
the children's hospital at Westmead
annual report
125 years of care
1880 – 2005

the children's hospital at Westmead

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October 2005

The Hon John Hatzistergos
NSW Minister for Health
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Minister

We have pleasure submitting The Children's Hospital at Westmead (CHW) 2005 Annual Report, including statements for the financial year ended 30 June 2005 as certified by the Auditor General of New South Wales.

This report is consistent with the statutory requirements for annual reporting as provided by NSW Health under the Accounts and Audit Determination for Public Health Organisations and the 2004/05 Directions for Health Service Annual Reporting and is submitted to the Minister for Health.

Yours sincerely

Prof Kim Oates AM
Chief Executive

Contents

125th Annual Report of the Royal Alexandra Hospital for Children
(The Children's Hospital at Westmead) for the year ending 30 June 2005

Highlights

• The $20 million Kerry Packer Institute for Child Health was officially opened. This is one of the most technologically advanced research facilities in Australia, allowing for a range of research into the causes and cures of childhood diseases.

• The Westfield Gene and Cell Medicine Facility is now complete. This is a clean-room laboratory that allows manipulation of tissues in a sterile environment. There are few other institutes in Australia that have the research capability to use gene therapy to treat childhood diseases.

• The Department of Nephrology has established a Gene Bank for evaluation of familial and sporadic renal conditions. This allows for research and shared knowledge about renal conditions.

• The Department of Dermatology celebrated the ten year anniversary of the Vascular Birthmarks Study Group meetings. Over 500 cases have been discussed in these multidisciplinary meetings, all with complex malformations which cannot be handled by a single specialist.

• 2005 is the 25th year of our Oncology Unit performing bone marrow transplants, with 400 children treated.

• CHW was awarded with an iAward for innovative development in health care. This award recognises a ten year journey, alongside NSW Health, creating the Electronic Medical Record (EMR). The award was presented by the Australian Information Industry Association (AIIA) in conjunction with the CSIRO Information and Communications Technologies Centre.

• In an attempt to reduce the onset of cardiovascular illness in Australian children, the Cardiology Department introduced a new Risk Reduction Clinic for children who are regarded as at a high risk of long term cardiovascular disease as adults. The Cardiovascular Risk Clinic addresses important long term health issues for children with complicated heart and other illnesses. In addition, the clinic will also commence a program which will review the health maintenance guidelines for cardiovascular health, ensuring that these are appropriately structured for children.

• HRH Princess Mary of Denmark visited CHW during her trip to Australia. This was a great honour for the Hospital and significantly raised our profile on an international scale.

• The Centre for Children's Bone Health has been set up by the Endocrine Unit. This is a new multidisciplinary metabolic bone and genetic service in association with cystic fibrosis, orthopaedic and cerebral palsy services.

• The NSW Centre for the Advancement of Adolescent Health produced 'Adolescent Health: A Resource for General Practitioners' which was launched by the NSW Minister for Health, Mr Morris Iemma, in August 2004. This kit was endorsed by the Royal Australian College of General Practitioners and has been distributed widely to GPs throughout Australia. It is designed to enhance the skills of GPs in caring for young people from culturally diverse backgrounds.

• CHW won two prestigious awards from the Spring 2004 Garden Competition organised by Parramatta City Council. The awards were for the Best Industrial Garden in the Parramatta district and the Overall Gold Award for the best garden in the Parramatta district.

Chief Executive's year in review

This year marks a double anniversary for the Hospital. The first is to mark 125 years since the hospital first opened in Glebe in January 1880. The 'Sydney Hospital for Sick Children', as it was then known, opened with 40 beds in a converted boys' school. Half of the money (£4,250) to purchase the building came from the state government on the condition that the other half was raised by public subscription.

The second anniversary is the tenth year since the Hospital moved from Camperdown (our home for 91 years) to Westmead.

A series of events involving staff is being held throughout the 2005 calendar year to celebrate these anniversaries.

This financial year has been the first year that the Hospital has functioned without a Board of Management. The new Area Health Service structure, within which the Hospital functions, gives Chief Executives greater authority and much greater accountability. Fortunately, a good number of Board members continue to provide wise advice to the Hospital and serve as community representatives and advisors on our Health Care Quality Council, Medical Advisory Committee, Audit Committee, Finance Committee and Public Accountability Committee.

At the time of writing, the Hospital's Health Care Advisory Council has not been announced, but we continue to have good community input from the newly formed Parent Council, chaired by a parent and consisting predominantly of parents who give valuable input about the work of the Hospital.

The Area Health Service amalgamations mean that some of our corporate services will be shared with our neighbours in Sydney West Area Health Service and some will be moved centrally. In all, 30 staff positions will be lost as part of this transition although some of these positions may remain on site with a different employer.

We are working closely with Sydney West Area Health Service in sharing corporate services, have signed a Memorandum of Understanding with them and are looking at ways we can help each other sharing some of our non-clinical services.

The changes in the other Area Health Services have also given us an opportunity to look at how we can provide and support some of the paediatric services in Sydney West, particularly at Mt Druitt Hospital and at Hornsby Hospital in the Northern Sydney/Central Coast Area Health Service. A paediatric liaison group at senior level has been established with Sydney West.

Research

Our new research building, the Kerry Packer Institute for Child Health Research, has been made possible by a very generous gift from Mr Kerry Packer with supporting funds from the state and federal governments and some of our major supporters.

It is now occupied and functioning extremely well. Its link with the Children's Medical Research Institute and the shared courtyard will create further opportunities for exchange of ideas and collaboration between research staff from both bodies. We are also looking forward to the relocation of the Millennium Institute to a site closer to our research building as this will further enhance the research collaborations occurring within the Westmead Research Hub.

The Hospital has had a successful year with external grants including $4,750,000 in grants from the National Health and Medical Research Council.

Buildings

After ten years of functioning on this site, this marvellous facility, which is still the envy of many children's hospitals around the world, is at the stage where some further building is needed to enable our facilities to be enhanced and expanded. Changes in recent years in the management of children in emergency departments suggest that we need to do some redesigning and reshaping of the emergency department and changes in surgery suggest that our day surgery and main surgical suite would function more effectively if they were co-located.

The large increase in recent years of children needing assistance for emotional problems has meant a steady growth in our Department of Psychological Medicine, resulting in a need for additional space. Similarly, the significant success in survival and follow-up of children with malignant diseases means that we have reached the stage where we need to expand oncology inpatient and outpatient services.

We have engaged in a master planning process to review these building needs and look forward to a future phase of building on the excellent facilities already present to meet those increasing demands which have become obvious since we moved to Westmead.

Management Structure

In line with the requirements for changes in management structure in all Area Health Services, the Hospital has made some management changes. Finance now sits under Corporate Services with the Director of Finance also having a direct line to the Chief Executive.

During the year, Peter Procopis moved to Neurology and Jenni Jarvis moved to the Royal Children's Hospital, Melbourne, as Director of Nursing. They have been very ably replaced by Dr Tony Penna, a paediatrician who was previously Director of Medical Services at Royal North Shore Hospital and by Lyn Dean, currently acting as the Nursing Director. These two positions have been renamed in line with Department of Health recommendations as Director of Clinical Services, Medical and Director of Clinical Services, Nursing. These positions also have joint responsibility as Directors of Clinical Governance with the Clinical Governance Unit (the Hospital's Service Improvement Unit) also having a direct line to the Chief Executive.

The most senior nursing and medical administrators working in close cooperation is the model for the new clinical structure which has also been introduced. Most of the patient care services have been grouped into three large clinical programs: Perioperative/Critical Care; Medicine; and Ambulatory. These are jointly led by a medical and nursing chair for Perioperative/Critical Care and for Medicine and a medical and allied health chair for Ambulatory. Along with these new clinical programs and their supporting programs, increased delegation of authority and accountability is occurring. The model allows clinical leaders in medicine, surgery, nursing and allied health to work cooperatively together, exercising their complimentary skills as they head up these units.

Meeting our targets

The Hospital has had a very successful year in meeting targets, particularly long wait surgery and access block where we have performed well ahead of the target set by the Department of Health. This has been a major improvement on previous years. It has been helped in part by additional funding to reduce surgical waiting lists, but the main driver for these improvements has been excellent leadership by many of the clinical staff who see the big picture rather than the needs of their own area and who are communicating more effectively with their professional colleagues in other disciplines with the overall focus on improving care for the child and family.

With funding from the Department of Health for a Clinical Redesign Unit coming in the next financial year we should see further improvements as clinicians and administrators focus on avoiding duplication and unnecessary steps in each child's journey through the Hospital.

Financial

The net cost of service for the year was 5.4 per cent favourable to budget mainly because the Department of Health had set a lower budget target for donations and we had a more successful year in winning research grants. Most donations and all grants are tied to specific uses.

The Hospital had a challenging year to meet the increased costs and demands for patient care services within the Hospital and for our outreach services. This included the continuing steep increase in drug and blood product costs and the increasing need for repairs and maintenance of building infrastructure and equipment over ten years of age. Revenue continues to provide a major contribution towards the running cost of the Hospital. Revenue was 3.2 per cent above budget as the Hospital continues to actively identify privately insured patients. The number of patients electing to use their private health insurance on admission rose to 2,330 in 2004/05, compared to 2,254 in the previous year. This is an increase of 3.3 per cent. In addition, accommodation revenue increased by 12 per cent compared to the previous year.

The budget was framed on an expected activity of 26,405 separations. Actual separations of 26,699 were above this target by 294. For comparative purposes, an additional 8,867 separations should be included for children with cancer, leukaemia, diabetes and sleep investigations as they are now managed as either day patients or outpatients and so are not counted as separations. We exceeded our target of 526,789 Non-Admitted Patient Occasions of Service (NAPOOS) by 99,150. This excluded Private NAPOOS of 116,098. As each additional admission and NAPOOS generates expenses for the Hospital, this work adds to our overall costs.

NSW Health contributed $50,956,000 to fund the Hospital's core activity. In addition, we received $115,783,000 from other NSW Health Services for treating patients resident in those Areas and $1,500,990 (based on 2002/03 costs as costs for 2004/05 are yet to be accepted and approved) for treating interstate patients. These amounts represent a 15.3 per cent increase on last year. The primary increase in operating costs related to funded salary increases, blood and blood products, additional surgery capacity and beds to address waiting lists, access block and demand for services. This is reflected in the 26 per cent increase on last year's funding received from other NSW Health Services for treating patients resident in those areas. Employee-related expenditure increased 9.1 per cent and goods and services increased by 18.8 per cent, mainly reflecting charges for blood and high cost blood products which were devolved to the Hospital for the first time.

This year our donors contributed even more. $17.1M was received from donations, bequests and merchandise sales. This is an outstanding result and we thank all our supporters for their continued generosity. Through their

support, the Hospital continues to be able to provide the best services to the children and families of NSW and beyond.

The support we receive from the community is vital to the Hospital. Much of our research and new equipment are paid for by these funds. This supports advances in the treatment of paediatric illnesses that would otherwise not be possible. General purpose donations are used to support the areas of greatest need within the Hospital. The growing trend for most donations to be used for a particular purpose means that there is a need for a greater proportion of general purpose donations that can be used to support the overall care of our children.

Expenditure on repairs, maintenance and replacements continue to create challenges for the Hospital, as they have for the last two years. NSW Health provided funds to replace the ageing Computed Tomography Scanner which had become the oldest in the state and no longer able to meet the low radiation doses which are now required. Other similar high-cost assets need replacement. The Hospital is working with NSW Health on an Asset Replacement Strategy, recognising that the increasing demands for patient care leaves little budget surplus to address infrastructure and equipment replacement costs.

Staff

The people who work here are the Hospital's strength. Many have been recognised through the year for their achievements, some of which are mentioned here. Many others, while not formally recognised by awards or other forms of public or professional recognition, should also know how much the Hospital values their contribution. Individuals who received awards and recognition include Dr Michael Stevens who was made a member of the Order of Australia in recognition of his services to children with malignant disease and his contribution to the development of Bear Cottage, and Shirley Gall, one of our long serving volunteers, who received an Order of Australia Medal. Peter Procopis was appointed as Chair of the NSW Medical Board. David Bennett was elected as NSW President of the Association for Welfare of Child Health. David Sillence and Jenny Ault received the Child Advocacy award from the Children's Hospital Educational Research Institute. Hiran Selvadurai received the Bernard Lake Award from the University of Sydney. Rose Douglas from Audiology received a NSW Premier's Public Sector award for her work with the statewide Infant Screening Hearing Program. Louise Baur was appointed to the Telstra Foundation Board. John Harvey received a Variety Heart award from the Variety Club for his work in treating burns and Bridget Wilcken received the Guthrie Award from the International Society for Neonatal Screening. In addition, the Hospital grounds won the overall Gold Award as well as first place in the Industrial/Commercial section in the Parramatta City Council Spring Garden competition and we received an iAward from the Australian Information Industry Association for our innovative development in health care.

Our Donors

Our donor support continues to grow. This is fortunate as the need for new equipment, much of it purchased by donations, continues so that we can provide our young patients with the highest standards of care. Donors also contribute to funding some of our key clinical and research staff, recognising that while one cannot attach a plaque to a person, that person continues to grow and develop, rather than become obsolete in a few years as is the case for some equipment. Both types of donations are equally important.

We recognise our donors in various ways, by informal contact, thank you letters, Hospital tours, functions for some support groups and a range of awards to recognise major donors. Whether the donation is large or small, each one is appreciated and makes each donor a partner with us in caring for many of the sickest children in the state.

The Hospital looks forward to serving the children and families of this state and beyond for the next 125 years.

Kim Oates
Chief Executive

Profile, Purposes and Goals

The Children's Hospital at Westmead (CHW) is a free-standing children's hospital dedicated to the care of children from all over NSW, from other states of Australia and from other countries.

Purpose built to meet the needs of children and their families, the Hospital has a bed capacity of 339, comprising 290 overnight beds and 49 for same-day treatment.

The majority of patients come from Sydney West (43 per cent) and Sydney South West (24 per cent) areas. Greater Western Sydney is home to over half the children in NSW, over 100 different cultural groups including people from non-English speaking backgrounds and one of the largest Aboriginal Communities in NSW. Of the 26,688 admissions to CHW in 2004/05, 632 (2.4 per cent) were recorded as being Aboriginal or Torres Strait Islanders and 3158 (11.8 per cent) patients were recorded as not speaking English at home. The largest number of admissions to CHW is in the under one year old category (15 per cent) and 53.6 per cent of patients are aged five years and under.

A teaching hospital of the University of Sydney and the University of Western Sydney, CHW is also a leading institution in children's clinical research, focusing on effectively turning today's research into tomorrow's medicine.

CHW is a Statutory Health Corporation, established pursuant to the Health Services Act 1997 (NSW).

Our Vision

Better Health for Children
Excellence in Child Health Care

Our Mission

The Children's Hospital at Westmead will constantly challenge the existing boundaries in paediatrics and child health by leading change and striving for excellence in clinical care, research, teaching and advocacy.

- Hospital services – to provide a total healing environment for children and their families. We do this by combining the best of science with the technical and caring skills of our staff in a building which blends innovative design with art and gardens.
- Community – to expand community and outreach activities which offer appropriate care in the appropriate place.
- Advocacy – to promote the interests and needs of all children.
- Teaching – to place a high priority on excellence and leadership in education and training to support our staff and to share our knowledge with others.
- Research – to place a high priority on research to improve the lives of our present and future patients.

Values

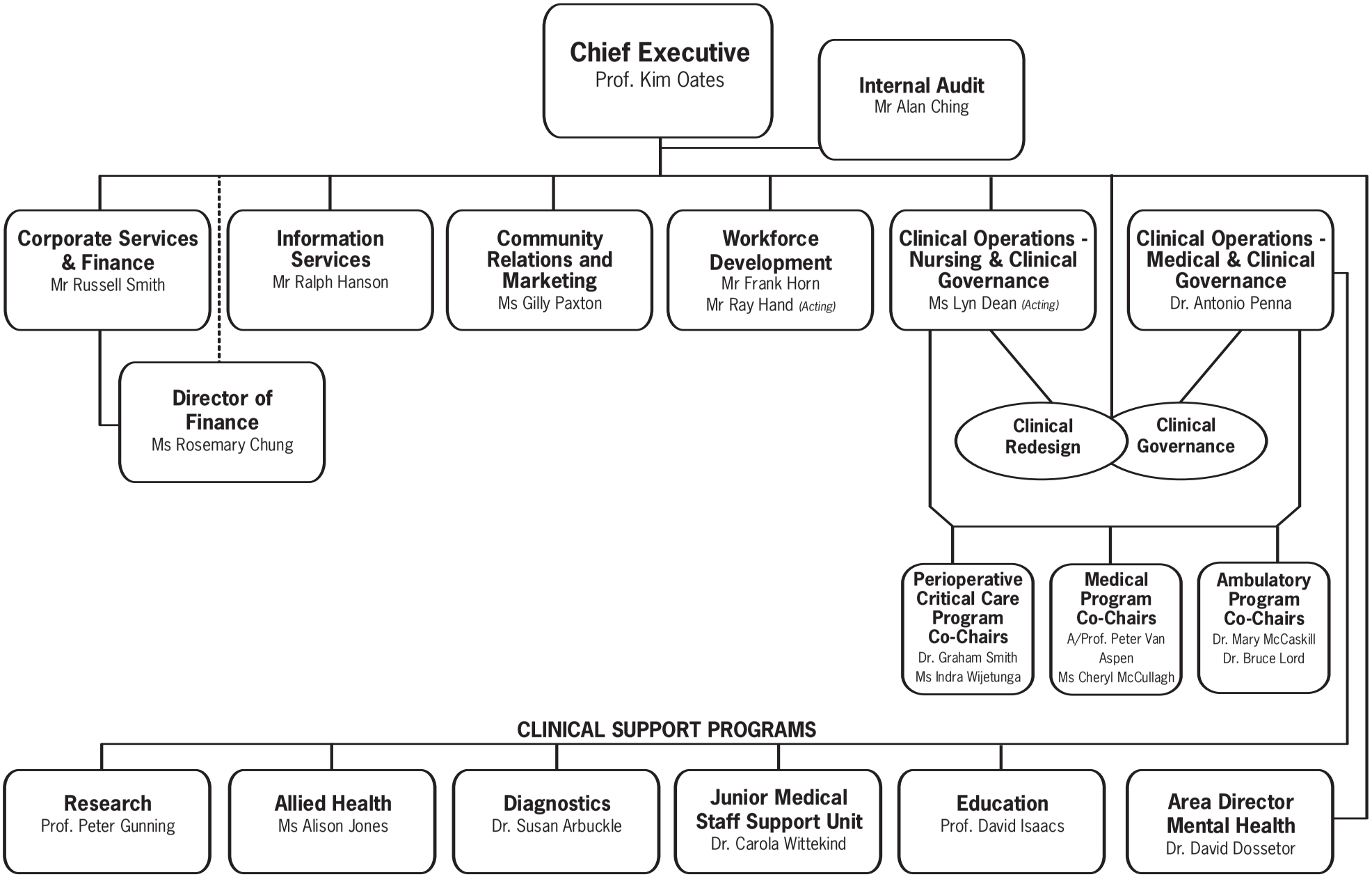
- Commitment
- Accountability
- Respect
- Excellence
- Service

Principles Guiding Our Work

- Health gain – to ensure that improving children's health and quality of life are the foci of our efforts.
- Concern for people – to care for our patients, their families, our staff and our supporters as individual people with their own needs.
- Doing it better – to provide the best possible patient care by the effective use of resources, recognising the need to continuously review and improve procedures and processes.
- A hub of paediatrics – to play a pivotal role in cooperating to establish a network to share our knowledge and skills in paediatrics for the health of children.
- Making the future better – to invest in and facilitate research that improves our understanding of how to prevent or treat diseases in children and to work with government and community agencies to promote the health and well-being of all children.

Purpose and Goals

- To keep children and young people healthy
  - More children adopt healthy lifestyles
  - Prevention and early detection of health problems
  - A healthy start to life
- To provide the health care people need
  - Emergency care without delay
  - Shorter waiting times for booked non-emergency care|
  - Fair access to health services
- To deliver high quality health services
  - Consumers satisfied with all aspects of services provided
  - High quality clinical treatment
  - Care in the right setting
- To manage health services well
  - Sound resource and financial management
  - Skilled, motivated staff working in innovative environments
  - Strong corporate and clinical governance


Chief Executive
Prof. Kim Oates
Internal Audit
Mr Alan Ching
Corporate Services & Finance
Mr Russell Smith
Director of Finance
Ms Rosemary Chung
Information Services
Mr Ralph Hanson
Community Relations and Marketing
Ms Gilly Paxton
Workforce Development
Mr Frank Horn
Mr Ray Hand (Acting)
Clinical Operations - Nursing & Clinical Governance
Ms Lyn Dean (Acting)
Clinical Operations - Medical & Clinical Governance
Dr. Antonio Penna
Clinical Redesign
Clinical Governance
Perioperative Critical Care Program Co-Chairs
Dr. Graham Smith
Ms Indra Wijetunga
Medical Program Co-Chairs
A/Prof. Peter Van Aspen
Ms Cheryl McCullagh
Ambulatory Program Co-Chairs
Dr. Mary McCaskill
Dr. Bruce Lord
CLINICAL SUPPORT PROGRAMS
Research
Prof. Peter Gunning
Allied Health
Ms Alison Jones
Diagnostics
Dr. Susan Arbuckle
Junior Medical Staff Support Unit
Dr. Carola Wittekind
Education
Prof. David Isaacs
Area Director Mental Health
Dr. David Dossetor

Performance Summary

Goal: To keep children and young people healthy

Achievements

Immunisation	03/04 Result	Target	04/05 Result
Infants, admitted as inpatients with 'not up to date' status, receiving documented catch-up immunisation (%)	64	▲	82.5
Childhood Obesity			
Promote participation in programs designed to assist with weight control and general health in children and young people		Obtain funding to continue the Body Size Reduction Program for adolescents	Funding was obtained for 2004/05
Promote early participation in physical exercise		Work with those involved in the Stretch and Grow (S-n-G) Program, for 3-5 year-olds, to ensure consistent training and appropriate activities for the target group.	It is now a requirement that in order to obtain a S-n-G franchise, staff must have completed the nationally approved Children's Hospital Institute of Sports Medicine (CHISM) Training Course.

Goal: To provide the health care people need

Achievements

Access to Emergency Care	03/04 Result	Target	04/05 Result
Off Stretcher time - transfer of care to the ED >= 30 minutes from ambulance arrival (%)	13	10	12
Emergency Department - cases treated within ACEM benchmark times (%):			
Triage 1 (within 2 minutes)	100	100	100
Triage 2 (within 10 minutes)	100	80	100
Triage 3 (within 30 minutes)	37	75	46
Triage 4 (within 60 minutes)	28	70	39
Triage 5 (within 120 minutes)	62	70	78
Access Block - ED patients not admitted to an inpatient bed within 8 hrs of commencement of active treatment (%)	42	32	26
Waiting times - booked medical and surgical patients:			
More than 30 days - categories 1 & 2 (number)	37	▼	26
More than 12 months - categories 1,2, 7 & 8 (number)	131	75	28

Goal: To deliver high quality health services

Achievements

Patient Safety	03/04 Result	Target	04/05 Result
Unplanned re-admission to ICU - within 72 hours of discharge from an ICU (%)	2.1%	▼	2.8%
Unplanned return to an operating room – booked surgery only (%)	0.159%	▼	0.117%

Consumer satisfaction	Target	04/05 Result
Complaints resolved - within 35 days (%)	80%	94%

Goal: To manage health services well

Achievements

	Major achievements	Areas requiring further work
Workforce recruitment and retention	• Targeted Advertising (tailored recruitment strategies for areas experiencing staff shortages or difficulty in recruitment including review of advertisement content, media placements etc) • Overseas Sponsorship via Standard Business Sponsorship arrangement with Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) • Nursing Recruitment Strategies included targeted recruitment through CHW Open Day - 'Paediatric Nursing Information Session', Microsite/ Web Campaign and Reconnect Program • Support for professional groups to obtain appropriate registration for clinical practice Develop and implement an effective medical staff performance management and reporting system	• Develop and implement an effective medical staff performance management and reporting system • Develop and implement a system of recording and reporting clinical privileges granted • Conduct a review and update leave policies and procedures • Continue the development of an area clinical workforce plan

Corporate Governance Statement

The Chief Executive is responsible for the corporate governance practices of CHW. This statement sets out the main corporate governance practices in operation throughout the financial year, except where indicated.

