) $'000
Land at fair value				
Non-specialised land	17,950		17,950	
Specialised land	144,884			144,884
Total land at fair value	**162,834**	-	**17,950**	**144,884**
Buildings at fair value				
Non-specialised buildings	6,320		6,320	
Specialised buildings	6,119			6,119
Total buildings at fair value	**12,439**	-	**6,320**	**6,119**
Other plant and equipment at fair value				
Plant and equipment	578			578
Motor vehicles	504			504
Medical equipment	38,942			38,942
Computers and communication equipment	5,444			5,444
Furniture and fittings	1,274			1,274
Cultural assets	607		607	
Right of use - PP&E, furniture & fittings and vehicles	1,993		1,993	
Total other plant and equipment at fair value	**49,342**	-	**2,600**	**46,742**
PPP assets at fair value				
PPP - specialised leased buildings	1,511,078			1,511,078
PPP - other leased assets	47,718			47,718
Total right of use PPP assets at fair value	**1,558,796**	-	-	**1,558,796**
Total	**1,783,411**	-	**26,870**	**1,756,541**

(i) Classification in accordance with the fair value hierarchy, refer below.

d) Reconciliation of level 3 fair value[(i)]

	Land $'000	Buildings $'000	Plant and equipment $'000	Motor vehicles $'000	Medical equipment $'000	Computers and comm. $'000	Furniture and fittings $'000	PPP assets[(ii)] $'000
Balance at 1 July 2022	**152,913**	**2,591**	**589**	**44**	**23,472**	**5,610**	**3,075**	**1,154,090**
Additions/(disposals)			313		7,973	3,125	207	24,355
Net transfers between classes			(2)		2	3	(79)	(4)
Depreciation and amortisation		(62)	(87)	(10)	(4,921)	(2,775)	(270)	(46,140)
Revaluation		327						137,018
Balance at 30 June 2023	**152,913**	**2,856**	**814**	**34**	**26,526**	**5,963**	**2,934**	**1,269,319**
Additions/(disposals)	-		67	521	19,643	1,557	660	5,508
Reclassification		12,694						
Net transfers between classes			(119)	-	0	69	(1,802)	1,794
Depreciation and amortisation		(379)	(184)	(51)	(7,227)	(2,138)	(518)	(52,117)
Derecognition of joint arrangement						(7)	(0)	
Revaluation	(8,030)	(9,052)						334,292
Balance at 30 June 2024	**144,884**	**6,119**	**578**	**504**	**38,942**	**5,444**	**1,274**	**1,558,796**

(i) Classification in accordance with the fair value hierarchy, refer note 4.3 (c).

e) Description of significant unobservable inputs to level 3 valuations

Asset class	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	Community service obligations adjustments[(i)]
Specialised buildings	Current replacement cost approach	Direct cost per square meter Useful life of specialised buildings
Plant and equipment	Current replacement cost approach	Useful life
Motor vehicles	Current replacement cost approach	Useful life
Medical equipment	Current replacement cost approach	Useful life
Computers and communication equipment	Current replacement cost approach	Useful life
Furniture and fittings	Current replacement cost approach	Useful life
PPP assets	Current replacement cost approach	Building cost per square meter Useful life

(i) A community service obligations (CSO) discount of 30% was applied to the RCH's specialised land.

There is no change to the significant unobservable inputs to Level 3 valuations from prior year.

Fair value measurement

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

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

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

The Valuer-General Victoria (VGV) is the RCH's independent valuation agency.

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

Valuation hierarchy

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

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

Identifying unobservable inputs (level 3) fair value measurements

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

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

Consideration of highest and best use for non-financial physical assets

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

In accordance with AASB 13 *Fair Value Measurement* paragraph 29, the RCH has assumed the current use of a non-financial physical asset is its highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset. Theoretical opportunities that may be available in relation to the asset(s) are not considered until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best use.

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

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by independent valuers (the Valuer-General Victoria) to determine the fair value using the market approach.

Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2024.

For cultural assets, the Valuer-General Victoria is the RCH's independent valuer.

Specialised land and specialised buildings

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

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

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

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

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

An independent valuation of the RCH's specialised land and specialised buildings was performed by the Valuer-General Victoria. The effective date of the valuation is 30 June 2024.

Vehicles

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

Furniture, fittings, plant and equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2024.

f) Property, plant and equipment revaluation surplus

	Consolidated 2024 $'000	Consolidated 2023 $'000
Property, plant and equipment revaluation surplus [(i)]		
Balance at the beginning of the reporting period	743,540	604,031
Revaluation increment/(decrement) [(i)]		
- Land	(9,191)	105
- Buildings	(9,106)	2,386
- PPP leased building	334,292	137,018
- Cultural assets	37	-
Balance at the end of the reporting period	**1,059,573**	**743,540**
Represented by		
- Land	111,331	120,522
- Buildings	3,785	12,891
- PPP leased building	944,417	610,125
- Cultural assets	39	2
	1,059,573	**743,540**

(i) The revaluation of land and building for 2024 is a result of a periodic valuations by independent valuers which occur once every five years.

Note 4.4: Intangible assets

	Consolidated 2024 $'000	Consolidated 2023 $'000
Software	60,966	60,862
Less accumulated amortisation	(52,049)	(46,874)
Total software	**8,917**	**13,988**
Car park revenue rights [(i)]	30,000	30,000
Less accumulated amortisation	(14,097)	(12,825)
Total car park revenue rights	**15,903**	**17,175**
Intangible work in progress	131	78
Total intangible assets	**24,951**	**31,240**

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

	Software $'000	Car park revenue rights $'000	Intangible WIP $'000
Balance at 1 July 2022	**21,136**	**18,447**	**27**
Additions	519		95
Disposals	(833)		
Net transfers between classes	45		(45)
Amortisation	(6,880)		
Other economic flows		(1,272)	-
Balance at 30 June 2023	**13,988**	**17,175**	**78**
Additions	114		54
Disposals			
Net transfers between classes	45		
Amortisation	(5,186)		
Other economic flows		(1,272)	
Derecognition of joint arrangement	(44)		
Balance 30 June 2024	**8,917**	**15,903**	**131**

(i) As part of the RCH project, the revenue stream associated with the three-level underground car park (stage 1 and stage 2) is retained by the RCH. The rights for this revenue are financed by way of a long-term loan from the Treasury Corporation of Victoria (TCV).

