



The furthest corner. The finest care.



Royal Flying Doctor Service
WESTERN OPERATIONS

Annual Report >

09/10



09/10

📍 In 2009/10 we transported 7,585 sick and injured patients from around the State, received 42,685 calls for medical advice and assistance, and conducted 1,902 medical clinics at rural and remote sites. 📍

Tim Shackleton
CEO, RFDS, Western Operations

Our Mission >

To provide excellence in aeromedical and primary health care across Australia.



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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 2010.

The demand for our services from country patients increased to record levels this year. This has pushed our staff to the limits on many occasions and it is a credit to their dedication that we have been able to respond to these needs. Their willingness and determination to succeed, working around the clock, in all weather conditions, in rural and remote areas of our State make them a truly unique team.

Our relationship with both the Western Australian and Commonwealth Governments continued to strengthen in 2010 and we have further developed our very positive partnerships with the corporate sector in WA, all of which enables us to provide more services to people in the bush. Rio Tinto's commitment to supporting the establishment of Australia's first RFDS emergency aeromedical jet service and Chevron Australia's support for the new RFDS Chevron Spirit of the West Awards are both worthy of special mention. Also worthy of acknowledgement is the support received from the RFDS Victorian Section and the WA Government for the jet service. It is particularly gratifying to have the ongoing support of the Victorian Section for the work we do to help people in the most remote parts of our State. Ongoing support from BHP Billiton for our RFDS on the Road mobile health screening and education program is of course highly valued. BHP Billiton has recently re-confirmed their commitment to supporting RFDS on the Road in both the Goldfields and the Pilbara for the next three years.

Western Operations recorded an operating surplus of \$11.1 million this financial year. This was only achieved as a result of capital grants totalling \$15.2 million from State and Commonwealth Governments. These have been applied in full to the purchase of aircraft and the construction of buildings. Each year we are the beneficiary of the generosity of many Western Australians. This year we received a total \$6.6 million

from donors, members and contributors to our various fundraising events and activities. Worth a special note are the efforts of our Public Affairs Team, the Flying 1000 fundraising group, the Friends of the RFDS and an army of volunteers and supporters.

Western Operations continues to support the Australian Council of the Royal Flying Doctor Service and this year has seen the development of a strategic plan for the national organisation which we hope will provide some clear and unified direction for all members. Negotiations with the Commonwealth Government for the next four year funding agreement from 2011 commenced during the year and we look forward to locking in a contract with the Government that appropriately recognises the work the RFDS does in rural and remote areas across the nation.

This year the Board welcomes three new Directors; Mr Brian Pontifex, Ms Erica Smyth and Dr Ann Ward. I would like to extend my sincere thanks to my fellow directors, our Chief Executive Officer Tim Shackleton and the Executive Management Team, all of whom have provided an enormous amount of support and assistance throughout the year.

Neville Bassett
Chairman
RFDS, Western Operations



CEO's Report >



The financial year from July 2009 to June 2010 has been one of significant growth in the demand for patient transport, establishment and consolidation of new initiatives and a review of the organisation's management structure.

Worthy of special mention are:

- > The purchase of three new aircraft to replace the remaining Kingair B200s in the fleet with funding assistance from the Western Australian Government.

- > The first year of operation of the Rio Tinto *Life Flight* Jet supported with funding from Rio Tinto, RFDS Victorian Section and the State Government's Royalties for Regions program.
- > The successful launch of the inaugural Spirit of the West Awards, sponsored by Chevron.
- > The establishment of a dedicated patient repatriation service to return patients who have been hospitalised in the metropolitan area to their country home or local hospital for further care.
- > A renewed focus on increasing the range and reach of primary health services to those who do not have access to mainstream services. Priority service areas identified include dental health, community nursing and primary medical care.

In 2009/10 we transported 7,585 sick and injured patients from around the State, received 42,685 calls for medical advice and assistance, and conducted 1,902 medical clinics at rural and remote sites. These statistics represent an overall increase of 14.6% in patients and 21% in kilometres flown on the previous year. This level of increase is unprecedented in the history of RFDS in WA and has naturally placed a great deal of pressure on our resources, particularly staff who are stretched to the limit. We will continue to work closely with the State and Commonwealth Governments regarding funding required to meet this increased demand.

Two residential properties were purchased in Derby during the year in order to provide housing for staff working at that Base. Rental costs and property values remain high in Port Hedland and are now increasing in Derby due to the demands of the resources industry. A project for the redevelopment of office accommodation at Port Hedland has commenced and plans are being formulated to construct new headquarters in Derby.

I wish to sincerely thank my Executive Management Team and all Western Operations' staff for their hard work, support and dedication during another busy year. I particularly wish to acknowledge the contribution of Director of Regional Services Mr Peter Northover, who resigned in August after nearly thirty years of service to RFDS in Western Australia.

Finally, I also offer my thanks to all the RFDS supporters from around the State. Your support has given us great confidence and strength as we move into a new and exciting time for the RFDS in Western Australia.

Thank you.

A handwritten signature in black ink, appearing to read 'Tim Shackleton'.

Tim Shackleton
Chief Executive Officer
RFDS, Western Operations





Busiest Year on Record >

The addition of two more PC-12 turbo prop aircraft to our fleet, replacement of five ageing aircraft with new PC-12s, the employment of additional doctors, nurses and pilots and the launch of the first Royal Flying Doctor Service aeromedical jet set the scene for what was the busiest year of activity in the history of the RFDS in Western Australia.

The new turbo prop aircraft and the additional staff were made possible by a much needed boost in funding the previous year by the State Government under its Royalties for Regions programme, while the purchase, medical outfitting and launch in October 2009 of a fast Hawker XP2 jet named *Rio Tinto Life Flight* was made possible by through generous private support (see details page 15) and an

agreement from the State to underwrite the operation of the jet service during its first three years.

As RFDS staff moved into the newly opened Patient Transport Facility and revamped office accommodation at our Jandakot headquarters at the start of the year and new aircraft arrived from Switzerland and were brought online, demand for RFDS services increased rapidly across almost all WA regions.