The Chief Executive

The Chief Executive carries out all functions, responsibilities and obligations in accordance with the Health Services Act of 1997.

The Chief Executive is committed to better practices contained in the Interim Corporate Governance Guidelines, issued by the NSW Department of Health.

The Chief Executive has in place practices that ensure the primary governing responsibilities in relation to:

- setting strategic direction
- ensuring compliance with statutory requirements
- monitoring performance
- monitoring financial performance
- monitoring the quality of health services
- industrial relations / workforce development
- monitoring clinical, consumer and community participation
- ensuring ethical practice.

Strategic Direction

The Chief Executive has in place processes for the effective planning and delivery of health services to the communities and patients serviced by CHW. This process includes setting of a strategic direction for both CHW and for the health services it provides.

Code of Ethical Behaviour

The Chief Executive and CHW have adopted a Code of Conduct and a Statement of Business Ethics to guide all employees and contractors in carrying out their duties and responsibilities. The Code covers such matters as responsibilities to the community, compliance with laws and regulations and ethical responsibilities.

A copy of this Code of Conduct is included in the CHW Annual Report.

Risk Management

The Chief Executive is responsible for supervising and monitoring risk management by CHW, including the system of internal controls. The Chief Executive has mechanisms for monitoring the operations and financial performance of CHW.

The Chief Executive receives and considers all reports of CHW's External and Internal Auditors and, through the Audit Committee, ensures that audit recommendations are implemented.

There is a risk management plan for CHW in place.

Quality Committee

The Chief Executive has in place systems and activities for measuring and routinely reporting on the safety and quality of care provided to the community. These systems and activities reflect the principles, performance and reporting guidelines as detailed in the Framework for Managing the Quality of Health Services in NSW documentation. The Health Care Quality Committee has been established

Health Care Quality Committee Membership

Chief Executive (chair)
Three Community Representatives
- Ms Joanna Capon
- Mr Graham Lawrence
- Ms Anne Cutler

Director, Clinical Operations and Clinical Governance, Medical
Director, Clinical Operations and Clinical Governance, Nursing
Director, Corporate Services and Finance
Director, Finance
Director, Community Relations and Marketing
Director, Information Services
Director, Workforce Development
Area Director, Mental Health
Co-chairs, Ambulatory and Emergency program
Co-chairs, Medical program
Co-chairs, Perioperative and Critical Care program
Chair, Division of Allied Health
Chair, Division of Diagnostic Services
Chair, Division of Education
Service Improvement Coordinator
Clinical Risk Manager
Practice Development Coordinator, Nursing
Head, University Department of Paediatrics and Child Health
Assistant Director of Clinical Services
Chief Resident
Executive Support Manager

Audit Committee

The Chief Executive has established an Audit Committee. This committee is chaired by Mr Kevin Doyle and consists of members are Mr John Dunlop, Mr John Green and the Chief Executive.

Mr Doyle, Mr Dunlop and Mr Green are not employees of, or contracted to provide services to CHW. Mr Doyle was appointed to chair the Audit Committee by the Director-General of the NSW Department of Health.

The Audit Committee meets four times per year. The objectives of the Audit Committee are to:

- Maintain an effective internal control framework
- Review and ensure the reliability and integrity of management and financial information systems
- Review and ensure the effectiveness of the internal and external audit functions
- Monitor the management of risks

The Audit Committee meetings are attended by the following CHW employees:

- Director of Clinical Operations – Medical & Clinical Governance
- Director of Clinical Operations – Nursing & Clinical Governance
- Director of Corporate Services and Finance
- Director of Community Relations and Marketing
- Director of Information Services
- Director of Finance
- Manager, Internal Audit

The Audit Committee meetings are also attended by the External Audit, the Audit Office of NSW and a Partner, Deloitte Touche Tohmatsu (internal audit co-sourcing services contractor).

Finance and Performance Committee

The Chief Executive has established a Finance and Performance Committee. This committee is chaired by the Chief Executive and consists of the following members:

- Mr John Dunlop (independent member)
- Mr Kevin Doyle (independent member)
- Mr John Green (independent member)
- Director of Clinical Operations – Medical & Clinical Governance
- Director of Clinical Operations – Nursing & Clinical Governance
- Director of Corporate Services and Finance
- Director of Community Relations and Marketing
- Director of Information Services
- Director of Finance (in attendance)
- Manager Internal Audit (in attendance)

The Finance and Performance Committee meets eleven times per year. The objectives of the Finance and Performance Committee are to:

- examine budget allocations
- monitor overall financial performance in accordance with budget targets
- develop and maintain an efficient, cost effective finance function and information systems
- ensure appropriate financial controls are in place
- manage funds effectively.

Performance Appraisal

The Chief Executive has ensured that there are processes in place to:

- Monitor progress of the matters and achievement of targets contained within the Performance Agreement between the Chief Executive and the Director-General of the NSW Department of Health.

- Regularly review the performance of CHW through the Annual Governance Review process.

Fraud Control

The Hospital's Fraud Control Policy, including Code of Conduct, is issued to all staff members and is available on the Hospital Intranet. The Code of Conduct and a Statement of Business Ethics are available on the Hospital website for public awareness.

All staff members are expected to observe this policy by demonstrating honest, ethical and professional behaviour.

Staff and those who deal with the Hospital are expected to promptly bring any instance of suspected internal or external fraud to the attention of management. This will result in the process of investigation as set out in the Hospital's Fraud Control policy.

Internal Audit usually conducts investigations on suspected fraud. This may involve investigations in cooperation with the Police and the Independent Commission Against Corruption.

Clinical Governance

Directions Statement

The NSW Patient Safety and Clinical Quality Program was implemented in 2004 to improve clinical governance by providing staff with the support they need to deliver safer, better quality care.

Under the Program, The Children's Hospital at Westmead (CHW) was required to implement the clinical governance functions from the Implementation Plan that commenced in June 2005.

This is to be achieved through the establishment of the Clinical Governance Unit. The Unit provides the roles of support, performance and conformance to develop and monitor policies and procedures for improving systems of care. This includes the designation of a Senior Complaints Officer to receive and manage serious complaints.

Program Reporting

The CHW Clinical Governance program performance reports were lodged with NSW Health in October 2004 and June 2005.

Three of the four Clinical Governance Measures due by 30 June were implemented by that date.

The report variation can be attributed to the Clinical Governance Plan being signed off at the first meeting of the Health Care Quality committee in July.

In achieving this result, CHW is satisfied that it has implemented the required clinical governance functions.

The CHW's Clinical Governance Unit is called the Service Improvement Unit (SIU). The major function of the SIU is to coordinate improvement, patient safety and consumer participation activities for the Hospital as a whole.

Some of the key activities of the SIU for 2004/2005:

- A new Integrated Incident Management System (IIMS) was introduced. For many years the SIU has coordinated electronic reporting of incidents and near misses and CHW is now part of the Statewide IIMS. SIU are continuing to train and support staff to use this system, with a particular emphasis on recording near misses. SIU is continuing to help staff act on every incident and near miss as an opportunity for improvement in the system.

- There were a large number of improvements made in part or as a direct result of acting on suggestions made by families through the complaint process. Just a few of these are;

- The introduction of new brochures with information about the process once you arrive at the Emergency Department. The brochures are also on the Intranet and translated into Arabic, Vietnamese, Korean, Farsi, Chinese and Turkish.

- A new system of identification badges for parents has been trialled in three wards and will be implemented throughout the Hospital over the next few months.

- A number of areas in the Hospital now have improved access for strollers and wheelchairs.

- There have been improvements made to a number of Hospital processes and facilities.

- Just one of the many improvements made to patient safety has been the purchase of new resuscitation trolleys and the ongoing development of a high quality resuscitation training programs for staff at the Hospital.

In 2004, the Hospital was successfully accredited by the Australian Council of Healthcare Standards and, whilst there were some suggestions for improvement, the ACHS were very impressed by our patient safety, quality and consumer participation programs.

Activity Levels

	2004/05	2003/04	2002/03	2001/02	2000/01
Bed Capacity					
Total Beds at 30 June	339	339	339	339	339(350)
Average number of beds available during year	250	232	237	239	242
June bed Equivalents [6]	264				
Patient Details					
Inpatients					
Number in hospital at 1 July	211	185	211	203	218
Separations during year	26,702	25,750	25,791	26,222	25,497
Planned as % of total admissions*	48%				
Same day as % of total admissions*	49%				
Total patients treated	26,909	25,935	26,002	26,425	25,715
Number in hospital at 30 June	207	211	185	211	203
Bed days of inpatients treated	81,885	79,039	78,001	81,710	83,525
Acute Bed Days*	81,885				
Overnight acute bed days*	68,930				
Number of operations	13,561	13,361	13,056	13,210	13,162
Outpatients					
Total occasions of service	626,492	579,860	524,764	525,631	507,475
Emergency Department attendances [5]	40,038				
Expenses – All Programs ($1000)	250,822				
Averages					
Daily average of inpatients [3]	224	216	213.7	223.9	228.8
Adjustment for outpatients	171.6	158.4	143.8	144.0	139.0
Adjusted daily average (ADA)	396	374.4	357.5	367.9	367.8
Average stay of inpatients (days) [2]	3.07	3.07	3.02	3.12	3.27
Bed occupancy rate (%) [4]	90.3%	93.2	90.3	93.8	93.4
(after adjustment for weekday beds)					

*Not reported in previous years

Notes

1. Inpatients activity data is not directly comparable to previous years' published data in the following ways:
   - The Health Information Exchange (HIE) data was used except for The Children's Hospital at Westmead, Sydney South West and North Coast where Department of Health Reporting System (DOHRS) data was used, except for bed days due to issues with this data in the HIE;
   - The number of separations includes care type changes;
   - All historical data was recalculated using the same method and source of data.
2. Acute average length of stay = (Acute Bed Days)/(Acute Separations)
3. Daily average of inpatients = Total Bed Days/365
4. The bed occupancy rate includes only June data and covers only major facilities (peer groups A1a to C2). This is not comparable with earlier reports as bed occupancy previously contained information for a full year and included community and non-acute facilities. Emergency Departments, Delivery Suites, Operating Theatres and Recovery Wards were excluded from all occupancy rate calculations.
5. Emergency Department attendances are based on DOHRS and Emergency Department Information System (EDIS) and are not comparable to previous years' data as pathology and radiology services performed in Emergency Departments are excluded from 2004-2005 data.
6. The numbers of available beds presented reflect the average for June 2005 and are not comparable with information from previous years as these were based on average available beds for a full financial year. Since March 2005, the bed information previously obtained from DOHRS was replaced by a new beds collection, which provided more detailed information on bed type and availability. Owing to the limited period that the new bed collection has been in place, it is not possible to provide an average number of beds for the year.

Beds in Emergency Departments, Delivery Suites, Operating Theatres and Recovery Wards are excluded.

A bed equivalent is the estimated additional bed capacity arising from services provided to reduce a patient's period of stay in hospital or from initiatives that provide alternatives to an admission to hospital. The number of bed equivalents is not comparable with those in the 2003-2004 Annual Report, as these were derived based on admissions reclassified to non-inpatients. Data on such activity is no longer collected.

Service Planning

Healthcare Service Plan

The Healthcare Service Plan (HSP) for CHW has been developed over the period September 2004 to June 2005. The document outlines current activity and services for CHW and identifies key challenges and strategic directions over the next ten years.

The activity data for CHW shows that some of our services have remained static and others have decreased slightly. However there are many, particularly outpatient services, that have increased significantly, often up to 100 per cent. This change in activity profile has been seen internationally in paediatrics where bed numbers are falling and there is a greater focus on delivering services in an outpatient setting.

The paediatric network and partnerships with other AHS are essential to providing paediatric services to patients and their families across NSW. These links need to be developed and strengthened through joint-appointments, satellite clinics and 'badging' of paediatric services. Pragmatic and sustainable programs are needed to deliver health services closer to home for patients and their families and to support professionals in delivering these services.

CHW offers many specialised services that are not accessible elsewhere in NSW. Both John Hunter Hospital and Sydney Children's Hospital refer patients and families to these services due to the concentration of expertise at CHW. It makes sense for patients and professionals to develop statewide programs for these services, building on existing clinical and professional networks.

From the available data it has been difficult to reflect the true nature of clinical activity. CHW's data collection system does not reflect our multidisciplinary models of care, and in particular does not identify clinical activity that does not involve direct patient contact. Repeatedly, services identified that looking after paediatric patients is becoming increasingly complex, however the data does not allow us to quantify the complexity of patient care.

The main budgetary challenge for CHW is resource allocation. Correctly quantifying clinical activity and activity costs, accurately predicting growth and then allocating funding from an 'historically' based budget presents an increasing difficult situation whereby the Hospital is to fund the increasingly gap between the cost of providing a service and its funding. The Hospital can no longer sustain any additional gaps and it is important that any enhancement for new services or specialist treatment includes the full cost of providing the services.

The HSP has identified many successful and effective services, but has also identified many opportunities for improvement. The challenge for CHW will be to continue to deliver world class healthcare in paediatrics through innovative models of care that remain patient and family focused. The plan has now been submitted to the Department of Health and, once a response is received, CHW will reply to any queries within six weeks and then rollout the plan over the next 12-24 months.

CHW have developed an Asset Replacement Strategy and have identified major assets needing replacement or update over the next five years. Part of the asset replacement strategy has been to establish an Asset Replacement Fund, primarily from a levy on Special Purpose and Trust (SP&T) interest. The Asset Replacement Fund is overseen by the Equipment Committee. The Equipment Committee also prioritises all equipment requests greater than $1000 and monitors the acquisition of these assets from donated funds.

Overview of Operations

Clinical Programs

Ambulatory and Emergency Program

The Ambulatory and Emergency Program represents the departments within the Hospital that provide services to children with a wide range of clinical conditions. These children are primarily seen through outpatient clinics, home visits and school visits. The program includes the Emergency Department, the Adolescent and the Mental Health Wards and key research centres, such as the Centre for Advancement of Adolescent Health, The Children's Hospital Educational Research Institute and the Children's Hospital Institute for Sports Medicine that complement the clinical work in the program.

During the financial year, 42,000 children presented to the Emergency Department for care. Of these, 29 per cent were admitted to Hospital and one third of these were admitted for less than 24 hours. With the support of NSW Health, initiatives were developed to reduce access block. This successfully reduced the children waiting for admission to the wards by a sustained 15 per cent, which allowed even better care to be delivered for seriously ill children in the Emergency Department.

The role of the Assistant in Nursing (AIN) was introduced into the Emergency Department in late 2004 with great effect. Three dedicated AINs have added to the quality of patient care by assisting Registered Nurses (RNs) with stocking and supply of consumable products, patient support and running urgent specimens. This has allowed RNs to fully direct their time and expertise to assessing, planning, implementing and evaluating patient care.

In the Child Development Unit (CDU) considerable work has been undertaken to plan for the transfer of the diagnosis and assessment services for children with developmental disabilities from the Department of Aging, Disability and Home Care. These services, located at Leichhardt and Parramatta, are provided by multidisciplinary teams that include medical staff, psychologists and nurses. The role of the teams is to identify the cause and extent of developmental delay in children and make referrals and recommendations in relation to early intervention, schooling, vocational placement, and family support.

The Child Protection Unit (CPU) has developed an important new educational DVD aimed at prevention of injuries in infants that result from being shaken. The DVD has been widely used in antenatal and postnatal parent education programs and has received international recognition.

The Department of Rehabilitation held a special conference for insurance company rehabilitation advisors and claims managers about children with spinal cord injuries and disease and/or brain injury. This conference, which was run jointly with Sydney Children's Hospital, significantly improved understanding of rehabilitation services for children with these conditions.

Two camps were held for children with acquired brain injury and special education days were run in partnership with the Department of Education and Training to assist teachers to tackle the challenging issues arising from brain injury. Education Days are now held once a year at a country setting, this year in Dubbo. In addition, the Brain Injury Service, in conjunction with other paediatric brain injury services, has produced a new information resource to assist clients in the transition from paediatric to adult services.

Transition services for young people with cerebral palsy also took a major leap forward with the establishment of the Adult Physical Disability Outpatient Clinic at Westmead Hospital. This new service is a result of extensive collaboration between CHW, and the Rehabilitation Service at Westmead Hospital and the Spastic Centre of NSW. In order to further progress services and research into cerebral palsy, the Adult Physical Disability Outpatient Clinic has collaborated with The Spastic Centre to establish a statewide cerebral palsy register.

Selective Dorsal Rhizotomy (SDR) is a new specialised neurosurgical procedure to reduce spasticity in the lower limbs of children with cerebral palsy. Prior to 2005, families had to travel to the USA for this procedure, at a cost of over $50,000. During 2004 a visit was made by CHW staff to the major Cerebral Palsy treatment centre in the USA, following which Dr Mary-Beth Dunn, Neurosurgeon from Gillette Children's Specialty Healthcare in Minnesota, came to Australia to demonstrate the procedure. A new SDR service was subsequently established at CHW with the support of neurosurgeon Dr Ray Chaseling.

After a major injection of funding from the NSW Health, a combined rehabilitation/orthopaedic service was established to treat the orthopaedic needs of children with physical disability - primarily cerebral palsy. The service was expanded with an additional orthopaedic surgeon. Children having multilevel surgery now receive state-of-the-art assessment with gait analysis at the University of NSW.

The introduction of neonatal screening of hearing for all babies born in NSW has resulted in a big increase in the number of hearing-impaired children of all ages attending our Deafness Centre. While many deaf children use speech as their main communication mode, a number use sign language. One of our Deafness Centre paediatricians, Dr Ken Peacock, has been attending courses to enable fluency in sign language (known as Auslan). He has just received his Level 2 Proficiency

Certificate in Auslan - we believe this is a first for a paediatrician in NSW.

Other states have also shown interest in setting up Deafness Centres based upon our own. The Department of Health in Queensland is planning to set up three hearing impairment clinics modelled on our own clinic and has asked Dr Pat Mutton, Head of the Deafness Centre, for advice on this. Services for children with microtia in Victoria are drawing on the experience of our Microtia Clinic, which is a multidisciplinary service staffed by an Ear Nose and Throat (ENT) surgeon, a plastic surgeon and a Deafness Centre paediatrician.

The NSW Centre for the Advancement of Adolescent Health produced 'Adolescent Health: A Resource for General Practitioners' to enhance the skills of GPs in caring for young people from culturally diverse backgrounds. This GP Resource Kit was launched by the NSW Minister for Health, Mr Morris Iemma, in August 2004 with the endorsement of the Royal Australian College of General Practitioners and has been distributed widely to GPs throughout Australia.

At the Trauma Society meeting in Sydney in late 2004, staff of the Emergency Department presented two papers on trampoline injuries and child restraints in motor vehicles injuries.

The Physical Disability Service Team is actively involved in clinical research into the effectiveness of Botulinum Toxin, Intrathecal Baclofen and other treatments for children with cerebral palsy. The Department of Psychological Medicine has also expanded research in a range of important areas, such as the development of emotion-based social skills for children with autistic spectrum disorder, psychiatric disorders among children with developmental disabilities and children with deafness, and evaluating the effectiveness of family therapy for young people with eating disorders.

Nursing research continues to grow. At the annual conference of the Royal College of Nursing a paper was presented on innovation and leadership in nursing, and a poster on constipation management in children with developmental disabilities was presented at the International Paediatric and Child Health Nursing Conference.

The Rehabilitation Department welcomed a new staff member appointed on a Disability Traineeship to the role of therapy assistant. Staff members have attended Auslan training to assist in communication with the new staff member.

Medical Program

This year has seen a number of clinical initiatives aimed at improving patient care as well as the anniversaries of a two pioneering services. Hunter Baillie Ward has had a successful transition from an infant/toddler ward into a general medical/respiratory ward catering for 22 children under 12 years of age.

A trial of introducing Assistants in Nursing (AINs) in the wards (a first in a paediatric setting in NSW) has been so successful it has been now implemented throughout the Hospital in areas where vacancies existed. Commercial Travellers Ward also successfully implemented this approach to managing a complex ventilator-dependent patient on the ward by employing and educating five Assistants in Nursing to care for this patient. In recognition of these achievements, Hunter Baillie Ward was a finalist in two areas at the Nursing Recognition Awards presentation, High Performance/Exceptional teamwork and Outstanding Nursing Leadership while Commercial Travellers Ward received a nomination for Excellence in Teamwork.

The appointment of an Oncology Rural Outreach Clinical Nurse Consultant (Bridget McGinley, who travelled from the UK for this position) will support the networking and care of patients and families beyond the metropolitan area. The Pain and Palliative Care Service have provided in-service education program training to 80 per cent of Emergency Staff and have trained at least three staff members in every ward in nitrous oxide administration. Revised pain management guidelines are also available for use. They also continue to run an annual Paediatric Palliative Care Symposium.

The Cystic Fibrosis Treatment Centre has continued to function effectively in reducing Emergency Department visits and hospitalisation in our cystic fibrosis patients, as well as helping facilitate the education of newly diagnosed patients. For the first time this year, a cystic fibrosis Fellow appointment was made possible through the Jardine Lloyd Thompson Paediatric Clinical Fellowship, provided by CF NSW. This has enhanced the service offered by the Cystic Fibrosis Treatment Centre and has resulted in a significant increase in utilisation. Both the Cystic Fibrosis Treatment Centre and the Western Child Health Network Asthma project have been submitted for consideration for Baxter and Quality at Kids (QUAK) awards.

Stephen Alexander and Jeffery Fletcher from the Department of Nephrology have established a gene bank for the evaluation of familial and sporadic renal conditions. The Poisons Centre had a half-time Medical Director appointed last year, Lindsay Murray. This will ensure the continuing excellence of this important service.

The Department of Dermatology celebrated the ten year anniversary of the Vascular Birthmarks Study Group meetings. This is a multidisciplinary group chaired by Dermatology. The addition of David Lord, Interventional Radiologist, to this group has enhanced its efficacy and

profile considerably. Over 500 patients have been discussed in these meetings, all with complex malformations which cannot be handled by a single specialist.

While largely experimental 25 years ago, bone marrow transplants are now a standard form of treatment for children with the most serious forms of cancer. This year is the 25th year of the CHW oncology unit performing bone marrow transplants with 400 children treated.