Intangible assets

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

Initial recognition

Purchased intangible assets are initially recognised at cost.

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

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

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

Subsequent measurement

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

Note 4.5: Depreciation and amortisation

	Consolidated 2024 $'000	Consolidated 2023 $'000
Depreciation		
Buildings	554	515
Plant and equipment	184	87
Motor vehicles	51	10
Medical equipment	7,227	4,921
Computers and communication equipment	2,138	2,775
Furniture and fittings	518	270
Leased fittings	1,596	1,518
Leased equipment	1,153	1,142
Right of use assets		
- Right of use PPP buildings	49,368	43,480
- Right of use buildings	38	162
- Right of use plant, equipment and vehicles	710	890
Total depreciation	**63,535**	**55,770**
Amortisation		
Software	5,186	6,880
Total depreciation and amortisation	**68,721**	**62,649**

Depreciation

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

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

Amortisation

Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life.

Amortisation of non-produced intangible assets is recorded in 'Other economic flows' in the comprehensive operating statement.

Useful life

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

	2024	2023
Non PPP assets		
Buildings		
- Structure shell building fabric	50 years	50 years
Plant and equipment (non-medical)	3 to 25 years	3 to 25 years
Medical equipment	5 to 15 years	5 to 15 years
Computers and communication equipment	3 to 5 years	3 to 5 years
Network and infrastructure	5 years	5 years
Furniture and fittings	10 to 50 years	10 to 50 years
Motor vehicles	7 to 10 years	7 to 10 years
Intangible assets	3 to 25 years	3 to 25 years
PPP assets		
Buildings		
- Structure shell building fabric	60 years	60 years
- Site engineering services and central plant	40 years	40 years
Central plant		
- Fit out	25 years	25 years
- Trunk reticulated building system	30 years	30 years
Plant and equipment (non-medical)	30 years	30 years
Medical equipment	30 years	30 years
Computers and communication equipment	30 years	30 years
Network and infrastructure	30 years	30 years
Furniture and fittings	30 years	30 years

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

Note 4.6: Investment properties

Fair value measurement hierarchy for investment properties

	Carrying amount as at 30 June 2023 $'000	Fair value measurement at end of reporting period using: Level 1 [i] $'000	Level 2 [i] $'000	Level 3 [i] $'000
Investment properties	10,871	-	10,871	-
Total	**10,871**	-	**10,871**	-

	Carrying amount as at 30 June 2024 $'000	Fair value measurement at end of reporting period using: Level 1 [i] $'000	Level 2 [i] $'000	Level 3 [i] $'000
Investment properties	9,262	-	9,262	-
Total	**9,262**	-	**9,262**	-

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 the RCH.

Initial recognition

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

Subsequent measurement

Subsequent to initial recognition at cost, investment properties are revalued to fair value with changes in the fair value recognised as other economic flows in the period that they arise. Investment properties are neither depreciated nor tested for impairment.

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

The fair value of the RCH's investment properties at 30 June 2024 has been arrived at on the basis of an independent valuation carried out by the Valuer-General Victoria. The valuation was determined with reference to market evidence of properties including location, condition and lease terms.

Note 4.7: Inventories

Inventories include goods held either for sale, consumption or for distribution at no or nominal cost in the ordinary course of business operations. It excludes depreciable assets.

Inventories are measured at the lower of cost and net realisable value.

Note 4.8: Impairment of assets

Impairment recognition

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

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

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

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

Where it is not possible to estimate the recoverable amount of an individual asset, the RCH estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The RCH records $339k of impairment losses for the year ended 30 June 2024 (30 June 2023: $599k).

Note 5: Other assets and liabilities

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

Structure

Material judgements and estimates

Key judgements and estimates	Description
Estimating the provision for expected credit losses	The RCH uses a simplified approach to account for expected credit loss provisions. A provision matrix is used, which considers historical experience, external indicators and forward-looking information to determine expected credit loss rates.
Measuring deferred capital grant income	Where the RCH has received funding to construct or acquire and identifiable non-financial asset, such funding is recognised as deferred capital grant revenue until the underlying asset is constructed or acquired. The RCH applies material judgement when measuring the deferred capital grant revenue balance, which references the estimated stage of completion at the end of each financial year.
Measuring contract liabilities	The RCH applies material judgement to measure its progress towards satisfying a performance obligation as detailed in note 2. Where a performance obligation is yet to be satisfied, the RCH assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer.

Note 5.1: Receivables

	Note	Consolidated 2024 $'000	Consolidated 2023 $'000
CURRENT			
Contractual			
Inter hospital debtors		2,043	2,321
Trade debtors		11,393	5,583
Patient fees		7,348	10,401
Accrued investment income		3,610	2,357
Diagnostic and pathology debtors		2,150	1,743
Accrued revenue - Department of Health		50	104
Accrued revenue - Others		6,618	10,600
Less allowance for impairment losses			
Trade debtors		(419)	(557)
Patient fees		(973)	(606)
Diagnostic and pathology debtors		(367)	(324)
	7.1 (a)	**31,453**	**31,621**
Statutory			
GST receivable		815	2,452
Total current receivables		**32,268**	**34,073**
NON-CURRENT			
Contractual			
Accrued LSL revenue Department of Health		57,753	52,720
Total non-current receivables		**57,753**	**52,720**

a) Movements in allowance for impairment losses on contractual receivables

	Consolidated 2024 $'000	Consolidated 2023 $'000
Balance at the beginning of the reporting period	1,487	844
Amounts written off during the year	(152)	(81)
Increase/(decrease) in allowance recognised in net result	424	724
Balance at the end of the reporting period	**1,759**	**1,487**

Receivables

Receivables consist of:

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

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

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

The RCH is not exposed to any significant credit risk to any single counterparty or any or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

Impairment losses of contractual receivables

Refer to note 7.2 (a) for a description of the RCH's risk of contractual impairment losses.