By year's end, we had recorded a 14.6 percent increase in numbers of patients transferred, from 6616 last year to 7585 this year, and a 20.7 percent increase in kilometres flown, from more than 5.7 million kilometres to almost 7 million kilometres. These rates of growth were unprecedented.

Calls to our (Aeromedical Patient Transport) Operations Centre averaged 633 a day (19,000 a month), but sometimes rose to 900 calls in a day. With just one doctor and two flight co-ordinators at a time to manage the assessment and transfer of 21 patients every day while determining the availability of aircraft and staff and planning transport around WA to take account of weather, emergencies and unforeseen events, the Operations Centre staff showed remarkable fortitude.

Although the pressure on all our resources was intense, our staff across Western Australia rallied to meet the many challenges and 'go the extra mile' in often trying circumstances.

Given the current pressures, the changing focus and increasing diversification of the Western Operations business, the Board endorsed a review of the organisation's management structure by the CEO to identify opportunities for improvement in the way the day to day business of the organisation was managed and to position it for future growth.

Key elements of the resulting management restructure included recruitment of a dedicated resource to lead the development of primary health care services, in line with the Commonwealth Government's health care reform agenda; recruitment of a short-term dedicated resource to conduct a complete review and redevelopment of our (Aeromedical Patient Transport) Operations Centre; integration of Regional Services into Corporate Services and appropriate recognition of the importance of Information and Communications Technology to the future of the organisation with the appointment of an Executive Manager to this portfolio.

During the year in review, levels of Western Operations employee satisfaction and engagement were tested comprehensively for the second time in two years and produced pleasing results. Employee engagement had improved and overall scores were higher. Action plans put into place in 2007 had been successful although more work has been undertaken to ensure ongoing employee engagement.

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Busiest Year on Record > *continued...*

Medical and Health Services

On the medical front, one of the biggest projects during the year was the implementation of the Rio Tinto *Life Flight* emergency medical jet service, the first of its kind for the RFDS in Australia.

Staff required training in a new aero-medical environment and elements of the medical fit-out and the stretcher loading system required adjustments, however during the year a number of medical milestones were achieved.

The capacity of the jet enabled the RFDS to effect the first double critical care transfer – two critically ill patients each with their own critical care doctor-nurse team could be transferred to Perth quickly, safely and economically on one flight. Also, two mentally ill patients along with their required police escorts and a medical team could be accommodated on just one flight from the north. Normally, two turbo prop flights, two medical teams and many more flying hours would be required.

Decommissioning of the last of our ageing King Air aircraft this year enabled Western Operations to achieve the standardisation of our turbo prop fleet (with Pilatus PC-12s) and medical fit-outs across Western Australia.

Medical and nursing staff can now fly in any of our turbo prop aircraft knowing that all have identical medical systems and

identical locations for emergency medical equipment. This has not only reduced the staff training required previously, but has improved patient safety in emergencies when particular equipment needs to be located quickly.

Standardisation of the fleet also allows ready interchange of aircraft and pilots across all bases.

As workload increased and demand sometimes outstripped available resources, we carefully monitored each patient waiting for transfer to ensure that we tasked retrieval teams for those with the most urgent clinical need. To do this effectively, a senior doctor is now on duty in our (Aeromedical Patient Transport) Operations Centre seven days a week. The clinical co-ordinator also oversees our response to major incidents and handles communications between aircraft and receiving hospitals in critical cases.

A St John Ambulance (SJA) Team Leader was also introduced into our Operations Centre 12 hours a day, seven days a week. This successful arrangement has helped build good relationships between RFDS and SJA staff, improved the booking of ambulances, kept SJA aware of amended arrival times for our aircraft and provided us with advance warnings of up and coming cases in distant locations.

During the year, considerable work was undertaken towards a full electronic medical records system for our clinics and telehealth (telephone consultation) services. The final national software system is yet to be implemented, however we moved many of our patients' paper records into an electronic format that enables recall of patients and automated reception of pathology reports.

Training of new doctors and nurses is an important, ongoing process, however it is time-consuming and difficult to organise for staff on shift work and those at rural bases. During the year we began trialling an eLearning system which enables staff to complete training modules over the internet at their convenience. We will enhance the

suite of available modules to ensure we maintain high standards of knowledge and procedural consistency across the organisation.

A new neonatal cot was introduced during the year and around 120 babies have been transported by air to specialist care using this Mansell cot. The new cot is not suitable to retrieve neonates from communities without ambulances. A new Thermocot was donated to allow babies to be safely transported to the aircraft where they could be transferred into the Mansell cot if necessary.

The demand for RFDS primary health care clinics in Western Australia continues to grow and last year we held 1,902 clinics. To provide the required services, we transported paediatricians, obstetricians, physiotherapists, occupational therapists, audiologists, primary health care nurses, Aboriginal health care workers, general practitioners and allied health workers to more than 60 rural and remote locations.

Western Operations primary health care staff also continued to participate in Aboriginal Health Forums in the Goldfields, Pilbara and Kimberley regions.

New Commonwealth funding for primary health care will concentrate on activities aimed at closing the gap in life expectancy between Caucasian and Aboriginal people within a generation and halving the gap in mortality rates for indigenous children under five years old. Applications for funding generated a team approach with cooperation and consultation between multiple agencies, including the RFDS as an important primary health care provider and advocate in the regions.

A review of the RFDS Patient Repatriation Service introduced in 2008-09 found it to be particularly valuable to people who are frail or with a terminal illness. A total of 153 patients were transferred from hospitals to step-down care closer to home, or back to their own homes. A decision was made to continue the service with a dedicated flight nurse and pilot but, for economic reasons, no dedicated aircraft.



Photo courtesy Rio Tinto

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Busiest Year on Record > *continued...*

New Aircraft Help Meet Demand

During the year, three new aircraft were purchased to replace the older King Air turbo prop aircraft in the fleet which are now in the process of being sold. They were VH-OWB, which arrived in December 2009 and VH-OWD, delivered in January 2010 and VH-OWG which arrived a few months later. A 14th PC-12, VH-OWI is scheduled to arrive in January 2011.

