



Royal Flying
Doctor Service

WESTERN AUSTRALIA



Annual Report
2018



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CEO Message

Western Australia's 'tyranny of distance' continues to challenge and inspire our pursuit of innovative solutions for the health and wellbeing of our communities. Being both agile and aware of the changing needs of our population are essential to futureproof our essential services across the state.

As we proudly celebrate 90 years of service in Australia, we are reminded that we are the custodians of an extraordinary legacy of innovation and service to the community. Here in Western Australia, it has been a particularly poignant year in which our history and future have underscored key advances towards our next generation of service.

With continued growth in the Kimberley, we identified the opportunity to build greater capacity for the region through a transition of resources from Derby to the RFDS base in Broome. The RFDS base in Derby had been a special part of the community fabric for more than 60 years. The success of the transition program was testament to the support of our valued stakeholder, the Shire of Derby West Kimberley, and the professionalism of the RFDS Derby team. At the end of the financial year, 25% of aeromedical retrievals had occurred in the Kimberley region.

At the start of the new calendar year, our energy and focus turned to operational capacity and alignment for the introduction of the new Rio Tinto LifeFlight PC-24 jet aircraft, which will arrive in late 2018.

A key highlight of the PC-24 program involves advanced training of our engineers, pilots and medical team to optimise skills and the jets' seamless entry in to service. To date, six RFDS engineers have undertaken training in Stans, Switzerland and Detroit, USA. In the next financial year 15 pilots will undertake PC-24 flight training in Dallas, USA and our medical team will train for six weeks with the jets' aero medical fit out and emergency procedures.



Rebecca Tomkinson

The jets will be in service from early 2019, boosting our service capability across vast distances and in readiness for changes in patient demand. The PC-24 will almost halve the time for long-haul, critical patient scenarios, with capacity for three stretchered patients and two medical teams. These jets will be our 'emergency wards in the sky'. Importantly, their integration with our existing fleet of PC-12 aircraft will ensure an optimal response to all aeromedical situations across our regions.

As our historic year draws to a close, we also reflect on the wonderful ninetieth anniversary event held at Western Australia's Government House Ballroom. In the spirit of storytelling, the event brought together leaders, dignitaries, former patients, former RFDS staff, community supporters, corporate partners, health and emergency services peers, government, business and current staff. It was a rare and special opportunity for Western Australians from all walks of life to come together and celebrate our Flying Doctor story.

A handwritten signature in dark ink, appearing to read 'Rebecca Tomkinson'. The signature is fluid and cursive, with a long, sweeping tail.

Rebecca Tomkinson

CEO

At the start of the new calendar year, our energy and focus turned to operational capacity and alignment for the introduction of the new Rio Tinto LifeFlight PC-24 jet aircraft

"Here in Western Australia, it has been a particularly poignant year in which our history and future have underscored key advances towards our next generation of service."



**Over the past
12 months, the
RFDS has touched
the lives of nearly
24,000 people
through aeromedical
retrievals and
patient clinics and
led 44,286 telehealth
consultations.**



Our Services

In Western Australia alone, the RFDS services an area of 2.5 million square kilometres, with 17 aircraft and five operating facilities. The RFDS also delivers a range of primary healthcare services across the state.



EMERGENCY AEROMEDICAL RETRIEVALS

Each year the RFDS helps thousands of sick and injured people across Western Australia for whom the right medical attention is far from reach. Each aircraft is fitted with advanced ICU equipment, enabling RFDS doctors and nurses to provide in-flight medical care.



TELEHEALTH CONSULTATIONS

More than 44,000 calls for medical advice and assistance were received in the past year. We also provided radio and video-linked medical consultations with RFDS doctors. These calls came from people living, working and travelling across WA, where access to medical assistance was limited or non-existent.



INTER-HOSPITAL PATIENT TRANSPORT

The RFDS provided aeromedical care and transport for sick and injured patients who required specialist care at tertiary hospitals within WA, as well as interstate when required.



MEDICAL CHESTS

RFDS supports more than 500 medical chests, located around the state. These chests contain a range of pharmaceutical and non-pharmaceutical items for emergency treatment, pain relief and preparation for medical evacuations from remote locations.



GP CLINICS AND DENTAL SERVICES

Dental health and general practice clinics were conducted around the state, bringing routine check-ups and treatment to remote and rural areas with normally limited or no access to these services.



From our History to our Future



YEAR	EVENT
1928	First Flying Doctor Service flight (QLD)
1929	The invention of the pedal radio (to call the Flying Doctor)
1931	The service officially begins in Western Australia
1935	The first Fox Moth aircraft used from WA's first base in Port Hedland
1935 (to 1989)	Wyndham Base
1935	Port Hedland Base
1937	WA Goldfields Base - Kalgoorlie
1945	Meekatharra Base
1955	Flying Doctor Service receives its Royal Warrant from Queen Elizabeth II.
1955 (to 2018)	Derby Base
1960s	Robin Miller, "The Sugar Bird Lady", was a lauded West Australian pilot and RFDS flight nurse who brought modern medicine to north-western Australia, while breaking down barriers for women in aviation.
1964	Jandakot Base and new headquarters for RFDS WA.
1977 (to 1989)	Geraldton Base
1980s	Greatest advancements in aeromedical fit-out. The interiors of RFDS aircraft become intensive care units in the sky.
1994	Reverend John Flynn featured on the Australian \$20 note.
2016	Broome Base
2018	Rio Tinto LifeFlight PC-24 Jets commences service



2017/18 Snapshot



5

AEROMEDICAL
Operating Facilities

15,758

LANDINGS



8,535

Patients Flown



44,286

TELEHEALTH
Consultations



17

RFDS

AIRCRAFT

Total Service Area



2.5 million

SQUARE KILOMETRES

7,556,000

KILOMETRES FLOWN

Emilia's Story

The atmosphere at the remote Coral Bay nursing post was frantic. A four-year-old girl had been bitten by a deadly Western Brown Snake and her health was deteriorating by the second.

Emilia Barnard was rushed to the nursing post by her panicked parents. The Perth girl had been bitten not once, but twice on her right foot.

The anguish and distress experienced by Emilia's parents were intensified when they learned the heart-wrenching news the nursing post had no antivenom in stock. It would have to be flown in by the RFDS from its Port Hedland base – a three-and-a-half-hour flight away.

It was 4 June, the WA Day public holiday, and the Barnard family had picked the coastal town of Coral Bay for a beachside getaway.

That morning, their spirited daughter had awoken with an eagerness to get to the beach – so much so that mum Kari Barnard had to chase after her as she bounded ahead.

Emilia had made it to the top of the stairs leading to the beach when she let out a bloodcurdling scream. Kari, who was trailing only shortly behind, soon saw the reason for her daughter's distress. Slithering down a nearby hole was a limestone-coloured Western Brown Snake.

The *Pseudonaja nuchalis*, to give the snake its Latin name, is also known as a Gwardar – an Aboriginal word for 'take the long way around'. Its bite is potentially fatal, as it has both neurotoxic and haemotoxic venom.

While their venom is less toxic in comparison to its cousin, the Eastern Brown, the Western Brown Snake delivers three times as much venom. Victims report experiencing headache, nausea, and abdominal pain and suffer blood clotting and sometimes kidney damage.



With the help of a dozen medical professionals joining by video link from Perth, the two nurses on duty worked to stop the venom from spreading, while waiting for the RFDS to arrive with the antivenom.

While awaiting treatment Emilia, who had been complaining of a sore head and abdominal pain, collapsed and was put on ventilation.

Kari said when the RFDS crew walked through the doors carrying the antivenom the relief was so immense, it was "indescribable".

"Until the moment they arrived, we were unsure as to how things were going to turn out," she said.

Emilia was given the antivenom and flown to Perth for further care. Kari said she was especially grateful to the nurse on board the flight, who gave her advice and emotional support throughout the ordeal.

"The fact that the RFDS was able to reach us in a remote place in really bad weather and get us to Perth for specialist care with no out-of-pocket costs to us is something we should all be incredibly grateful for as Western Australians," she said.

"The isolation felt extreme in Coral Bay. To know that doctors are on their way to get you is incredibly comforting in a life or death situation. I don't even want to think about the alternative."

"Until the moment they arrived, we were unsure as to how things were going to turn out."



Our Busiest Day

A day in the life of the RFDS | Date: 29 December 2017

TIME	FLIGHT PATH		PATIENTS
Depart Jandakot 7.51am	Jandakot > Kalgoorlie > Jandakot		Two x patients Neonatal cardiac arrest, with mother.
Depart Meekatharra at 8.34am	Meekatharra > Wiluna > Jandakot > Meekatharra		Two x patients 13yo male assault victim transferred to Perth. 40yo with chest pain transferred from Wiluna to Perth.
Depart Kalgoorlie at 9.28am	Kalgoorlie > Jandakot > Kalgoorlie		Two x patients 27yo female with leg injury. 26yo with head laceration after motor vehicle accident.
Depart Port Hedland 10.08am	Port Hedland > Onslow > Meekatharra > Port Hedland		1 x patient – 28yo female assaulted by partner, transferred to Royal Perth Hospital via Meekatharra.
Depart Port Hedland 10.16am	Port Hedland > Karratha > Port Hedland		Three x patients 40yo in premature labour transferred to King Edward Memorial Hospital. 1yo crushed by Harley Davidson motorcycle transferred to Princess Margaret Hospital. 1yo with infected wound site from previous operation transferred to PMH.
Depart Jandakot 12.49pm	Jandakot > Manjimup > Jandakot		Two x patients 74yo woman with head injury after fall transferred to Fiona Stanley Hospital. 66yo female with low haemoglobin count post chemotherapy.
Depart Broome 1.36pm	Broome > Fitzroy > Derby > Broome		Two x patients 60yo intoxicated female. 14yo female with appendicitis (both transferred to Broome Hospital).
Depart Jandakot 1.50pm	Jandakot > Geraldton > Jandakot		Three x patients 57yo male burns victim transferred to FSH. 80yo male cardiac patient transferred to Sir Charles Gairdner Hospital. 68yo cardiac patient transferred to SCGH.