Note 5.2: Payables

a) Payables

	Consolidated 2024 $'000	Consolidated 2023 $'000
CURRENT		
Contractual		
Trade creditors	17,886	27,645
Accrued salaries and wages	22,893	15,933
Accrued expenses	10,234	12,987
Deposits	33	31
Department of Health - deferred capital grant income(ii)	7,669	10,862
Superannuation and workcover	6,463	5,724
Sundry creditors	542	1,143
	65,720	**74,325**
Statutory		
GST payable	-	701
	-	**701**
Total current payables	**65,720**	**75,026**
Financial liabilities classified as payables in note 7.1 (a)		
Total payables	65,720	75,026
Deferred grant income	(7,669)	(10,862)
Statutory payables	-	(701)
Total financial liabilities	**58,051**	**63,463**

(ii) Deferred grant income includes deferred capital grant income as shown in note 5.2 (b) below.

Payables consist of:

- Contractual payables including payables that relate to the purchase of goods and services. These payables are classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to the RCH prior to the end of the financial year that are unpaid.
- Statutory payables, including goods and services tax (GST) and fringe benefits tax (FBT) payables. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

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

b) Deferred capital grant income

	Consolidated 2024 $'000	Consolidated 2023 $'000
Opening balance of deferred capital grants income	10,862	7,929
Grant consideration for capital works received during the year	7,642	6,190
Deferred captial grant income recognised as income due to completion of capital works	(10,835)	(3,258)
Closing balance of deferred capital grant income	**7,669**	**10,862**

Capital grant income is recognised progressively as assets are constructed or acquired, since this is the time when the RCH satisfies its obligations under the transfer by controlling the assets. As a result, the RCH has deferred recognition of a portion of the grant consideration received as a liability for outstanding obligations.

Note 5.3: Contract liabilities

	Note	Consolidated 2024 $'000	Consolidated 2023 $'000
Opening balance of contract liabilities		16,196	21,329
Payments received for performance obligations yet to be completed during the peirod		14,812	5,698
Grant consideration for sufficiently specific performance obligations received during the year		742,903	707,091
Revenue recognised in the reporting period for the completion of a performance obligation		(15,577)	(7,864)
Grant revenue for sufficiently specific performance obligations work recognised consistent with the performance obligations met duirng the year		(730,668)	(710,059)
Total current contract liabilties		**27,666**	**16,196**

Contract liabilities include consideration received in advance from customers for various services or projects before a related performance obligation is satisfied.

Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 2.1.

Note 6: How we finance our operations

This section provides information on the sources of finance utilised by the RCH during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of the hospital. This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Note 7.1 provides additional disclosures relating to financial instruments.

Structure

Material judgements and estimates

Key judgements and estimates	Description
Determining if a contract is or contains a lease	The RCH applies material judgement to determine if a contract is or contains a lease by considering if the health service: • has the right to use and identified asset; • has the right to obtain substantially all economic benefits from the use of the leased asset; and • can decide how and for what purpose the asset is used throughout the lease.
Determining if a lease meets the short-term or low value asset lease exemption	The RCH applies material judgement when determining if a lease meets the short-term or low value lease exemption criteria. The RCH estimates the fair value of leased assets when new. Where the estimated fair value is less than $10,000 RCH applies the low-value lease exemption. The RCH also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the RCH applies the short-term lease exemption.
Discount rate applied to future lease payments	The RCH discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for the health service's lease arrangements, the RCH uses its incremental borrowing rate, which is the amount the RCH would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.
Assessing the lease term	The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if the RCH is reasonably certain to exercise such options. RCH determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including:

	• If there are significant penalties to terminate (or not extend), the RCH is typically reasonably certain to extend (or not terminate) the lease. • If any leasehold improvements are expected to have a significant remaining value, the RCH is typically reasonably certain to extend (or not terminate) the lease. • The RCH considers historical lease durations and the costs and business disruption to replace such leased assets.

Note 6.1: Borrowings

a) Loans and lease liabilities

	Consolidated 2024 $'000	Consolidated 2023 $'000
CURRENT		
TCV loan (i)	1,337	1,178
Finance lease liability (ii)	46,728	44,198
Total current	**48,066**	**45,376**
NON-CURRENT		
TCV loan (i)	19,604	20,841
Finance lease liability (ii)	720,089	765,647
Total non-current	**739,693**	**786,489**
Total borrowings	**787,759**	**831,864**

(i) The TCV loan is an unsecured loan with an interest rate of 4.93%. The maturity date of the loan is 31 December 2036.

(ii) Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default. Note that the obligation of fulfilling PPP interest and principal payments over the PPP term rests with the DH. The RCH records on behalf of the DH according to the information provided.

Borrowings

Borrowings refer to interest bearing liabilities mainly owed to the Treasury Corporation of Victoria (TCV) and other funds raised through lease liabilities.

Initial recognition

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the RCH has categorised its liability as either financial liabilities designated at fair value through profit or loss', or 'financial liabilities at amortised cost'.

Subsequent measurement

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

Maturity analysis

Please refer to note 7.2 (b) for a maturity analysis of borrowings.

b) Lease liabilities

The RCH's lease liabilities are summarised below

	Consolidated 2024 $'000	Consolidated 2023 $'000
Total undiscounted lease liabilities	1,025,787	1,107,231
- Less unexpired finance expenses	(258,970)	(297,385)
Net lease liabilities	**766,817**	**809,845**

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

	Consolidated 2024 $'000	Consolidated 2023 $'000
Not longer than one year	83,000	82,697
Longer than one year but not later than five years	329,435	329,134
Longer than five years	613,352	695,400
Minimum future lease liability	1,025,787	1,107,231
- Less unexpired finance expenses	(258,970)	(297,385)
Present value of lease liability	**766,817**	**809,845**
Included in the financial statements as		
Current borrowings	46,728	44,198
Non-current borrowings	720,089	765,647
	766,817	**809,845**

Leases

The RCH has entered into leases related to buildings, motor vehicles, medical equipment and office equipment.

A lease is defined as a contract, or part of a contract, that conveys the right for the RCH to use an asset for an agreed period of time in exchange for payment.