Seven additional pilots were appointed during the year as was a Training and Check Manager to meet escalating training and checking requirements. Redevelopment of the Training and Check system during the year saw the promotion of two senior pilots, increasing the number of Check and Training pilots to four. In line with Civil Aviation Safety Authority regulations, the RFDS implemented a Drug and Alcohol Management Program (DAMP) during the year. The DAMP program educates employees about drugs and alcohol and the effects they can have. It includes testing of all employees who work in safety sensitive aviation areas and provides counselling and rehabilitation should anyone have drug or alcohol related issues.

Development and Renewal at Bases

Redevelopment of the Port Hedland RFDS Base was delayed due to the complications associated with removal of an underground fuel tank. The RFDS will build its own above ground fuel facility with the help of Griffiths Engineering.

The Town of Port Hedland has provided valuable support with an extension of the lease and significant financial support has been provided by Lotterywest (\$1 million), BHP Billiton (\$800,000), the Pilbara Development Commission (\$180,000) and the Commonwealth Government (\$726,000). Pilbara Earthmoving has generously contributed labour, plant, equipment and supplies for vital site works. On completion, this project will provide a second aircraft hangar, garaging and operational facilities for 'RFDS on the road' vehicles and crew, a new refuelling facility, a new building for operational crews and secure parking for staff.

Also in Port Hedland, significant work was undertaken to refurbish staff residences suffering the effects of wear and tear. Upgraded kitchens and bathrooms were installed in five properties.

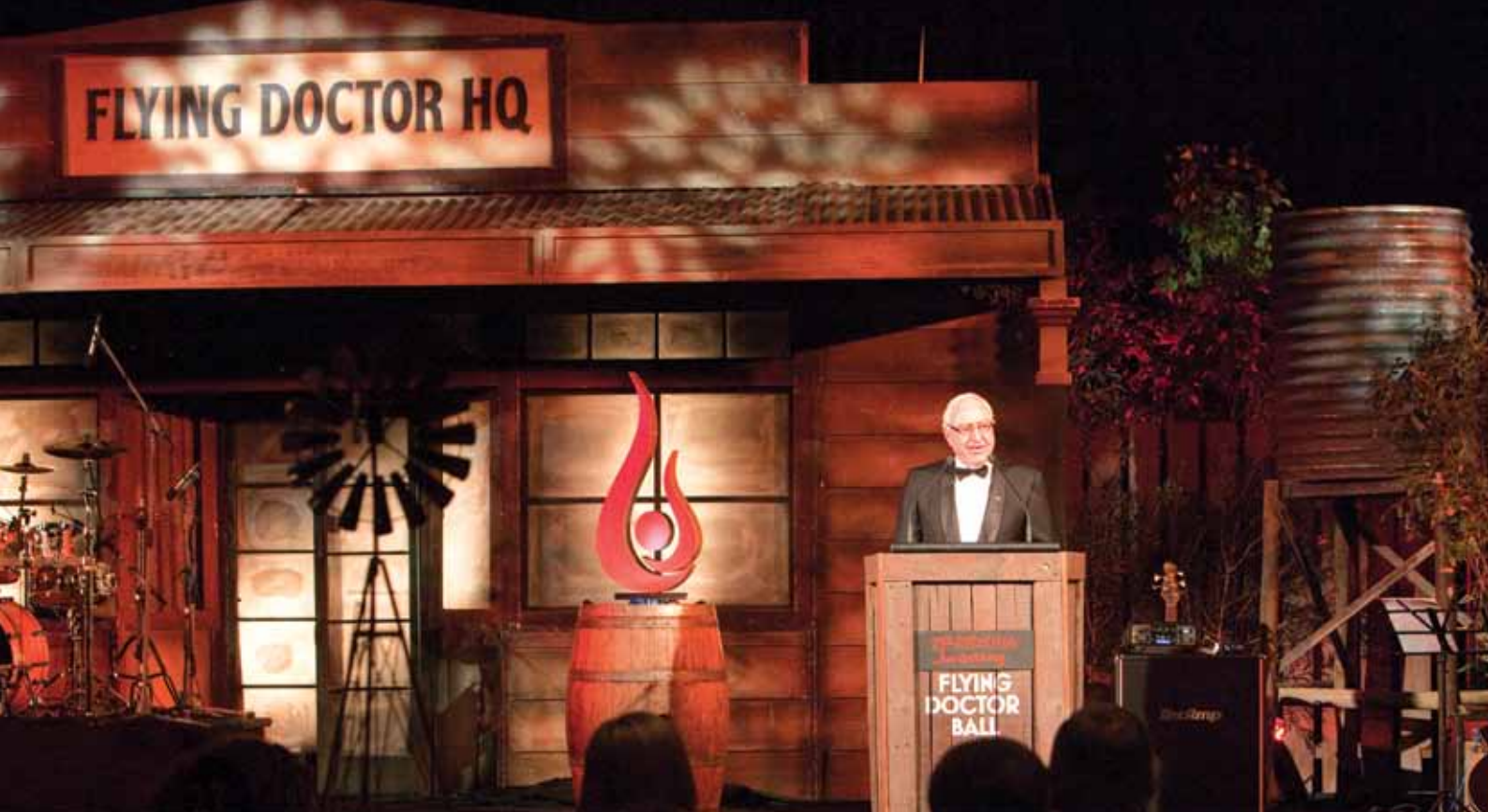
In Derby, two additional residences were purchased to house staff. The Country Housing Authority kindly assisted the RFDS with finance at reduced rates.

Information and Communications Technology

Telstra's decision to discontinue and disconnect their Voice Grade Dedicated Lines (VGDL) services led to a decision



Chevron - RFDS Spirit of the West Award Winners 2010



to rationalise our high frequency (HF) radio contact services. Following research into the use of HF services in WA, the RFDS decided to discontinue operating and maintaining its own little-used HF radio network, given the high capital costs involved in continuing to do so. The organisation moved the service to a respected external provider, who will ensure that any HF calls to the RFDS are monitored and advised.

During the year, our ICT staff also introduced full redundancy for the RFDS voice network, migrated core server technology to a virtualised platform and undertook a major upgrade to Voice over Internet Protocol (VoIP) software.