On 29 December 2017 RFDS made 51 flights to retrieve 34 patients. All five operating bases had a busy day. On this particular day, the RFDS crisscrossed the state, flying nearly 25,140 kilometres.

That's the equivalent of 9.5 trips to Bali from Perth or 3.5 trips to Madagascar from Perth.

TIME	FLIGHT PATH		PATIENTS
Depart Kalgoorlie 2.14pm	Kalgoorlie > Leonora > Jandakot > Southern Cross > Kalgoorlie		Three x patients 39yo female with liver failure transferred to FSH. 79yo male with arthritis transferred to FSH. 58yo male with chest pain transferred to Kalgoorlie Regional Hospital.
Depart Meekatharra at 2.22pm	Meekatharra > Cue > Jandakot > Meekatharra		Two x patients 60yo female with unstable angina transferred to SCGH. 68yo female with sudden loss of vision to left eye transferred to SCGH.
Depart Broome 4.40pm	Broome > Lombadina > Broome		One x patient 42yo female with cellulitis on foot transferred to Broome Hospital.
Depart Jandakot 5.40pm	Jandakot > Geraldton > Jandakot		One x patient 56yo male with spinal abscess transferred to Sir Charles Gairdner.
Depart Meekatharra 8.30pm	Meekatharra > Geraldton > Jandakot > Meekatharra		One x patient 7yo boy with lung bruising and injured ribs after collision with tree transferred to PMH.
Depart Kalgoorlie 8.44pm	Kalgoorlie > Esperance > Manjimup > Jandakot > Leonora > Kalgoorlie		Three x patients 19yo with spinal injury from motor vehicle accident transferred to RPH. 1yo with spinal and femur injury from rolling down hill transferred to PMH. 27yo woman self-harming, transferred to KRH.
Depart Jandakot 9.50pm	Jandakot > Busselton > Jandakot		1 x patient 3yo with iron tablet overdose transferred to PMH.
Depart Jandakot 10.15pm	Jandakot > Kalgoorlie > Jandakot		2 x patients Neonatal with bowel obstruction and cardiac abnormality transferred to PMH. 24yo woman in premature labour at 24 weeks transferred to KEMH.
Depart Broome 10.52pm	Broome > Darwin Hospital > Kalgoorlie > Broome		Two x patients 44yo male with pneumonia transferred to Darwin Hospital. 9yo boy with head injury after falling off back of car transferred to Broome Hospital.
Depart Port Hedland 11.12pm	Port Hedland > Jandakot > Port Hedland		1x patient 40yo male with amputated finger following sword attack transferred to RPH.



Edi's Story

RFDS Medical Officer

Driving home through knee-deep water after a night shift is nothing out of the ordinary for Broome-based Flying Doctor, Edi.

Nearly two-and-a-half years ago, Edi moved from Hobart to the top end of Western Australia in search of an adventure — and to take up a post with the RFDS.

Since then, he's had to contend with the humidity, the heat, and the wild storms and cyclones that lashed the Kimberley region during the wet season. Extreme conditions are nothing new for Edi, but the weather the Kimberley throws up is in stark contrast to a couple of Edi's previous jobs, where extreme cold was par for the course. He worked as a doctor in Antarctica for six months and spent eight successive winters as a doctor at a ski resort.

So, it's perhaps no surprise that a doctor with such a spirit of adventure, and with such a wide range of experience and knowledge, thought the RFDS was a natural next step to take.

In his role as a primary healthcare provider, once a week Edi travels to some of the most remote and isolated communities in the Kimberley region on a fly-in fly-out basis. Since joining RFDS in 2015, Edi has attended to everyone from impaled graziers to sick cruise ship patients.

Exposed to the harsh realities of outback living, Edi says he regularly encounters patients who are suffering from chronic conditions that have been left untreated, exacerbated by geographical barriers and socio-economic status.

"Many of the patients we pick up are suffering from chronic health issues and are in dire need of specialist care, as opposed to the dramatic time-critical emergencies you often hear about in the news," he said.

These are conditions like diabetes, obesity, heart disease, kidney disease, high blood pressure and infections unique to tropical environments.

While his immersion into these remote communities is fleeting, Edi says the conversations and the stories swapped with patients have left a lasting impression on his world view.

"It never fails to amaze me how these remote communities make do with what little they have," he said.

"For some of our Yakanarra patients, access to the closest hospital is a two-hour drive on a dirt road (to Fitzroy Crossing). Worse still, when Fitzroy Crossing gets completely inundated in the wet season, the people are completely cut off."

"It's critical that we take the time to care, to make an effort to listen to the voices of those living in remote communities who are crying out to be heard."

As Edi's three-year stint with the RFDS comes to a close at year's end, he's hopeful the RFDS will increase its footprint in primary healthcare provision, to the benefit of the most vulnerable and isolated communities in the state.

During the last financial year, the RFDS has:

- Assisted and provided in-flight care to 1,708 patients in the Kimberley region alone, averaging 33 patients per week and making it our busiest transport hub in the north of the state
- Reached 552 patients through its general practitioner clinics, 597 patients through dental clinics and 799 patients through nurse clinics in the Kimberley region.
- The RFDS conducts 94 remote general practice clinics per year at Gibb River Station, Mt Barnett, Mount House, Drysdale and Doongan stations, Mornington Wilderness Camp on the Gibb River Road, and at the Indigenous communities of Djugerari, Koorabye, Kadjina, and Yakanarra and in the East Kimberley.
- It has been a year that has seen significant advances in our capability to lead and deliver a world-class healthservice to the people of Western Australia. Our goal is to be at the forefront of Aero Medical innovation so we can respond to changes and growth in demand for our services. The State's rapid population growth over recent years has highlighted the critical role we have to participate in the progress and sustainability of WA's health infrastructure.

Anna's Story

Grazier Anna Ullrich was mustering cattle on an unfamiliar station in the Murchison when her quad bike slammed into a fence at high speed.



She fractured her neck in two places, suffered a minor concussion and damaged her vocal cords.

Nearly a year on from the incident in October 2017, the 27-year-old from the Upper Gascoyne is fully recovered and in good spirits. Anna counts herself lucky — a crate on the front of her quad took the brunt of the impact before she was flung off the bike and knocked unconscious.

"I was mustering on a new property and I didn't know my way around," Anna said. "I was following a fence line when another fence appeared in front of me. I was going too fast and it was too late to stop."

When she came to, Anna sensed she was in serious trouble. She managed to call her partner and the muster pilot for help on the two-way and they came to her aid within minutes.

"My partner stayed with me the whole time while the pilot went back to the homestead to ring the RFDS," she said.

"The pilot returned with an old shearing bed with a thin mattress and they strapped me on. My partner's shirt did the job to support my neck.

"The boys put me on the back of the ute and we made our way to the nearest registered airstrip to meet the RFDS plane. Those are just the things you have to do out here if you've got nothing on hand."

The trio made a 90-minute journey to the nearest airstrip and arrived just five minutes before the Flying Doctor, which had flown from Perth.

Anna was greeted by the RFDS crew who put her in a neck brace and loaded her onto the plane. Anna said she remembers the doctor checking her for internal bleeding during the flight and receiving an infusion of pain relief.

"Straightaway I felt like I was in very good hands," she said.

"Once we landed in Perth, the doctor even came with me all the way to Emergency. It gave me comfort to have someone around. He made sure I was treated first because of the time that had passed."

Anna underwent a series of x-rays, an MRI and a nasoscopy. She was told to wear a neck brace for three months and ordered not to eat or speak for the next few days.

Anna said she hoped that through her story, people living on remote and rural properties would make sure they were appropriately prepared for any emergency.