To apply this definition the RCH assesses whether the contract meets the following criteria:

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

Type of asset leased	Lease term
Leased buildings	3 to 4 years
Leased motor vehicles, medical equipment and office equipment	3 to 7 years

All leases are recognised on the balance sheet, with the exception of low value leases (less than $10,000) and short term leases of less than 12 months. The following low value leases are recognised in profit or loss:

Type of payment	Description	Type of leases captured
Low value lease payments	Leases where the underlying asset, when new, is no more than $10,000	Computers

Lease liability – initial measurement

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

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

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

The following types of lease agreements contain extension and termination options:

- Motor Vehicles
- Medical Equipment
- Buildings

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

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

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

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of $104k.

Lease liability – subsequent measurement

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

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

Short-term leases and leases of low value assets

The RCH has elected to account for short-term leases and leases of low value assets using the practical expedients in AASB 16. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Below market/peppercorn lease

The RCH has at the time of reporting not entered into any leases significantly below market terms and conditions. Leases significantly below market terms and conditions would primarily be

entered into to enable the RCH to further its objectives, and relating right-of-use assets would be measured at cost.

c) Commissioned PPP related lease liabilities

The RCH's PPP lease liabilities are summarised below:

	Consolidated 2024 $'000	Consolidated 2023 $'000
Total undiscounted lease liabilities	1,023,591	1,105,639
- Less unexpired finance expenses	(258,875)	(297,352)
Net lease liabilities	**764,716**	**808,286**

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

	Consolidated 2024 $'000	Consolidated 2023 $'000
Not longer than one year	82,048	82,048
Longer than one year but not later than five years	328,191	328,191
Longer than five years	613,352	695,400
Minimum future lease liability	1,023,591	1,105,639
- Less unexpired finance expenses	(258,875)	(297,352)
Present value of lease liability	**764,716**	**808,286**
Included in the financial statements as		
Current borrowings	45,825	43,571
Non-current borrowings	718,890	764,716
	764,716	**808,286**

Public private partnerships (PPP)

Construction and fit out of the RCH main hospital building was funded through Public Private Partnership arrangement. The RCH is responsible for operating the hospital and has recognised the leased asset and associated interest-bearing liability on behalf of the State of Victoria.

The PPP is not accounted for as a Service Concession Arrangement within the scope of AASB 1059 *Service Concession Arrangements: Grantors* as the required criteria are not satisfied.

The hospital building is maintained by Children's Health Partnership (CHP) through Downer, as part of the PPP arrangement. Under the agreement between CHP and the State of Victoria, CHP is responsible for the maintenance of the building for a 25-year period ending in December 2036. The State of Victoria pays CHP a quarterly service payment for the delivery of maintenance and ancillary services. The service charges have been brought to account in the operating result by recognising them as non-cash revenue and expenditure.

The portion of total payments to CHP that relates to the RCH's right to use the hospital building is accounted for as a finance lease liability. The lease asset is accounted for as a non-financial physical asset and is depreciated over the shorter of the estimated useful life of the asset or the term of the lease.

Initial measurement

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

Subsequent measurement

The leased assets under the PPP arrangement are accounted for as a non-financial physical asset and is depreciated over the term of the lease. If there is certainty that the RCH will obtain ownership of the lease asset by the end of the lease term, the asset shall be depreciated over the useful life of the asset.

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.

Note 6.2: Cash and cash equivalents

For the purposes of the cash flow statement, cash assets include 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.

	Consolidated 2024 $'000	Consolidated 2023 $'000
Deposit held on behalf of employees (salary packaging)	1,437	1,395
Cash at bank	846	1,778
Cash at bank - CBS (excluding monies held in trust)	85,335	79,865
Cash at bank - CBS (monies held in trust)	1,888	1,541
Fixed deposits	552	6,244
	90,059	**90,823**
Represented by:		
Monies held in trust	1,888	1,541
Cash for health service operations (i)	88,170	89,282
	90,059	**90,823**

(i) Cash for health service operations includes cash held for capital commitments, operating commitments and salary packaging monies held on behalf of employees.

Cash and cash equivalents

Cash and cash equivalents recognised on the balance sheet comprise cash on hand and cash at bank, deposits at call and highly liquid investments (with an original maturity of three months or less).

Cash and cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment purposes and are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Note 6.3: Commitments for expenditure

a) Commitments for expenditure

	Consolidated 2024 $'000	Consolidated 2023 $'000
Capital expenditure commitments		
Less than 1 year	3,662	13,006
Total capital expenditure commitments	**3,662**	**13,006**
Non-cancellable low value lease commitments		
Less than 1 year	-	915
Total lease commitments	**-**	**915**
Operating expenditure commitments		
Less than 1 year	6,890	7,941
More than 1 year but no more than 5 years	4,072	5,448
More than 5 years	-	31
Total operating commitments	**10,962**	**13,421**
Public private partnership commitments		
Less than 1 year	85,604	78,291
More than 1 year but no more than 5 years	414,244	381,160
More than 5 years	1,023,754	1,095,860
Total commitments for public private partnerships	**1,523,602**	**1,555,311**
Total commitments (inclusive of GST)	**1,538,226**	**1,582,654**
Less GST recoverable from the Australian Taxation Office	(139,839)	(143,878)
Total commitments (exclusive of GST)	**1,398,387**	**1,438,776**

Expenditure commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed at their nominal value and are inclusive of 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.

Operating commitments largely comprise software maintenance and service delivery agreements, professional services agreements and consumables contracts.

Short term and low value leases

Commitments include short term and low value lease commitments which are excluded from the measurement of right-of-use assets and lease liabilities on the balance sheet. Refer to note 6.1 for further information.

Commissioned public private partnerships (PPP)

Pursuant to the requirements of the Operating Deed signed by the State of Victoria and the RCH, the Department of Health agrees to meet all payments (including leasing and operating) for which the State of Victoria is liable, and which are associated with the project. The RCH records and reports all of the obligations of the State of Victoria reflecting the RCH’s position as the government agency that controls the assets.