Public Affairs, Corporate and Donor Support

The heightened profile of the RFDS in Western Australia, developed after two years of intensive work by our media and public relations team, continued to prove beneficial to our fundraising and corporate partnership team in raising funds and attracting corporate partners.

Despite the lingering effects of the global financial crisis, which had some negative impact on fundraising from our direct mail campaigns, our community fundraising and corporate support levels were buoyant and bequests reached record levels. Overall fundraising totals topped those of previous years and went into the purchase of much needed equipment, the fit-out of aircraft

and the establishment of new and valuable health-related programs and projects.

Major events during the year included the launch of our Rio Tinto *Life Flight* jet in October 2009, attended by 350 supporters and the RFDS WA 75th Anniversary Ball in August 2010 at which the inaugural Chevron-sponsored *Spirit of the West* community fundraising awards were presented. The ball was attended by 420 guests and deemed a great success. In Kalgoorlie, the Hangar Ball held in May was sponsored by Xstrata Nickel Australia and raised \$70,000 towards the purchase of new doors for the RFDS Kalgoorlie aircraft hangar. The annual Kalgoorlie Swim Thru community swimming challenge, whose major sponsor was KCGM, raised \$30,000.

The 'RFDS on the road' program, sponsored by BHP Billiton, celebrated its fifth anniversary since its launch in the Pilbara and later expansion into the Goldfields under the BHP Nickel West banner. The partnership promotes better health, safety and wellbeing for people living in isolated locations in regional WA.

In the 2009 calendar year the program provided health education to 4,945 people in 199 different remote locations. In partnership with the Lions Cancer Institute for the third year, it also provided free skin cancer screening to 1,571 people in the Goldfields region. Almost 30 percent of those screened were referred to doctors for follow up of suspicious skin lesions.

National Focus

The five Sections of the RFDS around Australia continued to work ever more closely together in the national interest. The national CEO Committee appointed the Western Operations Director of Aviation to negotiate and manage a new national engine maintenance contract. The five year contract was awarded to Pratt and Whitney Canada for all engine overhauls for the RFDS Australia-wide.

The national Marketing Advisory Committee, of which Western Operations is a member, implemented a major national branding initiative, developed a new national RFDS website to replace a number of confusing and inconsistent Section websites; successfully negotiated a further term of sponsorship with the Qantas Foundation; furthered a number of other national partnerships and fundraising initiatives; developed and implemented a successful national fundraising 'donor acquisition' campaign and began rollout of a new, nationally consistent donor database into all Sections of the RFDS.

Western Operations Human Resources and Payroll staff worked hard to implement the new payroll system adopted nationally and designed to ensure easier, nationally consistent reporting. We are now looking at planning the next stage - an 'employee kiosk' where employees can access their own information and apply for leave online.



First RFDS Jets Service Proves its Value >

In the eight months following its launch in October 2009, the very first Royal Flying Doctor Service emergency aeromedical jet service, introduced by Western Operations in WA, has certainly proved its worth.

Covering some of the longest aeromedical transfer distances in the world, the Rio Tinto *Life Flight* jet has transferred almost 200 patients, mainly from the Kimberley and Pilbara regions, but also from the Midwest, Goldfields, the Northern Territory and also from Australia's distant Indian Ocean Territories.

The jet has the capacity to transfer up to three patients on stretchers and one sitting patient and, on most flights undertaken between mid October 2009 and the end of June 2010, multiple patients were carried.

The fast jet has also allowed for substantial reductions in patient flying times as it can

reach Perth from any location in Western Australia in three hours or less, making it invaluable for seriously ill or injured patients for whom time and distance may be critical factors in the outcome of their cases.

Most of those transferred by Rio Tinto *Life Flight* were trauma (injury and poisoning) patients, followed by those suffering from cardiac (heart), sepsis (infection) and acute surgical (digestive system) conditions. While the majority of patients were transferred to Perth tertiary hospitals, a small number went to hospitals interstate. With the fitting of a new Mansell neonatal cot in late 2010, there will be a modest increase in the number of interstate transfers when newborn babies requiring cardiac surgery are taken to Melbourne and Brisbane by Rio Tinto *Life Flight*.

The use of the jet service has also saved valuable flying hours and crew time for turbo-prop aircraft and staff located at our northern bases. By transferring patients to the jet for the long flights to Perth, regional staff and their aircraft have been able to remain in their regions more often and been on hand to attend to the next call for help.

Like all mainstream RFDS services, the jet was deployed according to medical need and was free of charge to most patients. The operation of a medical jet, although essential, is nevertheless costly and Western Operations has sought to defray those costs by several means.

The cost of transfer of those patients covered by various types of insurance (e.g. travel, workers' compensation) was claimed and the cost of work undertaken on behalf of government was recouped.

The introduction and operation of the jet service would not have been possible without the valuable financial contributions made by our major supporters to whom we are most grateful:

- > Rio Tinto for its \$5 million three year community health investment in the jet service.
- > The Government of Western Australia for underwriting the operation of the jet service for up to \$3 million over its first three years of service.
- > RFDS Victorian Section for pledging \$3 million over three years to support the jet service. (The Victorian Section has supported RFDS operations in the Kimberley region since 1935).
- > Western Operations' Flying 1000 fundraising group for raising more than \$684,000 to purchase state-of-the-art medical equipment for Rio Tinto *Life Flight*. The funds raised include \$360,000 from the sale of an RFDS charity home at Albany, made possible by Heath Developments, WA Country Builders and the Department of Housing with enormous support from local businesses and trades.

Health and Safety >

RFDS Western Operations strives to ensure the workplace health and safety of our employees is protected at all times.

We remain concerned however, about the long hours our flight crews work on many days and are cognisant of the increased safety risk that may arise as a result of staff fatigue. We continue to carefully monitor working hours and ensure appropriate mechanisms are in place for staff to have the required rest breaks.

A number of safety risks at our base facilities were identified through by Occupational

Safety and Health Committee during the year and these were all rectified. In 2008/09 there were five employees who had time off as a result of a workplace injury. In 2009/10 this increased to nine employees.

