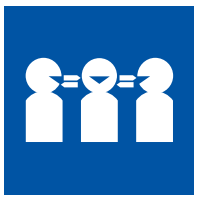
West Moreton Hospital and Health Service

2012–13 **Annual Report**

Public Availability Statement
Copies of this publication can be obtained at **www.health.qld.gov.au/westmoreton/html/annual-report** or by phoning the Communication and Community Engagement team on (07) 3810 1219.

Interpreter Service Statement
West Moreton Hospital and Health Service Annual Report 2012–13.

West Moreton Hospital and Health Service is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding the annual report, you can contact us on (07) 3810 1211 and we will arrange an interpreter to effectively communicate the report to you.



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Letter of compliance

Queensland Government

West Moreton Hospital and Health Service

26 August 2013

The Honourable Lawrence Springborg MP
Minister for Health
GPO Box 48
Brisbane QLD 4001

Dear Mr Springborg

I am pleased to present the Annual Report 2012–13 and financial statements for West Moreton Hospital and Health Service.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, and
- the detailed requirements set out in the *Annual report requirements for Queensland Government agencies*.

A checklist outlining the annual reporting requirements can be found on page 45 of this report or accessed via the website at www.health.qld.gov.au/westmoreton.

Yours sincerely

Dr Mary Corbett
Chair
West Moreton Hospital and Health Board

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Contents

Message from Board Chair

Message from Board Chair

This past 12 months has been one of growth and development for the West Moreton Hospital and Health Board and of improvements in performance and service delivery within the West Moreton Hospital and Health Service itself.

As a newly formed board overseeing this statutory body, we have made significant progress in the face of many challenges including:

- Improving financial viability to ensure continuity of service provision
- Redesign of our services to meet the community's needs, best practice and National targets, most noticeably in our emergency department
- Reduction of wait times for elective surgery.

Throughout all of this, we continue to ensure our focus is firmly on our patients, their care and the quality of services provided.

As the West Moreton catchment is projected to experience the highest percentage of growth of all Queensland hospital and health services, we will continue to face large increases in demand for our services, continuing inequities in health outcomes and access to services, workforce challenges and systems inefficiencies. This presents a considerable challenge in ensuring our health system is both effective and efficient and that we are providing reliable, patient-centred care and getting the best value for every health dollar spent.

I am pleased that the Board has developed its inaugural five year Strategic Plan: *West Moreton Hospital and Health Service Strategic Plan, Path to Excellence: 2012–16* and with the Chief Executive and the executive team have worked closely this past year to deliver on our strategic objectives. We are putting our patients first, and we are working to improve patient access to healthcare services by providing the better health, better care, and better value.

An important plank of our Strategic Plan includes working in partnership with other healthcare providers, associations and community groups to deliver services that meet community needs. We have strengthened and formalised our relationship with the West Moreton-Oxley Medicare Local by developing the *West Moreton Hospital and Health Service – West Moreton-Oxley Medicare Local Partnership Protocol*. This builds a collaborative partnership to assist us to deliver high quality health care to our community and has seen a major improvement to the health service provision in Esk.

The 2012–13 financial year has seen some major achievements but perhaps the most significant has been our ability to bring the hospital and health service's finances back into the black. This has been made possible largely through tightening controls on expenditure, better financial planning, improved patient flows and streamlining of services. Other achievements include our four-year accreditation from the Australian Council on Healthcare Standards, the formation of a Lead Clinician Group and the significant work undertaken to ensure our emergency department meets national performance targets.

As a board, our desire is to deliver a health service our community can be proud of; and we are well on our way to realising this. Together, we will continue to enhance the health outcomes of our community in partnership, each and every day.

Dr Mary Corbett
Chair
West Moreton Hospital and Health Board

Message from Chief Executive

Message from Chief Executive

This year has presented both challenges and opportunities for West Moreton Hospital and Health Service. From 1 July 2012, our hospital and health service became an independent statutory body but was also not immune from the whole-of-government's public sector renewal program.