Research has once again been a major focus for the medical program with significant success in establishing research collaborations, obtaining research funding and in research publication. Some 30 articles have been published in peer-reviewed journals by members of the Department of Nephrology and the Centre for Kidney Research. These include publications in the Lancet, New England Journal of Medicine and the British Medical Journal. Jonathan Craig has received long-term funding as Chief Investigator for both SEARCH – Study of Environment on Aboriginal Resilience and Child Health (This has been funded through an NHMRC Aboriginal and Torres Strait Islander Research 'A Healthy Start to Life' grant of $2.1 million over five years from 2005) and STEP – the 'Screening and Test Evaluation Programme', refunded by an NHMRC Programme Grant for $6.3 million over five years.

Elisabeth Hodson was also successful as Chief Investigator on the ARDAC study funded by Financial Markets for Children for 2005-2007. The ARDAC study is a prospective cohort study over six years examining Aboriginal and non-Aboriginal primary school children in different areas of NSW for antecedents of renal disease.

Recent major research initiatives from the Department of Neurology have included the establishment of a program of clinical research into neuromuscular disorders of childhood. These studies have included research into mechanisms, diagnosis and treatment of inherited and acquired childhood neuropathies such as Guillain-Barre syndrome and Charcot-Marie-Tooth disease. These studies are being undertaken by investigators from the Department of Neurology and the Institute for Neuromuscular Research, in collaboration with members of the Departments of Orthopaedics, Rehabilitation and Endocrinology.

The Department has also recently initiated a number of clinical trials of new treatments for Duchenne muscular dystrophy, in association with other centres in Australia and in collaboration with the Cooperative International Neuromuscular Research Group (CINRG), based in the USA, and research associates in the United Kingdom. Jennifer Byrne from the University of Sydney Clinical School was awarded the Cancer Institute NSW Career Development and Support Fellowship for 2005-2007.

Staff in the Medical Program have also received international recognition over the past 12 months. Prof Louise Baur from the University of Sydney Clinical School was invited by the IASO President, Prof Claude Bouchard, and the IASO President Elect, Prof Arne Astrup, to take up the post of editor-in-chief of a newly proposed journal to be launched at the start of 2006, devoted to paediatric obesity issues. She was also appointed as Director of the Telstra Foundation Board. The invitation was made directly to Louise from the Chair of the Foundation, Mr Herb Elliot. Dr Vijay Kumar, also from the Clinical School, was invited to be consultant to the International Atomic Agency (IAEA) to prepare International Pharmacopoeia (IP) Monographs for Radiopharmaceuticals. He was also an invited speaker at a number of International Conferences.

Ray Chaseling from the Department of Neurology was invited to the Children's Hospital in Hanoi, Vietnam on behalf of the Australian Vietnam Medical Association to operate and lecture on paediatric neurosurgery and to create some ongoing dialogue and co-operation. Further visits will take place, as well as possible sponsorship of visits to CHW by the Association of Vietnamese surgeons in the future. Michael Stevens was honoured on Australia Day with the award of AM in recognition for his contribution to Oncology and the establishment of Bear Cottage.

Promotions

- Andrew Holland - Associate Professor
- Bridget Wilcken - Clinical Professor
- David Baines - Clinical Associate Professor
- Kim Donaghue - Associate Professor
- Julie Curtin - Senior Lecturer

Promotions and new titles

- Dominic Fitzgerald - Clinical Associate Professor
- Gary Sholler - Clinical Associate Professor
- Cheryl Jones - Sub-Dean (Postgraduate Studies)

New appointments

- Peter McIntyre - Professor & Director, NCIRS
- Robert Booy - Professor & Co-Director, NCIRS
- Anne Morris - Lecturer (part time) SPMMP
- Monique Ryan - Senior Lecturer

Newly awarded conjoints/clinical titles

- Julia Brotherton - Senior Lecturer
- David Lord - Lecturer
- Angela Beaton - Lecturer
- Hiran Selvaduri - Senior Lecturer

- Julian Ayer - Senior Lecturer
- Vijay Kumar - Senior Lecturer
- Megan Sherwood - Senior Lecturer
- Yemima Berman - Associate Lecturer
- Kaustuv Bhattacharya - Associate Lecturer
- Drago Bratkovic - Associate Lecturer
- Mary Anne Chiong - Associate Lecturer
- Roshan Virashinghe - Associate Lecturer
- Sue Hawes - Clinical Associate Lecturer
- Hooshang Lahooti - Honorary Associate
- Bernadette Tobin - Associate Professor

Perioperative/Critical Care Program

This past financial year has seen several major achievements within the Peri-operative/Critical Care Program. Most of these initiatives were aimed at improvement of services focusing on children and their families within the organisation and in the community.

The Cleft Palate Clinic has initiated an international collaborative research project with other cleft teams in Australia, New Zealand and Canada, investigating the classification of cleft lip and palate conditions. David Fitzsimons, Cleft Palate Clinic Speech Pathologist, was the inaugural recipient of the Freedman Foundation and CHW joint research fellowship. He was also invited to join an international panel of speech pathologists to participate in a 'Workshop on Universal Reporting Parameters for the Speech of Individuals with Cleft Palate', in Washington DC.

Peter Hayward, Head of Plastic Surgery and Cleft Palate has successfully trialed isolated cleft lip repair as a day-stay procedure. A new Cleft Palate Department website was designed and is accessible to all children, families and health professionals, in order to provide up-to-date information, educational material and appropriate resources. With the introduction of standardised post-operative care plans for cleft surgery, coupled with improved patient education, length of stay for cleft palate patients have decreased significantly. This has saved the Hospital in excess of $ 250,000 over the past three years, with no increase in readmission or complication rates.

There has been significant growth in Adolph Basser Cardiac Institute (ABCI) which includes their cardiac scheduling/diary system which went live on the 3 March, 2005. The new scheduling system will take the place of outdated paper diaries with all appointments, including ECG's, entered and booked online. Eventually, all ABCI statistics and billing will be done through this scheduling system.

The Cardiology Department introduced a new Risk Reduction Clinic for children who are regarded at high risk of long term cardiovascular disease as adults. This clinic is conducted every four weeks, in conjunction with the Congenital Heart Clinic. Professor Anderson held the Visiting Professorship (The Vivienne and Ross Hobson Chair of Paediatric Cardiology) in the Adolph Basser Cardiac Institute. There is now recognition of ABCI and CHW as a centre of clinical expertise in the management of children with paediatric heart disease.

ABCI continues to work in collaboration with the Victor Chang Cardiac Research Institute, examining genetics of congenital heart disease. Investigation has taken place into the effects of the Australian Red Cross Blood Service changing blood supplies from packed red cells to Buffy Coat Poor red cells on the priming solutions used in the Heart Lung Machine Adjustments have been made to our priming solutions to compensate for the changes.

The Paediatric Intensive Care Unit introduced a team model in the care of critically ill children with pre-allocation of staff to improve continuity of care. The introduction of the Long Term Ventilated Unit was instituted to transition chronic long-term ventilator dependant children from Hospital to the community. The focus on education has been improved with the introduction of a four hour study period per staff member per month with regular planned education sessions.

The orthopaedic services at CHW were enhanced with funding from NSW Health which allowed for the restructure of its services with the employment of four surgeons, two advanced practice nurses and two senior physiotherapists. There is now a cerebral palsy service, in collaboration with Sydney Children's Hospital, which provides statewide coverage for children with cerebral palsy who require orthopaedic care. There is also a statewide service for children with spinal disorders and seed funding for paediatric orthopaedic oncology services.

The Department of Surgery's main focus over the last twelve months has been the application of minimally invasive surgical techniques for children with surgical problems. The impact of this will be a shorter length of Hospital stay, decreasing the amount of pain and discomfort associated with a surgical procedure and providing a much better cosmetic result overall.

Surgical research this year has been developing along two projects, both with a common theme of minimally invasive surgery. Research in the laboratory has been supported by a grant from the CHW Research Fund of $50,000. Clinically-based research into minimally invasive surgery has looked at the use of simulators for teaching and has been supported by a grant from the Royal Australasian College of Surgeons and a gift from the CHW Volunteer Workers. This has enabled the purchase of a 'Lapsim' Virtual Reality Simulator which has been used to train basic surgical trainees from around NSW in fundamental minimally invasive surgical skills. This is part of a multi-centre study organised by the International Paediatric Endosurgery Group (IPEG)

and involves collaborating with other centres in Europe and North America.

CHW's liver transplant program started in 1987. To date the total number of transplants performed is 172 with the total number of patients being 149. Of these, 86 patients were transplanted at CHW, with the overall survival of patients undergoing transplantation at CHW being 93 per cent. To the end of 2004, child survival at one, five and ten years was 84 per cent, 81 per cent and 76 per cent respectively.

The paediatric arm of the New South Wales Severe Burns Injury Service (SBIS) at CHW admits all major burns in children in the state. The unit has played an integral part in the creation of the SBIS review committee, which has overseen the implementation of statewide guidelines for consultation and transfer of burns patients to the SBIS.

During 2005 the Children's Hospital Burns Research Institute (CHBRI) was developed to promote and coordinate research activity. Current projects include histopathological studies into the effectiveness of first aid in burns using an animal model, the role of the fibrocyte in burn wounds and, in collaboration with the Fairfax Institute, a study to determine body protein content and bone mineralisation in burns survivors. Active clinical research at a nursing level has resulted in a number of presentations at scientific meetings in 2004-2005, both in Australia and Internationally.

The Burns and Plastics Treatment Centre (BPTC) now accepts direct referrals from general practitioners, peripheral hospital emergency departments as well as from community health facilities. This multidisciplinary unit's activity continues to increase each year. Several new positions have been appointed recently and mostly from donated funds. Our Play Therapist, who is crucial to the development of distraction therapy during burns dressings, has been upgraded to full time. We intend to continue to fund these positions and that of the Burns Fellow in 2006, as well as appointing a burns /pain /anaesthetic Fellow who will be responsible for coordinating pain relief during burns procedures and operations. The positions are dependent on the availability of donated funds.

The CHW Burns Unit would again like to acknowledge the NSW Fire Brigades and the Day of Difference Foundation for their continued support to our unit.

The introduction of trauma admission forms for children suffering major trauma will standardise documentation of injury details, clinical findings and treatment of trauma patients in the Emergency Department. The form also prompts teams to perform the tertiary survey, a repeat full examination of the injured on the day following admission, to reduce the risk of missing an injury. The forms will be audited by the Trauma Department and will assist data collection for the Department of Health and the NSW Institute of Trauma and Injury Management.

The Trauma Discharge Card was developed as a result of delayed diagnosis of fractures in trauma patients who were observed and discharged from the Emergency Department. In this situation it is often only after a day of so that these children develop symptoms or signs of an injury. The card provides information and advice for parents to represent in case of new or persistent symptoms. A study on the role of immediate trauma radiology in children was conducted and found that many of these radiographs were normal. Targeted imaging, based on clinical findings, was found to be both safe and sensitive. This will reduce radiation to children and Hospital staff, in addition to providing cost savings for the Hospital

Clinical Support

Allied Health

The major focus of Allied Health this year has been risk management, patient safety and credentialing of staff. As Allied Health is a diverse group of professions it has been tackled in a number of ways. The departments involved in direct patient care - Audiology, Nutrition & Dietetics, Occupational Therapy, Orthoptics, Orthotics, Play Therapy, Physiotherapy, Psychology, Social Work and Speech Pathology are developing competencies for procedures that involve risk and then for all core practices for each profession.

Occupational Therapists have worked with the Spastic Centre and the OH&S Staff to ensure that harnessing of the Tumbleform feeding seats is safe. The harnessing which is made by our Sewing Room is being patented and an information sheet has been written.

The Speech Pathology Department's submission to develop a safe paediatric seating system for children undergoing video-fluoroscopic procedures for swallowing function attracted a significant donation to enable commencement of work on this, in partnership with the Occupational Therapy and Biomedical Engineering Departments. A seating system, such as the one being developed, will be the first of its kind in a paediatric hospital in Australia. It will allow the procedure to be conducted more effectively and safely on all children, but most especially those who are in wheelchairs.

The Orthotics Department has created a safety procedure for the removal of plaster casts under the risk assessment format. This is to ensure the department continues with an unblemished record of never having an adverse patient incident whilst removing casts.

Kids Health has worked on a number of public health campaigns to reduce mortality and morbidity due to

burns, nursery furniture and drowning. These campaigns have been varied in their partnerships and approaches, with involvement from a wide range of professionals from within and outside of the Hospital. Within the Hospital, Kids Health has worked in promoting staff health through projects aimed at increasing physical activity with the provision of pedometers and supporting staff in their decision to quit smoking by providing eight weeks of free nicotine patch therapy.

Penny Thornton, Head of Pharmacy, is now the Chair of the Medication Safety Committee. The two projects completed by the committee this year are the purchase of pre-mixed potassium IV fluids for all wards, minimising stock of concentrated potassium on wards where there is a safety concern and the purchase of individually packaged oral syringes for use in measuring doses of oral liquid medication for all patients.

Physiotherapists have regular meetings with paediatric physiotherapists from other work places to look at each assessment tool used on an appropriate patient and discuss its measurements and uses. Occupational Therapists have met with the therapists from Auburn/Blacktown/Mt Druitt to review developmental assessments and consider which is the most appropriate for particular groups of children.

Audiology continues to be at the helm of the Statewide Hearing Screening Program and was proud to be part of the team that was awarded both Baxter and Premier awards for this initiative in 2004.The Audiology Clinic has diagnosed over half the hearing impaired babies detected by the program and continues to finetune the service. We are now closely involved with the teams from Sydney Children's Hospital and other centres in creating better information and support for the families after diagnosis.

Sydney's Paediatric Cochlear Implant Centre's (SCIC) received enhancement funding for an additional 34 children to receive the cochlear implant. Early detection of hearing loss and referral through the SWISH program has seen over 60 children receive the cochlear implant this year.

Prof Gibson's pioneering work with electrophysiological testing, including electrocochleography continues to set the world standard for accurate hearing loss diagnosis. The SCIC model of service delivery enables children to progress to adult cochlear implant services through links with the Royal Prince Alfred Hospital. In 2005 the program provided acute and long-term services at over 20 different locations in NSW and the ACT. SCIC continues to work closely with educational and service partners, including the Royal Institute for Deaf and Blind Children, to enable the very best outcomes for children with hearing loss and the cochlear implant.

Vision screening continues to be a key area of importance to the Orthoptic Department. Orthoptists regularly meet with ophthalmologists, other orthoptists and nurses of various Area Health Services and private practices to ensure that the most accurate and up-to-date vision tests are used in clinics and for screening. There has been a strong focus on education of health professionals on how to screen children for vision problems.

Patching, a major component of orthoptic treatment, has been an important clinical focus. Surveys have been handed to patients to help identify areas that need improvement or change. As a result, a new, innovative design for eye patches has been developed and, with the help of the sewing room, we hope to implement this in the near future.

The Orthoptic Department continues to perform specialised electrophysiological testing to enable early diagnosis of ocular disorders. A fundraising project has commenced, with assistance from the Fundraising Department, so that the latest technology can be attained and CHW may maintain its position as a leader in this investigative diagnostic process.

The Orthotics Department has completed a major quality improvement activity which was to gauge the return rate for repairs and adjustments of orthoses.

The Psychology Seminar Series 2005 was successful and well attended.

Name	Achievement
Belinda Swain	Masters in Occupational Therapy
Ruth Brunsdon	PhD submitted March 2005; seven journal publications, one book chapter and one journal article include case data from the PhD
Elsie Mobbs	PhD published as supplement to journal 'Hormone Research June 2005'
Cheri Templeton	Nominated for the Premier's inaugural 'Woman of the Year' award
Paul Rhodes	Four journal articles
Sara Coombes	Presentation at the sixth World Congress on Brain Injury
Pam Joy and Kathleen Bakker	Abstract : INS Dublin June 2005 and Paediatric Research Seminar July 2005

Diagnostic Services

The Department of Allergy, Immunology & Infectious Diseases, with the employment of extra part-time staff, has continued to expand its allergy service, including outpatients, challenge clinics and educational resources. New laboratory technology, in the form of robotics and the Luminex machine, has addressed occupational health and safety concerns, improved turnaround time and increased revenue raised from both diagnostic testing and contracted research.

We anticipate future development of laboratory testing for immunodeficiency and expansion of the clinical immunodeficiency service. Employment of a dedicated Allergy Dietician will address shortcomings in the management of children with severe food allergies.

The Department of Clinical Biochemistry had another busy and successful year, with a three per cent increase in its workload over the previous twelve months. During the year, the Department gained re-accreditation by the National Association of Testing Authorities (NATA). They also now have new analysers which will further enable consolidation of a large number of tests on to one platform, improving overall efficiency.

In addition, Biochemistry's research and development activities in the areas of neurotransmitters and pharmacokinetics continue to expand. In conjunction with the Department of Oncology and the Sydney University Department of Pharmacy, Biochemistry is in the process of developing a method for measuring the immunosuppressive agent, mycophenolic acid. Establishment of this test will further improve the management of transplant patients.

The Department of Cytogenetics wide battery of Fluorescent in Situ Hybridization (FISH) tests continue to expand, and has recently detected the first case of Short stature Homeobox Protein (*SHOX)* gene deletion. The *SHOX* gene maps to the pseudo-autosomal region of the X and Y chromosome p-arms. The gene is deleted in over half those cases positive for some type of mutation at the *SHOX* locus, and so FISH testing is appropriate. Defects in *SHOX* are the cause of leri-weill dyschondrosteosis, a dominantly-inherited skeletal dysplasia characterized by moderate short stature, predominantly due to short mesomelic limb segments. It is often associated with the Madelung deformity of the wrist, comprising bowing of the radius and dorsal dislocation of the distal ulna.

There have been many staff achievements in further education in 2004-2005. Scientists Dorothy Hung and Jill Cross have succeeded in passing the Part One, Australasian Society of Cytogenetics/Human Genetic Society of Australasia (ASOC/HGSA) Cytogenetics exams, and will thus be awarded Member of Human Genetic Society of Australasia (Cytogenetics). Jill achieved a distinction in the exam, and was the only Australasian candidate to do so.

Sara Diaz, Senior Scientist in our Oncology Section, graduated MScTech (UNSW), in Chemical Analysis and Laboratory Management. Scientist Cheryl Cotton recently graduated as a Genetic Counsellor at Charles Sturt University.

Ashley Haywood was awarded Bsc Hons (1st Class), Macquarie University, for her thesis *'De novo translocation in a child with anophthalmia'.* Ashley was supervised by Robyn Jamieson and Greg Peters. Also, in respect of this project, Mr Luke St.Heaps, Senior Scientist in Cytogenetics, provided much invaluable expertise and assistance in FISH technology. This formed a critical component of the project.

In Diabetes there has been completion and federal endorsement (NHMRC) of the Australian Clinical Practice Guidelines for the Management of Type 1 Diabetes in Children and Adolescents. The Diabetes Day Care Centre was officially opened in December 2004 by Pam Allan, MP Parramatta. Group Education for Newly Diagnosed Diabetes has started. Nurse Practitioner (Paediatric Diabetes) accreditation has been completed and awarded as the first in Australia.

Martin Silink has been appointed President-elect, International Diabetes Federation (IDF) with many other staff holding executive positions within Australian diabetes and endocrine societies.

Haematology and Blood Bank laboratories have had a 2.7 per cent increase over the previous year in patient samples being processed. With fifteen new patients diagnosed during the year, there are now 160 children with congenital blood disorders under the care of the Haematologists. Haemophilia patients with inhibitors have undergone tolerisation protocols to reduce their antibody titres, reducing their need for expensive Factor VIII (IX) bypassing agents to control bleeding. Details of the Unit's experience have been presented at local, interstate and international meetings.

A ten year review of the Department's experience in the diagnosis and management of children with Thalassemia and Sickle Cell disease has been presented at International Thalassemia Workshop in Fremantle. We look forward to the appointment, with funding promised by NSW Health, of nurses for outpatient care of children with Haemophilia and other bleeding disorders.

The Histopathology Department has continued this year to provide a quality and timely service for surgical biopsies, frozen sections and urgent cases. The Department has continued to expand its ability to do special stains, immunoperoxidase and histochemistry on muscle and other specialised tissue. Insitu hybridisation has been introduced for various viruses on paraffin blocks and has been extracting DeoxyriboNucleic Acid / RiboNucleic Acid (DNA / RNA) to enable Polymerase Chain Reaction (PCR) to be done for tumour translocations.

The perinatal service that the Department offers has expanded greatly and now covers many major metropolitan hospitals, most country hospitals and many of the private hospitals in Sydney. This service is recognised as being of superior quality by all the obstetricians and hospitals that use it. The Department has continued to be involved in teaching and research

with projects including research done for the Burns Unit and Tumour Bank.

Medical Imaging has increased patient examinations in all modalities, with increased service hours to maximise coverage in all areas including rostered Fellows on weekends. Recently a 64-slice CT scanner, state of the art ultrasound machine and a Siemens Radiology Information System have been installed. Interventional radiology is setting benchmarks for Australia and Cardiac MRI is being introduced. One of the key issues is to reduce the waiting list for MRI [GA] scans, to increase the ability to do interventional work and replace ageing equipment in general radiology, Fluoroscopy, MRI & Angiography. It is envisaged that MRI and interventional radiology will become a new treatment alternative for critically ill patients with venous malformations with a full time anaesthetic team with recovery nurses to stop the drain on the Anaesthetic Department as at present.

Microbiology, Virology and Molecular Pathology provides identification of pathogens and anti-microbial susceptibility testing for both in-patients and outpatients of the Hospital. Changes in methodology have led to a significant increase in the rate of detection of pathogens in the patients with cystic fibrosis. The introduction of rapid viral culture methods using engineered cells and immunofluorescent antibodies for detection is ongoing. Further development of nucleic acid testing to complement culture and sensitivity testing has been introduced. The development of human metapneumovirus detection, classification of adenoviruses by subgenus is progressing, along with the introduction of new tests for B pertussis and detection of methicillin resistant staphylococci. It is envisaged that there will be an increase in the range of testing available and the introduction of real-time PCR, as well as reduced test times and quantitation of some pathogens.

The Molecular Genetics Department continues to provide a NATA accredited diagnostic service for a broad range of genetic disorders, including a number of family specific mutations. The number of specimens analysed within the laboratory continues to grow and has grown by 650 per cent since 1998. Bruce Bennetts has been appointed to the National Pathology Accreditation Advisory Committee (NPAAC) as the HGSA representative.

The Department of Nuclear Medicine performed 3392 studies during 2004-2005. The overall number has not changed since the previous year, except for an increase in Bone Mineral Densitometry (BMD) studies.
Co-registration has become routine for oncology studies in particular Metaiodobenzylguanidine (MIBG) and gallium. The Department presented six papers and case reports at the annual Australian & New Zealand Society of Nuclear Medicine (ANZSNM) meeting in Melbourne. Two technologist papers won awards.

The major research project this year relates to Hepatobiliary scintigraphy in the Assessment of Liver Transplantation in children. There are many clinical projects relating to BMD in progress. Other basic science research projects are being undertaken by two PhD students on the development of new bone scanning agents and development of imaging apoptosis after chemotherapy in solid tumours. Approval for a Positron Emission Tomography (PET) / CT scanner has been given for Westmead Hospital in conjunction with CHW. This will come into service in the second quarter of 2006.

The Department has as its major goal to supply a comprehensive paediatric nuclear medicine service equal to any international department. This has been achieved during the last year. PET scanning is the major nuclear medicine study we cannot currently perform, but this will come on line in 2006 with the combined Westmead Hospital/CHW PET/CT Unit. We plan to implement a computerised bar code system for radiopharmaceutical preparation and administration to patients.