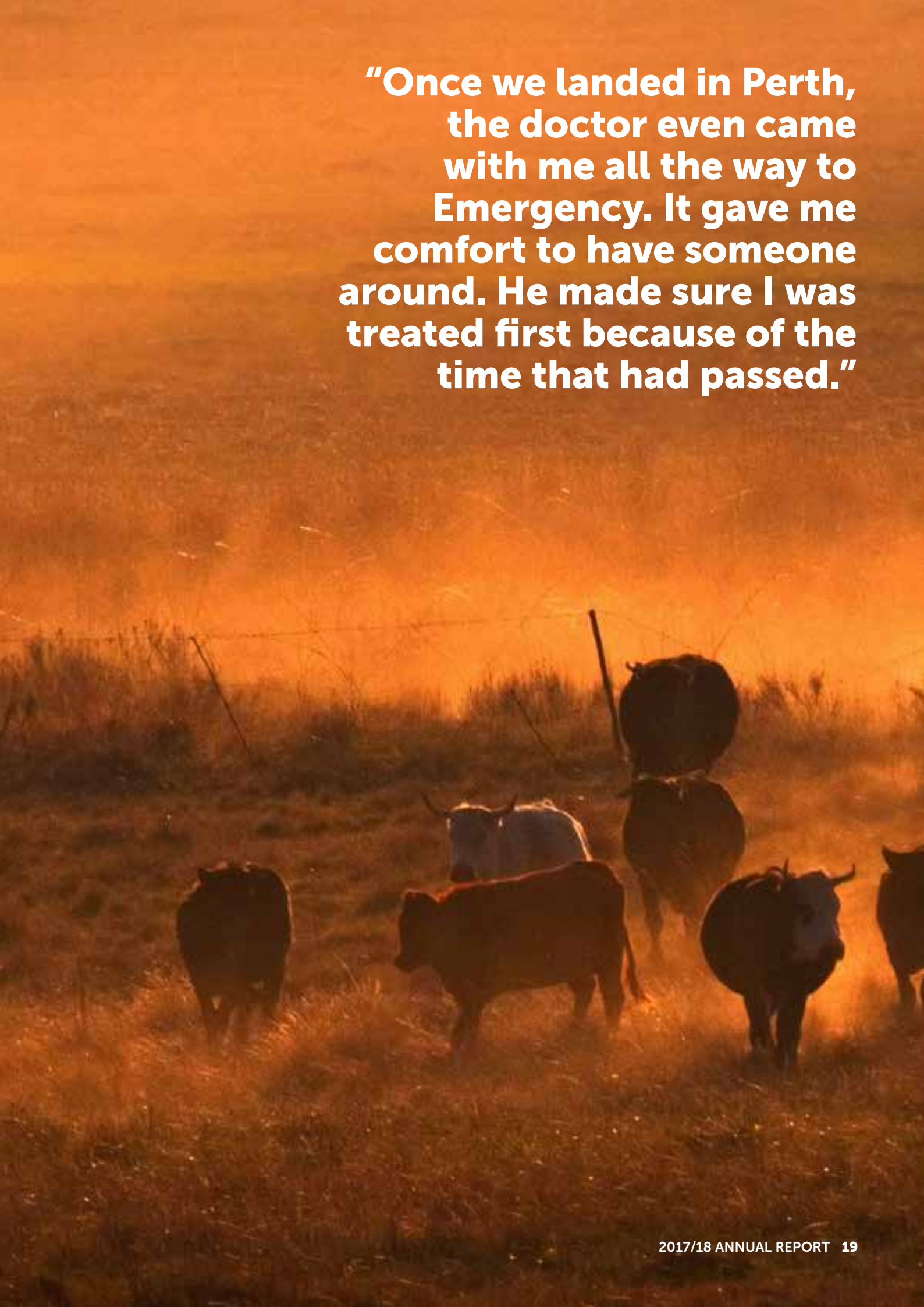
"I urge people to check if their airstrip is maintained and registered," she said. "If not just ring the RFDS to find out where the nearest one is.

"In case of emergency, especially with the danger of gravel roads, snakes, hot weather or working on machinery, it saves you time, especially when you have to act quickly.

"When you live that remote, the service of the RFDS is essential and it is a relief to know that they are there to help if we ever need them."

"The boys put me on the back of the ute and we made our way to the nearest registered airstrip to meet the RFDS plane. Those are just the things you have to do out here if you've got nothing on hand."

**"Once we landed in Perth,
the doctor even came
with me all the way to
Emergency. It gave me
comfort to have someone
around. He made sure I was
treated first because of the
time that had passed."**



Fundraising / Community

WESTERN AUSTRALIA'S PRIDE IN THE FLYING DOCTOR

The RFDS belongs to all Western Australians. They are the direct beneficiaries of an essential service to our state.

Western Australians of all generations have a strong connection to the Flying Doctor. Its pioneering spirit and world-class leadership in aeromedical emergency care have become an integral part of our daily lives and of our state's identity.

More than ever, the support of all Western Australians is crucial to our future. The state is changing and the population will continue to grow. Community donations,

philanthropic grants and corporate social investment are all essential to ensuring we can remain at the forefront of aeromedical care.

This year, we have been encouraged by the growing number of metropolitan-based supporters who have recognised the relevance of the RFDS to their life in WA. Thank you to all our supporters, city and country. Without your loyalty and generosity, we could not successfully achieve thousands of emergency retrievals and the very best patient outcomes for the people of WA.

Fundraising Highlights 2017-18



An RFDS Event ■

ALTITUDE



ALTITUDE 2017

ALTITUDE has become a much loved signature event on Perth's social calendar, and is vital to raising much needed funds for the RFDS.

This year's sell-out event featured a local and international line-up including Tina Arena, the Potbelleez and Julia Jenkins together with Perth Symphony Orchestra and Choir for the spectacular 'Faith and Freedom' performance.

WA DAY SAUSAGE SIZZLE

30 RFDS WA staff and family members turned sausages to raise money for the Flying Doctor at the WA Day celebrations at Elizabeth Quay over the holiday weekend. The crowds were happy to spend their dollar over the sausage sizzle which was generously sponsored by COLES. Over two days, \$12K was raised in aid of the flying doctor.



GIBB CHALLENGE

The 2018 Gibb River Mountain Bike Challenge was a huge success, with 63 teams of cyclists taking on 660km of corrugated and dusty roads along the iconic Gibb River Road. The five-day ride raised more than \$512,000 for the RFDS.

The Gibb Challenge has evolved to become a signature annual event on WA's calendar — attracting cycling enthusiasts, tourists and locals from across the country, all of whom have a shared passion for adventure and team spirit. To find out more or register for the 2019 event, visit www.gibbchallenge.com.au

How Can You Support Us?

BE PART OF A NEW ERA

We would not be able to continue the life-changing work we do without the generosity of individuals, community groups and businesses across the state. Thanks to your support, thousands of Western Australians can be assured that we will be there for them, wherever and whenever they need us. You're also helping to ensure that, in 2019, we can continue to deliver the very best and most cost-effective aeromedical services to all who live, work and travel in our vast state. These are just some of the ways you can help us provide the finest care to more than 270,000 Australians each year – on the ground, in the air, and on call.



CORPORATE PARTNERSHIPS

Our Corporate Partnerships program presents a range of opportunities to fit with corporate social investment goals, sponsorship marketing and partnered initiatives. For more information, contact RFDS Corporate Partnerships at ra.stewart@rfdswa.com.au



JOIN THE SUPPORT CREW

Contribute an automatic monthly donation of your choice to the Flying Doctor with RFDS Support Crew. Your donation is tax deductible and it helps us plan ahead for investing in development. One-off donations are warmly welcomed. To join, call 9417 6400.



GIVE IN MEMORY OR CELEBRATION

Ask your friends and family to make a donation to the RFDS in lieu of a gift or flowers. This can be an ideal gift for the person 'who has everything' and a touching recognition of your support to a much loved Western Australian icon. Go to flyingdoctor.org.au/wa and click 'donate' for more information.



FUNDRAISE FOR US

Some of our amazing fundraisers have created events that have become extremely popular in their own right, such as the Gibb Challenge, film nights, social events and professional networking – the possibilities are endless. Go to rfdswa.com.au and click 'fundraising' or call 9417 6400 for more information.



YOUR WILL – GIFTING A LASTING LEGACY

A gift to the RFDS in your will is an incredibly poignant legacy that will have the power to impact countless lives. Contact your lawyer or estate management provider on how to include the RFDS Western Australia in your will. To find out more call 9417 6400.





Financials

For the Financial Year
Ended 30 June 2018

Chairman's Message

On behalf of the Board, I am pleased to present the Annual Report of the Royal Flying Doctor Service of Australia (Western Operations) for the financial year ended 30 June 2018.



Sam Walsh AO

This financial year was highlighted by nationwide celebrations and accolades for the 90th Anniversary of the Royal Flying Doctor Service (RFDS).

For Western Operations, the 90th Anniversary gave opportunity to re-engage our staff and stakeholders past, present and future, from all corners of the state. Our official celebration took place at Government House Ballroom on the 17th May. Our guests of honour, The Hon. Kim Beazley, Governor of Western Australia and Deputy Premier, The Hon. Roger Cook gave highly engaging speeches that conveyed the ingenuity and commitment to community that has defined our service and regard in Western Australia.

The 90th Anniversary event was the first public event and address for the new Chief Executive Officer - Western Operations, Rebecca Tomkinson. Commencing in January 2018, Rebecca was previously an Executive Director at MercyCare, Chief Operating Officer at BaptistCare and led major strategic and transformational projects across private and public sectors. Rebecca is the current Chair of the Wheatbelt Development Commission.

In mid financial year, the organisation undertook a transition of resources from the Derby base to Broome. The initiative was a response to changes in patient flow and demand within the Kimberley region. Since 2009, Western Operations had been monitoring a steady shift in patient flow away from Derby and increasing through Broome. The transition program was phased from October 2017 to March 2018 to ensure minimal impact to the Derby

team and the local community. The RFDS Derby base had operated for over 60 years and will remain an important part of our history and evolution in Western Australia.

The PC-24 jet aircraft project gained significant momentum in the latter half of the financial year. Our focus on organisational capacity and seamless integration in to fleet and service achieved a number of outcomes including international advanced training for our engineers and pilots. The investment in their development ensures expertise and governance is maintained within RFDS as well as offering new skills opportunities for our staff. The first of the two jets is due to arrive late 2018.

We continued to actively engage our relationships with the Western Australian and Commonwealth governments throughout the financial year. Prior to the release of the 2018/19 Federal Budget in May, the Prime Minister announced a commitment to the Royal Flying Doctor Service across Australia.

The demand for our services from people living, working and travelling in regional and remote Western Australia has increased compared to last year, and the distances travelled across our vast State increased to over 8.7million billable kilometres.

In this financial year, we received a total of \$6.3 million from donors, corporate partners, members and contributors to our various fundraising events and activities. A further \$5.6million has been received from bequests; a poignant legacy to take with us into the future.