Note 7: Risks, contingencies and valuation uncertainties

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

Structure

Note 7.1: Financial instruments

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

a) Categorisation of financial instruments

Consolidated 2023	Note	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Financial liabilities at amortised cost	Total
		$'000	$'000	$'000	$'000
Contractual financial assets					
Cash and cash equivalents	6.2	90,823	-	-	90,823
Receivables	5.1	31,621	-	-	31,621
Other financial assets					
- Managed funds	4.1	-	108,166	-	108,166
Total financial assets [(i)]		**122,444**	**108,166**	-	**230,610**
Financial liabilities					
Payables	5.2	-	-	63,463	63,463
TCV loan	6.1	-	-	22,019	22,019
Lease liability	6.1	-	-	809,845	809,845
Total financial liabilities [(ii)]		-	-	**895,328**	**895,328**

Consolidated 2024	Note	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Financial liabilities at amortised cost	Total
		$'000	$'000	$'000	$'000
Contractual financial assets					
Cash and cash equivalents	6.2	90,059	-	-	90,059
Receivables	5.1	31,453	-	-	31,453
Other financial assets					
- Managed funds	4.1	-	95,960	-	95,960
Total financial assets [(i)]		**121,511**	**95,960**	-	**217,471**
Financial liabilities					
Payables	5.2	-	-	58,051	58,051
TCV loan	6.1	-	-	20,942	20,942
Lease liability	6.1	-	-	766,817	766,817
Total financial liabilities [(ii)]		-	-	**845,810**	**845,810**

(i) The total amount of the financial assets disclosed here excludes statutory receivables (i.e. GST input tax credit recoverable and accrued LSL revenue from the Department of Health).
(ii) The total amount of the financial liabilities disclosed includes loans from the Treasury Corporation of Victoria and PPP finance liabilities, and excludes deferred income and statutory payables (i.e. taxes payable).

The obligation of fulfilling the PPP interest payment over the PPP term rests with the Department of Health.

Categories of financial assets

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

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

Where available, quoted prices in an active market are used to determine fair value. Where no quoted prices are available, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient has been applied in AASB 15 paragraph 63.

Financial assets at amortised cost

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through profit or loss:

- the assets are held to collect the contractual cash flows; and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

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

The RCH recognises the following assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables);
- term deposits; and
- certain debt securities.

Financial assets at fair value through profit or loss

Equity instruments that are held for trading as well as derivative instruments are classified at fair value through profit or loss. Other financial assets are required to be measured at fair value through profit or loss unless they are measured at amortised cost or fair value through other comprehensive income as explained above.

However, as an exception to the rules above the RCH may, at initial recognition, irrevocably designate financial assets as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency ("accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising gains and losses on them on a different basis.

The RCH recognises equity securities and managed investment schemes as mandatorily measured at fair value through profit or loss.

Categories of financial liabilities

Financial liabilities are recognised when the RCH becomes a party to the contractual provisions to the instrument. Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately.

Financial liabilities at fair value through net result

A financial liability is measured at fair value through net result if it is:

- held for trading; or
- initially designated as at fair value through net result

Changes in fair value are recognised in the net result as other economic flows, unless the changes in fair value relate to changes in the RCH's own credit risk. In this case, the portion of the change attributable to changes in the RCH's own credit risk is recognised in other comprehensive income with no subsequent reclassification to net result when the financial liability is derecognised.

Financial liabilities at amortised cost

Financial liabilities are measured at amortised cost using the effective interest method, where they are not held at fair value through profit and loss. The effective interest method is a method of calculating the amortised cost of a debt instrument and allocating interest expense net result over the relevant period. The effective interest is the internal rate of return of the financial asset or liability. That is, the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

The RCH recognises the following liabilities in this category:

- payables (excluding statutory payables);
- borrowings (including finance lease liabilities); and
- monies held in trust.

Derecognition and impairments

Derecognition of financial assets

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

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

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

Derecognition of financial liabilities

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

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

Offsetting financial instruments

Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, the RCH has a legal right to offset the amounts and intend wither to settle on a net basis or to realise the asset and settle the liability simultaneously.

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where the RCH does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

The RCH does not hold any financial instruments as at 30 June 2024.

Reclassification of financial instruments

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

A financial liability reclassification is not permitted.

Note 7.2: Financial risk management objectives and policies

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

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

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

The RCH uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Accountable Officer.

a) Credit risk

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

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

In addition, the RCH does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank. As with the policy for debtors, the RCH's policy is to only deal with bank approved by the Victorian Government under Central Banking System (CBS) arrangements.

Provision for impairment of contractual financial assets is recognised when there is objective evidence that the RCH will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debtors that are more than 60 days overdue, and changes in debtor credit ratings.

Contractual financial assets are written off against the carrying amount when there is no reasonable expectation of recovery.

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 RCH's maximum exposure to credit risk.

There has been no material change to the RCH's credit risk profile in 2023-24.

Impairment of financial assets under AASB 9

The RCH records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's expected credit loss approach. Subject to AASB 9, the impairment assessment includes RCH's contractual receivables and its investment in debt instruments.

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

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

Contractual receivables at amortised cost

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

On this basis, the RCH determines the closing loss allowance at the end of the financial year as follows:

Consolidated 2023	Less than 1 month	1-3 months	3-12 months	1-5 years	Total
Expected loss rate	0.1%	3.4%	35.8%	96.8%	4.5%
Gross carrying amount of contractual receivables ($'000)	28,584	2,093	1,421	906	33,004
Loss allowance ($'000)	(31)	(70)	(509)	(877)	(1,487)

Consolidated 2024	Less than 1 month	1-3 months	3-12 months	1-5 years	Total
Expected loss rate	0.1%	0.8%	38.3%	99.7%	5.3%
Gross carrying amount of contractual receivables ($'000)	20,212	10,034	2,024	892	33,162
Loss allowance ($'000)	(15)	(80)	(776)	(889)	(1,759)

Statutory receivables at amortised cost

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

Statutory receivables are considered to have low credit risk, considering the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, no loss allowance has been recognised.

b) Liquidity risk

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

The RCH is exposed to liquidity risk mainly through the financial liabilities as presented in the balance sheet and the amounts related to financial guarantees. The RCH manages its liquidity risk by:

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

The RCH's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. RCH, deemed as essential service, relies on Victorian Government funding to meet its liquidity needs.