A serious aviation incident occurred in the Kimberley in January when the engine in one of our PC12 aircraft seized during flight. Thanks to the skill and composure of the pilot Captain Rachal Smart, the aircraft and crew landed safely back at Derby. Following the investigation of the reason for the engine failure, Western Operations led the negotiation of a new national engine maintenance contract that provides a pool of 12 replacement aircraft engines dedicated for RFDS use only and has made progress toward strengthening current flight risk assessment systems. Our sincere appreciation to Captain Smart, Flight Nurse Sue Carn and Dr Simon Evans for the cool

and professional way they handled this situation.

Important initiatives were introduced during the year to ensure we can deliver on our commitment to employee safety:

New Risk and Safety Management System Developed

This entailed identification of the top risks and consequences covering all parts of our operations, including aviation, medicine and nursing, communications, public affairs and corporate services. In June, the Board endorsed this risk profile and formed a Risk and Safety Audit Committee comprising members of the Board and Executive Team. This Committee now has governance oversight of all safety and risk management systems within Western Operations.

Risk and Safety Manager Appointed

This new role has responsibility for overseeing all safety and health issues within the company and ensuring these systems work effectively to provide a safe workplace for all employees.

Manual Handling Training

This training was performed by an external agent, but to improve its effectiveness is now provided in-house by our clinical educator. Manual handling training is mandatory and a part of each employee's induction.



FLYING DOCTOR SERVICE

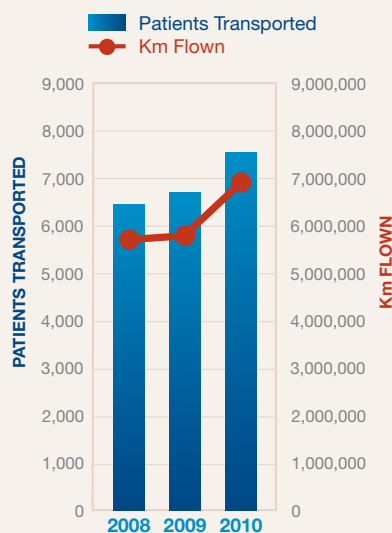


Key Facts and Figures >

	2010	2009
Patients Transported & Treated		
Primary Evacuations	1,193	975
Inter-hospital Transfers	5,763	5,198
Transported from a clinic	349	260
Repatriations	280	183
Total Patients Transported	7,585	6,616
Telehealth Calls	42,685	35,394
Patients Attending Clinics		
RFDS Medical Clinics	*3,810	3,080
RFDS Other Clinics	2,337	1,853
RFDS Medical Services	6,088	6,938
RFDS Facilitated Clinics	*11,106	11,635
RFDS Staff at non RFDS Clinics	508	479
Inpatients	2,535	3,369
Rural Women's GP Program	5,225	4,316
Total Patients Attending	31,609	31,535
Clinics		
RFDS Medical Clinics	423	390
RFDS Other Clinics	223	170
RFDS Facilitated Clinics	891	978
Rural Women's GP Program	365	314
Total	1,902	1,852
Kilometres Flown		
Inter-Hospital Transfers	5,693,233	4,740,661
Primary Evacuations	1,212,613	977,869
Total Kilometres Flown	6,905,846	5,718,530
Number of Aircraft	14	14
Number of Staff	212	223

* Total estimated due to late or missing returns

Patients Transported and Km Flown



Basis of Preparation >

The concise financial report is an extract from the full financial report for the year ended 30 June 2010 prepared in accordance with Accounting Standard AASB 1039: Concise Financial Reports and the Corporations Act 2001. The presentation currency used in this concise financial report is Australian dollars.

The financial statements, disclosures and other information in the concise financial report have been derived from the 2010 Financial Report for the Royal Flying Doctor Service of Australia (Western Operations).

The concise financial report cannot be expected to provide as detailed

an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report. A copy of the full financial report and auditor's report will be sent to any member, free of charge, upon request.

The discussion and analysis included in the report is provided to assist members in understanding the concise financial report and is based on Royal Flying Doctor Service of Australia (Western Operations) financial statements for the year ended 30 June 2010.

Directors' Report >

For the year ended 30 June 2010



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 2010.

The names and particulars of the Directors of Western Operations in office during and since the end of the financial year ended 30 June 2010 are:

- > 1. Mr Anthony Crook (retired October 2009)
- > 2. Mr Neville Bassett
- > 3. Mr Michael Hutson
- > 4. Dr Robert Liddell
- > 5. Mr Richard Alder
- > 6. Mr Paul Monger
- > 7. Dr John Croser
- > 8. Mr Brian Pontifex (appointed November 2009)
- > 9. Ms Erica Smyth (appointed February 2010)
- > 10. Dr Ann Ward (appointed August 2010)

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

Information on Directors

Mr Anthony Crook

Qualifications and Experience: Pastoralist. Director since 20 December 1994. Retired October 2009.

Special Responsibilities: Former Chairman, Life member.

Mr Neville Bassett

Qualifications and Experience: Corporate Consultant, B.Bus, F.C.A. Director since 6 January 1997.

Special Responsibilities: Chairman, Chairman of the Audit & Risk Committee, Representative on Australian Council and National Board.

Mr Michael Hutson

Qualifications and Experience: Accountant, B. Com, F.C.P.A.. Director since 23 October 2004.

Special Responsibilities: Member of the Remuneration Committee.

Dr Robert Liddell

Qualifications and Experience: Medical Practitioner, Aviation Medicine Consultant and Airline Transport Pilot. MBBS, Dip RCOG, Dip Avn Med, ATPL. Director since 20 October 2005.

Special Responsibilities: Member of the Remuneration Committee.

Mr Richard Alder

Qualifications and Experience: Retired Financial Advisor. Appointed by the Board on 20 December 2007 as an independent director.

Special Responsibilities: Member of the Audit and Risk Committee.

Mr Paul Monger

Qualifications and Experience: Retired Pastoralist. Elected to the Board on 24 October 2008.

Special Responsibilities: Member of the Nominations Committee.

Dr John Croser

Qualifications and Experience: Retired Orthopaedic Surgeon. Elected as a director by the members on 22 November 2007.