The PC-24 jet aircraft project gained significant momentum in the latter half of the financial year. Our focus on organisational capacity and seamless integration in to fleet and service achieved a number of outcomes including international advanced training for our engineers and pilots.

"Our most prized asset is the people of Western Operations."

We are supported by a network of dynamic and passionate advocates of Western Operations. I would like to extend my sincere thanks to all our valued auxiliaries across the state.

Our long term partner, Rio Tinto commenced its four year, \$10 million investment in the Rio Tinto LifeFLight PC-24 jet aircraft. From 2017-18 to 2020-21, RFDS will receive \$2.5 million annually. The two jets will cost Western Operations over \$26 million in capital expenditure.

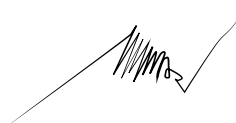
Our most prized asset is the people of Western Operations. We boast a high calibre team of accomplished experts and leaders in medicine, aviation, engineering, ICT, logistics, business, government and community disciplines. Our reputation for excellence is a credit to all of our staff across the state. Their focus and dedication to the service of our patients this year has been truly remarkable, and I would like to acknowledge and thank our staff for their tremendous efforts in delivering the essential service that is the RFDS to people living, working and travelling in regional and remote Western Australia.

For the 2017/18 financial year Western Operations recorded an operating deficit of \$20.7million, and a net deficit of \$4.5million after non-operating revenue of \$16.2million, as outlined in the Directors' Report on page 26. State funding increased on last year by 4.8% and Commonwealth funding decreased compared to last year by 15.0%. As such, our viability as a long-term corporate social investment is crucial to future growth.

Non-Operating income of \$16.2million was received, including fundraising revenue of \$6.3million, bequests of \$5.6million and capital grants of \$3.8million. This year we received capital grants from the WA Government of \$2.8million and Commonwealth Government of \$1million.

There has been an increase for 2018/19 in Commonwealth funding following the May 2018 Federal Budget. It is expected the increased funding will result in a reduction to the operating deficits experienced over the last few years due to the Commonwealth changing the funding model. In addition Western Operations has been going through a period of change to continuously enhance service delivery and improve efficiencies.

In my first financial year as Chairman, I would like to extend my sincere thanks to my fellow Directors, our Chief Executive Officer Rebecca Tomkinson and the Executive Management Team for their support, energy and commitment to the future of RFDS.



Sam Walsh AO

Chairman

Directors' Report

Your Directors present their report on the Royal Flying Doctor Service of Australia (Western Operations), referred to as "Western Operations", for the financial year ended 30 June 2018. The names and particulars of the Directors of Western Operations in office during and since the end of the financial year ended 30 June 2018 are:

- > Mr Sam Walsh AO
- > Ms Erica Smyth AC
- > Dr Ann Ward*
- > Mr Colin Heath*
- > Mrs Robyn Sermon *
- > Mr John Walker* (appointed 27th October 2017)
- > Mr Saul Harben* (appointed 27th October 2017)
- > Mr Neville Bassett AM (retired 27th October 2017)
- > Mr Michael Hutson (retired 27th October 2017)
- > Mr John Hancock* (resigned 23rd February 2018)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Directors' Report Cont...

INFORMATION ON DIRECTORS

MR SAM WALSH AO

Qualifications and Experience: Company Director and retired CEO Rio Tinto, B.Com, Overseas Fellowship (Kettering). Appointed as Director on 28 April 2017. Special Responsibilities: Member of the Remuneration Committee.

MS ERICA SMYTH AC

Qualifications and Experience: Geologist BSc (Hons), Hon.DLitt W.Aust., MSc (App)McG., and Company Director, FAICD. Appointed by the Board on 26 February 2010 as an independent director. Special responsibilities: Chair of the Risk and Audit Committee.

DR ANN WARD

Qualifications and Experience: Medical Practitioner MBBS, FRACGP; DRANZCOG (adv); DACCO. Director since 24 October 2010. Special responsibilities: Member of the Remuneration Committee.

MR COLIN HEATH

Qualifications and Experience: Licensed Real Estate Agent, Property Developer and Company Director. Elected to the Board on 26 October 2012. Special Responsibilities: Member of the Risk and Audit Committee.

MRS ROBYN SERMON

Qualifications and Experience: Acting Director, Innovation and Industry Engagement, UWA. GAICD, Bachelor of Arts in Industrial Relations & English and post-graduate degrees in Journalism and Cross Sector Partnerships. Elected to the Board on 25 October 2013.

MR JOHN WALKER

Qualifications and Experience: Chief Executive Officer, City of Kalgoorlie-Boulder, Chairman of ASX Listed Newstat Ltd and Company Director. Elected to the Board on 27 October 2017.

MR SAUL HARBEN

Qualifications and Experience: Admitted Solicitor and Partner of Clayton Utz; B-Comm, LLB. Elected to the Board on 27 October 2017.

MR NEVILLE BASSETT AM

Qualifications and Experience: Corporate Consultant, B.Bus, FCA. Appointed Director 6 January 1997. Special Responsibilities: Chairman, Member of the Remuneration Committee, Member of the Nominations Committee. Retired 27 October 2017.

MR MICHAEL HUTSON

Qualifications and Experience: Accountant, B. Com, FCPA. Appointed Director 23 October 2004. Special responsibilities: Member of the Remuneration Committee. Retired 27 October 2017.

MR JOHN HANCOCK

Qualifications and Experience: Mining Consultant and Company Director. Appointed to the Board to fill a casual vacancy on 14 June 2014. Resigned 23 February 2018.

Director’s Report cont...

COMPANY SECRETARY

The following person held the position of Company Secretary at the end of the financial year:

Mrs Ann Dawson	Qualifications and Experience: Accountant, MBA (Exec), B.Bus, CPA, GAICD. Appointed 19 September 2016 as Chief Financial Officer and Company Secretary. Has responsibility for finance, asset management, information management, corporate governance, risk management and administrative areas of the Company.
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CORPORATE GOVERNANCE

The Board	The Board of Western Operations currently consists of eight Directors. Six Directors are elected by the members and the Board may appoint up to three independent Directors. Elected members are denoted with an asterisk (*)
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COMMITTEES OF THE BOARD

Nominations Committee	The Nominations Committee consists of two Directors and meets as required. The purpose of this committee is to review nominations of Directors and make recommendations to the Board and to the Members.
Risk and Audit Committee	The Risk and Audit Committee consists of three Directors and three Executive Managers, and meets at least twice a year. The Committee assists the Board in fulfilling its responsibilities for Company accounts and external financial reporting and also reviews the risk management profile and reporting for the Company. The Committee is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.
Remuneration Committee	The Remuneration Committee consists of three Directors, and meets at least once a year. The purpose of this Committee is to review and make recommendations to the Board on remuneration packages and policies applicable to the Chief Executive Officer and the Executive Management Team.

Director's Report cont...

Directors' attendance at meetings July 2017 to June 2018

Directors	Board Meeting		Risk & Audit Committee		Remuneration Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Mr S Walsh AO	5	5			1	1
Ms E Smyth AC	5	5	3	3	1	1
Dr A Ward	5	5				
Mr C Heath	5	3	3	3		
Ms R Sermon	5	5	3	3	1	1
Mr J Walker (appointed Oct 2017)	3	2				
Mr S Harben (appointed Oct 2017)	3	2				
Mr N Bassett (retired Oct 2017)	2	2				
Mr M Hutson (retired Oct 2017)	2	1				
Mr J Hancock (resigned Feb 2018)	3	-				

There were no Nominations Committee Meetings held in the year ended 30 June 2018.

Principal Activities

The principal activities of Western Operations during the financial year were the provision of aero medical health services to people travelling, working and living in remote and regional Western Australia.

The Company's objectives are to expand the range, reach and quantity of primary health services, and to improve health outcomes for people transported by RFDS aircraft and crews and for people consulted by phone or in person at RFDS clinics.

In the short term, Western Operations aims to improve performance in emergency services in terms of response times and to increase capacity by way of staff and aircraft in order to meet the ongoing high level of demand for patient evacuation. The short term objectives for primary health care are to ensure that clinic services and health programs are delivered efficiently and cost effectively. Management of expenditure that is subject to foreign exchange or pricing risk such as aviation fuel is achieved with competitive national contracts for supply and ongoing monitoring and control. We are committed to our people and in order to achieve our objectives the company must be financially sustainable and able to fund our strategic health priorities.

The following information demonstrates the level of activity:

	2017-18	2016-17
Patients Transported & Treated		
Primary Evacuations	1,415	1,427
Inter-hospital Transfers	7,014	6,789
Repatriations on emergency aircraft	106	114
Total Patients Transported	8,535	8,330
Total Clinics Held	1,896	1,813

Director's Report cont...

Operating Results

Western Operations made an operating deficit of \$20,734,453 which was subsidised by non-operating revenue from fundraising, bequests and capital grants, resulting in an overall deficit of \$4,541,750. Capital grants from Government totalling \$3,828,530 were applied to the purchase of aircraft and construction costs. This expenditure is not recorded as operating expenditure but forms part of the increase of aircraft and property assets reported in the Statement of Financial Position.