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

Consolidated 2023	Note	Carrying amount as at 30 June 2023	Nominal amount as at 30 June 2023	Maturity dates				
				Less than 1 month	1-3 months	3-12 months	1-5 years	More than 5 years
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial liabilities								
Payables	5.2	63,463	64,416	51,379	12,006	78	-	-
TCV loan	6.1	22,019	22,019	96	193	889	5,335	15,506
Lease liability	6.1	809,845	809,845	43	10,731	33,316	198,274	567,481
		895,328	**896,281**	**51,518**	**22,930**	**34,283**	**203,609**	**582,988**

Consolidated 2024	Note	Carrying amount as at 30 June 2024	Nominal amount as at 30 June 2024	Maturity dates				
				Less than 1 month	1-3 months	3-12 months	1-5 years	More than 5 years
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial liabilities								
Payables	5.2	58,051	58,051	48,525	9,426	100	-	-
TCV loan	6.1	20,942	20,942	201	203	933	5,476	14,129
Lease liability	6.1	766,817	766,817	58	11,293	35,175	208,364	511,928
		845,810	**845,810**	**48,785**	**20,922**	**36,208**	**213,839**	**526,056**

c) Market risk

The RCH's exposure to market risk is primarily through interest rate risk, foreign currency risk and equity price risk. Objectives, policies and processes used to manage this risk is disclosed below.

Sensitivity disclosure analysis and assumptions

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

- A change in interest rates of 1% up or down; and
- A change in the top ASX 200 index of 15% up or down

Interest rate risk

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

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The RCH has minimal exposure to cash flow interest rate risks through cash and deposits that are at floating rate.

Equity risk

The RCH is exposed to equity price risk through its controlled entity's investments in shares and managed investment schemes. The RCH Foundation Trust Fund's exposure to equity risk is controlled by investing with several investment managers who commit to meeting the investment guidelines established for the Trust. The performance of equity securities is actively monitored by management and the Investment Committee of the RCH Foundation.

Note 7.3: 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.

As of 30 June 2024, the Board are not aware of any contingent assets or liabilities.

Note 7.4: Fair value determination

Fair value measurement

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

The following assets and liabilities are carried at fair value:

- Financial assets and liabilities at fair value through profit and loss
- Property, plant and equipment
- Right-of-use assets
- Investment properties

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

Valuation hierarchy

The RCH determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

a) Fair value determination of other financial assets

Consolidated 2023	Note	Carrying amount as at 30 June 2023 $'000	Fair value measurement at end of reporting period using: Level 1 [i] $'000	Level 2 [i] $'000	Level 3 [i] $'000
Other financial assets					
Managed funds	4.1	108,166	4,087	87,674	16,405
Total financial assets held at feir value through profit or loss		**108,166**	**4,087**	**87,674**	**16,405**
Total		**108,166**	**4,087**	**87,674**	**16,405**

Consolidated 2024	Note	Carrying amount as at 30 June 2024 $'000	Fair value measurement at end of reporting period using: Level 1 [i] $'000	Level 2 [i] $'000	Level 3 [i] $'000
Other financial assets					
Managed funds	4.1	95,960	7,734	71,521	16,705
Total financial assets held at feir value through profit or loss		**95,960**	**7,734**	**71,521**	**16,705**
Total		**95,960**	**7,734**	**71,521**	**16,705**

Note 8: Other disclosures

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

Structure

Note 8.1: Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities

	Note	Consolidated 2024 $'000	Consolidated 2023 $'000
Net result for the year		**(19,088)**	**26,581**
Non-cash movements			
Depreciation and amortisation	4.5	68,721	62,649
Assets and services received free of charge		(2,161)	-
Amortisation of non-produced intangible assets	3.2	1,272	1,272
DH - indirect contribution on repayment of finance lease liabilities		(82,048)	(82,048)
DH - indirect contribution on building improvement		(4,766)	(25,077)
PPP non-cash finance lease interest expense		38,477	40,424
Revaluation of financial instruments through profit or loss	3.2	(7,098)	(8,292)
Revaluation of investment properties	3.2	1,609	-
Gain/(loss) on derecognition of joint arrangement	3.2	(86)	-
Written down value of assets disposed		224	898
Non-cash accounting adjustments in accordance with AASB 16		543	(5)
Movements included in investing and financing activities			
(Increase)/decrease in payables for capital items		627	726
GST paid for capital items		2,257	1,243
Capital donations received		(6,782)	(2,287)
Movements in assets and liabilities			
Change in operating assets and liabilities			
- (increase)/decrease in receivables		(3,229)	(12,968)
- (increase)/decrease in inventories		(510)	693
- (increase)/decrease in prepayments		3	(736)
- increase/(decrease) in payables		2,164	(8,217)
- increase/(decrease) in employee entitlements		10,607	22,960
- increase/(decrease) in other liabilities		(307)	(3,858)
Net cash inflow/(outflow) from operating activities		**429**	**13,960**

Note 8.2: Responsible persons disclosures

Responsible persons

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

	Period	
Responsible Ministers		
The Honourable Mary-Anne Thomas MP:		
Former Minister for Medical Research	1 July 2023	2 October 2023
Minister for Health	1 July 2023	30 June 2024
Minister for Health Infrastructure	1 July 2023	30 June 2024
Minister for Ambulance Services	2 October 2023	30 June 2024
The Honourable Gabrielle Williams MP:		
Former Minister for Mental Health	1 July 2023	2 October 2023
Former Minister for Ambulance Services	1 July 2023	2 October 2023
The Honourable Lizzy Blandthorn MP:		
Former Minister for Disability, Ageing and Carers	1 July 2023	2 October 2023
Minister for Children	2 October 2023	30 June 2024
Minister for Disability	2 October 2023	30 June 2024
The Honourable Ingrid Stitt MP:		
Minister for Mental Health	2 October 2023	30 June 2024
Minister for Ageing	2 October 2023	30 June 2024
Governing Board		
Dr Rowena Coutts (Chairman)	1 July 2023	30 June 2024
Ms Elleni Bereded-Samuel AM	1 July 2023	30 June 2024
Mr Andrew Chan	1 July 2023	30 June 2024
Prof Richard Doherty	1 July 2023	30 June 2024
Ms Pallavi Khanna	1 July 2023	30 June 2024
Mr Sammy Kumar	1 July 2023	30 June 2024
Ms Judith Munro AO	1 July 2023	30 June 2024
Mr Mark Rogers	1 July 2023	30 June 2024
Dr Michael Wildenauer	1 July 2023	30 June 2024
Accountable Officer		
Ms Bernadette McDonald (Chief Executive Officer)	1 July 2023	30 June 2024

Remuneration of responsible persons

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

Income band	2024 No.	2023 No.
$0 - $9,999	-	-
$40,000 - $49,999	8	8
$80,000 - $89,999	-	1
$90,000 - $99,999	1	-
$480,000 - $489,999	-	1
$490,000 - $499,999	1	-
Total	**10**	**10**

	Total remuneration	
	2024 $'000	2023 $'000
Remuneration received or due and receivable by responsible persons from the reporting entity	940	919
Total remuneration	**940**	**919**

Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report.