Special Responsibilities: Member of the Nominations Committee, Life member.

Mr Brian Pontifex

Qualifications and Experience: Solicitor, BA (Hons) W. Aust., LLB (Hons) ANU, LLM Edin. Chief of Staff to Premier of Western Australia. Appointed by the Board on 11 December 2009 as an independent director.

Special Responsibilities: Member of the Nominations Committee.

Ms Erica Smyth

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: Member of the Risk and Audit Committee

Dr Ann Ward

Qualifications and Experience: Medical Practitioner MBBS, FRACGP; DRANZCOG; DipTropMed; DACSCM. Appointed by the Board on 18 August 2010 to fill a casual vacancy for an elected director.

09/10 Directors' Report > *continued...*

Company Secretary

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

Mrs Liane Papaelias

Qualifications and Experience: Accountant, B.Bus, CPA.
Joined Western Operations on 23 February 2004 as Director of Corporate Services and Company Secretary and has performed management roles in the financial, facility management and administrative areas of the Company.

CORPORATE GOVERNANCE

The Board

The Board of Western Operations currently consists of nine Directors. Six Directors are elected by the members and the Board may appoint up to three independent directors.

COMMITTEES OF THE BOARD

Nominations Committee

The Nominations Committee consists of two Directors and meets at least once a year. 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 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. This is achieved by ensuring that appropriate processes are in place to support the Board to exercise due care, diligence and skill in relation to Western Operations reporting of financial information, applying accounting policies, financial management and internal financial control systems.

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.

Principal Activities

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

Operating Results

Western Operations made an operating surplus for the financial year of \$11,167,735 including capital grants from the Australian and WA Governments applied in full to the purchase of aircraft and the construction of buildings, donations to the Flying 1000, Capital Campaign, capital contributions from the Australian Council and the Victorian Section and capital grants.

Dividends

Being limited by guarantee, Western Operations does not pay dividends.

Significant Changes in State of Affairs

No significant changes in the Company's state of affairs occurred during the financial year.

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.

Future Developments, Prospects

No other developments in the operations of the Company and the expected results of those operations in future financial years have been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental Issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Indemnification of Officers and Auditors

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary, and all Executive Officers of the Company and of any related body corporate against a liability incurred as such a Director, Secretary or Executive Officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred in this capacity.

For the year ended 30 June 2010

Directors' attendance at meetings July 2009 to June 2010

	Board Meeting		Nominations Committee		Audit Committee		Remuneration Committee	
Directors	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Mr A J Crook	4	3	1	1				
Dr R Liddell	9	7					1	1
Mr N Bassett	9	9			2	2	1	1
Mr M Hutson	9	8					1	1
Mr R Alder	9	8			2	1		
Mr P Monger	9	8						
Dr J Croser	9	7	1	1				
Mr B Pontifex	4	3						
Ms E Smyth	3	3						
Dr A Ward	-	-						

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Directors' Benefits

During or since the financial period, no Director of the Company has received or become entitled to receive a benefit because of a contract that the Director or a firm of which the Director is a member or an entity in which the Director has a substantial financial interest made with the Company or an entity that the Company controlled, or a body corporate that was related to the Company, when the contract was made or when the Director received, or becomes entitled to receive the benefit other than:

- a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements; or
- the fixed salary of a full time employee of the Company or an entity that the Company controlled or a related body corporate.

Review of Operations

Please refer to both the Chairman's Message and the Chief Executive Officer's report.

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 25 and forms part of this report.

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



Neville Bassett
Director
16th September, 2010



‘The demand for our services from country patients increased to record levels this year. This has pushed our staff to the limits on many occasions and it is a credit to their dedication that we have been able to respond to these needs.’

Neville Bassett – Chairman, RFDS, Western Operations

09/10

Financial Reports >

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

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Independent Auditors' Report >

For the financial year ended 30 June 2010

To the members of

ROYAL FLYING DOCTOR SERVICE OF AUSTRALIA
(WESTERN OPERATIONS)

Report on the Concise Financial Report

The accompanying concise financial report of Royal Flying Doctor Service of Australia (Western Operation) comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and related notes, derived from the audited financial report of Royal Flying Doctor Service of Australia (Western Operation) for the year ended 30 June 2010, as well as the discussion and analysis. The concise financial report does not contain all the disclosures required by Australian Accounting Standards.

Directors' Responsibility for the Concise Financial Report

The directors are responsible for the preparation and presentation of the concise financial report in accordance with Accounting Standard AASB 1039: Concise Financial Reports (including Australian Accounting Interpretations), statutory and other requirements. This responsibility includes establishing and maintaining internal control relevant to the preparation of the concise financial report; selecting and applying the appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of Royal Flying Doctor Service of Australia (Western Operation) for the year ended 30 June 2010. Our auditor's report on the financial report for the year was signed on 16 September 2010 and included a modification, which is outlined below. Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

Our procedures in respect of the concise financial report included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039: Concise Financial Reports and whether the discussion and analysis complies with the requirements laid down in AASB 1039.

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

Independence

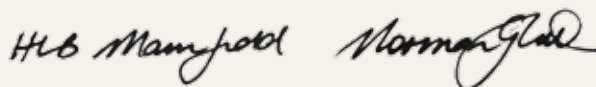
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Basis for Qualified Auditor's Opinion

Donations and other fundraising activities are a significant source of revenue for the Royal Flying Doctor Service of Australia (Western Operations). The Company has determined that it is impracticable to establish control over the collection of donations and other fundraising activity receipts prior to the entry in its financial records. Accordingly, as the evidence available to us regarding revenue from this source was limited, our audit procedures with respect to donations and other fundraising activities had to be restricted to the amounts recorded in the financial records. We are therefore unable to express an opinion on whether the donations and other fundraising income obtained by the Company are complete.

Qualified Auditor's Opinion

In our opinion, except for the effects on the financial report of such adjustments, if any, as might have been determined to be necessary had the limitation referred to in the preceding paragraph not existed, the concise financial report including the discussion and analysis of Royal Flying Doctor Service of Australia (Western Operations) for the year ended 30 June 2010 complies with Australian Accounting Standard AASB 1039: Concise Financial Reports.