Implementation of the new PET/CT scanner, particularly in the investigation of solid tumours in children, will commence in 2006. New therapeutic options for I131MIBG in lower doses but administered more frequently will be assessed.

Some of the key issues are for an urgent need to replace the single head gamma camera which will be non-serviceable in 2006 and the implementation of a PET/CT service for paediatrics in 2006. This will involve a comprehensive database correlating the PET study with histology, therapy and management decisions and further development of research interest in the Department at both clinical level and basic sciences level.This is improved by laboratory space in the new Clinical Sciences Building; refurbishment of the reporting and office areas to improve the site for the PET/CT work station and the implementation of the new Radiology Information System (RIS).

Implementation and training of physicians and nuclear medicine technologists in the new PET/CT system (including the electronic transfer to the workstation and Picture Archiving Communications System (PACS) and reporting at CHW), the phased implementation of PET/CT in solid tumours and a phasing out of the current tests, the implementation of PET/CT in evaluation of neurological and neurosurgical conditions and the continuing education of the applications of nuclear medicine in all areas are a few of the future directions.

Western Sydney Genetics Program (WSGP) has established a Lysosomal Storage Disorders Management Clinic, in collaboration with the ConnecTED Connective Tissue Disorders Clinic.

A number of awards were received within the Department, including Bridget Wilcken's Newborn Screening Society award, John Christodoulou's Vice-Chancellor's Award for Postgraduate Research Supervision Excellence (University of Sydney) and Helen O'Grady's Professional Excellence Nursing Award. There have also been successful grant applications including NHMRC Project Grant, 'STK9, a second Rett syndrome gene: genetic and functional studies' and also a grant from the Ophthalmic Research Institute of Australia, 'Eye Development and Glaucoma Genes'. A donation of funds from the NSW PKU Association and Italian Chamber of Commerce was also received to support PKU research at the Hospital.

Mental Health Services

Hall Ward, the eight bed gazetted acute mental health ward for those under 16 years of age was officially opened by the NSW Health Minister, Morris Iemma, hosted by Jessica Rowe on 30 August 2004. The major achievement has been the success in recruiting nurses for Hall Ward. The ward was initially opened for four beds, five days a week on 31 May 2004, and with progressive recruitment this was expanded until it was fully functioning, providing a statewide service seven days a week from February 2005. Ali Reeves the Nurse Unit Manager provided the energy for this recruitment.

In July 2005 we recruited 1.4 FTE Staff Psychiatrists, Sally Byrne and Michael Bowden, so that we have only one psychiatry vacancy. During the year Charles Enfield, Jim Friend and David Lonie resigned from their VMO hours after many years involvement with the Hospital. Dr Joseph Macdessi was appointed as a part time VMO paediatrician to the Developmental Psychiatry Team. Geoff Isbister, toxicologist, was appointed a part time VMO to support drug education, management and research.

The Child and Adolescent Telemedicine Psychiatric Outreach Service (CAPTOS) now provides joint consultations, supervision, education, training and visits to all regional area health authorities. Sue Foley, the Coordinator for CAPTOS, conducted a survey of satisfaction and needs of the service. She is also building a DVD education library. An electronic journal '@CAPTOS', which provides a journal review service to rural child mental health clinicians and other colleagues, was also launched.

Two fellowships for Clinicians of Aboriginal or Torres Strait Islander background were established in partnership with New England AHS. Hadia Baasiiri was appointed to a project position of Cross Cultural Consultant. Michelle Wong, Research Psychologist, with help from psychology interns from University of Sydney, has piloted a group intervention for young people with Aspergers syndrome and high functioning autism and their parents. Angela Dixon, Ruth Urwin and Lucy Cutler were awarded PhDs from University of Sydney for their work on the mental health of female juvenile offenders, genetics of anorexia nervosa and the quality of life and hopefulness in diabetes.

With several randomised control trials demonstrating that the Maudsley Family Therapy is the most effective treatment for anorexia nervosa in the under 18 year olds, the Eating Disorder Team has been in demand to provide a number of training courses in this treatment modality in NSW, interstate and internationally.

The Department of Psychological Medicine is working closely with CAMHSNET and the NSW Strategic Planning Group in developing a statewide proposal for child and adolescent mental health. The CHW Directorate of Mental Health has established the Mental Health Service Agreement with the Centre of Mental Health, which is reviewed on a six monthly basis. The CHW Executive has been very supportive of these requirements.

Corporate Services

The Division of Corporate Services comprises the following services:

Food
Linen
Cleaning
Engineering and Maintenance
Security
Transport
Car parking
Mail and Photocopying
Patient Administration
Accommodation
Education Centre
Child Care Centre
Stores and Warehousing
Legal Services
Contract Administration

- During the year the Hospital entered into an Energy Performance Contract with AGL.

- A Risk Management Framework was developed, which provides the foundation for an Integrated Risk Management Plan. Treasury Managed Funds has worked closely with the Hospital to help develop the framework.

- A proposal for administration document management was developed and endorsed. Implementation is now dependent on IT resources becoming available - possibly in 2005 - 2006.

- In conjunction with SWAHS and WSAHS, a legal services tender was finalised as a Greater Western Sydney Quadrangle initiative.

- A Hospital Watch programme was developed and launched by the Security Department to provide a safer and more secure working environment.

- A grant from the Department of Family and Community Services allowed an upgrade of the playground at the Child Care Centre.

- Corporate Services managed the phased introduction of the Smoke Free Workplace policy. During 2004 - 2005 phase three was introduced.

- CHW is a key participant in the Shared Corporate Services Implementation Program, and is undertaking the setting up of management structures for Health Technology and Health Support. CHW is also working actively with SWAHS to identify and implement greater sharing of services between the two organisations

Financial Services

Financial Services includes the following services:

Operation and Transactional Services:
- Accounts Payable and Purchasing
- Revenue Department
- Payroll Services

Strategic and Financial Services:
- Financial and Asset Management Accounting Team
- Operation and Procurement Services

Finance has adopted the Hospital's principle of 'Doing it better' by continuously reviewing and improving our procedures and processes to support the mission, purpose and goals of the Hospital.

During the year, Finance has taken the challenge of providing corporate services to Health Technology, the first entity set up under the Shared Corporate Services Reform to provide state-wide Information Management and Technology Services. These services are expected to extend to the Health Support Unit that manages the overall shared corporate services.

Information Management Services

- CHW was awarded the National iAward for Innovative Development in Health Care. This award recognises a ten year journey, alongside NSW Health, creating the Electronic Medical Record (EMR). We were also accredited for a further two years through the Equip process. The Information Services of CHW were recognised as being managed extremely well.

- CHW has been recognised by the Australian Council on Healthcare Standards for outstanding achievement in information management. We were also recognised for outstanding performance in a number of areas within clinical classification, including maintaining coding quality and the time taken to code records. The industry benchmark for the turnaround time for record processing is 28 days and CHW is currently operating on a five day turnaround.

CHW have continued to implement key clinical and corporate systems including:
- Document imaging enhancement
- Upgrade of Cerner Millenium
- Extended patient scheduling
- An implementation planning study for clinical documentation was completed for the next stage in the development of the CHW Electronic Medical Record (EMR)
- Product Cost Manager as a replacement for the Clinical Costing System Trendstar
- Oracle 11i
- Enhanced Business Object Reporting

Community Relations and Marketing

For the first time in three years the Community Relations and Marketing Division achieved its fundraising target whilst being significantly under budget on expenditure. The Division continues to enjoy excellent media coverage, ensuring the Hospital is conveyed as providing the very best health care for children.

The Royal visit from Princess Mary is just one example of where the professionalism and persistence of our team allowed such an event to occur and attract a high level of media attention. The Hospital's 125th anniversary celebrations in 2005 have been co-ordinated by Community Relations, providing a myriad of opportunities to mark this milestone. Involving the Hospital community in this significant schedule of events has been a major achievement and has boosted morale.

Changes to administration and human resources within Fundraising have produced measurable results both financially and in staff satisfaction.

The Division continues to provide superior graphic services for the Hospital, ranging from educational resources such as those created for CHISM, to fundraising collateral like the Cystic Fibrosis Folder.

The achievement of $10 million in ten years by the Woolworth's appeal encapsulates the support that the Hospital receives from corporations and the community across NSW.

Some of the major achievements of the Community Relations and Marketing Division include:

- Target of $17.6 million from fundraising revenue - $17.7 million achieved
- Re-branding of Bear Cottage to better reflect their needs and relationship to the Hospital
- 125th Anniversary celebrations & merchandise
- Design of all fundraising and promotional printed material in-house
- Woolworths Appeal - $10 million in ten years achieved

Internal Audit

Internal Audit is an independent, objective assurance and consulting activity to add value and improve the Hospital's operations. It helps the Hospital accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance process.

Internal Audit assures executive management and the Chief Executive, through the Audit Committee, that at the time of review, all reviewed functions are working in a manner that is consistent with established policies and procedures.

The Audit Committee comprises the Chief Executive and three independent persons who are not employees of or contracted to provide services to the Hospital. At least one member of the Audit Committee has significant experience with financial matters. The chairperson is one of the independent members appointed by the Director-General NSW Department of Health. The Audit Committee receives and considers all reports of the external and internal auditors and ensures that all audit recommendations are implemented.

The Audit Committee meets four times per year, or more frequently as circumstances require. A copy of the agenda papers and minutes is provided to the Director Audit NSW Department of Health.

The key role of the Audit Committee is to assist the Chief Executive in carrying out the corporate governance responsibilities in relation to the financial reporting, internal control, risk management, compliance with laws, regulations, ethics and the internal and external audit functions. The Audit Committee is separate from the executive management and has no decision-making powers or supervisory functions.

The External Auditor, the Audit Office of NSW, did not undertake any non-audit assignments in 2004 / 2005.

- Meeting Attendances - 1/7/2004 - 30/6/2005
- Number of meetings - 4 meetings

Name	Possible Meetings	Meetings Attended
Mr Kevin Doyle (Chair)	4	4
Mr John Dunlop	4	4
Mr John Green *	3	3
Professor Kim Oates	4	4

* Appointed in November 2004.

The Hospital's Statement of Business Ethics is published. Both the Statement of Business Ethics and the Code of Conduct are available on the Hospital website for public awareness.

All staff members are expected to observe these documents by demonstrating honest, ethical and professional behaviour.

Staff and those who deal with the Hospital are expected to promptly bring any instance of suspected internal or external fraud to the attention of management. This will result in the process of investigation as set out in the Hospital's fraud control policy.

Internal Audit usually conducts investigations on suspected fraud. This may involve investigations in cooperation with the Police and the Independent Commission Against Corruption.

The main function of the Internal Audit Department is to conduct a 'broad comprehensive program of evaluating the effectiveness of the Hospital's management control system'.

Internal Audit is committed to comply with the Standards for the Professional Practice of Internal Auditing, issued by the Institute of Internal Auditors.

Our People

Workforce Development

Role

The Directorate of Workforce Development was established in March 2005 through the amalgamation of Staff Services, the Education Centre, Payroll Office and the Junior Medical Staff Support Unit. The directorate will develop workforce strategies that support the excellent child health services provided to children and their families. We will do this through an integrated human resource, payroll and education and training service, based on a culture of teamwork, learning and performance.

Workforce Development will provide strategic leadership in our areas of expertise and promote a learning culture. In all that we do we will strive to add value to the Hospital, to be accountable and to pursue excellence.

We do this out of caring and respect for people and a commitment to the Hospital's vision of 'Better Health for Children and Excellence in Child Health Care'.

Strategic Objectives

Equity & Diversity:
Provide leadership in equity and diversity by developing, implementing and reporting on outcomes from the CHW Equity & Diversity Plan.

Human Resource Information Systems:
Develop and implement systems that inform staffing-related decisions.

Workforce Planning:
Develop and implement an integrated Area Clinical Workforce Plan that links clinical services with resources based on strategic and operational needs using the Balanced Scorecard methodology.

Education and Training:
Provide leadership to support a learning culture. Develop flexible learning strategies to support mandatory training and continuing clinical education needs.

Performance Management:
Provide leadership to enhance staff competency that supports safe practice and quality care and service.

Recruitment, Selection, Appointment and Orientation:
Develop and implement systems to ensure CHW employs the best staff who are committed to learning and dedicated to working with children and their families.

Staff Support:
Provide leadership in developing and implementing staff support services to meet employee and organisational needs, particularly during times of change.

Workforce Relations:
Provide leadership in workforce industrial relations, implement creative and contemporary employment practices, develop strategies for emerging events and proactively manage change.

Business Activity

During the establishment phase of the Workforce Development Directorate, the focus will be on the integration of the strategic objectives and operational plans of the various departments and services, as well as maintaining the programs of continuous improvement initiated in 2004 - 2005.

The Directorate will initiate the development of an Area Clinical Workforce Development Plan, with the intention of submitting that plan to NSW Health by February 2006.

Workforce Development has undertaken a number of initiatives to support Shared Corporate Services and the continuing evaluation of the benefits to be gained from merging corporate support services with Sydney West AHS.

Major Outcomes

Recruitment and Selection:
Continuous improvement in E-recruit has been pursued, with further integration of generic position description templates and approval forms. Selection and appointment procedures for senior medical staff are being reviewed and a new performance agreement has been developed in consultation with staff and unions.

Staff Orientation:
General staff orientation programs have been reviewed and revised and e-learning programs are being implemented.

Education and Training:
Significant advances have been achieved in building e-learning development capabilities, with a number of programs developed, launched and evaluated. Improvements have been achieved in the provision of audio visual support to clinical teaching programs, with major advances in the quality and number of clinical programs available on DVD and streaming video over the intranet.

Performance Appraisal & Management:
Appraisal systems for nursing and the Executive have been implemented. A performance management system for senior medical staff is under development.

Employee Assistance Program (EAP):
An external review of the EAP was commissioned and a number of changes have been implemented, including the appointment of an external supplementary staff counselling service.

Organisational Development:
Workforce Development has provided support and advice to clinical executive staff on the establishment of three clinical programs as part of a major restructure of clinical service delivery in the Hospital.

Strategic Planning:
Workforce Development has taken a lead role in identifying the advantages of implementing a Balanced Scorecard methodology for strategic planning and reporting at CHW. Staff education programs have been undertaken, the commitment of senior management secured, budgets allocated, system specifications developed, and tender documentation prepared.

Key Issues

Appointment, credentialing and performance appraisal of clinical staff:
Improved procedures and more effective reporting will be developed during 2005/06.

Orientation and mandatory training for junior medical staff:
More flexible approaches to achieving compliance with mandatory training requirements will be trialled and steps will be taken to ensure that all junior medical staff complete effective orientation to the Hospital.

Leadership and management education and training for executives:
Discussions have been held with a number of potential service providers to conduct a planned long-term education and training program for executive staff, including newly appointed chairpersons of Clinical Programs. The program will aim to develop leadership and management skills, with emphasis on coaching and peer support and a requirement to become a self-sustaining development program cascading down through the organisational structure.

Development of a Clinical Workforce Development Plan:
A planning group will be established, and in consultation with community representatives and other stakeholders, the Workforce Plan will be developed to support the Clinical Services Plan recently completed.

Continued development and evaluation of e-learning programs:
The Hospital has developed staff skills and other resources to support the continuing development of e-learning (computer-based) training courses. Projects have been commenced to develop and evaluate a number of additional clinical teaching programs to meet the needs of junior staff, as well as the continuing education needs of senior staff.

Recruitment and retention of clinical staff in areas of need:
There is a continuing need to explore innovative and flexible approaches to recruit and retain clinical staff in areas that have proved difficult in the past, including mental health, surgery and emergency.

Transition of corporate support services to Shared Corporate Services:
There is a continuing need to carefully manage the transition to Shared Corporate Services, so that the required savings can be realised, but without a reduction in service levels.

Changing work practices:
Flexible models of care and the realignment of workforce roles will require careful workforce planning and consultation with staff and unions.

Future Direction:
The development of an integrated strategic and operational plan for the Directorate of Workforce Development is a priority for the future.
Consultation with stakeholders and the articulation of a Clinical Workforce Development Plan that is consistent with and supportive of the Clinical Services Plan are priorities.
The establishment of Balanced Scorecard methodology for strategic planning and management reporting, and the gradual diffusion of the methodology throughout the Hospital is a focus for the future.

Executive Management

Chief Executive:
Kim Oates, AM, MD, MHP, FRCP, FRACP, FRACMA, FAFPHM, DCH

Executive Director (Clinical Services) and Deputy Chief Executive:
Peter Procopis, AM, MB, BS, FRACP (to February 2005)

Director of Clinical Operations and Clinical Governance, Medical:
Tony Penna, MD FRACP MBA (from February 2005)

Director of Clinical Operations and Clinical Governance, Nursing:
Jenni Jarvis (to May 2005)
Lyn Dean (acting from May 2005)
RN, BN, Crit Care Cert, Grad Dip Nursing (Education), MN (Research)

Director of Corporate Services and Finance:
Russell Smith, BBus, Grad Dip BA, AFCHSE, CHE

Director of Finance:
Rosemary Chung, FCPA

Director of Community Relations and Marketing:
David Jackett, ACMA (to January 2005)
Gilly Paxton, BA (Economics and Industrial Relations) (acting from February 2005)

Director of Information Services:
Ralph Hanson, BSc(Med), MBBCH, MPH, MRACMA, FRACP, FACEM

Director of Workforce Development
Frank Horn, Grad Dip ER, NZTTC, Dip Teach
Raymond Hand, (acting from April 2005) B.Ec, Dip Ed UNE

Key Executive Achievements

2004/2005 – introduced new management structure by creating three clinical programs chaired jointly by a medical leader and a nursing and/or allied health leader.

Initiated closer working relationships between Sydney Children's Hospital, John Hunter Children's Hospital and The Children's Hospital at Westmead and progressed cooperation and sharing of paediatric services with Sydney West Area Health Services and North Sydney/Central Coast Area Health Service.

Met financial, surgical waiting list, and access block targets.

CHW was accredited for a further two years through the EQuIP process.

Executive Profiles

Kim Oates

Kim Oates was appointed as Chief Executive in December 1997. Apart from several years working in the UK and the USA, he has had a continuous association with the Hospital since starting as a Paediatric Resident in 1969. For the 12 years prior to his current appointment he was the Douglas Burrows Professor of Paediatrics & Child Health in the University of Sydney, a member of the Hospital's Board of Directors and Chairman of the Hospital's Division of Medicine. He has received several international awards for his research and advocacy for abused and neglected children. In 2004 he was elected as President of Children's Hospitals Australasia.

Peter Procopis (to February 2005)

Peter Procopis joined the Hospital staff in the Neurology Clinic in 1969. After a period of further training in the USA he returned in 1973 as a Visiting Neurologist. He was appointed Staff Neurologist in 1979, Director of Medical Services in 1985 and Executive Director in 1990. He is active in College affairs, being the inaugural Chairman of the Australian Board of Paediatric Censors and was Chairman of the Committee for Examinations of the Royal Australasian College of Physicians until 1996 and Council member from 1997 to 2001. He is now Paediatric Chairman of the RACP Board of Continuing Education.

Peter was President of the Australian College of Paediatrics from 1993 - 1995. In 1999 he was appointed as the RACP nominee to the Medical Board of NSW and is currently Deputy President. His interests in postgraduate medical education led to his appointment to the Postgraduate Medical Council of NSW from 1994 to 2000. He was Deputy Chair in 2000. In 2003 he was made a member of the Order of Australia (AM).

Tony Penna (from February 2005)

Tony Penna was appointed to the Hospital as Director Clinical Services – Medical, in February 2005. Prior to his appointment he had been Director of Medical Services at Royal North Shore Hospital, a position he had held since 1997. He is an Adelaide graduate, who did his paediatric training at Adelaide Women's and Children's Hospital, followed by time at the University of Melbourne as an NH & MRC Postgraduate Fellow, where he completed his doctorate in pharmacokinetics. In 1992, he became Clinical Superintendent in the Department of Paediatrics at Westmead Hospital, where he was subsequently promoted through a range of administrative positions, whilst still maintaining a clinical role.

Jennifer Jarvis (to May 2005)

Jenni Jarvis is a paediatric nurse who joined the CHW in February 2000. She previously worked in several positions of clinical leadership at the Women's & Children's Hospital, Adelaide, SA. Jenni is a passionate advocate of inquiry, clinical practice improvement, professional nursing practice, leadership development and continuous improvement. Jenni's focus in recent roles has been the development of family-centred and partnership-based models of care delivery, patient safety programs and service improvement. Jenni is an active member of the Children's Hospitals of Australasia, particularly in relation to clinical practice improvement and benchmarking.

Lyn Dean (acting from May 2005)

Lyn Dean was appointed to CHW in 2003 to the position of Practice Development Consultant. She has a strong background in intensive care nursing and has extensive experience in education, research and clinical management. Lyn has been acting Director of Clinical Services – Nursing and Clinical Governance since May 2005.

Russell Smith

Russell Smith joined the Hospital in August 1991 as Deputy Director of Administrative Services. He previously worked at St Vincent's (Private) Hospital in Toowoomba, Queensland, as Executive Officer. He held management committee positions on the Private Hospital's Association, Queensland and the Australian Catholic Health Care Association. He holds a Bachelor of Business (Health Administration) from Queensland University of Technology, a Graduate Diploma in Business Administration from the University of Sydney and is an Associate Fellow of the Australian College of Health Service Executives. He was appointed Director of Corporate Services in April 1993.

David Jackett (to January 2005)

David Jackett joined the Hospital as Director of Community Relations and Marketing in 1994. He is a Chartered Management Accountant by profession, having qualified in England in 1982. He has worked in marketing having held brand management roles with Wilkinson Sword, Cerebos and Johnson and Johnson. In the four years prior to joining the hospital, he was Marketing Manager at Air New Zealand.

Gilly Paxton (acting from February 2005)

Gilly Paxton joined The Children's Hospital at Westmead as Public Relations Manager in March 1998. After five years in the position she moved into the Fundraising Department and was appointed Deputy Director Community Relations in 2004. Gilly has been acting in the position of Director Community Relations & Marketing since February this year.

Ralph Hanson

Ralph Hanson joined The Children's Hospital at Westmead in 1982. After successfully completing his training in paediatrics he was appointed as Staff Specialist and subsequently Head of the Emergency Department and Outpatients. In 1997 he was seconded to the position of Manager, Clinical Services Network Taskforce and subsequently appointed Chair of Information Services in 1998 and Director of Information Services in February 2000. He is both a fellow of the Australasian College of Physicians and the Australasian College of Emergency Medicine and has a Masters in Public Health. He has extensive experience in Casemix and its application in the Public Health Sector as well as Information Management and IT. In these roles, he has been in the fortunate position of guiding the development of the Electronic Health Record at the Children's Hospital and is also actively engaged in contributing to the broader statewide IM&T agenda . During this year he has taken on dual roles as Director of Information Services at CHW and acting Chief Information Officer for the Department of Health.

Rosemary Chung

Rosemary Chung joined the Hospital in February 1994. She held several positions in the Finance Department and was appointed to the position of Deputy Director of Finance in January 1996. She was acting in the position of Director of Finance from July 2004 until appointed as Director of Finance in April 2005. She is a graduate of the University of New South Wales, with a Bachelor of Commerce, majoring in Accounting, Management and Information Systems. Rosemary is a qualified FCPA. Rosemary draws on twenty five years experience within corporate and financial industries, both within Australia and Malaysia.