At the beginning of this year we were predicting a budget overspend in excess of $17 million for the 2012–13 financial year. We needed to take considered action and we commenced a full budget and service analysis to identify efficiencies and savings at all levels of the organisation. We identified that our expenditure at that time was not sustainable, and that we needed to change the way we ran and delivered services to make sure expenditure was in line with our budget. The costs to provide services had grown significantly compared to our activity growth. We developed a *Turnaround Plan* to ensure a coordinated and planned approach for further efficiencies and savings in response to the government's budgetary imperatives.

In delivering the *Turnaround Plan*, workplace changes occurred through reviews of models of service delivery and organisational unit reviews. A key consideration in all reviews was to minimise the impact on staff of any proposed change. The 'turnaround team' drove the change management process and supported staff members who left the health service through voluntary redundancy. To facilitate these organisational changes, we also developed and implemented an Establishment Management Program for employment. This process contributed significantly to returning the hospital and health service to financial health.

This year the funding of health services has changed — we are now funded on the outputs of the services we provide (this is called Activity Based Funding). We have a contract (Service Agreement) with the Queensland Department of Health which defines what services we provide and the price to be paid by the Department of Health for these services. In 2012–13, West Moreton Hospital and Health Service received a budget allocation of $411 million and while at the beginning of the year we were expecting a deficit, we have ended this financial year with savings, some of which are to be reinvested directly into patient care. This was achieved through implementing a number of initiatives that have taken our hospital and health service from poor financial health in 2011–12 to one of surplus in 2012–13. I am proud of our organisation, and how it has improved its financial health while still providing the quality of care the community needs and expects.

To enable us to better operate as a statutory body it was important to implement new organisational arrangements. These new arrangements provide the right framework to ensure each organisational unit has the necessary leadership, capability and governance in place. More importantly, they complement our renewed focus on providing patient-centred care, building partnerships, improving access to services, becoming an employer of choice and promoting innovation, education and research. Our staff are to be congratulated for their continued commitment to caring for our community through this period of change.

There is work still to be done, but the foundation for a thriving hospital and health service has been laid. I look forward to the next 12 months, working together with our staff, community and partners to deliver healthcare excellence for the West Moreton Hospital and Health Service community.