HLB Mann Judd
Chartered Accountants
16th September, 2010

NG Neill
Partner
16th September, 2010

Director's Declaration >

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

1. The concise financial report, as set out on pages 26 - 30, are in accordance with the Corporations Act 2001 and:

- a) complies with Accounting Standard AASB 1039: Concise Financial Reports; and
- b) is an extract from the full financial report for the year ended 30 June 2010 and has been derived from and is consistent with the full financial report.

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



Neville Bassett

Director

16th September, 2010

Auditors' 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 2010, 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.

This declaration is in respect of Royal Flying Doctor Service of Australia (Western Operations).



NG Neill

Partner, HLB Mann Judd

16th September, 2010

Statement of Comprehensive Income >

For the financial year ended 30 June 2010

	Note	2010 \$	2009 \$
Continuing Operations			
Revenue from Operations		50,831,911	45,772,916
Non-Operating Revenue		24,769,177	32,745,777
	2	75,601,088	78,518,693
Expenses			
Aviation Expenses		19,577,981	19,607,344
Health Services Expenses		19,756,481	15,617,333
Depreciation Expense		8,707,034	7,289,969
Loss on Revaluation		-	162,077
Administrative Expenses		6,358,817	5,734,070
Fundraising Expenses		1,605,658	1,352,326
Borrowing Costs		267,147	271,021
Project Expenses		5,926,245	2,104,402
Other Expenses		2,233,990	2,550,199
Total Expenditure		64,433,353	54,688,741
Profit for the period from continuing operations		11,167,735	23,829,952
Other Comprehensive Income		16,725	-
Net revaluation increment on investments and assets		16,725	-
Total comprehensive income for the period		11,184,460	23,829,952

Discussion and analysis

The result for the year ended 30 June 2010 is a net profit of \$11,167,735. Operating revenue has increased overall by 10% and comprises grant funds from the Commonwealth Government of \$14.0m, the State Government of \$25.8m, and insurance recoveries of \$5.5m. Non Operating Revenue includes capital grants of \$15.2m applied in full to the purchase of aircraft and the construction of buildings. Also included in non operating revenue are gross donations and bequests of \$6.6m. Total expenditure has increased by 17.8% and includes the addition of the Rio Tinto *Life Flight* Jet to projects, an increase of \$1.5m in depreciation arising from the purchase of aircraft and property over the last two years. Health expenditure includes an increase of \$3.5m relating to employment costs for medical officers and flight nurses.

Statement of Financial Position >

For the financial year ended 30 June 2010

	Note	2010 \$	2009 \$
Assets			
Current Assets			
Cash & cash equivalents	6	8,211,449	6,393,369
Trade and other receivables	7	5,348,159	7,195,707
Inventory	8	1,381,896	1,376,727
Financial assets	9	406,188	337,345
Total Current Assets		15,347,692	15,303,148
Non-current Assets			
Aircraft, property, plant and equipment	10	102,639,701	91,378,063
Total Non-current Assets		102,639,701	91,378,063
Total Assets		117,987,393	106,681,211
Liabilities			
Current Liabilities			
Trade and other payables	11	8,019,642	7,890,779
Financial liabilities	12	1,593,884	1,454,289
Short-term provisions	13	611,786	539,421
Total Current Liabilities		10,225,312	9,884,489
Non-current Liabilities			
Financial liabilities	12	10,684,390	10,982,678
Long-term provisions	13	952,109	872,922
Total Non-current Liabilities		11,636,499	11,855,600
Total Liabilities		21,861,811	21,740,089
Net Assets		96,125,582	84,941,122
Equity			
Retained earnings		71,033,703	59,865,968
Reserves		25,071,879	25,075,154
Total Equity		96,125,582	84,941,122

Discussion and analysis

Aircraft, property, plant and equipment has increased by \$11.2m due to the acquisition of three new aircraft and two residential properties. Financial liabilities were maintained with only the addition of finance for houses from the Country Housing Authority. Cash and cash equivalents have increased by \$1.8m with aircraft purchases being covered fully with government grants.

Financial assets are equities bequeathed to the Company.

Statement of Changes in Equity >

For the financial year ended 30 June 2010

	Retained Earnings \$	Asset Revaluation Reserve \$	Pharmaceutical Reserve \$
Balance at 30 June 2008	36,036,016	25,055,154	20,000
Profit attributable to the entity	23,829,952	-	-
Balance at 30 June 2009	59,865,968	25,055,154	20,000
Profit attributable to the entity	11,167,735	-	-
Revaluation Increment	-	16,725	-
Balance at 30 June 2010	71,033,703	25,071,879	20,000

Discussion and analysis

Retained earnings is increased by the operating surplus recorded for the year. The revaluation increment to the Asset Revaluation Reserve relates to increases in the value of shares at balance date.

Statement of Cash Flows >

For the financial year ended 30 June 2010

	Note	2010 \$	2009 \$
Cash flows from operating activities			
Receipts from services provided		7,356,527	11,948,132
Payments to suppliers and employees		(52,714,117)	(49,330,351)
Commonwealth operational grants		14,080,446	13,071,454
State operational grants		25,788,645	23,184,834
Other Grants – Projects		3,633,493	1,750,506
Contribution from RFDS Victorian Section		-	100,000
Dividends Received		14,520	30,668
Interest received		253,296	387,031
Finance costs		(267,147)	(271,021)
Net cash (used in)/provided by operating activities	14	(1,854,337)	871,253
Cash flows from investing activities			
Payment for aircraft, property, plant and equipment		(21,686,341)	(43,588,926)
Proceeds from sale of property, plant and equipment		-	1,221,267
Government capital grant received		15,234,609	20,600,493
Bequests		2,012,283	1,214,989
Capital contributions by Victorian Section		1,021,000	1,100,000
Australian Council Distribution		1,050,000	750,000
Net proceeds from fundraising activities		4,685,150	3,020,782
Capital interest		43,319	44,793
Other capital grants received		722,816	2,090,299
Net cash provided by investing activities		3,082,836	(13,546,303)
Cash flows from financing activities			
Repayment of borrowings		(530,419)	(4,038,120)
Proceeds from borrowings		1,120,000	11,191,340
Net cash used in financing activities		589,581	7,153,220
Net increase/(decrease) in Cash Held		1,818,080	(5,521,830)
Cash at beginning of year		6,393,369	11,915,199
Cash at end of year	14	8,211,449	6,393,369

Discussion and analysis

Net cash provided by operating activities shows a \$2.7m decrease compared to last year due to increases in expenditure arising from the addition of aircraft and salary increases arising from new industrial agreements. Net cash provided from investing activities includes net proceeds from fundraising activities applied. Net cash used in financing activities reflects additional borrowings for the purchase residential properties.