Amounts relating to the Governing Board members and Accountable Officer of the RCH's controlled entity are disclosed in their own financial statements.

Note 8.3: Executive officers disclosures

Remuneration of executives

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

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

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

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

Other long-term benefits include long service leave.

Termination benefits (where applicable) include termination of employment payments, such as severance packages.

Remuneration of executive officers

	Total remuneration	
	2024 $	2023 $
Short term employee benefits	2,137,693	2,177,294
Post employment benefits	198,837	201,178
Other long term benefits	138,937	251,484
Total remuneration	**2,475,468**	**2,629,956**
Total number of executives	**10**	**11**
Total annualised employee equivalent (AEE)	**7.00**	**7.00**

(i) The total number of executive officers includes person who meets the definition of Key Management Personnel (KMP) of the entity under *AASB 124 Related Party Disclosures* and are also reported within the related parties note disclosure (note 8.4).

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

Note 8.4: Related parties

The RCH is a wholly owned and controlled entity of the State of Victoria. Related parties of the hospital include:

- all key management personnel (KMP) and their close family members and personal business interests;
- all cabinet ministers and their close family members; and
- all hospitals and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

Key management personnel of the RCH:

	Period	
Governing Board		
Dr Rowena Coutts (Chairman)	1 July 2023	30 June 2024
Ms Elleni Bereded-Samuel AM	1 July 2023	30 June 2024
Mr Andrew Chan	1 July 2023	30 June 2024
Prof Richard Doherty	1 July 2023	30 June 2024
Ms Pallavi Khanna	1 July 2023	30 June 2024
Mr Sammy Kumar	1 July 2023	30 June 2024
Ms Judith Munro AO	1 July 2023	30 June 2024
Mr Mark Rogers	1 July 2023	30 June 2024
Dr Michael Wildenauer	1 July 2023	30 June 2024
Accountable Officer		
Ms Bernadette McDonald (Chief Executive Officer)	1 July 2023	30 June 2024

Key management personnel (KMP) of the hospital include the Portfolio Ministers and Cabinet Ministers and KMP as determined by the hospital. KMP are those people with the authority and responsibility for planning, directing and controlling the activities of the RCH and its controlled entity, directly or indirectly. The Board of Directors and the CEO of the RCH are deemed to be KMPs.

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

	Total compensation	
	2024 $'000	2023 $'000
Short term employee benefits	848	831
Post employment benefits	75	72
Other long term benefits	17	16
Total compensation	**940**	**919**

(i) KMP are also reported in note 8.2 Responsible persons disclosures.

Transactions with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public. Further employment of processes within the Victorian public sector occurs on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements. Outside of normal citizen type transactions with the RCH, there were no related party transactions that involved key management personnel, their close family members or their personal business interests. No provision has been required, nor any expense recognised, for impairment of

receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2024 (2023: none).

All other transactions that have occurred with KMP and their related parties are outlined below. In this context, transactions are only disclosed when they are considered of interest to users of the financial report in making and evaluation decisions about the allocation of scarce resources.

The Royal Children's Hospital Foundation Trust 2

One Board member was a Director of The RCH Foundation Trust 2 during the 2023-24 financial year.

The transactions between the two entities relate to reimbursements made by The RCH Foundation Trust 2 to the RCH 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 2024 $	Parent entity 2023 $
Distributions and reimbursements by The Royal Children's Hospital Foundation Trust 2	31,327,871	33,876,114
Payments to The Royal Children's Hospital Foundation Trust 2	261,811	255,750
Receivable from The Royal Children's Hospital Foundation Trust 2	5,576,357	2,608,972

Murdoch Children's Research Institute

The CEO of the RCH was a Director of Murdoch Children's Research Institute (MCRI) during 2023-24 financial year.

The transactions between the two entities relate to reimbursements made by MCRI to the RCH for salaries, goods and services paid on its behalf. In addition, the transactions relate to general research funding, clinical supplies and support provided to MCRI. All dealings are in the normal course of business and are on normal commercial terms and conditions.

	Parent entity 2024 $	Parent entity 2023 $
Reimbursements by Murdoch Children's Research Institute	7,261,171	6,402,619
Payments to Murdoch Children's Research Institute	26,904,500	23,755,492
Receivable from Murdoch Children's Research Institute	350,784	988,343

Victorian Clinical Genetics Services

Victorian Clinical Genetics Services (VCGS) is a wholly owned subsidiary of MCRI of which the CEO of the RCH was a Director during 2023-24 financial year.

The transactions between the two entities relate to reimbursements made by VCGS to the RCH for goods and services paid on its behalf. In addition, the transactions relate to general research funding, clinical supplies and support provided to VCGS. All dealings are in the normal course of business and are on normal commercial terms and conditions.

	Parent entity 2024 $	Parent entity 2023 $
Reimbursements by Victorian Clinical Genetics Services	71,972	77,820
Payments to Victorian Clinical Genetics Services	1,354,606	1,671,432
Receivable from Victorian Clinical Genetics Services	3,374	7,098
Payable to Victorian Clinical Genetics Services	9,077	-

Victorian Comprehensive Cancer Centre

The CEO of the RCH resigned from the Victorian Comprehensive Cancer Centre Board on 31 October 2023.

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

	Parent entity 2024 $	Parent entity 2023 $
Reimbursements by Victorian Comprehensive Cancer Centre	3,300	3,410
Payments to Victorian Comprehensive Cancer Centre	163,909	160,114

Melbourne Genomics

The CEO of the RCH was a Director of Melbourne Genomics during 2023-24 financial year

The transactions between the two entities relate to reimbursements made by Melbourne Genomics to the RCH for salaries, and research costs associated with the genomic immersion. All dealings are in the normal course of business and are on normal commercial terms and conditions.