The following table provides a summary reconciliation:

	2018	2017
Operating Revenue	72,583,709	71,959,633
Operating Expenditure	(93,318,162)	(89,261,467)
Deficit on Operations	(20,734,453)	(17,301,834)
Non Operating Revenue		
Capital Grants	3,828,530	11,741,534
Total Capital Revenue Applied to Assets	3,828,530	11,741,534
Fundraising revenue *	6,251,199	6,064,752
Bequests and RFDS Australia (Federation Office)	6,112,974	4,801,807
Total Non Operating Revenue	16,192,703	22,608,093
Net Result	(4,541,750)	5,306,259
Add back		
Depreciation expenses	8,897,967	8,496,228
Loss on Sale of Assets	2,084,284	2,453,818
Borrowing Costs	156,905	155,608
	11,139,156	11,105,654
Less		
Interest received	596,566	656,620
Capital Grants	3,828,530	11,741,534
Bequest income	5,634,757	2,868,347
	10,059,853	15,266,501
Operating EBITDA *	(3,462,447)	1,145,412

* Shows that all Fundraising revenue for 2017/18 of \$6.3m has been needed to cover operating costs, leaving none available for use towards capital replacement/investment. This has increased from that of last year 2016/17 whereby \$5m (or 82%) of Fundraising revenue was used to cover operating costs.

Operating expenditure includes fundraising expenses of \$2,165,899 or 18.22% of fundraising revenue earned in the year ended 30 June 2018 (2017; \$1,778,377 or 19.91% of fundraising revenue).

There has been an increase in Commonwealth funding following the May 2018 Federal Budget.

Director's Report cont...

After Balance Date Events

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

Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each toward meeting any outstanding obligations of the entity. At 30 June 2018, the total amount that members of the company are liable to contribute if the company is wound up is \$0, (2017: \$0).

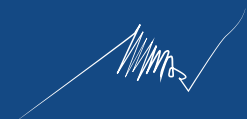
Review of Operations

Please refer to the Chairman's Message.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 36 and forms part of this report.

Signed in accordance with a resolution of the Board of Directors:



Sam Walsh AO

Chairman

Date: 3 September 2018 | Perth, Western Australia

Independent Auditor's Report



Independent Auditor's Report

To the Members of Royal Flying Doctor Service of Australia (Western Operations)

Opinion

We have audited the financial report of Royal Flying Doctor Service of Australia (Western Operations) ("the Company") which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance and cash flows for the year then ended; and
- b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

Those charged with governance are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards, the *Corporations Act 2001* and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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In preparing the financial report, directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

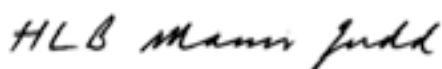
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that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

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

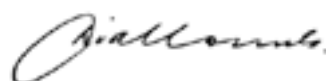
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



HLB Mann Judd
Chartered Accountants



L Di Giallonardo
Partner

Perth, Western Australia
3 September 2018



Director's Declaration

The Directors of Royal Flying Doctor Service of Australia (Western Operations) declare that:

1. In the Directors' opinion, the financial statements and notes, are in accordance with the *Corporations Act 2001* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and;
 - a. comply with Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2013*; and
 - b. give a true and fair view of the financial position as at 30 June 2018 and of the performance of the Company for the year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. In the Directors' opinion, the financial statements and notes are prepared in compliance with International Financial Reporting Standards and Interpretations adopted by the International Accounting Standards Board, as described in Note 1.

This declaration is made in accordance with a resolution of the Board of Directors.



Sam Walsh AO

Chairman

3 September 2018

Perth, Western Australia

Auditor's Independence Declaration



AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Royal Flying Doctor Service of Australia (Western Operations) for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

HLB Mann Judd

L Di Giallonardo

Perth, Western Australia
3 September 2018

L Di Giallonardo
Partner

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Statement of Comprehensive Income

For the Financial Year Ended 30 June 2018

	Note	2018 \$	2017 \$
Continuing Operations			
Revenue from Operations	2	72,583,709	71,959,633
Expenses			
Aviation Expenses		34,101,943	33,158,421
Health Services Expenses		31,172,809	30,407,471
Depreciation Expense		8,897,967	8,496,228
Loss on Sale of Assets		2,084,284	2,453,818
Loss on Foreign Exchange		409,824	247,729
Facility Expenses		5,225,425	5,079,904
Administrative Expenses		7,466,888	5,967,609
Fundraising Expenses		2,165,899	1,778,377
Borrowing Costs		156,905	155,608
Project Expenses		1,404,313	1,264,691
Other Expenses		231,905	251,611
		93,318,162	89,261,467
Deficit for the year from continuing operations		(20,734,453)	(17,301,834)
Non-Operating Revenue	2	16,192,703	22,608,093
Surplus / (Deficit) for the year		(4,541,750)	5,306,259
Other Comprehensive Income			
<i>Items that may be reclassified to profit or loss:</i>			
Reversal of previous revaluation increments		(6,904)	(652,847)
		(6,904)	(652,847)
Total Comprehensive (Deficit)/Income for the year		(4,548,654)	4,653,412

The accompanying notes form part of the Financial Statements.

Statement of Financial Position

For the Financial Year Ended 30 June 2018

	Note	2018 \$	2017 \$
Assets			
Current Assets			
Cash and cash equivalents	6	27,372,154	35,611,318
Trade and other receivables	7	9,435,613	8,686,335
Inventories	8	2,103,185	1,518,756
Assets classified as held for sale	10	262,222	3,536,280
Total Current Assets		39,173,174	49,352,689
Non-Current Assets			
Financial assets	9	302,138	267,355
Aircraft, property, plant and equipment	11	89,358,450	80,678,968
Total Non-Current Assets		89,660,588	80,946,324
Total Assets		128,833,762	130,299,012
Liabilities			
Current Liabilities			
Trade and other payables	12	11,049,787	7,790,443
Financial liabilities	13	296,144	280,915
Short-term provisions	14	3,719,474	3,701,406
Total Current Liabilities		15,065,405	11,772,764
Non-Current Liabilities			
Financial liabilities	13	2,945,358	3,241,502
Long-term provisions	14	452,999	366,093
Total Non-Current Liabilities		3,398,357	3,607,595
Total Liabilities		18,463,762	15,380,359
Net Assets		110,370,000	114,918,654
Equity			
Retained earnings		90,911,569	95,453,319
Asset revaluation reserve		19,438,431	19,445,335
Pharmaceutical reserve		20,000	20,000
Total Equity		110,370,000	114,918,654

The accompanying notes form part of the Financial Statements.

Statement of Changes in Equity

For the Financial Year Ended 30 June 2018

	Retained Earnings	Asset Revaluation Reserve	Pharmaceutical Reserve	Total
	\$	\$	\$	\$
Balance at 30 June 2016	90,147,061	20,098,182	20,000	110,265,243
Surplus attributable to the entity	5,306,259	-	-	5,306,259
Revaluation adjustment	-	(652,847)	-	(652,847)
Total comprehensive income for the year	5,306,259	(652,847)	-	4,653,412
Closing balance at 30 June 2017	95,453,319	19,445,335	20,000	114,918,654
Deficit attributable to the entity	(4,541,750)	-	-	(4,541,750)
Revaluation adjustment	-	(6,904)	-	(6,904)
Total comprehensive loss for the year	(4,541,750)	(6,904)	-	(4,548,654)
Closing balance 30 June 2018	90,911,570	19,438,430	20,000	110,370,000

The accompanying notes form part of the Financial Statements.

Statement of Cash Flows

For the Financial Year Ended 30 June 2018

	Note	2018 \$	2017 \$
Cash Flows from Operating Activities			
Receipts from services provided		15,257,655	8,383,904
Payments to suppliers and employees		(86,527,171)	(81,772,139)
Commonwealth operational grants		17,562,244	20,665,815
State operational grants		41,562,479	39,658,849
Other Grants - Projects		4,402,087	2,202,904
Dividends received		6,506	7,457
Interest received		596,566	656,620
Finance costs		(156,905)	(155,608)
Net cash used in operating activities	15	(7,296,539)	(10,352,198)
Cash Flows From Investing Activities			
Purchase of aircraft, property, plant and equipment		(17,231,734)	(16,843,512)
Proceeds from sale of property, plant and equipment		434,233	3,558,262
Repayment of bonds		(41,687)	(1,540)
Government capital grants received		3,828,530	11,741,534
Bequests		5,634,757	2,868,347
RFDS Australia (Federation Office)		478,217	1,933,460
Proceeds from fundraising activities		6,251,199	6,064,752
Term deposit - Aeromedical Fund		-	2,095,802
Net cash provided by / (used in) investing activities		(646,485)	11,417,105
Cash Flows From Financial Activities			
Repayment of borrowings		(296,140)	(4,086,786)
Net cash used in financing activities		(296,140)	(4,086,786)
Net decrease in cash held		(8,239,164)	(3,021,879)
Cash at beginning of year		35,611,318	38,633,196
Cash at end of year	15	27,372,154	35,611,318

The accompanying notes form part of the Financial Statements.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2018

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is for Royal Flying Doctor Service of Australia (Western Operations), referred to as “Western Operations”, as an individual entity, incorporated and domiciled in Australia, is a public company limited by guarantee. The principal activities of the entity are described in the Directors’ report.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Adoption of New and Revised Standards

In the year ended 30 June 2018, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2018. As a result of this review the Directors have determined that the following standards may have a material effect on the Company’s accounting policies in future financial periods, however the Company has not yet quantified this effect:

- AASB 15 Revenue from Contracts with Customers
- AASB 16 Leases
- AASB 1058 Income of Not-for-Profit Entities
- AASB 9 Financial Instruments

Statement of Compliance

The financial report was authorised for issue on 3 September 2018. The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

Accounting Policies

a) **Income Tax**

Due to the nature of its activities, Western Operations has been granted an exemption from the payment of income tax under Division 50 of the Income Tax Assessment Act 1997.

b) **Inventories**

Inventories are measured at cost, adjusted when applicable for any loss of service potential. Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition.

c) Aircraft, property, plant & equipment

Aircraft

Aircraft are stated at their fair value based on periodic, but at least triennial, valuations by the board, less subsequent depreciation. In determining the fair value, the board will consider utilising all information at its disposal, which could include independent, external valuations, evidence available to the board in relation to current market values, and any other relevant information.