Frank Horn

Frank originally trained as a teacher eventually tutoring part time and casual at TAFE, the University of Sydney and Western Sydney University. He entered the NSW Health system as a training officer before commencing a career in Human Resources. Frank completed University studies in Employment Relations/Industrial Law and has worked in the NSW Public Health sector for almost 20 years. He has been employed at CHW for approximately six years and is dedicated to furthering the professionalism of Human Resources, improving systems and developing the Hospital's workforce.

Raymond Hand (acting from April 2005)

Prior to joining The CHW in 2003, Ray Hand owned and operated a leading teleconferencing service enterprise. As President of Australia's teleconferencing industry association, and Chairman of related product user groups, he actively promoted the adoption of new technologies to develop faster and more effective business communications in a global competitive environment. He had also established and managed The University Centre in Sydney for six years - a joint venture of regional universities aimed at supporting distance education and part-time students in the metropolitan area and promoting study at non-metropolitan campuses.

Staff Profile at 30 June 2005

	June 2002	June 2003	June 2004	June 2005
Medical	250	261	283	309
Nursing	611	624	652	730
Corporate Administration	151	151	160	118
Allied Health Professional	429	422	429	452
Hospital Employees (eg wardsmen, technical assistants and ancillary staff)	330	342	341	427
Hotel Services	187	194	196	140
Maintenance and Trades	6	6	6	6
Other	30	29	28	29
Total	**1,994**	**2,029**	**2,095**	**2,210**
Medical, Nursing, & Allied Health staff as a proportion of all staff (%)	**64.7**	**64.4**	**65.1**	**67.5**

Source: Health Information Exchange & the Chief Financial Officers Survey

Notes:
1. In 2004, an independent review of corporate administration FTEs resulted in a more consistent application of the definition being applied by Health Services. As a result corporate administration figures of June 02, 03 and 04 have been adjusted accordingly.

Staff Excellence Awards

July 04	**Ian Fowler**	January 05	**Mona Issa**
August 04	**Amy Walker**	February 05	**Ursula Bayliss**
September 04	**Bronwyn Milne**	March 05	**Margaret Wallen**
October 04	**Stephen Winters**	May 05	**Leanne Mills**
November 04	**Dr Karen McKay**		

Actual and Estimated Staff Numbers by Level									
Level	TOTAL STAFF	Total Respondents	Men	Women	Aboriginal People & Torres Strait Islanders	People from Racial, Ethnic, Ethno-Religious Minority Groups	People Whose Language First Spoken as a Child was not English	People with a Disability	People with a Disability Requiring Work-related Adjustment
<$28,710	42	25	4	38	0	5	1	5	0
$28,710 - $37,708	693	626	125	568	10	186	225	46	10
$37,709 - $42,156	212	190	29	183	0	36	54	12	3
$42,157 - $53,345	665	589	82	583	3	135	129	51	4
$53,346 - $68,985	593	546	94	499	6	125	102	64	10
$68,986 - $86,231	332	255	136	196	0	81	77	20	0
>$86,231 (non SES)	199	169	115	84	1	38	26	20	3
>$86,231 (SES)		0	0	0	0	0	0	0	0
TOTAL	2,736	2,400	585	2,151	20	606	614	218	30

Equal Employment Opportunity

Employment Basis	TOTAL STAFF (number)	Respondents	Men	Women	Aboriginal People & Torres Strait Islanders	People from Racial, Ethnic, Ethno-Religious Minority Groups	People Whose Language First Spoken as a Child was not English	People with a Disability	People with a Disability Requiring Work-related Adjustment
Permanent Full-time	1,246	1,132	342	904	6	287	306	119	14
Permanent Part-time	675	602	54	621	3	130	134	61	14
Temporary Full-time	527	439	145	382	9	133	128	14	1
Temporary Part-time	275	216	41	234	1	53	44	22	1
Contract - SES		0	0	0	0	0	0	0	0
Contract - Non SES	2	0	2	0	0	0	0	0	0
Training Positions	11	11	1	10	1	3	2	2	0
Retained Staff		0	0	0	0	0	0	0	0
Casual	176	116	11	165	2	17	17	7	0
TOTAL	2,912	2,516	596	2,316	22	623	631	225	30

Disability Action Plan

During 2004, the Disability Action Plan Committee conducted a follow up to the 2001 Disability survey, which has given the committee direction for their Disability Action Plan. As a result of requests for additional support and information, the committee has developed a website for families and staff. The website's aim is to make accessible to families and professionals both within and outside of CHW, a collection of reliable resources identified and developed by staff working in this area. The website will also act as a starting point for families wishing to access support outside of CHW through its listing of external resources and organisations. The website will be formally launched as a part of the annual celebrations held at CHW for International Day of People with a Disability in December 2005.

Occupational Health, Safety and Rehabilitation.

- 394 Incident/Accidents were reported (380 work accidents and 14 incidents).
- 98 Workers' Compensation claims were lodged. Total hours paid: 7,570 hours.
- Mean time lost per claim: 77 hours or 2.03 weeks.
- 50 staff participated in Rehabilitation and nine of these were for non-work related conditions. There has been a 90 per cent success rate in returning staff to pre-injury/alternate positions.The remaining ten per cent resigned due to non-work (seven per cent) or work related injury (three per cent).

Staff Vaccinations

A total of 659 staff vaccinations were given. Vaccinations included: Hepatitis B (61); Influenza (555); ADT: (14), Boostrix (2).Varicella zoster (6),Hepatitis A (8), Twinrix (4), Typhoid (3). Mencevax (4) and Neis Vac (2).

Distribution of Workplace Incidents/Accidents

Type	04/05	03/04	02/03	01/02
Blood exposure	52	64	48	73
Manual handling	55	61	38	51
Slip/Fall	48	57	55	64
Scabies	38	-	-	-
No lost time injuries	100	96	80	99
Time lost injuries	22	23	14	16
Journey injuries	39	44	28	36
Visitors	26	30	33	23
Incidents	14	15	12	22
Total	**394**	**390**	**308**	**384**

Workplace Claims – Main Occupation Groups

Main Occupation Groups	Total Claims 04/05	Total Claims 03/04	Total Claims 02/03	Total Claims 01/02
Nursing	38	42	31	25
General Administration	14	19	10	16
Medical/Medical Support	15	21	15	12
Hotel Services	27	20	18	25
Linen	0	0	2	-
General Maintenance	4	6	3	1
Total	**98**	**108**	**79**	**79**

Worker's Compensation 2004/2005 - Treasury Managed Fund (TMF) Claims detail as at 30 June 2005		
Benchmark premium (budget allocation) $3,732,730	Deposit premium (amount paid into fund) $1,671,134	Surplus $2,061,596
Claims total: 98 Incurred cost: $425,000 Incurred cost per employee: $208 (Health average $507) Claims per 100 employees: 4.73 (Health average 8.02)		

Risk Minimisation

Strategies employed during the year to eliminate or reduce injury risk include:

- Continuing review and update of OH&S procedures and implementation guidelines.
- Updated employee orientation information on OH&S.
- Comprehensive OH&S audit using a numerical profile tool – action plan developed to address identified risks.
- Ongoing extensive ergonomic surveys, workplace and equipment modifications and/or designs to promote a safe working environment.
- A comprehensive OH&S Committee inspection program.
- Turning arcs in stairwells fully introduced, along with trial of micro fibre mops to address slip/fall injuries.
- Training and education aligned with NSW Health's Incident Information Management System (IIMS) Workplace risk assessments – greater use of the risk assessment process in identifying and treating potential risk.
- Ongoing manual handling program with risk assessments and market evaluation of new products.
- Ergonomic child care seats have been introduced.

Teaching and Training Initiatives

Clinical

- An intranet based e-learning program 'Safe Administration of Medication' was introduced for the first time in 2005. The program was developed by the Education Centre with Learnscope funding, and is the precursor of continuing development of flexible learning programs for clinicians.

- Paediatric Grand Rounds presentations are video recorded and published to DVD ROM for distribution to clinicians within and beyond the Hospital. This initiative will continue in 2006/07.

- The Diploma in Child Health (DCH) course is a highly regarded postgraduate program for GPs and junior medical staff. In 2005, the University of Sydney Clinical School agreed to provide advanced standing for DCH graduates to the Masters in Professional Medicine program. The DCH course was offered in Hong Kong in 2005 for the first time. Twenty five Hong Kong clinicians enrolled in the course. Course content is delivered to distance education participants by DVD ROM and streaming video over the internet.

- A number of workshops in communications and team building were conducted with Allied Health departments in 2004/05.

- In cooperation with the University of Sydney Clinical School, lectures to medical students have been broadcast to Orange and Dubbo on a regular basis. Videoconferencing connections have been made over the University IP network, effectively reducing the call costs to zero.

- FRACP lectures have been provided to junior medical staff on a weekly basis. Lectures have been video recorded and placed in the medical library for review and revision.

- The CPR training and assessment program for nursing staff was reviewed and substantially revised in 2004/05.

Overseas Travel

A summary of conference leave (domestic and overseas) undertaken over the year is provided below. The majority of travel was for attendance or presentation at a Conference.

Type of Travel	Funding	No. of Applications
Overseas	$1,848,300	367
Domestic/Other	$699,576	1214
TOTALS	**$2,547,876**	**1581**

Funding source	Funding amount	No. of Applications
Bulkley funds (A perpetual fund specifically to assist staff with education and education associated travel expenses)	$38,479	59
Staff Specialists (Level 1 general funds & PPT), as part of Staff Specialists Award Entitlements	$1,653,475	368
General funds	$149,225	512
General funds – Clinical Trials	$29,595	14
SPT Funds	$677,102	628
TOTALS	**$2,547,876**	**1581**

Research

Summary of Activity

Research is one of the key mechanisms by which our Hospital provides the highest possible standards in care and treatment. We are committed to the development of a vigorous research culture where scientific inquiry is intrinsic to the way we all approach our roles in the Hospital.

There are approximately 200 members of the research team at the Hospital, with many national and international collaborators. As a direct result of past research, there have been significant advances by the Hospital in the development of treatments, cures and prevention of diseases, which have benefited numerous children with cancer, diabetes, kidney, heart and respiratory problems. While some research institutions have a single focus, we look at the impact of illness on the whole child. Focusing on the interrelated nature of illnesses, symptoms, treatments, side effects and individual experiences. Our researchers share their knowledge in a multi-disciplinary approach to improve children's health

Major Goals

In the last few years we have been awarded an increasing number of NHMRC project grants and more recently a program grant and capacity building grant, both of which bring significant funding over five years (2005 funding awarded $7,432,850).

Key Events: Research Facility

There were three key milestones in the construction of the Kerry Packer Institute for Child Health Research. These were the construction of the Westfield Gene and Cell Medicine Facility (a gene therapy initiative) within the existing Clinical Sciences Building (CSB), the construction of the new building (housing clinical and laboratory research, a transgenic facility and administration) and refurbishment of the existing CSB.

The Westfield Gene and Cell Medicine Facility is now complete. This is a clean-room laboratory that allows manipulation of tissues in a sterile environment. There are few other institutes in Australia that have the research capability to use gene therapy to treat childhood diseases.

Level two of the new research building was completed and occupied in April. The linkway between the CSB and the Children's Medical Research Institute has been rebuilt.

The new building will provide space for about 32 additional laboratory staff and students, bringing the lab staff capacity to 100-110. In addition there are meeting rooms and offices, modular offices for clinical researchers and administration and new large tea room. Level two provides new space for 52 students and visiting fellows. When this is added to the existing clinical sciences space, the building will accommodate about 155 clinical researchers.

The building has been funded by the 1999 Capital Campaign, which raised more than $20 million from private donors, including a $10 million donation from Kerry Packer, and the Commonwealth and State Governments. A plaque acknowledging these donors is located in the building's new main entrance. The new facility was officially opened in September 2005.

For more information regarding research please go to http://www.chw.edu.au/research/

Some major research projects include:

CIA	Scientific Title	Total
A/Pr Chandini MacIntyre	The immunogenicity of 7-valent pneumococcal conjugate vaccine in sick elderly people for whom vaccine is not registered	$436,550
A/Pr Chandini MacIntyre	Capacity Building Grants in Population Health Research (CPGPHR) - mathematical modelling of infectious diseases (a national collaboration to build capacity in mathematical modelling)	$2,500,000
Dr David Little	Relationship of the anabolic and catabolic responses in healing a critical sized defect in rats	$325,250
Prof Peter Gunning	Molecular Genetics of Cell and Tissue Structure	$1,026,875
Dr Guy Marks (with Prof Andrew Kemp)	Environmental influences on allergic airways disease from birth to 8yrs: long-term outcomes of a randomised trial (CAPS)	$522,250
Dr Euan Tovey (with Prof Andrew Kemp)	Exploration of exposures associated with bedding that are risks for childhood allergy and asthma symptoms	$259,125
Prof John Christodoulou	STK9, a second Rett syndrome gene: genetic and functional studies	$462,750
Dr Edna Hardeman, Prof Kathy North, Prof Peter Gunning	Novel features of skeletal muscle disease	$457,750
Prof Peter Gunning, Dr Edna Hardeman	A novel cytoskeletal structure in muscle is associated with muscular dystrophy	$366,000
Okely A, Collins C, Baur L, Steele J, Wishart J, Morgan P	Effect of a weight management program for overweight and obese children: a randomised controlled trial.	$423,750
Wake MW, Gunn J, Baur LA, McCallum Z, Gibbons K.	Randomised controlled trial of a brief GP intervention to reduce overweight in Victorian primary school children.	$652,550

Our Community

Working with clinicians and the community

Area Health Advisory Council

CHW had not been informed of the membership of the Area Health Advisory Council by the end of 2004/05 financial year.

Community activity

There have been many changes in the key consumer group for the Hospital in the last 12 months and a group called the Family Centred Care Committee has become the CHW Parent Council. Membership now consists of all families and community representatives and the chair of the group is also a parent of a child who attends the Hospital.

The Carer Support Program has further developed over the past 12 months and the opening of the Parent & Carer Resource Centre (PCRC) has been a highlight of 2004/2005. The PCRC provides a quiet space for parents and carers to relax and access lots of information about resources and services available to them.

CHW continues to offer a General Practitioner (GP) Forum for interaction with the local GP network. A GP representative also sits on the CHW Health Care Quality Council.

Patient Feedback

There are a number of avenues for families to offer feedback concerning the care of their children. This includes the Parent Council and Carer Support Program, as well as the complaints management system.

This system includes trending of complaints each quarter by issue and department and this is performed to inform about areas of possible improvement. Numerous improvement initiatives have occurred for which the alerting incidents were primarily or partly recognised through the complaints management process. On several occasions adverse events were referred by both the complaints process and the clinical review process, allowing for a smooth investigation of the incident, suggestions for improvement and timely feedback to the families. The Clinical Risk Manager, Patients' Friend and Service Improvement Coordinator work in partnership to ensure all feedback is utilised for improvement and that staff and families are involved and supported through this process.

Cultural Diversity

CHW serves a very diverse community that includes many cultural and language groups. There are new emerging communities in Western Sydney and other parts of the State as a result of refugee settlements. Many children from these communities have special health care needs as a result of malnutrition or exposure to difficult environments. During the past year we established a new clinic to provide specialist assessment and referral services for refugee children. The clinic to date has been very busy and especially sees families from the sub-Saharan region of Africa. Links have been formed with community paediatric and other support services to ensure there is good follow-up care for the children who attend.

An important new role has been established to provide consultation to clinical teams in caring for the emotional, social and cultural needs of families from diverse backgrounds. This innovative role, which is provided through our mental health services, has played a valuable part in building effective communication between staff and families.

The Hospital is also embarking on some important research, funded by the Australian Research Council and conducted in partnership with the Centre for Cultural Research at University of Western Sydney and other area health services. The research aims to better understand the barriers and difficulties that non-English speaking families face in dealing with a complex and busy health system. Participants are from a range of cultural language backgrounds, and the research follows families through their contact with health services – both Hospital and community. Another part of the research will collect information from staff to understand how they are dealing with the challenges of working across cultures. Overall, the study is expected to bring new insights that will lead to positive changes in education and clinical practices.

These initiatives and other smaller scale projects, such at the translation of child health fact sheets, are part of our goal of ensuring equity of access to specialist paediatric services. It is important that services to families from all backgrounds are continuously improving.

Our cultural diversity initiatives continue to be coordinated by an active Ethnic Access Committee, which includes both Hospital and community representatives. The Committee is particularly concerned to ensure the appropriate use of interpreters. The Health Care Interpreter Service has again been very busy and has been employed with over 30 language groups. The four major language groups accessing this service are Arabic, Cantonese, Mandarin, and Vietnamese speaking families.

Our Volunteers

The Hospital relies on its Volunteers for the strong support they offer in so many different ways. Volunteers support staff by helping out in ward areas, feeding babies and children who need assistance, cuddling babies, taking kids for walks, reading them stories, or playing with them, both to assist staff and to allow parents some time for themselves. Our 'vollies' also provide a Hospital escort service for those who are new to the Hospital or need to find a department which is some distance from the front entrance.

The Volunteers continue to operate the Volunteers' Shop and the Trash & Treasure Stall which sell goods which are largely donated, and these funds are used to provide equipment and services which supplement those provided from the general budget. They not only sell raffle tickets in-house for the Hospital, but also help raise a lot of money in external raffles. They also spend many hours giving their service to external activities such as the Teddy Bears' Picnic and Bear Cottage.

Another service provided by the Volunteers is their involvement in providing vacation care for children of staff who cannot take the time off in the school holidays. They also support parents, in the evenings and on weekends, in the Emergency Department. They offer assistance in caring for the other children, providing a listening ear, the occasional cup of tea and generally helping the department to maintain a friendly environment.

The weekend opening of the Sibling Care Centre has proved very successful and is appreciated by parents who are able to relax while visiting their sick child, knowing their other children are being well looked after. In 2004 Sibling Care Centre accommodated 2100 children.

The 350 Volunteers who offered their time to the Hospital this year gave a total of over 1800 hours of their time each week.

Volunteer Donations for 2004 to The Children's Hospital at Westmead amounted to $200,000.

The Chaplains

One of our Hospitals' great strengths is that pastoral care is available to all people. This is a vital part of holistic care to patients, families and hospital staff. The chaplaincy team provide regular ward visits, respond to specific denomination requests and maintain a network for referrals. A 24-hour on-call service is a shared responsibility as is carrying a trauma page during working hours. Baptisms and funerals are provided as requested. Weekday prayer times and a weekly Catholic Mass are provided.

CHW's Chaplaincy Team currently has seven chaplains covering 4.5 positions. We are actively exploring the training and use of volunteer chaplains to supplement the service. This year we were delighted to support the introduction of a specific pastoral carer available at Bear Cottage.

Staff spiritual support has been provided through Hospital Bible Fellowship at lunchtime. There has again been the need for memorial services, requested by staff, following the deaths of children and fellow staff members.

The Uniting Church has again generously sponsored a French speaking New Caledonian Protestant Pastor to come and minister for three months.

The seven members of the ecumenical chaplaincy team are appointed and financed by their churches and accredited by the Hospital. This year saw the introduction of some government funding towards part of these costs. All chaplains are involved in either ward meetings or Hospital committees, including the Service of Remembrance.

The book for prayers and the Quiet Room reflect the inclusive nature of chaplaincy at the CHW with scripture translations in many languages and the Koran available. Staff carols and a service at Christmas are provided.

Benefactors and Donors

Each year we turn to the community for additional financial support to allow us to transform The Children's Hospital at Westmead from a very good Hospital to one which provides excellence in care for sick children, equal to the world's best. Again we extend a very special thank you to all our donors and supporters who have given so generously this year.

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Lawrence Mr Graham
Lee Mr Kee Choon
Lee Mr & Mrs R
Lesnie Mrs Marianne
Leveaux Mrs MTA
Leveaux Ms Viviane
Lew Dr William G
Lindner Mr Craig
Lloyd Dr E
Longhurst Mrs S
Loxton Dr Susan
Luc Mr Leong Wah
Lutge Mr John
Macadie Mrs Irene
Mackay Dr Warwick
Mackisack Mrs JM
Maclean Cheryl
Mapp AM Mr Grahame
Martin Mr & Mrs Michael & Tracey

Matheson Mr Les
Mawad Mr & Mrs Mark & Jo
Maxwell Ms Marion
Maxwell Mr Roy A
McCormick Dr RG
McFadyen Mr & Mrs BJ
McGarry David & Dell
McGilchrist Mr & Mrs W
McKay Ms K C
McManus Mrs J
McNair Mrs Pat
Melville Mr & Mrs Jim & Annette
Menolotto Mr Lino
Mensdorff-Pouilly Mrs Irml
Miller Mr Albert John
Miltenyi Mr & Mrs GP
Mobbs Mr WK
Monaghan Mr Michael
Morgan Mr GK
Morris Ms Vicki T
Morrison Ms Keira
Moscato Ms Teresa
Moss Mr & Mrs Allan & Irene
Moujalli Mr JP
Mudaliar Mr Anil Krishna
Munro Mr Ian A
Muscat Mr Paul
Mustica Mr Carmelo A
Nash Mr WT
Newhouse Mr Oswald
Ng Mr & Mrs Eliza & Philip
Nichols Mrs Frances
Nicolaou Mr Paul
North Dr Kathryn
Novak Mr & Mrs H
O'Toole Mr and Mrs J.J & H.C
Ovenden Mr C R
Ovenden Ms Sinead
Overton Mr Peter
Overton Mr Peter J
Palos Mr Josip
Pamminger Mr Rudi
Perceval Mr RL
Perini Ms Sally
Phillips Mr & Mrs Judy & Robert
Phillips Mr M John
Phuah Mr & Mrs HB & NSH
Poate Dr WJ
Podda Mr Efisio
Pollock AM Mr Reg
Pontifex Mr Gary
Pope Mr & Ms Ian and Carolyn
Porracin Mrs Albina
Potter Ms Robin
Price Mr J
Ralevski Ms Suzi
Ramsden Mrs EJI
Raven Mr RE
Re Mr Joseph
Reoch Mr Andrew
Reynolds Mr Nicholas
Riach Miss Lesley
Richardson Mr Kevin
Richardson Mr William Worsley
Rizvi Mr Syed A
Roberts Mr/Ms R & C
Roberts Mr Steve
Robson Mr JK
Ross Dr Iain K
Ross Vic & Shelagh
Rossi Ms Alida
Rothery Mr DJ
Rowlands Ms Virginia
Ruparelia Suniti,Anila,Kirit
Saba Mr Joe
Salter Ms Prue
Sampson Mrs Ruth
Savage Ms Helen
Say Mrs R
Scheinberg Mr Justin
Scicluna Mr Paul
Scott Mr Gregory
Scott Mr & Mrs J & K
Seager Mrs Michele
Seyffer Ms Karina
Shatty Premonand
Sheller Hon Justice Simon
Sherwood Mrs Mary K
Sholler Dr Gary
Simons Mr Hedley
Slee Mr GH
Smith Mr A
Solomons Mr & Mrs Robert & Sandra
Sonter Mr N
Sproat Mrs JE
Stanley Mr Ian
Stavrinides Ms Sylvia
Steele Mr and Mrs G & P
Stephen Ms AM
Stephens Mr Malcolm
Stevens Mr David
Stevens Mr S
Stevenson Mrs Shirley
Steward Miss Val
Stewart Ms Hilary
Stoker Mr Ernie
Street Mrs Maud
Stretonovic Mr David
Tait Mrs J
Taylor Mrs Grace
Taylor Mr Paul
Tesoriero Mr John
Thomas Mr F G
Tighe Mr & Mrs Hugh & Colleen
Tobias Justice Murray
Tran Mr Ngoc
Tsardoulias Mr Emmanuel
Turton Mrs MP

Veitch Mrs Margaret
Vourdanos Mr Anthony
Vrcelj Mr Stevan
Vuong Mr Kent
Waddington Mr Brian
Walder Mrs Diana
Wallace Mr Robert
Ward Mr & Mrs Karen & Mal
Warner Mrs P
Warren Mrs
Webb Mr Kevin
Webster Mr Robert
Weingott Mr & Mrs A & J
Welsh Miss RM
West Mr EHL
Whitworth Mrs G
Williams Mr Jeff
Williams Mrs W
Williamson Mr & Ms Lance & Barbara
Willoughby Ms Janet
Wilson Mrs Adrienne
Witts Mrs GE
Wong Mr Gary
Wong Ms Lilian
Wood Mr D
Wright Mr Nicholas
Wright Ms Shelley
Xouris Mr & Mrs N
Yager Ms Lynn
Young Mrs Laurie M
Young Mr Russell
Zuffo Mrs Ursula

Roll of Honour

We were again honoured this year by a number of very special people who remembered The Children's Hospital at Westmead in their Will. Each bequest is a precious gift, promising better health for children now and in future generations. We extend our condolences to their families, and with gratitude and respect, honour their memories.