	Parent entity 2024 $	Parent entity 2023 $
Reimbursements by Melbourne Genomics Health Alliance	203,500	-

Medibank Private

One Board member of the RCH is an employee of the Medibank Private during 2023-24 financial year.

The transactions between the RCH and Medibank Private consist of patient insurance claims. All dealings are in the normal course of business and are on normal commercial terms and conditions.

	Parent entity 2024 $	Parent entity 2023 $
Reimbursements by Medibank Private	4,446,427	-
Payments to Medibank Private	1,120	-
Receivable from Medibank Private	1,039,336	-

Significant transactions with government-related parties

The RCH received funding from the Department of Health of $707 million (2023: $669 million) and indirect contributions of $165 million (2023: $169 million).

The RCH received funding from the Department of Education and Training of $4.8 million (2023: $4.7million) and Department of Families, Fairness and Housing of $6.9 million (2023: $6.3 million)

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

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

The Standing Directions of the Assistant Treasurer require the RCH to hold cash in accordance with the State of Victoria's centralised banking arrangements. All borrowings are required to be sourced from the Treasury Corporation Victoria unless an exemption has been approved by the Minister for Health and the Treasurer.

Note 8.5: Remuneration of auditors

	Consolidated 2024 $'000	Consolidated 2023 $'000
Victorian Auditor-General's Office		
Audit of financial statements	239	230
Other service providers		
Audit of financial statements	32	37
Compilation of financial statements & financial reporting advice	10	10
	281	**277**

Note 8.6: Controlled entity

	Country of incorporation/ establishment	Equity holding
Name of entity		
The Royal Children's Hospital Foundation Trust Fund	Australia	N/A

Controlled entity contribution to the consolidated results

	2024 $'000	2023 $'000
Net result for the year		
The Royal Children's Hospital Foundation Trust Fund	(12,112)	7,941
	(12,112)	**7,941**

Note 8.7: Joint arrangements

Name of entity	Principal activity	Ownership interest 2024	Ownership interest 2023
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, training and patient care. RCH joined the Victorian Comprehensive Cancer Centre on 1 July 2010.	0.0%	10.0%

	2024 $'000	2023 $'000
ASSETS		
Current assets		
Cash and cash equivalents	-	845
Receivables	-	43
GST receivable	-	-
Prepayments	-	63
Total current assets	-	**950**
Non-current assets		
Property, plant and equipment	-	11
Intangible assets	-	44
Total non-current assets	-	**55**
TOTAL ASSETS	-	**1,005**
LIABILITIES		
Current liabilities		
Accrued expenses	-	37
Payables	-	43
GST payable	-	1
Provisions	-	40
Other current liabilities	-	27
Total current liabilities	-	**148**
Non-current liabilities		
Provisions	-	36
Total non-current liabilities	-	**36**
TOTAL LIABILITIES	-	**183**
NET ASSETS	-	**822**
EQUITY		
Accumulated surpluses	(0)	822
TOTAL EQUITY	**(0)**	**822**

The RCH's interest in revenue and expenses resulting from jointly controlled operations and assets for the period 1 July 2023 to 31 Oct 2023

	2024 $'000	2023 $'000
Revenue		
Grants and other revenue	462	1,174
Gain/(loss) on derecognition of joint arrangement	86	-
Interest	10	33
Total revenue	**558**	**1,206**
Expenses		
Employee benefits	212	610
Other expenses from continuing operations	340	608
Depreciation and amortisation	6	10
Total expenses	**558**	**1,228**
NET RESULT	**(0)**	**(22)**

Details of the principles of joint arrangement are set out in Note 1.5.

Note 8.8: Ex-gratia payments

There were two ex-gratia payments made in 2023-24 financial year of $43,641 for compensation of economic loss (nil in 2022-23).

Note 8.9: Events occurring after the balance sheet date

- The Chief Executive Officer fixed term employment with the RCH came to an end on the 13 September 2024. Professor Edward Oakley has been appointed as the Interim CEO of the RCH while a search is undertaken for a new CEO.

- The Royal Children's Hospital (RCH) Board and The Royal Children's Foundation (RCHF) Board has signed a Relationship Agreement on the 22 August 2024 to clarify the relationship between the RCH and the RCHF Trust No.1 under AASB 10. The consideration of control and the potential impact will be assessed in financial year 2024/25.

Note 8.10: Economic dependency

The RCH is a public health service governed and managed in accordance with the Health Services Act 1988 and its results form part of the Victorian General Government consolidated financial position. The RCH provides essential services and is predominately dependent on the continued financial support of the State Government, particularly the Department of Health, and the Commonwealth funding via the National Health Reform Agreement (NHRA). The State of Victoria plans to continue the RCH operations and on that basis, the financial statements have been prepared on a going concern basis.

Note 8.11: Equity

Contributed capital

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

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

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

Property, plant and equipment revaluation surplus

The property, plant and equipment revaluation surplus arises on the revaluation of infrastructure, land and buildings. The revaluation surplus is not normally transferred to the accumulated surpluses/(deficits) on derecognise of the relevant assets.

Specific restricted purpose reserves

The specific restricted purpose reserves are funds where the RCH has possession or title to the funds, but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

Note 8.12: AASBs issued that are not yet effective

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to the RCH and their potential impact when adopted in future periods is outlined below.

Standard	Adoption date	Impact on public sector entity financial statements
AASB 2022-5: Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback	Reporting periods beginning on or after 1 January 2024	Adoption of this standard is not expected to have a material impact.
AASB 2022-9: Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector	Reporting periods beginning on or after January 2026	Adoption of this standard is not expected to have a material impact.
AASB 2022-10: Amendments to Australian Accounting standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities	Reporting periods beginning on or after 1 January 2024.	The RCH undertakes fair value assessments under FRD 103. Further review on impact on financial statements will be guided by the Department of Treasury and Finance.

There are no other accounting standards and interpretations issued by the AASB that are not yet applicable to the RCH, but will be in future periods.

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