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Increases in the carrying amount arising on revaluation of aircraft are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same class of assets are charged against the revaluation reserve directly in equity; all other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Aircraft that have been contributed at no cost, or for nominal cost are valued at the fair value of the asset at the date they are acquired.

Rotable Assets

Rotable assets are stated at their fair value based on periodic, but at least triennial, valuations by the board. In determining the fair value, the board will consider utilising all information at its disposal, which could include independent, external valuations, evidence available to the board in relation to current market values, and any other relevant information.

Rotable assets comprise major aircraft components and their fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Increases in the carrying amount arising on revaluation of rotatable assets are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same class of assets are charged against the revaluation reserve directly in equity; all other decreases are charged to the statement of comprehensive income.

Property

Freehold land and buildings are stated at their fair value based on periodic, but at least triennial, valuations by the board, less subsequent depreciation for buildings. In determining the fair value, the board will consider utilising all information at its disposal, which could include independent, external valuations, evidence available to the board in relation to current market values, and any other relevant information. In prior years, the triennial restatements to fair value were based solely on independent, external valuations. This constitutes a change in accounting policy.

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same class of assets are charged against the revaluation reserve directly in equity; all other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Freehold land and buildings that have been contributed at no cost, or for nominal cost are valued at the fair value of the asset at the date they are acquired.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued at the fair value of the asset at the date they are acquired.

Depreciation

Depreciation is provided on property, plant and equipment, including buildings and capitalised lease assets, but excluding land and rotatable assets. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life.

The following estimated useful lives are used in the calculation of depreciation:

Buildings (Incl. Leasehold Improvements)	10 - 15 years
Aircraft – turbo prop	15,000 hours
Aircraft – jet	10 years
Plant and equipment	5 - 10 years
Office equipment	3 years
Furniture and Fittings	3 years
Motor Vehicles	7 years
Software	1 – 2 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to Western Operations, are classified as finance leases. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Impairment of Assets

Western Operations assesses at each reporting date whether there is an indication that an asset class may be impaired. If any such indication exists, the recoverable amount of the asset class, being the higher of the class of asset's fair value less costs to sell and value-in-use, is compared to the class of asset's carrying value. Any excess of the class of assets carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where the future economic benefits of the asset class are not primarily dependent upon the class of asset's ability to generate net cash inflows and when Western Operations would, if deprived of the asset class, replace its remaining future economic benefits, value-in-use is determined to be the depreciated replacement cost of an asset class.

Where it is not possible to estimate the recoverable amount of an assets class, Western Operations estimates the recoverable amount of the cash-generating unit to which the class of assets belongs.

d) Employee Benefits

Provision is made for Western Operations' liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the net present value of expected future payments.

e) Comparative Figures

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented for the current financial year.

f) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

The Company is the sole beneficiary of two trusts, which are not included in the assets and liabilities reported in the Statement of Financial Position. The accounts are held on term deposit with Bankwest. Balances held as at 30 June 2018 are as follows:

R & H Dicks Memorial Foundation - \$296,157

Eileen Lillian Cross RFDS Education Trust - \$322,977

g) Foreign Currency

All foreign currency transactions during the financial year have been brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date. Exchange differences are brought to account in the statement of comprehensive income in the period in which they arise except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

h) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when Western Operations becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed in the statement of comprehensive income immediately.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby Western Operations no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred and the fair value of consideration paid, including the transfer of non-cash assets or liabilities is assumed in statement of comprehensive income.

Classification and Subsequent Measurement

Financial assets at fair value through profit and loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in statement of comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments are non-derivative financial assets that have fixed maturities, and it is Western Operations' intention to hold these investments to maturity. Any held-to-maturity investments held by Western Operations are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. Changes in fair value are recognised through equity unless significant or prolonged where they are recognised in statement of comprehensive income.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are recognised at amortised cost using the effective interest rate method.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the statement of comprehensive income unless they are designated as hedges.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, Western Operations assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

i) Revenue Recognition

Revenue from Grants:

Revenue from government grants are recognised on the receipt of monthly payments, except for lump sums received in advance of the financial year for which the grants are paid. Where grants are received in advance, they are recorded as a liability, "Income received in Advance", and are included in Trade and Other Payables.

Revenue from insurance recoveries:

Revenue from insurance recoveries is recognised when invoices are raised.

Donations, Fundraising Revenue and Bequests

Donations, fundraising revenue and bequests are recognised as revenue when received unless they are designated for a specific purpose, where they are carried forward as prepaid income in the statement of financial position.

Other Revenue:

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

j) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities which is disclosed as operating cash flows.

k) Unexpended Grants

Western Operations receives grant monies to fund projects either for contracted periods of time or for specific projects irrespective of the period of time required to complete those projects. It is the policy of Western Operations to treat grant monies as unexpended grants in the statement of financial position where the entity is contractually obliged to provide the services in a subsequent financial period to when the grant is received or in the case of specific project grants where the project has not been completed.

l) Contributions

Western Operations receives non-reciprocal contributions from the government and other parties for no value or a nominal value. These contributions are recognised at the fair value on the date of acquisition upon which time an asset is taken up in the statement of financial position and revenue in the statement of comprehensive income.

m) Provisions

Provisions are recognised when Western Operations has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

n) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in expenditure in the period in which they are incurred.

o) Economic Dependence

Western Operations is dependent on both the Federal and State Government for the majority of its revenue used to fund operations. At the date of this report the Board of Directors has no reason to believe that this support will not continue.

Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within Western Operations.

Western Operations assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Western Operations evaluates the useful life of assets, according to the type of asset, manufacturer's recommendations, annual utilisation and experience in maintaining and operating the asset under conditions specific to the Company.

2 REVENUE

	2018	2017
	\$	\$
Revenue from Operations		
Commonwealth Government Service Agreement	17,562,244	20,665,815
State Government WA Health Department	41,562,479	39,658,849
Interest received	596,566	656,620
Dividends received	6,506	7,457
Insurance recoveries	6,323,557	7,160,401
Gain on foreign exchange	162,434	255,174
Other income	1,967,836	1,352,413
Project grants	4,402,087	2,202,904
	<u>72,583,709</u>	<u>71,959,633</u>
Non-Operating Revenue		
Capital grants	3,828,530	11,741,534
RFDS Australia (Federation Office)	478,217	1,933,460
Fundraising revenue	6,251,199	6,064,752
Bequest Income	5,634,757	2,868,347
	<u>16,192,703</u>	<u>22,608,093</u>
Total Revenue	<u>88,776,412</u>	<u>94,567,726</u>

3 SURPLUS

	2018	2017
	\$	\$
Expenses		
Depreciation	(8,897,967)	(8,496,228)
Operating lease expenses	(1,425,805)	(1,083,406)
Borrowing costs	(156,905)	(155,608)
Loss on foreign exchange*	(409,824)	(247,729)
Loss on sale of assets	(2,084,284)	(2,453,818)

* The loss on foreign exchange is derived from the purchase of aircraft, fuel, engine overhaul services and spare parts. The risk is managed with the use of forward exchange contracts.

4 KEY MANAGEMENT PERSONNEL COMPENSATION

	2018	2017
	\$	\$
Short-term benefits	2,248,380	2,248,884
Post employment benefits	199,013	198,875
Total Compensation	2,447,393	2,447,758

5 REMUNERATION OF AUDITORS

	2018	2017
	\$	\$
Remuneration of the auditor of the company for:		
(a) Auditing the financial report	48,500	47,000
(b) Other assurance services - program acquittals	750	500
	49,250	47,500

6 CASH AND CASH EQUIVALENTS

	2018	2017
	\$	\$
Current		
Cash at bank and on hand	9,601,464	11,193,328
Short-term bank deposits	17,770,690	24,417,990
	27,372,154	35,611,318

The weighted average interest rate on cash and cash equivalents was 2.10% (2017: 1.67%). These deposits are held at call or with a maturity of only 90 days.

7 TRADE AND OTHER RECEIVABLES

	2018	2017
	\$	\$
Trade receivables	8,242,859	8,898,012
Provision for impairment of receivables (i)	(388,981)	(388,981)
	7,853,878	8,509,031
Other - Employees	9,224	9,239
Other - Prepayments	1,572,511	168,065
	1,581,735	177,304
	9,435,613	8,686,335

(i) Allowance for Impairment of Receivables

Current trade receivables are generally on 30 day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in other expense items.

	Opening Balance	Charge for the year	Amounts Written Off	Closing Balance
	\$	\$	\$	\$
Current trade receivables				
Balance as at 30 June 2017	349,003	39,979	-	388,981
Balance as at 30 June 2018	388,981	-	-	388,981

All impaired receivables relate to insurance recoveries and are treated as doubtful debts with ageing of 120 plus days. No write-offs are anticipated.