Legacies and Bequests – excluding Trusts

Marjorie Hazel Adams
Sue Bayley
Olga Dora Bray
Mary Mortlock Brown
George Alfred Bullock
Evelyn Olive Capper
Anne Amelia Cavallari
Kate Watson Chin
Douglas Sidney Clark
Frederick Arthur Crimson
Henry Friend
Ruby Constance Fulton
Mary Gerardine Gallo
Iris May Garthwaite
Veva Glasson
Ailsa Margaret Goodhew
Jessie Hemington Gould
Vera Jean Grace
Sheila Margaret McAlister Gregg
Neville Matthew Hayne
Nicholas Alfred Hedley
Irma Ann Louise Hellwig
Keith George Hodges
Lillian Emily Allen Holmes
Mary Patricia Holt
Rose Esther Latham
Irene May Lees
Barbara Florence C Lewis
Helen Orma Lovatt
Nellie Glenora Mackie
Doris May McCracken
Harry Weston McKeown
Mrs D McVicar
Phyliss Eileen Meakins
Percy Minard
Frederick Murray
May Nolan
Wilfred Leo Oldfield
Marjorie Elizabeth O'Shea
Enid Bernice Parker
Dennis Reginald Pegley
Edward Cornelius Polglase
Elizabeth May Quinlin
Gladys Rae Reed
Phillis May Sampson
Josephine Schwabl
Tryphena Ellen Scott
Meda Sofer
Bonnie Sydney Stephenson
Violet Jean Stevenson
Dorothy Mary Tabrett
Elva Emma Warnes
Derrick James Whitcher
Mervyn Loder Wilkinson
Vincent Wilson

Freedom of Information Report

Section A – Numbers of new FOI Requests - Information relating to numbers of new FOI requests received, those processed and those incomplete from the previous period.

FOI Requests	Personal	Other	TOTAL
A1 New (inc transferred in)	2	9	12
A2 Brought forward	1	0	0
A3 Total to be processed	3	9	12
A4 Completed	2	9	11
A5 Transferred Out	0	0	0
A6 Withdrawn	1	0	1
A7 Total processed	3	9	12
A8 Unfinished (carried forward)	0	0	0

Section B – What happened to completed requests? (Completed requests are those on Line A4

Result of FOI request	Personal	Other
B1 Granted in full	2	9
B2 Granted in part	0	0
B3 Refused	0	0
B4 Deferred	0	0
B5* Completed	2	9

Section C – Ministerial Certificates - number issued during the period

C1 Ministerial Certificates issued	0

Section D – Formal Consultations - number of requests requiring consultations (issued) and total number of formal consultation(s) for the period.

	Issued	Total
D1 number of requests requiring formal consultation(s)	4	4

Section E – Amendment of personal records - number of requests for amendment processed during the period.

Result of Amendment Request	Total
E1 Result of amendment – agreed	0
E2 Result of amendment - refused	0
E3 Total	0

Section F – Notation of personal records - number of requests for notation processed during the period

F3 number of requests for notation	0

Section G – FOI requests granted in part or refused - basis of disallowing access - Number of times each reason cited in relation to completed requests which were granted in part or refused.

Basis of disallowing or restricting access	Personal	Other
G1 S19 (incomplete, wrongly addressed)	0	0
G2 S22 (deposit not paid)	0	0
G3 S25(1)(a1) (diversion of resources)	0	0
G4 S25(1)(a) (exempt)	0	0
G5 S25(1)(b), (c), (d) (otherwise available)	0	0
G6 S28(1)(b) (docs not held)	0	0
G7 S24(2) (deemed refused, over 21 days)	0	0
G8 S31(4) (released to Medical Practitioner)	0	0
G9 TOTAL	0	0

Note – the total need not reconcile with the refused requests total as there may be more than one reason cited for refusing an individual request.

Section H – Costs and fees of requests processed during the period (i.e. those included in lines A4, A5 and A6). Please DO NOT include costs and fees for unfinished requests (i.e. those requests included in line A8)

	Assessed Costs	Fees received
H1 All completed requests	$1680.00	$1680.00

Section I - Discounts allowed - numbers of FOI requests processed during the period where discounts were allowed

Type of Discount Allowed	Personal	Other
I1 Public interest	0	0
I2 Financial hardship – Pensioner / Child	0	0
I3 Financial hardship – Non-profit organisation	0	1
I4 Totals	0	0
I5 Significant correction of personal records	0	0

Note: except for item I5. Items I1, I2, I3, and I4 refer to requests processed as recorded in A7. I5, however, show the actual number of requests for correction of records processed during the period.

Section J – Days to process - number of completed requests (A4) by calendar days (elapsed time) taken to process

Elapsed Time	Personal	Other
J1 0 – 21 days	2	8
J2 22 – 35 days	0	1
J3 Over 35 days	0	0
J4 TOTALS	2	9

(Please note total =11 not overall total 12 as one personal application was withdrawn)

Section K – Processing time - number of completed requests (A4) by hours taken to process

Processing Hours	Personal	Other
K1 0 – 10 hours	2	8
K2 11 – 20 hours	0	0
K3 21 – 40 hours	0	0
K4 Over 40 hours	0	0
K5 TOTALS	2	9

(Please note total =11 not overall total 12 as one personal application was withdrawn)

Section L – Reviews and Appeals - number finalised during the period

L1	Number of Internal Reviews finalised	0
L2	Number of Ombudsman Reviews finalised	0
L3	Number of District Court/ADT appeals finalised	0

Details of internal review results - in relation to internal reviews finalised during the period.

Bases of internal review		Personal		Other	
Grounds on which internal review requested		Upheld*	Varied*	Upheld*	Varied*
L4	Access refused	0	0	0	0
L5	Deferred	0	0	0	0
L6	Exempt matter	0	0	0	0
L7	Unreasonable charges	0	0	0	0
L8	Charge unreasonably incurred	0	0	0	0
L9	Amendment refused	0	0	0	0
L10	Totals	0	0	0	0

*Note: relates to whether or not the original agency decision was upheld or varied by the internal review

Financial Overview

Executive Summary

The audited financial statements presented for The Children's Hospital at Westmead (CHW) for the 2004/05 financial year provide for a Net Cost of Services budget of $83.4 million, against which the audited actuals of $78.9 million represents a variation of 4.5 million or 5.4 per cent.

The reported variation can be attributed to expenditure exceeding budget by $5.9M and being offset by better than expected performance in revenue mainly in:

- Sales of Goods and Services $4.5M
- Grants and Contributions $5.2M

In achieving the above result, The Children's Hospital at Westmead is satisfied that it has operated within the level of government cash payments and restricted operating costs to the budget available. It has also ensured that no general creditors existed at the end of the month with amounts owing in excess of levels agreed with the NSW Department of Health and, further, has effected all loan repayments within the time frames agreed with the lender.

Comparison of the actual performance agreement for the proceeding twelve months is provided in the following table.

	2003/04	2004/05	Movement	
	$000	$000	$000	%
Employee Related Expenses	154,322	168,417	14,095	9.1
Visiting Medical Officers	4,384	4,900	516	11.8
Goods & Services	43,691	51,912	8,221	18.8
Maintenance	6,598	7,862	1,264	19.2
Depreciation & Amortisation	16,469	17,333	864	5.2
Grants & Subsidies	288	294	6	2.1
Borrowing Costs	83	105	22	26.5
Payments to Affiliated Health Organisations				
Other Expenses				
Total Expenses	225,835	250,823	24,988	11.1
Sale of Goods & Services	114,003	139,840	25,837	22.7
Investment Income	4,522	5,057	535	11.8
Grants & Contributions	21,773	23,535	1,762	8.1
Other Revenue	4,146	3,638	(508)	(12.3)
Total Revenues	144,444	172,070	27,626	19.1
Gain/(Loss) on Disposal of Non Current Assets	149	(107)	(256)	(172)
Net Cost of Services	81,242	78,860	(2,382)	(2.9)

The variations in the two reported financial years arise from budget adjustments and other movements as follows:

	$,000
Budget Expense Increases 2004/05	20,937
Other Variations	
Increase in unfunded expenditure compared to previous year's expenditure such as CPI and leave liability increases	4,051
Increase in Loss on Disposal of Assets	256
Increase in Revenue including Inter- Area Health Services Patient Flows increase of $24M	(25,864)
Grants and Contributions	(1,762)
Total	(2,382)

Program Reporting

The Children's Hospital at Westmead's reporting of programs is consistent with the ten programs of health care delivery utilised across NSW Health and satisfies the methodology for apportionment advised by the NSW Health Department.

Each and every program / activity has experienced an increase in expenditure compared to last year, with an average increase of 11.1 per cent. The majority of additional expenditure has been in the area of human resources required for service delivery. This is demonstrated by an increase of 9.1 per cent in total expenditure on employee related expenses when compared to last year.

Goods and Services expenditure has also increased by an average 18.8 per cent across all programs compared to last year. This is partly attributed to the $4.3million cost of blood products being devolved to the Hospital for the first time.

Program 2.1 Emergency Services, Program 2.2 Overnight Acute Inpatient Services and Program 2.3 Same Day Acute Inpatient Services have an increase in expenditure due to industrial award increase and additional supplementation for Sustainable Access Plan (SAP) to address access blocks, waiting lists and other state-wide services such as orthopaedic and liver transplants.

The large variances in Net Cost of Services for Overnight Acute and Same Day Acute Inpatient Services indicate a larger increase in Revenue compared to the increase in Expenditure. This is attributed to a 26% per cent increase in Revenue from Inter- Area Health Services Patient Flows for Inpatient Services.

The increase of 46.3 per cent in Net Cost of Services for Program 6.1 Teaching and Research was attributed mainly to the increase of 11 per cent in Employee Related Expenditure. The increase was mainly due to award rate increases and an increase in research and clinical trials activities made possible from increased Grants and Donations received over the years.

Program increases of more than ten per cent, together with all program reductions, are as follows:

Program	Net Cost of Services Variances
	%
Outpatient Services	12.6
Emergency Care Services	92.4
Overnight Acute	(70.6)
Same Day Acute	(61.6)
Mental Health Services	24.1
Population Health	11.6
Teaching & Research	46.3

Directions in Funding

On 1 January, 2005, major changes occurred across NSW Health with the establishment of new Area Health Services. In the new structure, The Children's Hospital at Westmead retained its separate Statutory Health Corporation status for providing state-wide paediatric services. However, the Hospital was directed to work more closely with Sydney West Area Health Service to identify and remove duplication and overlap in the provision of corporate services and invest effected savings in clinical services. An Executive Management Committee, comprising representatives from Sydney West Area Health Service, The Children's Hospital at Westmead and NSW Health was formed to manage the process.

The Hospital directed its funding enhancements in 2004/05 towards clinical needs such as access blocks, waiting lists and service improvement for patients and families. The Hospital actively managed its balance sheet result, such as debts

collection and creditor's payments as well as managed its operating expenditure and revenue performance.

The 2005/06 budget – about the forthcoming year

The Children's Hospital at Westmead received its 2005/06 allocation on 26 July 2005. The allocation was earmarked by the provision of additional funding to address:

- the provision of increased bed capacity to improve access block performance and provide sustainable management of elective surgery – it is expected that the funding provided will facilitate the establishment and opening of an additional two beds;

- the provision of more elective surgery to tackle existing waiting lists;

- the need to increase the number of intensive care beds and cots for children and infants with one intensive care bed and four beds for ventilated dependant patients and three neonatal cots expected to open and operate in 2005/06.

The Children's Hospital at Westmead will work with the NSW Department of Health in a major reform program that will focus on ensuring that each patient has the best possible journey through the health system. This will ensure that patient care is better coordinated, leading to improved patient outcomes and more efficient use of resources.

The Area Health Service amalgamation, as announced by the Minister for Health on 27 July 2004, serves to better align population growth centres with existing centres of excellence and specialist medical expertise and also link areas of traditional clinical resource strength to areas of traditional shortage.

A major internal reform program has also been initiated to consolidate and share corporate and business support services across the NSW public health system. These reforms are aimed at redirecting resources to frontline health care, while also improving the cost effectiveness, consistency and accessibility of support services across NSW. The initial focus of these reforms is linen, food and IT systems and overall procurement practices. This approach is consistent with the NSW Government's Shared Corporate Services Reform Strategy. In addition, The Children's Hospital at Westmead will work with Sydney West Area Health Services to share a range of administrative and clinical services.

In addition as announced in 2004/05, the 2005/06 capital program also provides for the replacement of the Computed Tomography (CT) Scanner.

the children's hospital at Westmead

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and Hainsworth Street
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Westmead NSW 2145
Sydney Australia
DX 8213 Parramatta
Tel +61 2 9845 0000
Fax +61 2 9845 3489
www.chw.edu.au
ABN 53 188 579 090

Certification of Accounts

The attached financial statements of The Children's Hospital at Westmead for the year ended 30 June 2005:

(i) have been prepared in accordance with applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views, the requirements of the Public Finance and Audit Act, 1983 and its regulations, the Accounts and Audit Determination, and the Accounting Manual for Area Health Services, District Health Services and Public Hospitals; and

(ii) present fairly the financial position and transactions of The Children's Hospital at Westmead; and

(iii) have no circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

Prof. Kim Oates
Chief Executive

Rosemary Chung
Director of Finance

GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

ROYAL ALEXANDRA HOSPITAL FOR CHILDREN

To Members of the New South Wales Parliament

Audit Opinion Pursuant to the *Public Finance and Audit Act 1983*

In my opinion, the financial report of the Royal Alexandra Hospital for Children:

(a) presents fairly the Royal Alexandra Hospital for Children's financial position as at 30 June 2005 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements, in Australia, and

(b) complies with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act).

Audit Opinion Pursuant to the *Charitable Fundraising Act 1991*

In my opinion:

(a) the accounts of the Royal Alexandra Hospital for Children show a true and fair view of the financial result of fundraising appeals for the year ended 30 June 2005

(b) the accounts and associated records of the Royal Alexandra Hospital for Children have been properly kept during the year in accordance with the *Charitable Fundraising Act 1991* (the CF Act) and the *Charitable Fundraising Regulation* 2003 (the CF Regulation)

(c) money received as a result of fundraising appeals conducted during the year has been properly accounted for and applied in accordance with the CF Act and the CF Regulation, and

(d) there are reasonable grounds to believe that the Royal Alexandra Hospital for Children will be able to pay its debts as and when they fall due.

My opinions should be read in conjunction with the rest of this report.

The Chief Executive's Role

The financial report is the responsibility of the Chief Executive of the Royal Alexandra Hospital for Children. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows, the program statement - expenses and revenues and the accompanying notes.

The Auditor's Role and the Audit Scope

As required by the PF&A Act and the *Charitable Fundraising Act 1991*, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the Chief Executive in preparing the financial report,
- examined a sample of the evidence that supports:
  - (i) the amounts and other disclosures in the financial report,
  - (ii) compliance with accounting and associated record keeping requirements pursuant to the CF Act, and
- obtained an understanding of the internal control structure for fundraising appeal activities.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the Chief Executive had failed in his reporting obligations.

My opinions do *not* provide assurance:

- about the future viability of the Royal Alexandra Hospital for Children,
- that it has carried out its activities effectively, efficiently and economically,
- about the effectiveness of its internal controls, or
- on the assumptions used in formulating the budget figures disclosed in the financial report.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.

P K Brown

P K Brown FCA
Director of Audit

SYDNEY
7 September 2005

Financial Statements

For the 125th Annual Report of
The Royal Alexandra Hospital for Children
(The Children's Hospital at Westmead)
for the year ending 30 June 2005

Royal Alexandra Hospital for Children

Statement of Financial Performance for the year ended 30 June 2005

	Notes	Actual 2005 $000	Budget 2005 $000	Actual 2004 $000
Expenses				
Operating Expenses				
Employee Related	3	168,417	165,692	154,322
Visiting Medical Officers		4,900	4,484	4,384
Goods and Services	4	51,912	50,851	43,691
Maintenance	5	7,862	6,628	6,598
Depreciation and Amortisation	2(k), 6	17,333	17,014	16,469
Grants and Subsidies	7	294	294	288
Borrowing Costs	8	105	-	83
Total Expenses		**250,823**	**244,963**	**225,835**
Revenues				
Sale of Goods and Services	9	139,840	135,328	114,003
Investment Income	10	5,057	3,844	4,522
Grants and Contributions	11	23,535	18,307	21,773
Other Revenue	12	3,638	4,045	4,146
Total Revenues		**172,070**	**161,524**	**144,444**
Gain/(Loss) on Disposal of Non-Current Assets	13	(107)	0	149
Net Cost of Services	33	**78,860**	**83,439**	**81,242**
Government Contributions				
NSW Health Department Recurrent Allocations	2(d)	50,956	50,956	52,775
NSW Health Department Capital Allocations	2(d)	474	474	5,741
Acceptance by the Crown Entity of employee superannuation benefits	2(a)	13,177	12,888	11,910
Total Government Contributions		**64,607**	**64,318**	**70,426**
RESULT FOR THE YEAR FROM ORDINARY ACTIVITIES	28	**(14,253)**	**(19,121)**	**(10,816)**
Net increase/(decrease) in Asset Revaluation Reserve		1,892	-	24,040
Total Revenues, Expenses and Valuation Adjustments Recognised Directly in Equity		**1,892**	**-**	**24,040**
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS	28	**(12,361)**	**(19,121)**	**13,224**

The accompanying notes form part of these Financial Statements

Royal Alexandra Hospital for Children

Statement of Financial Performance for the year ended 30 June 2005

	Notes	Actual 2005 $000	Budget 2005 $000	Actual 2004 $000
ASSETS				
Current Assets				
Cash	16	35,337	31,028	32,632
Receivables	17	8,256	5,839	4,377
Inventories	18	3,362	3,224	3,169
Other Financial Assets	20	21		-
Other	19	853	674	609
Total Current Assets		**47,829**	**40,765**	**40,787**
Non-Current Assets				
Receivables	17	225	346	346
Other Financial Assets	20	32,081	29,386	43,478
Property, Plant and Equipment				
- Land and Buildings	22	327,004	327,993	323,385
- Plant and Equipment	22	28,143	27,673	32,817
Total Property, Plant and Equipment		**355,147**	**355,666**	**356,202**
Total Non-Current Assets		**387,453**	**385,398**	**400,026**
Total Assets		**435,282**	**426,163**	**440,813**
LIABILITIES				
Current Liabilities				
Payables	24	18,321	18,077	16,246
Interest Bearing Liabilities	25	432	512	512
Provisions	26	16,066	14,019	13,427
Other	27	175	30	30
Total Current Liabilities		**34,994**	**32,638**	**30,215**
Non-Current Liabilities				
Interest Bearing Liabilities	25	1,006	1,326	1,326
Provisions	26	31,954	31,631	29,583
Total Non-Current Liabilities		**32,960**	**32,957**	**30,909**
Total Liabilities		**67,954**	**65,595**	**61,124**
Net Assets		**367,328**	**360,568**	**379,689**
EQUITY				
Reserves	28	142,840	144,555	144,555
Accumulated Funds	28	224,488	216,013	235,134
Total Equity		**367,328**	**360,568**	**379,689**

The accompanying notes form part of these Financial Statements

Royal Alexandra Hospital for Children

Statement of Cash Flows for the year ended 30 June 2005

	Notes	Actual 2005 $000	Budget 2005 $000	Actual 2004 $000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee Related		(149,765)	(143,172)	(141,419)
Grants and Subsidies		(323)	(295)	(317)
Borrowing Costs		(104)	-	(77)
Other		(70,700)	(67,018)	(57,214)
Total Payments		**(220,892)**	**(210,485)**	**(199,027)**
Receipts				
Sale of Goods and Services		139,835	135,257	114,348
Interest Received		4,643	3,844	4,540
Other		33,486	22,352	30,706
Total Receipts		**177,964**	**161,453**	**149,594**
Cash Flows From Government				
NSW Health Department Recurrent Allocations		49,337	49,337	52,775
NSW Health Department Capital Allocations		474	474	5,741
Cash Reimbursements from the Crown Entity		1,816	-	1,550
Net Cash Flows from Government		**51,627**	**49,811**	**60,066**
NET CASH FLOWS FROM OPERATING ACTIVITIES	33	**8,699**	**779**	**10,633**
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sale of Land and Buildings, Plant and Equipment		84	-	103
Proceeds from Sale of Shares		5,714	14,094	3,204
Purchases of Land and Buildings, Plant and Equipment and Systems Implementation		(18,870)	(16,477)	(12,247)
Other		7,479	-	1,446
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(5,593)**	**(2,383)**	**(7,494)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from Borrowings and Advances		-	-	850
Repayment of Borrowings and Advances		(401)	-	(288)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(401)**	**-**	**562**
NET INCREASE / (DECREASE) IN CASH		**2,705**	**(1,604)**	**3,701**
Opening Cash and Cash Equivalents		32,632	32,632	28,931
CLOSING CASH AND CASH EQUIVALENTS	16	**35,337**	**31,028**	**32,632**

The accompanying notes form part of these Financial Statements

Royal Alexandra Hospital for Children

Program Statement - Expenses and Revenues for the year ended 30 June 2005

SERVICE'S EXPENSES AND REVENUES	Program 1.1 *		Program 1.2 *		Program 1.3 *		Program 2.1 *		Program 2.2 *		Program 2.3 *		Program 3.1 *		Program 4.1 *		Program 5.1 *		Program 6.1 *		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Expenses																						
Operating Expenses																						
Employee Related	3,755	3,169	214	134	30,722	29,169	10,465	6,175	78,586	76,351	10,574	9,284	6,021	4,663	4,253	3,201	7,378	7,353	16,450	14,823	168,417	154,322
Visiting Medical Officers	36	-	-	-	2,237	2,054	-	-	2,167	1,823	241	327	120	127	38	36	45	-	17	17	4,900	4,384
Goods and Services	960	569	6	91	13,012	10,969	4,306	4,109	21,493	18,793	2,402	759	555	451	1,578	1,267	2,034	1,665	5,566	5,018	51,912	43,691
Maintenance	152	142	1	6	2,018	1,407	665	350	3,331	3,164	373	286	87	168	253	139	320	291	662	645	7,862	6,598
Depreciation and Amortisation	294	280	2	3	4,642	4,531	1,577	1,419	7,705	7,599	854	357	191	346	443	401	662	610	964	923	17,333	16,469
Grants and Subsidies	294	288	-		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	294	288
Borrowing Costs	2	1	-	1	28	23	10	7	47	39	5	2	1	2	3	2	4	3	4	3	104	83
Total Expenses	**5,492**	**4,449**	**223**	**235**	**52,660**	**48,153**	**17,023**	**12,060**	**113,330**	**107,769**	**14,449**	**11,015**	**6,974**	**5,757**	**6,568**	**5,046**	**10,443**	**9,922**	**23,663**	**21,429**	**250,823**	**225,835**
Revenue																						
Sale of Goods and Services	96	110	-	-	5,213	5,434	9,733	8,036	101,261	81,465	20,632	14,871	170	202	382	821	1,147	604	1,206	2,460	139,840	114,003
Investment Income	199	148	1	1	579	677	108	50	984	1,126	143	119	41	48	563	288	261	335	2,178	1,730	5,057	4,522
Grants and Contributions	1,379	444	3	14	2,574	2,605	502	415	4,108	5,525	685	272	181	195	2,491	898	1,158	1,909	10,453	9,496	23,535	21,773
Other Revenue	2	2	-	-	90	110	168	163	1,743	1,657	355	303	3	4	7	16	20	27	1,252	1,864	3,638	4,146
Total Revenue	**1,676**	**704**	**3**	**15**	**8,456**	**8,826**	**10,510**	**8,664**	**108,097**	**89,773**	**21,815**	**15,565**	**395**	**449**	**3,443**	**2,023**	**2,585**	**2,875**	**15,090**	**15,550**	**172,070**	**144,444**
Gain/ (Loss) on Disposal of																						
Non Current Assets	(4)	3	-	1	(24)	33	(6)	8	(39)	79	(5)	5	(1)	4	(8)	3	(6)	3	(14)	10	(107)	149
Net Cost of Services	**3,820**	**3,742**	**219**	**219**	**44,228**	**39,294**	**6,519**	**3,388**	**5,272**	**17,917**	**(7,362)**	**(4,555)**	**6,581**	**5,304**	**3,132**	**3,020**	**7,864**	**7,044**	**8,586**	**5,869**	**78,860**	**81,242**

* The name and purpose of each program is summarised in Note 14. The program statement uses statistical data to 31 December 2004 to allocate the current year's financial information to each program. No changes have occurred during the period between 1 January 2005 and 30 June 2005 which would materially impact this allocation for the entire year.