Notes to the Concise Financial Report >

For the financial year ended 30 June 2010

Revenue	2010 \$	2009 \$
Revenue from Operations:		
Commonwealth Government Operational Grant	14,080,446	13,071,454
State Government WA Health Department Grant	25,788,645	24,241,294
Contribution from RFDS Victorian Section	-	100,000
Interest received	209,977	342,238
Dividends Received	14,520	30,668
Insurance recoveries	5,562,932	2,961,953
Gain on Foreign Exchange	161,116	1,949,052
Other income	1,380,782	1,325,751
Project Income	3,633,493	1,750,506
	50,831,911	45,772,916
Non Operating Revenue:		
Capital Grants	15,234,609	22,976,032
Capital Contributions from RFDS Victorian Section	1,021,000	1,100,000
Australian Council Distribution	1,050,000	750,000
Fundraising Revenue	4,685,150	4,548,803
Interest	43,319	44,793
Bequest Income	2,012,283	1,235,850
Flying into the Future Campaign	17,854	366,053
Flying 1000	684,412	207,027
Sundry	20,550	1,537,769
	24,769,177	32,745,777
Total Revenue	75,601,088	78,518,693

RFDS Offices & Bases >

Corporate Office and General Enquiries

3 Eagle Drive,
Jandakot Airport,
Jandakot WA 6164
T +61-8-9417 6300
F +61-8-9417 6309
E westops@rfdswa.com.au

Operations Centre

Emergency Calls: 1800 625 800
Operations (Direct) : +61-8-9417 6389
(Satphone compatible)
Operations Fax: +61-8-9417 9341

Derby Base

62 Clarendon street
Derby, WA 6728
T (08) 9191 0200

Kalgoorlie Base

Kalgoorlie-Boulder Airport
Kalgoorlie, WA 6430
T (08) 9093 7500

Meekatharra Base

Meekatharra Airport
Meekatharra, WA 6642
T (08) 9980 0550

Port Hedland Base

Waldron Road
Port Hedland WA 6721
T (08) 9172 0700
F (08) 9172 0709

The Royal Flying Doctor Service was started 82 years ago, in 1928, by the Rev John Flynn. His tireless campaigning to alleviate the isolation and suffering of those who lived and worked in the Australian Outback led first to a regional, and then to a national aeromedical service. Flynn's far-reaching ambition was to throw a 'mantle of safety' over the whole of Australia.

In 2010 we celebrate the continuing success of that ambition, as well as the technological advances in medicine, aviation and communications which allow the Royal Flying Doctor Service to offer the highest quality of care to all those who live, work and travel in the vast Australian Outback.

Flynn's contribution to improving the lives of millions of Australians is acknowledged with a tribute to him and his work on the Australian \$20 note.

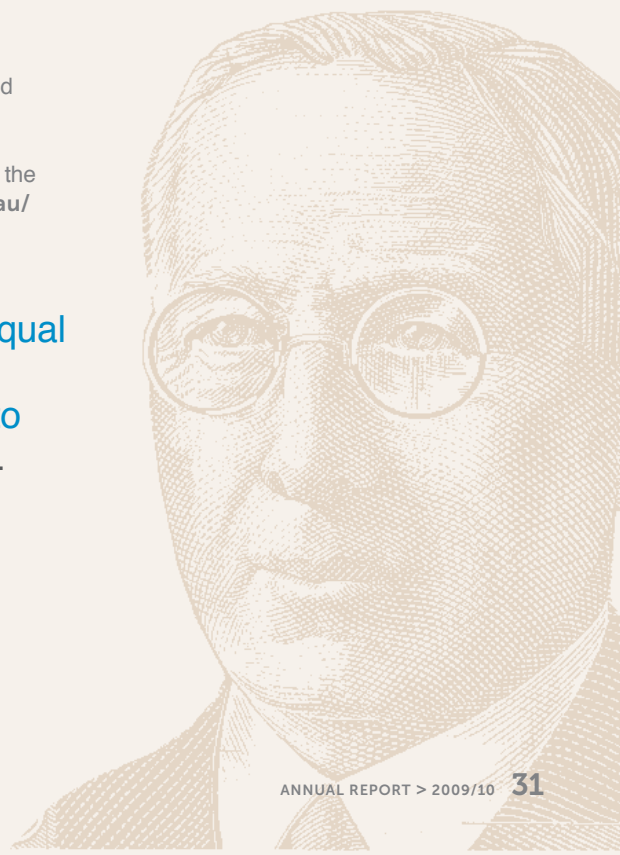
For more information on the history of the RFDS, visit www.flyingdoctor.org.au/history.html



**Do not pray for tasks equal to your powers;
pray for powers equal to your tasks.**

Rev John Flynn.

RFDS



We acknowledge and thank our corporate partners, sponsors, donors, members, friends and volunteers, along with the Commonwealth and State governments. Your support and combined contributions make our work possible and on behalf of all, including our patients, we say thank you.

RFDS Western Operations Team

How you can help >

The Royal Flying Doctor Service relies on support from individuals, corporations, the government and the community to carry out our life-saving work.

To continue, we must rely on donations from people like you. Help us to ensure that we can be there when we're needed.

You can:

- > Send to Royal Flying Doctor Service,
Reply Paid - Locked Bag 2
Canning Vale DC WA 6970
- > Phone us on +61 8 9417 6400
- > Visit website www.flyingdoctor.org.au
to make an online donation.

ABN 29 067 077 696



Royal Flying Doctor Service
WESTERN OPERATIONS