(ii) Ageing of past due but not impaired receivables

	Total	31-60 Days	61-90 Days	91-120 Days	120+ Days
	\$	\$	\$	\$	\$
Aged Analysis Trade Receivables					
Balance as at 30 June 2017	2,950,689	1,939,902	218,897	791,890	-
Balance as at 30 June 2018	907,164	170,881	123,717	612,566	-

8 INVENTORIES

	2018	2017
	\$	\$
At cost		
Aircraft spare parts	1,888,357	1,327,438
Merchandise and uniforms	193,893	170,414
Aviation fuel	20,935	20,904
	<u>2,103,185</u>	<u>1,518,756</u>

9 FINANCIAL ASSETS

Non-Current

	2018	2017
	\$	\$
Bonds	207,167	165,480
Available-for-sale financial assets (Listed investments - shares in listed corporations at fair value)	94,971	101,875
	<u>302,138</u>	<u>267,355</u>

10 ASSETS CLASSIFIED AS HELD FOR SALE

	2018	2017
	\$	\$
Land and buildings	262,222	3,536,280
	<u>262,222</u>	<u>3,536,280</u>

The company intends to dispose of various land and buildings it no longer uses in the next 12 months. Land and buildings reclassified were impaired in the prior year. During the current year, certain land and buildings which had met to criteria in the previous year to classify them as being held for sale, no longer met this criteria, and have been reclassified to property, plant and equipment.

11 AIRCRAFT, PROPERTY, PLANT AND EQUIPMENT

	2018	2017
	\$	\$
Land and Building - at fair value (i)	35,481,184	35,481,184
Land and Building - at cost	1,694,979	-
Accumulated depreciation	(1,897,538)	-
Impairment	-	-
	<u>35,278,625</u>	<u>35,481,184</u>
Aircraft - at fair value (ii)	41,757,624	41,757,624
Aircraft - at cost	11,478,810	-
Accumulated depreciation	(2,123,285)	-
	<u>51,113,150</u>	<u>41,757,624</u>
Rotable Assets - at fair value (iii)	528,526	506,451
Accumulated depreciation	-	-
	<u>528,526</u>	<u>506,451</u>
Plant, equipment, furniture - at deemed cost	10,435,003	10,437,792
Accumulated depreciation	(8,028,434)	(7,552,129)
	<u>2,406,569</u>	<u>2,885,663</u>
Software - at cost	454,410	454,410
Accumulated depreciation	(422,830)	(406,364)
	<u>31,580</u>	<u>48,045</u>
	<u>89,358,451</u>	<u>80,678,968</u>

- (i) The Directors assessed the fair value of all property as at 30 June 2017 in accordance with the accounting policy disclosed in Note 1(c).
- (ii) The Directors assessed the fair value of aircraft as at 30 June 2017 in accordance with the Company's accounting policy disclosed in Note 1(c).
- (iii) The Directors assessed the fair value of rotatable assets as at 30 June 2017 in accordance with the accounting policy disclosed in Note 1 (c).

11a MOVEMENTS IN CARRYING AMOUNTS

Fair Value or Deemed Cost	Land & Buildings	Aircraft	Rotable Assets	Plant, Equipment & Furniture	Software	Total
	\$	\$	\$	\$	\$	\$
Opening Balance 1 July 2017	35,481,183	41,757,624	506,451	10,437,792	454,410	88,637,460
Additions	166,180	16,533,062	22,075	38,239	-	16,759,557
Disposals	(1,818,498)	(5,054,252)	-	(41,028)	-	(6,913,778)
Transfer from assets classified as held for sale	3,347,298	-	-	-	-	3,347,298
Closing Balance 30 June 2018	37,176,163	53,236,434	528,526	10,435,003	454,410	101,830,536

Depreciation

Opening Balance 1 July 2017	-	-	-	7,552,128	406,365	7,958,493
Depreciation Charge	2,439,650	5,924,518	-	517,334	16,465	8,897,967
Disposals	(542,113)	(3,801,233)	-	(41,028)	-	(4,384,375)
Closing Balance 30 June 2018	1,897,538	2,123,285	-	8,028,433	422,830	12,472,085

Fair Value or Deemed Cost	Land & Buildings	Aircraft	Rotable Assets	Plant, Equipment & Furniture	Software	Total
	\$	\$	\$	\$	\$	\$
Opening Balance 1 July 2016	41,444,049	50,377,155	487,341	9,530,556	454,410	102,293,511
Additions	5,338,326	10,796,923	19,110	971,743	-	17,126,102
Disposals	(1,405,002)	(10,894,584)	-	(64,507)	-	(12,364,093)
Transfer to assets classified as held for sale	(3,536,280)	-	-	-	-	(3,536,280)
Impairment	(652,847)	-	-	-	-	(652,847)
Transfer on revaluation	(5,707,063)	(8,521,870)	-	-	-	(14,228,933)
Closing Balance 30 June 2017	35,481,183	41,757,624	506,451	10,437,792	454,410	88,637,461

Depreciation

Opening Balance 1 July 2016	3,756,261	8,625,759	-	7,088,637	389,900	19,860,556
Depreciation Charge	2,006,771	5,965,309	-	507,683	16,465	8,496,228
Disposals	(55,969)	(6,069,197)	-	(44,192)	-	(6,169,358)
Transfer on revaluation	(5,707,063)	(8,521,870)	-	-	-	(14,228,933)
Closing Balance 30 June 2017	-	-	-	7,552,128	406,365	7,958,493

In accordance with the Company's accounting policy, the Company has obtained independent valuations of its properties as at 30 June 2017. No impairment loss was recognised in the current financial year as the Directors of the Company expect the fair value less cost to sell to be higher than the carrying value.

12 TRADE AND OTHER PAYABLES

	2018 \$	2017 \$
Trade Payables	3,127,464	1,347,481
Tax Liability - GST & PAYG	760,707	690,865
Deferred income and grants in advance	902,603	190,388
Annual leave	4,932,864	4,540,694
Short term leave	831,828	741,704
Other liabilities	494,321	279,311
	<u>11,049,787</u>	<u>7,790,443</u>

13 FINANCIAL LIABILITIES

	2018 \$	2017 \$
Current:		
Bank loan secured	296,144	280,915
Non-Current:		
Bank loan secured	2,945,358	3,241,502
	<u>3,241,502</u>	<u>3,522,417</u>

- a) Loans for aircraft represent 0% (2017: 0%) of total financial liabilities.
- b) Loans for the purchase of housing are secured by mortgage over the property subject to the loan. Housing loans represent 100% (2017: 100%) of total financial liabilities.

14 PROVISIONS

Provision for Long-term Employee Benefits

A provision has been recognised for employee benefits relating to long service leave for employees. Provision is made for employees who have maintained continuous service for over six years and the amount provided includes the salary and on-costs attributable to each employee. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been included in Note 1(d).

	2018	2017
	\$	\$
Employee Benefits		
Current	3,719,474	3,701,406
Non-Current	452,999	366,093
	<u>4,172,473</u>	<u>4,067,499</u>
Opening balance	4,067,499	4,180,794
Additional provisions raised during the year	948,326	273,928
Amounts used	(843,352)	(387,223)
Closing balance	<u>4,172,473</u>	<u>4,067,499</u>

15 NOTES TO THE STATEMENT OF CASH FLOWS

a) The net cash used in operating activities is reconciled to the surplus for the year as follows:

	2018	2017
	\$	\$
(Deficit)/Surplus for the year	(4,541,750)	5,306,259
Depreciation	8,897,967	8,496,228
(Gain)/Loss in foreign exchange	409,824	247,729
(Gain)/Loss on disposal of property, plant and equipment	2,084,284	2,453,818
Reclassification of capital contributions and grants to investing activities	(16,192,703)	(22,608,093)
(Increase)/Decrease in Assets:		
Current receivables	(749,278)	(3,079,863)
Inventory	(584,430)	(36,069)
Provision for Doubtful Debts	-	39,978
Increase/(Decrease) in Liabilities:		
Current payables	3,331,643	(843,136)
Employee Benefits	104,974	(32,442)
Tax Liabilities - GST	(57,070)	(296,606)
Net cash provided by / (used in) operating activities	<u>(7,296,539)</u>	<u>(10,352,198)</u>

b) For the purposes of the statement of cash flows, cash includes cash on hand and in banks. Cash at the end of the year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2018	2017
	\$	\$
Cash - Operational	9,581,464	11,173,328
- Capital/Project cash holdings	17,770,690	24,417,990
- Restricted Cash (Medical chest float)	20,000	20,000
	<u>27,372,154</u>	<u>35,611,318</u>

16 FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable.

(i) Treasury Risk Management

Senior members of management meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

(ii) Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest Rate Risk

Interest rate risk is managed with a mixture of fixed and floating rate debt. At 30 June 2018 approximately 23% of debt is fixed.

Foreign Currency Risk

The Company is exposed to foreign currency risk on purchases that are denominated in a currency other than Australian dollars. The currencies giving rise to this risk are primarily U.S. Dollars. The Company uses forward exchange contracts to hedge its foreign currency risk. No forward exchange contracts are held as at 30 June 2018.

In respect of other monetary assets and liabilities held in currencies other than AUD, the entity ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short term imbalances. The financial risk to the Company in foreign currency risk has been shown through the maturity profile of financial liabilities throughout this note.

Liquidity Risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the entity. Bank loans for the purchase of aircraft are secured by a fixed and floating charge over the Company's assets.

Credit risk is managed by the Company and reviewed regularly by the Board. It arises from exposures to customers as well as through deposits with financial institutions.

The entity monitors the credit risk by actively assessing the rating quality and liquidity of counterparties:

- Only banks and financial institutions with an 'A' rating are utilised.
- Only accredited fund managers linked to 'A' rated financial institutions are used.

The credit standing of counterparties is reviewed monthly for liquidity and credit risk.

The trade receivables balances at 30 June 2018 and 30 June 2017 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

Price risk

The Company is not exposed to any material commodity price risk.

(b) Financial Instruments Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as managements' expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the statement of financial position.