Royal Alexandra Hospital for Children

Notes to and forming part of the Financial Statement for the year ended 30 June 2005

1 The Hospital Reporting Entity

The Royal Alexandra Hospital for Children, "the Hospital", trading as The Children's Hospital at Westmead, comprises all the operating activities of the Hospital facilities under its control. It also encompasses the Special Purposes and Trust Funds which, while containing assets which are restricted for specified uses by the grantor or the donor, are nevertheless controlled by the Hospital.

The Hospital is consolidated by NSW Health as part of the NSW Total State Sector Accounts.

2 Summary of Significant Accounting Policies

The Hospital's financial statements are a general purpose financial report which has been prepared on an accruals basis and in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Urgent Issues Group (UIG) Consensus Views and the requirements of the Health Services Act 1997 and its regulations including observation of the Accounts and Audit Determination for Area Health Services and Public Hospitals.

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

In the absence of a specific Accounting Standard, other authoritative pronouncements of the AASB or UIG Consensus View, the hierarchy of other pronouncements as outlined in AAS6 "Accounting Policies" is considered.

Except for certain investments and land and buildings, plant and equipment, which are recorded at valuation, the financial statements are prepared in accordance with the historical cost convention. All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

Other significant accounting policies used in the preparation of these financial statements are as follows:

a) Employee Benefits and Other Provisions

i) Salaries and Wages, Annual Leave, Sick Leave and On Costs (including non-monetary benefits)

Liabilities for salaries and wages, annual leave and vesting sick leave and related on-costs are recognised and measured in respect of employees' services up to the reporting date at nominal amounts based on the amounts expected to be paid when the liabilities are settled.

Employee benefits are dissected between the "Current" and "Non-Current" components on the basis of anticipated payments for the next twelve months. This in turn is based on past trends and known resignations and retirements.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of workers' compensation insurance premiums and fringe benefits which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

ii) Long Service Leave and Superannuation

Long Service Leave is measured on a short hand basis at an escalated rate of 17% for Current and 7.1% (3.7% in 2004) for Non- Current above the salary rates immediately payable at 30 June 2005 for all employees with five or more years of service. Actuarial assessment has found that this measurement technique produces results not materially different from the estimate determined by using the present value basis of measurement.

Employee leave entitlements are dissected between the "Current" and "Non-Current" components on the basis of

anticipated payments for the next twelve months. This in turn is based on past trends and known resignations and retirements.
The Hospital's liability for superannuation is assumed by the Crown Entity. The Hospital accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of Employee Benefits".

The superannuation expense for the financial year is determined by using the formulae specified by the NSW Health Department. The expense for certain superannuation schemes (ie Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (ie State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

iii) Other Provisions

Other provisions exist when the entity has a present legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events. These provisions are recognised when it is probable that a future sacrifice of economic benefits will be required and the amount can be measured reliably.

b) Insurance

The Hospital's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government Agencies. The expense (premium) is determined by the Fund Manager based on past experience.

c) Borrowing Costs

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

d) Revenue Recognition

Revenue is recognised when the Hospital has control of the good or right to receive, it is probable that the economic benefits will flow to the Hospital and the amounts of revenue can be measured reliably. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

Sale of Goods and Services

Revenue from the sale of goods and services comprises revenue from the provision of products or services, ie user charges. User charges are recognised as revenue when the Hospital obtains control of the assets that result from them.

Patient Fees

Patient Fees are derived from chargeable inpatients and non-inpatients on the basis of rates specified by the NSW Health Department from time to time.

Investment Income

Interest revenue is recognised as it accrues. Rent revenue is recognised in accordance with AAS17 "Accounting for Leases". Dividend revenue is recognised when the Hospital's right to receive payment is established.

Debt Forgiveness

In accordance with the provisions of Australian Accounting Standard AAS23 debts are accounted for as extinguished when, and only when, settlement occurs through repayment or replacement by another liability or the debt is subject to a legal defeasance.

Use of Hospital Facilities

Specialist doctors with rights of private practice are subject to an infrastructure charge for the use of Hospital facilities at rates determined by the NSW Health Department. Charges consist of two components:
• a monthly charge raised by the Hospital based on a percentage of receipts generated.
• the residue of the Private Practice Trust Fund at the end of each financial year, such sum being credited for Hospital's use in the advancement of the Hospital or individuals within it.

Use of Outside Facilities

The Hospital uses a number of facilities owned and maintained by the local authorities in the area to deliver community health services. No charges are raised by the authorities. The Hospital is unable to estimate the value of charges for the use of all such services nor the value of the services provides from these facilities.

Grants and Contributions

Grants and Contributions are generally recognised as revenues when the Hospital obtains control over the assets comprising the contributions. Control over contributions is normally obtained upon the receipt of cash.

NSW Health Department Allocations

Payments are made by the NSW Health Department on the basis of the allocation for the Hospital as adjusted for approved supplementations mostly for salary agreements, patient flows between Hospital and other States and approved enhancement projects. This allocation is included in the Statement of Financial Performance before arriving at the "Result for the Year from Ordinary Activities" on the basis that the allocation is earned in return for the health services provided on behalf of the Department. Allocations are normally recognised upon the receipt of cash.

e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

• the amount of GST incurred by the Hospital as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense;
• receivables and payables are stated with the amount of GST included.

f) Inter Area and Interstate Patient Flows

Inter Area Patient Flows

The Hospital recognises patient flows from acute inpatients (other than Mental Health Services), emergency and rehabilitation and extended care.

Patients flows have been calculated using benchmarks for the cost of services for each of the categories identified and deducting estimated revenue, based on the payment category of the patient.

The adjustments have no effect on equity values as the movement in Net Cost of Services is matched by a corresponding adjustment to the value of the NSW Health Recurrent Allocation.

Inter State Patient Flows

The Hospital recognises the flow of acute inpatients from the area in which they are resident to other States and Territories within Australia. The Hospital also recognises the value of inflows for acute inpatient treatment provided to residents from other States and Territories. The expense and revenue values reported within the financial statements have been based on 2003/04 activity data using standard cost weighted separation values to reflect estimated costs in 2004/05 for acute weighted inpatient separations. Where treatment is obtained outside the home health service, the State /Territory providing the services is reimbursed by the benefiting Area

The reporting adopted for both inter area and interstate patient flows aims to provide a greater accuracy of the cost of service provision to the Area's resident population and disclose the extent to which service is provided to non residents.

The composition of patient flow revenue is disclosed in Note 9.

g) Receivables

Receivables are recognised and carried at cost, based on the original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection for the full amount is no longer probable. Bad debts are written off as incurred.

h) Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Hospital. Cost is determined as the fair value of the assets given as consideration plus the costs incidental to the acquisition.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition except for assets transferred as a result of an administrative restructure.

Fair value means the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value at the acquisition date. The discount rate used is the incremental borrowing rate, being the rate at which similar borrowing could be obtained.

Land and Buildings which are owned by the Health Administration Corporation or the State and administered by the Hospital are deemed to be controlled by the Hospital and are reflected as such in the financial statements.

i) Plant and Equipment

Individual items of plant and equipment costing $5,000 and above are capitalised.

j) Depreciation

Depreciation is provided for on a straight line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Hospital.

Details of depreciation rates for major asset categories are as follows:

Buildings	2.3% to 2.5%
Electro Medical Equipment	
- Costing less than $200,000	10.0%
- Costing more than or equal to $200,000	12.5%
Computer Equipment	20.0%
System Implementation Cost	20.0% to 33.3%
Office Equipment	10.0%
Plant and Machinery	10.0%
Furniture, Fittings and Furnishings	5.0%

k) Revaluation of Physical Non-Current Assets

Physical non-current assets are valued in accordance with the NSW Health Department's "Guidelines for the Valuation of Physical Non-Current Assets at Fair Value". This policy adopts fair value in accordance with AASB 1041 from financial years beginning 1 July 2002. There is no substantive difference between the fair value

valuation methodology and the previous valuation methodology adopted by the Hospital.

Where available, fair value is determined having regard to the highest and best use of the asset on the basis of current market selling prices for the same or similar assets. Where market selling price is not available, the asset's fair value is measured as its market buying price ie the replacement cost of the asset's remaining service potential. The Hospital is a not for profit entity with no cash generating operations.

Each class of physical non-current assets is revalued every five years and with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last revaluation was completed on 30 June 2002 and was based on an independent assessment.

Non-specialised generalised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation is separately restated.

Otherwise, any balances of accumulated depreciation existing at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the Result for the Year from Ordinary Activities, the increment is recognised immediately as revenue in the Result for the Year from Ordinary Activities.

Revaluation decrements are recognised immediately as expenses in the Result for the Year from Ordinary Activities, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

Revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

l) Assets Not Able to be Reliably Measured

The Hospital holds certain assets that have not been revalued in the Statement of Financial Position because the Hospital is unable to reliably measure the value for the assets. This relates to the property at Camperdown that is held for resale. Its value depends on the outcome of the negotiation and approved purpose for use of the land after sale. It is held at the 1991 valuation.

m) Maintenance and Repairs

The costs of maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset in which case the costs are capitalised and depreciated.

n) Leased Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are

allocated between the principal component and the interest expense.

Operating lease payments are charged to the Statement of Financial Performance in the periods in which they are incurred.

o) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of stock mainly on the basis of first-in-first-out (FIFO) or weighted average costs.

Obsolete items are disposed of in accordance with instructions issued by the NSW Health Department.

p) Other Financial Assets

"Other financial assets" are generally recognised at cost, with the exception of TCorp Hour Glass Facilities and Managed Fund Investments, which are measured at market value.

For non-current "other financial assets", revaluation increments and decrements are recognised in the same manner as physical non-current assets.

Donated shares are sold and converted to cash.

For current "other financial assets", revaluation increments and decrements are recognised in the Statement of Financial Performance.

q) Financial Instruments

Financial instruments give rise to positions that are a financial asset of either the Hospital or its counter party and a financial liability (or equity instrument) of the other party. For the Hospital, these include cash at bank, receivables, other financial assets, payables and interest bearing liabilities.

In accordance with Australian Accounting Standard AAS33, "Presentation and Disclosure of Financial Instruments", information is disclosed in Note 21 in respect of the credit risk and interest rate risk of financial instruments. All such amounts are carried in the accounts at net fair value. The specific accounting policy in respect of each class of such financial instrument is stated hereunder.

Classes of instruments recorded at cost and their terms and conditions at balance date are as follows:

Cash

Accounting Policies - Cash is carried at nominal values reconcilable to monies on hand and independent bank statements.

Terms and Conditions - Monies on deposit attract an effective interest rate of approximately 5.5% (2004: 4.8%).

Receivables

Accounting Policies - Receivables are recognised and carried at cost, based on the original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred. No interest is earned on trade debtors. Accounts are issued on 30 day terms.

Investments

Accounting Policies - Investments reported at cost include both short term and fixed term deposits, exclusive of Hour Glass funds invested with Treasury Corporation. Interest is recognised in the Statement of Financial Performance when earned. Shares are carried at cost with dividend income recognised when the dividends are

declared by the investee.

Payables

Accounting Policies - Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Hospital.
Terms and Conditions - Trade liabilities are settled within any terms specified. If no terms are specified, payment is made by the end of the month following the month in which the invoice is received.

Interest Bearing Liabilities

Accounting Policies - Bank Overdrafts and Loans are carried at the principal amount. Interest is charged as an expense as it accrues. Finance Lease Liability is accounted for in accordance with Australian Accounting Standard, AAS17.

Terms and Conditions - Interest bearing loans are payable at weekly intervals with interest charged at 6.42% (2004: 6.5%). Interest is accrued over the period it becomes due.

Hour Glass Investment Facilities

The Hospital has investments in TCorp's Hour Glass Investment facilities. The Hospital's investments are represented by a number of units in managed investments within the facilities. Each facility has different investment horizons and comprises a mix of asset classes appropriate to that investment horizon. TCorp appoints and monitors fund managers and establishes and monitors the application of appropriate investment guidelines.

The Hospital's investment is:

	2005 $'000	2004 $'000
Cash Plus Facility	29,619	26,224
Long Term Growth Facility	32,077	37,752

These investments are generally able to be redeemed with up to five business days notice (dependent upon the facility). The value of the investments held can decrease as well as increase depending upon market conditions. The value that best represents the maximum credit risk exposure is the net fair value. The value of the above investments represents the Hospital's share of the value of the underlying assets of the facility and is stated at net fair value.

There are no classes of instruments that are recorded at other than cost or market valuation.

All financial instruments including revenue, expenses and other cash flows arising from instruments are recognised on an accrual basis.

r) Payables

These amounts represent liabilities for goods and services provided to the Hospital and other amounts, including interest.

s) Interest Bearing Liabilities

All loans are valued at current capital value.

t) Trust Funds

The Hospital receives monies in a trustee capacity for various trusts as set out in Note 30. As the Hospital

performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the Hospital's own objectives, they are not brought to account in the financial statements.

u) Budgeted Amounts

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year and with any adjustments for the effects of additional supplementation provided.

v) Impact of Adopting Australian Equivalents to International Financial Reporting Standards

The Hospital will apply the Australian equivalents to International Financial Reporting Standards (AEIFRS) from 2005-06.

The ramifications of changes in accounting standards have been assessed throughout 2004-05 and the Hospital's assessment has been based on issue papers prepared by both the NSW Treasury and the NSW Health Department, together with due consideration by the Hospital of the applicability of each standard.

The Hospital has determined the key areas where changes in accounting policies are likely to impact the financial report. Some of these impacts arise because AEIFRS requirements are different from exisiting AASB requirements (AGAAP). Other impacts are likely to arise from options in AEIFRS. To ensure consistency at the whole of Government level, NSW Treasury has advised agencies of options it is likely to mandate for the NSW Public Sector. The impacts disclosed below reflect Treasury's likely mandates (referred to as "indicative mandates").

Shown below are management's best estimates as at the date of preparing the 30 June 2005 financial report of the estimated financial impacts of AEIFRS on the Hospital's equity and profit/loss. The Hospital does not anticipate any material impacts on its cash flows. The actual effects of the transition may differ from the estimated figures below because of pending changes to the AEIFRS, including the UIG Iinterpretations and/or emerging accepted practice in their interpretation and application. The Hospital's accounting policies may also be affected by a proposed standard to harmonise accounting standards with Government Finance Statistics (GFS). However, the impact is uncertain because it depends on when this standard is finalised and whether it can be adopted in 2005-06.

Royal Alexandra Hospital for Children

Notes to and forming part of the Financial Statement for the year ended 30 June 2005

(a) Reconciliation of key aggregates

Reconciliation of equity under existing Standards (AGAAP) to equity under AEIFRS:			
		30-June-05**	1-July-04 *
		$000	$000
	Notes		
Total equity under AGAAP		367,328	379,689
Adjustments to accumulated funds			
Effect of discounting long-term annual leave		(486)	
Total equity under AEIFRS		366,842	379,689

* = No adjustments as at the date of transition
**= cumulative adjustments as at date of transition plus the year ended 30 June 2005

Result from Operating Activities		$000
Year ended 30 June 2005	Notes	
Result from Operating Activities		14,253
Long term annual leave		486
Results from Operating Activities		14,739

Notes to tables above

1 AASB 119 Employee Benefits requires the defined benefit superannuation obligation to be discounted using the government bond rate as at each reporting date, rather than the long term expected rate of return on plan assets. Where the superannuation obligation is not assumed by the Crown, this will increase the defined benefit superannuation liability (or decrease the asset for those agencies in an overfunded position) and change the quantum of the superannuation expense.

2 AASB 119 requires present value measurement for all long-term employee benefits. Current AGAAP provides that wages, salaries, annual leave and sick leave are measured at nominal value in all circumstances. The Hospital has long term annual leave benefits and accordingly will measure these benefits at present value, rather than nominal value, thereby decreasing the employee benefits liabilities and changing the quantum of the annual leave expense

(b) Financial Instruments

In accordance with NSW Treasury's indicative mandates, the Hospital will apply the exemption provided in AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards not to apply the requirements of AASB 132 Financial Instruments; Presentation and Disclosures and AASB 139 Financial Instruments: Recognition and Measurement for the financial year ended 30 June 2005. These standards will apply from 1 July 2005. None of the information provided above includes any impacts for financial instruments. However, when these Standards are applied, they are likely to impact on retained earnings (on first adoption) and the amount and volatility of profit/loss. Further, the impact of these Standards will in part depend on whether the fair value option can or will be mandated consistent with Government Finance Statistics.

(c) Grant recognition for not-for-profit entities

The Hospital will apply the requirements in AASB 1004 Contributions regarding contribution of assets (including grants) and forgiveness of liabilities. There are no differences in the recognition requirements between the new AASB 1004 and the current AASB 1004. However, the new AASB 1004 may be amended by proposals in Exposure Draft (ED) 125 Financial Reporting by Local Governments. If the ED 125 approach is applied, revenue and/or expense recognition will not occur until either the Hospital supplies the related goods and services (where grants are in-substance agreements for the provision of goods and services) or until conditions are satisfied. ED 125 may therefore delay revenue recognition compared with AASB 1004, where grants are recognised when controlled. However, at this stage, the timing and dollar impact of these amendments is uncertain.

3. Employee Related

Employee related expenses comprise the following:

	2005 $000	2004 $000
Salaries and Wages	133,964	123,052
Enterprise Agreements/Awards		
Long Service Leave [see note 2(a)]	5,525	4,510
Annual Leave [see note 2(a)]	13,795	13,046
Nursing Agency Payments	99	6
Other Agency Payments	187	139
Workers Compensation Insurance	1,671	1,652
Superannuation [see note 2(a)]	13,177	11,910
Fringe Benefits Tax	(1)	7
	168,417	154,322

Salaries and Wages includes $26,533 paid to members of the Health Service Board consistent with the Statutory Determination by the Minister for Health which provided remuneration effective from 1 July 2000. The Health Service Board was dissolved as from 27 July 2004.

The payments have been made within the following bands -

$ range	Number paid
$0 to $15,000	8
$15,000 to $30,000	-

No other fees or benefits were paid by the Hospital to its Board Members.

The following additional information is provided:

Maintenance staff costs included in Employee Related Expenses was $936,000 (refer Note 5).
Employee Related Expenses capitalised for system implementation under Plant and Equipment was $415,000.

4. Goods and Services

(a) Expenses on Goods and Services comprise the following:

Blood and Blood Products*	5,697	788
Computer Related Expenses	893	762
Domestic Charges	2,310	2,360
Drug Supplies	10,833	9,878
Food Supplies	2,440	2,307
Fuel, Light and Power	1,263	1,424
General Expenses	6,753	6,257
Hospital Ambulance Transport Costs	459	418
Insurance	48	73
Treasury Managed Fund Hindsight Adjustment	202	-
Medical and Surgical Supplies	9,884	8,224
Postal and Telephone Costs	1,111	1,186
Printing and Stationery	1,188	1,388
Rates and Charges	333	304
Rental	43	58
Special Service Departments	5,232	5,122
Staff Related Costs	1,312	1,311
Travel Related Costs	1,911	1,831
	51,912	43,691

Note*: Blood and Blood Products Cost was devolved from NSW Health to the Hospital for the first time.

	2005	2004
	$000	$000
4. Goods and Services (continued)		
General Expenses include:-		
Advertising	179	313
Books and Magazines	400	358
Consultancies		
- Operating Activities	316	294
- Capital Works	-	63
Courier and Freight	253	267
Auditor's Remuneration - Audit of financial reports	72	81
Auditor's Remuneration - Other Services	3	7
Legal Expenses	246	215
Membership/Professional Fees	361	189
Motor Vehicle Operating Lease Expense - minimum lease payments	170	138
Other Operating Lease Expense - minimum lease payments	2,116	2,137
Provision for Bad and Doubtful Debts	149	314
5. Maintenance		
Repairs and Routine Maintenance	6,165	5,639
Other		
Renovations and Additional Works	-	50
Replacements and Additional Equipment	1,697	909
	7,862	6,598

The value of Employee Related Expense (Note 3) applicable to Maintenance staff was $936,000 for 2004/05 and $948,000 for 2003/04, such cost covering engineers, trades staff and apprentices' salary costs, workers compensation and superannuation.