Financial Assets

	2018			2017		
	Cash & Cash Equivalents	Receivables	Investments	Cash & Cash Equivalents	Receivables	Investments
	\$	\$	\$	\$	\$	\$
Weighted Average Effective Interest Rate	2.10%			2.07%	-	-
Floating Interest Rate	27,352,474	-	-	33,127,062	-	-
Fixed Interest Rate (maturing within 1 year)	-	-	-	-	-	-
Non-Interest Bearing	19,680	9,642,780	94,971	2,484,255	8,851,815	101,875
Total	27,372,154	9,642,780	94,971	35,611,318	8,851,815	101,875

Financial Liabilities

	2018		2017	
	Bank Loan Secured	Trade, Other Payables & Provisions	Bank Loan Secured	Trade, Other Payables & Provisions
	\$	\$	\$	\$
Weighted Average Effective Interest Rate	4.62%		4.83%	-
Floating Interest Rate	-	-	-	-
Fixed Interest Rate (maturing within 1 year)	296,144	-	280,915	-
Fixed Interest Rate (maturing within 1 -5 years)	2,945,358	-	3,241,502	-
Non-Interest Bearing	-	15,222,260	-	11,857,942
Total	3,241,502	15,222,260	3,522,417	11,857,942

Trade, other payables and provisions are expected to be paid as follows:

	2018	2017
	\$	\$
Trade Payables		
Less than 6 months	3,127,464	1,311,289
6 months to 1 year	-	36,192
	<u>3,127,464</u>	<u>1,347,481</u>
Sundry payables		
Less than 6 months		-
6 months to 1 year	11,641,797	10,144,368
Greater than 1 year	452,999	366,093
	<u>12,094,796</u>	<u>10,510,461</u>
	<u>15,222,260</u>	<u>11,857,942</u>

c) Net Fair Values

The net fair values of listed investments have been valued at the quoted market bid price at reporting date adjusted for transaction costs expected to be incurred. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at reporting date:

	2018		2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
Available-for-sale financial assets at fair value	94,971	94,971	101,875	101,875

Sensitivity analysis:

Interest rate risk

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at reporting date. This sensitivity analysis demonstrates the effect on current year results and equity which could result from a change in this risk.

As at balance date, the effect on surplus and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	2018	2017
	\$	\$
Change in profit / (loss)		
- Increase in interest rate by 2%	503,590	664,632
- Decrease in interest rate by 2%	(503,590)	(664,632)
Change in equity		
- Increase in interest rate by 2%	503,590	664,632
- Decrease in interest rate by 2%	(503,590)	(664,632)

This sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

Foreign Exchange Risk

As at balance date, the effect on surplus and equity as a result of changes in the U.S. dollar foreign exchange rate, with all other variables remaining constant, would be as follows:

	2018	2017
	\$	\$
Change in profit / (loss)		
- Increase in exchange rate by 2%	394	49,685
- Decrease in exchange rate by 2%	(394)	(49,685)
Change in equity		
- Increase in exchange rate by 2%	394	49,685
- Decrease in exchange rate by 2%	(394)	(49,685)

This sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

17 CAPITAL MANAGEMENT

Management controls the capital of the Company to ensure that adequate cash flows are generated to fund its activities and that returns from investments are maximised. The Board ensures that the overall risk management strategy is in line with this objective. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

The Company's capital consists of financial liabilities, supported by financial assets. Management effectively manages the Company's capital by assessing the financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels and liquidity. These indicators are reported for the years ended 30 June 2018 and 30 June 2017 respectively:

		2018	2017
Liquidity Ratio	Total Current Assets/Total Current Liabilities	2.60	4.19
Debt to Equity Ratio	Total Liabilities/Total Equity (reserves + retained earnings)	16.7%	13.4%

There have been no changes to the strategy adopted by management to control the capital of the Company since the previous year.

Net working capital is positive as demonstrated in the table below.

	2018	2017
	\$	\$
Total Current Assets	39,173,174	49,352,689
Total Current Liabilities	15,065,405	11,772,764
Net Working Capital	24,107,769	37,579,925

18 COMMITMENTS FOR EXPENDITURE

a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements. Minimum operating lease payments are charged as an expense in the period in which they are incurred.

	2018	2017
	\$	\$
Property lease		
(minimum lease payments)		
Not later than 12 months	1,168,887	1,098,422
Between 12 months and 5 years	1,351,330	1,378,060
Greater than 5 years	2,383,456	2,632,338
	4,903,674	5,108,820

Motor vehicle lease

(minimum lease payments)

Not later than 12 months	187,206	238,731
Between 12 months and 5 years	156,432	241,369
Greater than 5 years	-	-
	343,637	480,100

Aircraft lease

(minimum lease payments)

Not later than 12 months	521,675	894,300
Between 12 months and 5 years	-	298,100
Greater than 5 years	-	-
	521,675	1,192,400

Company vehicles are leased for three years. Contingent rental payments and terms of renewal are determined by the terms of the lease agreement. There is no provision for an option to purchase leased vehicles. There are no escalation clauses in the agreement.

b) Capital Commitments

NAB Forward Hedge

The Company has engaged NAB to develop a product for fuel hedging, using swaps to mitigate the impact of fuel price volatility. A swap is an agreement between the Company and NAB to swap a floating price for a fixed price for a specified grade of fuel over a predetermined period of time. Swap transactions allow the Company to achieve a fixed price for an agreed number of Litres of fuel on agreed future dates. There is no physical receipt or delivery of fuel under a swap.

Pilatus PC12 Aircraft

The company has contracted with Pilatus Limited for the delivery of a new aircraft in September 2018. Pricing of all elements of the contract is commercial in confidence.

Pilatus PC24 Aircraft

The company has contracted with Pilatus Limited for the delivery of two new aircraft in 2018/19, contingent on achievement of CASA certification in Australia. Pricing of all elements of the contract is commercial in confidence.

19 FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of the Company's assets measured at fair value:

	Date of valuation	Fair value measurement using:			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		\$	\$	\$	\$
Available-for-sale financial assets (Note 9)	30/06/18	94,971	94,971	-	-
Land and buildings (Note 11)	30/06/17	35,278,625	-	-	35,278,625
Aircraft (Note 11)	30/06/17	51,113,150	-	-	51,113,150
Rotable assets (Note 11)	30/06/17	528,526	-	-	528,526

20 CONTINGENT LIABILITIES

There were no contingent liabilities as at reporting date.

21 AFTER BALANCE DATE EVENTS

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

22 RELATED PARTY DISCLOSURES

Directors

The Directors of RFDS Western Operations during the year were:

Mr S Walsh AO

Ms E Smyth AC

Dr A Ward

Mr CR Heath

Mrs R Sermon

Mr J Walker (appointed 27th October 2017)

Mr S Harben (appointed 27th October 2017)

Mr N Bassett AM (retired 27th October 2017)

Mr M Hutson (retired 27th October 2017)

Mr J Hancock (resigned 23rd February 2018)

23 REMUNERATION OF DIRECTORS

There was no income received or due and receivable by Directors of the Company in connection with the management of the Company and any related body corporate.

24 GUARANTEE OF MEMBERS

RFDS Western Operations is a public company limited by guarantee. Each member of the Company has undertaken to contribute to the assets of the Company in the event of it being wound up while a member or within one year following cessation of membership, for the payment of the debts and liabilities of the Company contracted before the cessation of that membership, together with the costs, charges and expenses of winding up and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding \$10.

25 COMPANY DETAILS

Registered Office

3 Eagle Drive

Jandakot WA 6164

Telephone: (08) 9417 6300

Facsimile: (08) 9417 6308

Special Thanks

The RFDS would like to thank all of our amazing volunteers, committees and community fundraisers who generously donate their time and effort to fundraising for the RFDS.

WITH SPECIAL THANKS TO:

- > RFDS Ambassador – Melva Stone OAM**
- > Busselton RFDS Volunteer Committee**
- > Dongara RFDS Volunteer Committee**
- > Flying 1000**
- > Friends of the Flying Doctor**
- > Geraldton RFDS Volunteer Committee**
- > Jurien RFDS Volunteer Committee**
- > Katanning RFDS Volunteer Committee**
- > Lake Grace RFDS Volunteer Committee**
- > Mount Barker RFDS Volunteer Committee**
- > Narrogin RFDS Volunteer Committee**
- > Pannawonica RFDS Volunteer Committee**
- > Paraburdoo RFDS Volunteer Committee**
- > RFDS Eastern Goldfields Auxiliary**
- > RFDS Esperance Auxiliary**

How you can help

Thanks to the kind support of individuals, corporations, the government and the community, the RFDS has proudly served Australia for 90 years. Help us continue to be there in the future. To help us deliver the finest care to the furthest corners of Australia you can:

Send your donation to Royal Flying Doctor Service, Western Operations

- > Address 3 Eagle Drive, Jandakot Airport, Jandakot WA 6164
- > Postal Address Locked Bag 2, Canning Vale DC, WA 6970
- > Phone us on 08 9417 6400 or 1300 669 569
- > Fax us on 08 9417 6499
- > Email us at fundraise@rfdswa.com.au
- > Visit flyingdoctor.org.au to make an online donation

 flyingdoctor.org.au

 facebook.com/royalflyingdoctorservice

 [@RoyalFlyingDoc](https://twitter.com/RoyalFlyingDoc)

 [@RoyalFlyingDoc](https://www.instagram.com/RoyalFlyingDoc)

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F 08 9138 7305

Kalgoorlie

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F 08 9093 7509

Port Hedland

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Port Hedland WA 6721
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F 08 9172 0709



Royal Flying
Doctor Service

WESTERN AUSTRALIA