6. Depreciation and Amortisation		
Depreciation - Buildings	8,283	7,636
Depreciation - Plant and Equipment	9,031	8,814
Amortisation- leasehold land	19	19
	17,333	16,469
7. Grants and Subsidies		
Voluntary Organisation	294	288
8. Borrowing Costs		
Interest	105	83
	105	83

	2005	2004
	$000	$000

9. Sale of Goods and Services

(a) Sale of Goods and Services comprise the following:-

Patient Fees [see note 2(d)]	6,943	6,211
Staff-Meals and Accommodation	16	10
Infrastructure Charge - Monthly Facility Fees [see note 2(d)]	7,603	6,848
- Annual Charge	532	641
Car Parking	1,691	1,490
Child Care Fees	429	423
Fees for Medical Records	25	23
Non Staff Meals	2,455	2,369
Sale of Prosthesis	739	610
Pharmacy	560	528
Patient Inflows from Interstate	1,501	1,708
Inter Area Patient Inflows, NSW	115,783	91,780
Other	1,563	1,362
	139,840	114,003

(b) Revenues from Inter Area Patient Flows, NSW on an Area basis are as follows:

Sydney South West	28,090	22,880
Northern Sydney/ Central Coast	15,508	12,842
Sydney West	49,658	38,557
Hunter/ New England	6,444	3,886
South East/ Illawarra	5,959	4,536
North Coast	2,039	2,786
Greater Western	4,825	3,604
Greater South	3,260	2,689
	115,783	91,780

(c) Revenues from Patient Inflows from Interstate are as follows:-

Australian Capital Territory	1,016	1,052
Northern Territory	59	32
Queensland	206	206
South Australia	7	105
Tasmania	8	17
Victoria	184	184
Western Australia	21	112
	1,501	1,708

	2005	2004
	$000	$000

10. Investment Income

Interest	4,303	3,664
Lease and Rental Income	459	413
Dividends	295	445
	5,057	4,522

11. Grants and Contributions

Commonwealth Government Grants	2,593	2,432
Donations and Industry Contributions	17,161	15,848
Research Grants	3,088	2,952
Other Grants	9	102
Other		
Clinical Trials	684	439
	23,535	21,773

12. Other Revenue

Other Revenue comprises the following:-		
Sale of Merchandise and Books	733	922
Conference and Seminars	192	211
Commissions	16	55
Treasury Managed Fund Hindsight Adjustment	-	46
Other	2,697	2,912
	3,638	4,146

13. Gain/(Loss) on Disposal of Non-Current Assets

Property, Plant and Equipment	364	260
Other Assets	5,790	3,127
Less Accumulated Depreciation	253	233
Written Down Value	**5,901**	**3,154**
Less Proceeds from Disposal	5,794	3,303
Gain/(Loss) on Disposal of Non-Current Assets	**(107)**	**149**

14 Programs/Activities of the Hospital

Program 1.1 - Primary and Community Based Services

Objective: To improve, maintain or restore health through health promotion, early intervention, assessment, therapy and treatment services for clients in a home or community setting.

Program 1.2 - Aboriginal Health Services

Objective: To raise the health status of Aborigines and to promote a healthy life style.

Program 1.3 - Outpatient Services

Objective: To improve, maintain or restore health through diagnosis, therapy, education and treatment services for ambulant patients in a hospital setting.

Program 2.1 - Emergency Services

Objective: To reduce the risk of premature death and disability for people suffering injury or acute illness by providing timely emergency diagnostic, treatment and transport services.

Program 2.2 - Overnight Acute Inpatient Services

Objective: To restore or improve health and manage risks of illness, injury and childbirth through diagnosis and treatment for people intended to be admitted to hospital on an overnight basis.

Program 2.3 - Same Day Acute Inpatient Services

Objective: To restore or improve health and manage risks of illness, injury and childbirth through diagnosis and treatment for people intended to be admitted to hospital and discharged on the same day.

Program 3.1 - Mental Health Services

Objective: To improve the health, well being and social functioning of people with disabling mental disorders and to reduce the incidence of suicide, mental health problems and mental disorders in the community.

Program 4.1 - Rehabilitation and Extended Care Services

Objective: To improve or maintain the well being and independent functioning of people with disabilities or chronic conditions, the frail aged and the terminally ill.

Program 5.1 - Population Health Services

Objective: To promote health and reduce the incidence of preventable disease and disability by improving access to opportunities and prerequisites for good health.

Program 6.1 - Teaching and Research

Objective: To develop the skills and knowledge of the health workforce to support patient care and population health. To extend knowledge through scientific enquiry and applied research aimed at improving the health and well being of the people of New South Wales.

15. Conditions on Contributions

	Purchase of Assets	Health Promotion Education and Research	Staff Training Education and Development	Total
	$000	$000	$000	$000
Contributions recognised as revenues during current year for which expenditure in manner specified had not occurred as at balance date	4,674	10,177	531	15,382
Contributions recognised in previous years which were not expended in the current	16,413	27,478	1,549	45,440
Total amount of unexpended contributions as at balance date	21,087	37,655	2,080	60,822

Comment on restricted assets appears in Note 23

16. Current Assets - Cash

	2005	2004
	$000	$000
Cash at bank and on hand	5,718	6,408
Deposits at call	29,619	26,224
	35,337	32,632

Cash assets recognised in the Statement of Financial Position are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows as follows:

Cash (per Statement of Financial Position)	35,337	32,632
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	35,337	32,632

	2005	2004
	$000	$000

17. Current/Non-Current Receivables

Current		
(a) Sale of Goods and Services		
Goods and Services	5,326	3,328
Leave Mobility	175	113
NSW Health Department	1,618	157
Other Debtors	1,838	1,435
Sub Total	8,957	5,033
Less Provision for Doubtful Debts	(701)	(656)
	8,256	**4,377**
(b) Bad debts written off during the year - Current Receivables		
- Sale of Goods and Services	16	132
- Other	-	-
	16	**132**
Non-Current		
(a) Sale of Goods and Services	322	423
Sub Total	322	423
Less Provision for Doubtful Debts	(97)	(77)
(a) Sale of Goods and Services	**225**	**346**
(b) Bad debts written off during the year - Non Current Receivables		
- Sale of Goods and Services	67	-
- Other	1	-
	68	**-**
Sale of Goods and Services includes:		
Patient Fees - Compensable	442	441
Patient Fees - Ineligible	1,224	635
Patient Fees - Other	3,982	2,675
	5,648	**3,751**

18. Inventories

Current - at cost		
Drugs	735	632
Medical and Surgical Supplies	1,663	1,638
Food and Hotel Supplies	24	27
Engineering Supplies	123	157
Fundraising Merchandise	234	140
Other including Goods in Transit	583	575
	3,362	**3,169**

	2005	2004
	$000	$000

19. Current/Non-Current Assets - Other

Current		
Prepayments	853	609
	853	**609**

20. Current/Non-Current Other Financial Assets

Current		
Other Loans and Deposits	21	-
	21	**-**
Non-Current		
Treasury Corp. - Hour-Glass Facilities	32,077	37,752
Other Loans and Deposits	-	21
Shares	4	5,705
	32,081	**43,478**

21. Financial Instruments

a) Interest Rate Risk

Interest rate risk, is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates. The Hospital's exposure to interest rate risks and the effective interest rates of financial assets and liabilities, both recognised and unrecognised, at the Statement of Financial Position date are as follows:

Financial Instruments	Floating interest rate		Fixed interest rate maturing in:						Non-interest bearing		Total carrying amount as per the Statement of Financial Position		Weighted average effective interest rate *	
			1 year or less		Over 1 to 5 years		More than 5 years							
	2005 $000	2004 $000	2005 $000	2004 $000	2005 $000	2004 $000	2005 $000	2004 $000	2005 $000	2004 $000	2005 $000	2004 $000	2005 %	2004 %
Financial Assets														
Cash	35,322	32,618	-	-	-	-	-	-	15	14	35,337	32,632	5.5%	4.8%
Receivables	-	-	-	-	-	-	-	-	8,481	4,723	8,481	4,723	-	-
Shares	-	-	-	-	-	-	-	-	4	5,705	4	5,705	-	-
Treasury Corp. Hour-Glass Facilities	-	-	-	-	-	-	-	-	32,077	37,752	32,077	37,752	11.1%	15.4%
Other Loans and Deposits	-	-	21	-	-	-	-	21	-	-	21	21	6.0%	6.0%
Total Financial Assets	**35,322**	**32,618**	**21**	**-**	**-**	**-**	**-**	**21**	**40,577**	**48,194**	**75,920**	**80,833**		
Financial Liabilities														
Borrowings-Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings-Other	-	-	432	512	832	1,021	174	305	-	-	1,438	1,838	6.42%	6.51%
Payables	-	-	-	-	-	-	-	-	18,321	16,246	18,321	16,246	-	-
Other	-	-	-	-	-	-	-	-	175	30	175	30	-	-
Total Financial Liabilities	**-**	**-**	**432**	**512**	**832**	**1,021**	**174**	**305**	**18,496**	**16,276**	**19,934**	**18,114**		

* Weighted average effective interest rate was computed on a semi-annual basis.
It is not applicable for non-interest bearing financial instruments.

21. Financial Instruments

b) Credit Risk

Credit risk is the risk of financial loss arising from another party to a contract/ or financial position failing to discharge a financial obligation thereunder.
The Hospital's maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the Statement of Financial Position.

Credit Risk by classification of counterparty.

	Governments		Banks		Patients		Other		Total	
	2005 $000	2004 $000	2005 $000	2004 $000	2005 $000	2004 $000	2005 $000	2004 $000	2005 $000	2004 $000
Financial Assets										
Cash	29,619	26,224	5,703	6,394	-	-	15	14	35,337	32,632
Receivables	2,624	366	-	-	4,019	3,288	1,838	1,069	8,481	4,723
Shares	-	-	-	-	-	-	4	5,705	4	5,705
Treasury Corp. Hour-Glass Facilities	32,077	37,752	-	-	-	-	-	-	32,077	37,752
Other Loans and Deposits	-	-	-	-	-	-	21	21	21	21
Total Financial Assets	**64,320**	**64,342**	**5,703**	**6,394**	**4,019**	**3,288**	**1,878**	**6,809**	**75,920**	**80,833**

The only significant concentration of credit risk arises in respect of patients ineligible for free treatment under the Medicare provisions.
Receivables from these entities totalled $1,224,000 at balance date.

c) Net Fair Value

As stated in Note 2(q) all financial instruments are carried at Net Fair Value, the values of which are reported in the Statement of Financial Position.

d) Derivative Financial Instruments

The Hospital holds no Derivative Financial Instruments.

	2005	2004
	$000	$000

22. Property, Plant and Equipment

Land and Buildings		
At Fair Value	382,692	370,772
Less Accumulated Depreciation	55,688	47,387
	327,004	323,385
Plant and Equipment		
At Fair Value	143,172	139,067
Less Accumulated Depreciation	115,029	106,250
	28,143	32,817
Total Property, Plant and Equipment At Net Book Value	355,147	356,202

2005	Land	Buildings	Work in Progress	Leased Land	Plant and Equipment	Total
	$000	$000	$000	$000	$000	$000
Carrying amount at start of year	20,044	297,207	5,450	684	32,817	356,202
Additions	-	11,921	-	-	4,468	16,389
Disposals	-	-	-	-	(111)	(111)
Depreciation and Amortisation expense	-	(8,283)	-	(19)	(9,031)	(17,333)
Reclassifications	-	5,450	(5,450)			
Carrying amount at end of year	20,044	306,295	-	665	28,143	355,147

(i) Land and Buildings include land owned by the NSW Health Department and administered by the Hospital [see notes 2(h) and 2(k)].

(ii) Land and Buildings at Westmead were revalued at fair value using indexes of 1.06 for building and 1.2 for land on 30 June 2005. The indexes were applied to the valuation by Mr J Carr APPI (Certified Practising Valuer) Registered Valuer No 1699 from the State Valuation Office on 26 April 2002 [see notes 2 (h) and 2(k)].

Land was revalued at fair value of $ 20,044,000 (cost $14,600,000) on 30 June 2005 based on the valuation dated 26 April 2002. It did not include the leasehold land at Manly, on which Bear Cottage Hospice is located. The term of the lease is 20 years with an option to renew for a further 20 years. The rent payable is $1 per annum.

Buildings were revalued at fair value of $342,606,000 (cost $221,275,000) on 30 June 2004.

(iii) The proposal to sell the property at Camperdown (to another Government Agency) is currently with NSW Health for approval. [see note 2(l)].

(iv) Plant and Equipment, other than motor vehicles, are recorded by the Hospital at cost less accumulated depreciation.

Royal Alexandra Hospital for Children

Notes to and forming part of the Financial Statement for the year ended 30 June 2005

23. Restricted Assets

The Hospital's financial statements include the following assets which are restricted by externally imposed conditions, eg. Donor requirements. The assets are only available for application in accordance with the terms of the donor restrictions.

Category	Brief Details of Externally Imposed Conditions including Asset Category affected	2005 $000	2004 $000
Children's Hospital Funds	Donations and fundraisings held for the purposes of specific equipment and or services.	2,364	812
Specific Purposes	Donations, contributions and fundraisings held in trust for the benefit of specific patient, departments and/or staff group.	28,536	24,843
Perpetually Invested Funds	Funds invested in perpetuity. The income therefrom is used in accordance with donors' or trustees' instructions for the benefit of patients and/or in support of Hospital services.	6,297	5,901
Research Grants	Funds to be held for research on child health and other related research carried out by the Hospital.	12,257	10,652
Private Practice Funds	Funds to be held for the use of training, education and professional development of staff.	2,080	1,648
Bear Cottage Hospice	Donations, contributions and fund raisings held towards the cost of operating Bear Cottage Hospice, a home for chronically ill children and their families, to provide them with palliative care in a home environment.	801	1,091
Research Capital Campaign	Donations, contributions and fundraisings held towards the building of the Clinical Research Building, to provide infrastructure and facilities to meet the growing needs of the research on disease and children's health.	8,487	20,664
		60,822	65,611

	2005	2004
	$000	$000

24. Payables

Current		
Accrued Salaries and Wages	6,367	3,570
PAYG and Other Payroll Deductions	478	75
Creditors	8,247	8,560
Interest	-	6
Other Creditors		
- Capital Works	3,187	3,997
- Other	42	38
	18,321	16,246

25. Current/Non-Current Interest Bearing Liabilities

Current		
Other Loans and Deposits	432	512
Non-Current		
Other Loans and Deposits	1,006	1,326
	1,006	1,326

Other loans still to be extinguished represent monies to be repaid to the NSW Health Department. Final Repayment is scheduled for 30 June 2007

Repayment of Borrowings (excluding Finance Leases)		
Not later than one year	432	512
Between one and five years	832	1,021
Later than five years	174	305
Total Borrowings at face value (excluding Finance Leases)	1,438	1,838

26. Current/Non-Current Liabilities - Provisions

Current		
Employee Annual Leave	11,993	10,740
Employee Long Service Leave	4,073	2,687
Total Current Provisions	16,066	13,427
Non-Current		
Employee Annual Leave	6,993	6,881
Employee Long Service Leave	24,961	22,702
Total Non-Current Provisions	31,954	29,583
Aggregate Employee Benefits and Related On-costs		
Provisions - current	16,066	13,427
Provisions - non-current	31,954	29,583
Accrued Salaries and Wages and on costs (Note 24)	6,845	3,645
	54,865	46,655

27. Other Liabilities

Current		
Income in Advance	175	30

28. Equity

	Accumulated Funds		Asset Revaluation Reserve		Total Equity	
	2005 $000	2004 $000	2005 $000	2004 $000	2005 $000	2004 $000
Balance at the beginning of the financial year	235,134	243,517	144,555	122,948	379,689	366,465
Changes in equity - transactions with owners as owners	(14,253)	(10,816)	-	-	(14,253)	(10,816)
Increment/(Decrement) on Revaluation of:						
Land and Buildings	-	-	-	20,875	-	20,875
Plant and Equipment					-	-
Investments	-	-	1,892	3,165	1,892	3,165
Asset Revaluation Reserve balances transferred to Accumulated Funds on disposal of Investments	3,607	2,433	(3,607)	(2,433)	-	-
Balance at the end of the financial year	224,488	235,134	142,840	144,555	367,328	379,689

The asset revaluation reserve is used to record increments and decrements on the revaluation of non current assets. This accords with the Hospital's policy on the "Revaluation of Physical Non-Current Assets" and "Investments", as discussed in Note 2(k).

29. Commitments for Expenditure

	2005 $000	2004 $000
(a) Capital Commitments		
Aggregate capital expenditure contracted for at balance date but not provided for in the accounts:		
Not later than one year	1,030	12,670
Later than one year and not later than five years	-	300
Total Capital Expenditure Commitments (including GST)	1,030	12,970

Of the commitments reported at 30 June 2005 it is expected that $1,029,600 will be met from locally generated monies.

(b) Other Expenditure Commitments

Aggregate other expenditure contracted for at balance date but not provided for in the accounts:

Not later than one year	239	1,176
Total Other Expenditure Commitments (including GST)	239	1,176

(c) Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable:

Not later than one year	1,982	2,397
Later than one year and not later than five years	1,480	2,865
Total Operating Lease Commitments (including GST)	3,462	5,262

These Operating Leases are not recognised in the Financial Statements as liabilities until due.
The Operating Leases represent rental of medical plant and equipment, computer equipment and vehicles.

(d) Contingent Asset related to Commitments for Expenditure

The total of "Commitments for Expenditure" above includes input tax credits of $398,417 (2004: $1,719,601) that are expected to be recoverable from the Australian Taxation Office.

30. Trust Funds

The Hospital does not hold trust fund monies that are used for the safe keeping of patients' monies, deposits on hired items of equipment. The Hospital previously held monies in trust fund for Private Practice residual balance prior to 30 June 2003. This residual balance available has since been recognised as the Hospital's restricted assets. All transactions from the Private Practice Trust Funds are managed and approved by the Hospital's Private Practice Trust Committee.

31. Contingent Liabilities

a) Claims on Managed Fund

Since 1 July 1989, the Hospital has been a member of the NSW Treasury Managed Fund. The Fund will pay to or on behalf of the Hospital all sums which it shall become legally liable to pay by way of compensation or legal liability if sued except for employment related, discrimination and harassment claims that do not have statewide implications. The costs relating to such exceptions are to be absorbed by the Hospital. As such, since 1 July 1989, apart from the exceptions noted above no contingent liabilities exist in respect of liability claims against the Hospital. A Solvency Fund (now called Pre-Managed Fund Reserve) was established to deal with the insurance matters incurred before 1 July 1989 that were above the limit of insurance held, or for matters that were incurred prior to 1 July 1989 that would have become verdicts against the State. That Solvency Fund will likewise respond to all claims against the Hospital.

b) Workers Compensation Hindsight Adjustment

TMF normally calculates hindsight premiums each year. However, in regard to workers compensation the final hindsight adjustment for the 1997/98 final year and an interim adjustment for the 1999/2000 fund year were not calculated until 2003/04. As a result, the 1998/99 final and 2000/01 interim hindsight calculations will be paid in 2005/06. The basis for calculating the hindsight premium is undergoing review and it is expected that the problems experienced will be rectified for future payments.

32. Charitable Fundraising Activities

Fundraising Activities

The Hospital conducts direct fundraising.

All revenue and expenses have been recognised in the financial statements of the Hospital. Fundraising activities are dissected as follows:

	INCOME RAISED $000	DIRECT EXPENDITURE* $000	NDIRECT EXPENDITURE+ $000	NET PROCEEDS $000
Appeals	9,311	211	2,044	7,056
Fetes			2	(2)
Events and Functions	2,735	54	-	2,681
Legacies	5,116			5,116
	17,162	265	2,046	14,851
Percentage of Income	100%	2%	12%	87%

* Direct Expenditure includes printing, postage, raffle prizes, consulting fees, etc
\+ Indirect Expenditure includes direct overheads such as office staff administrative costs, cost apportionment of light, power and other overheads.

The net proceeds were used for the following purposes:	$000
Purchase of Assets	4,675
Special Services and Research	4,570
Held in Special Purpose and Trust Fund Pending Purchase	5,606
	14,851

The provision of the Charitable Fundraising Act 1991 and the regulations under that Act have been complied with and internal controls exercised by the Hospital are considered appropriate and effective in accounting for all the income received in all material respects.

33. Reconciliation Of Net Cost Of Services To Net Cash Flows from Operating Activities

	2005 $000	2004 $000
Net Cash Flows from Operating Activities	8,699	10,633
Depreciation	(17,333)	(16,469)
Decrease/(Increase) Provision for Doubtful Debts	(65)	(181)
Acceptance by the Crown Entity of Employee Superannuation Benefits	(11,317)	(10,360)
(Increase)/Decrease in Provisions	(5,010)	(3,913)
Increase /(Decrease) in Prepayments and Other Assets	1,091	(811)
(Increase)/Decrease in Creditors	(3,191)	(224)
Net Gain/(Loss) on Disposal of Property, Plant and Equipment	(107)	149
(NSW Health Department Recurrent Allocations)	(49,337)	(52,775)
(NSW Health Department Capital Allocations)	(474)	(5,741)
(Cash Reimbursements from the Government)	(1,816)	(1,550)
Net Cost of Services	(78,860)	(81,242)

34. Non Cash Financing and Investing Activities

Goods and Services received bt Donations	-	146
	-	146

35. 2004/2005 Voluntary Services

It is considered impracticable to quantify the monetary value of voluntary services provided to the Hospital. Services provided include:

- Chaplaincies and Pastoral Care - Patient and Family Support
- Patient Support Groups - Practical Support to Patients and Families
- Community Organisations - Counselling, Health Education, Book Bunker, Starlight Rooms and Radio Bed Rock, Transport, Home Help and Patient Activities
- Pink Ladies/Hospital Auxiliaries and Volunteers - Patient Services, Fund Raising, Assistance in Sibling Child Care Centre, relief staff to administration areas

36. Unclaimed Monies

Unclaimed salaries and wages are paid to the credit of the Department of Industrial Relations and Employment in accordance with the provisions of the Industrial Arbitration Act, 1940, as amended.

All money and personal effects of patients which are left in the custody of Hospital by any patient who is discharged or dies in the Hospital and which are not claimed by the person lawfully entitled thereto within a period of twelve months are recognised as the property of Hospital.

37. Budget Review

Net Cost of Services

The actual Net Cost of Services was lower than budget by $4,579,000. This was primarily due to successful achievements in Government and Industry Grants, Donations and Contributions received for research and services.

Result for the Year from Ordinary Activities

The Hospital had met its allocated fund from NSW Health to operate its core activities. The Hospital had relied greatly on its revenue, donations and grants to support most of its research activities, specialised services, equipment and a hospice.

Assets and Liabilities

Total Net Assets are $6,760,000 higher than budget primarily due to the increase in funds available for research and specific services as well as re-investment of investment income received.

Cash Flows

Movements in the level of the NSW Health Department Recurrent Allocation that have occurred since the time of the initial allocation on 23 July 2004 are as follows:

	$'000	$'000
Initial Allocation, 23 July 2004		33,501
Award Increases		4,340
Special Projects		5,349
Major Areas include:		
- MRI Services	340	
Blood and Blood Product	4,678	
- Program of Appliances for Disabled People (PADP)	222	
Other		7,766
Major Areas include:		
- Cancellation of ICT Leasing Contracts	1,192	
- Cochlear Implant	1,056	
- Extended Winter Beds	1,377	
- Nurses Strategy	320	
- Extra Public Holiday Paid	224	
- Infant Liver Transplants	2,420	
Balance as per Statement of Financial Performance		**50,956**

38. Post Balance Date Events

No significant events occured after the balance date is reported that will significantly affect the financial result of the Hospital.

END OF AUDITED FINANCIAL STATEMENTS

Hours of Operation

- The Emergency Department of The Children's Hospital at Westmead is open 24 hours a day.
- Outpatients Clinics are open from 8am to 5pm, Monday to Friday.

the children's hospital at Westmead

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