Lesley Dwyer
Chief Executive
West Moreton Hospital and Health Service

Overview

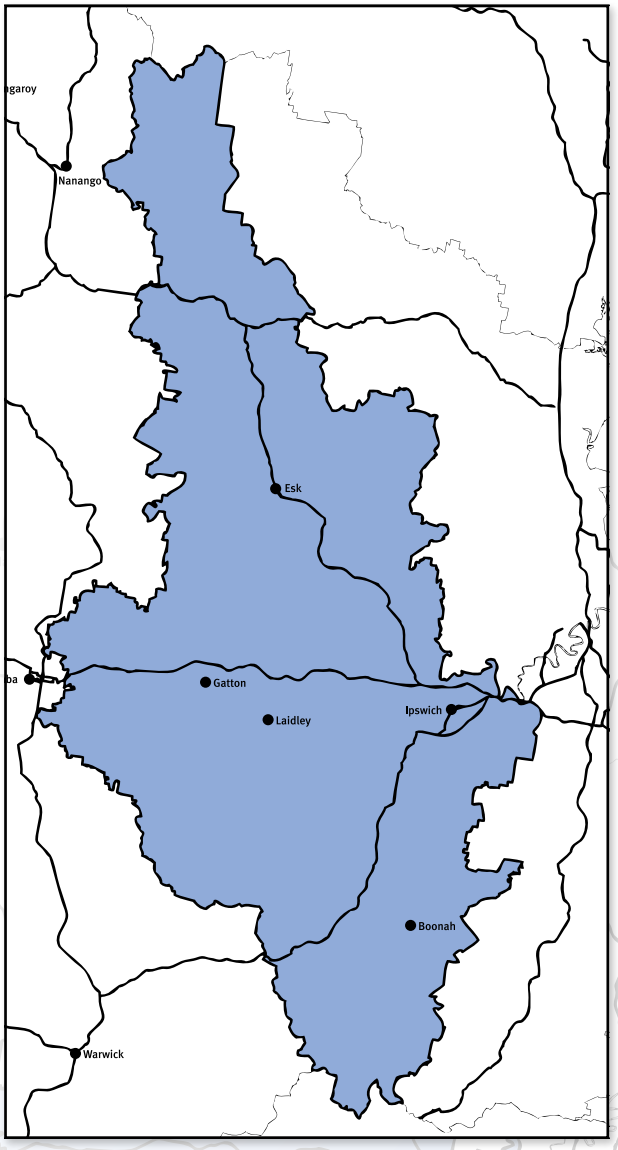
Overview

As part of the *National Health Reform Agreement 2011*, Commonwealth, State and Territory governments agreed to transform the Australian public health system. From 1 July 2012, the Queensland Government established 17 Hospital and Health Services as independent statutory bodies under the *Hospital and Health Boards Act 2011*. West Moreton Hospital and Health Service has a Hospital and Health Board that is accountable to the local community and the Queensland Parliament, through the Minister for Health.

Health reform has promoted an increased focus on patient-centred care and local engagement of clinicians, consumers and community. Importantly the hospital and health service has the flexibility to innovate and address local priorities. In line with its new role as a statutory body, West Moreton Hospital and Health Service is held accountable for performance, increased efficiency and more sustainable growth within the State's health budget. Another feature of health reform is the focus on Medicare Locals and other health service providers working together to better integrate local services and drive improvements in health outcomes.

As a newly created statutory body, West Moreton Hospital and Health Service has this year continued to build on our proud history of providing health services to the communities of Ipswich, Boonah, Esk, Laidley and Gatton. West Moreton Hospital and Health Service is situated to the west of Brisbane and extends from Ipswich in the east, to Boonah in the south, north to Esk and west to Gatton. Our hospital and health service comprises four local government areas of Scenic Rim Regional Council, Lockyer Valley Regional Council, Somerset Regional Council and Ipswich City Council. With a budget in 2012–13 of almost $400 million and more than 2200 full time equivalent (FTE) staff, we are one of the largest employers in the region.

Figure 1. West Moreton Hospital and Health Service map



Our vision	Your trusted partner in healthcare excellence.
Our mission	Providing better health, better care and better value.
Our values	West Moreton Hospital and Health Service upholds five core values of the Department of Health: • Caring for people • Leadership • Partnership • Accountability, efficiency and effectiveness • Innovation.

What we do

West Moreton Hospital and Health Service provides healthcare to a population of approximately 245,000 people which is forecast to increase to an expected 475,000 people by 2026 — a 90 per cent increase. This projected percentage increase is the largest of any hospital and health service in Queensland. Our hospital and health service's demographics are diverse and include metropolitan and small rural community settings. In the 2011 census, 17 per cent of the population were born outside Australia, eight per cent speak a language other than English at home and three per cent are Indigenous Australians.

We deliver health services across the continuum of care: preventative and primary health care services, ambulatory services, acute care, sub-acute care; oral health; and mental health and specialised services (including Offender Health and Alcohol and Other Drugs). Services are provided at:

- Ipswich Hospital
- Boonah Health Service
- Esk Health Service
- Gatton Health Service
- Laidley Health Service
- The Park – Centre for Mental Health, Treatment, Research and Education
- Goodna Community Health
- Ipswich Community Health.

Our challenges

In 2012–13 we faced, and will continue to face, a number of challenges including:

- financial pressures — delivering services within a nationally efficient price with increasing community expectations
- community and service expectations — providing care within clinically recommended timeframes
- population pressures — significant population growth and the projected age demographic of West Moreton Hospital and Health Service
- burden of disease — rates of burden of disease for Aboriginal and Torres Strait Islander people, those from low socioeconomic backgrounds and some culturally and linguistically diverse groups are higher than the general Queensland population
- workforce challenges — significant workplace change and need for the workforce to rapidly adapt and acquire capability to implement changing models of care.

Our strategic directions

The *West Moreton Hospital and Health Service Strategic Plan, Path to Excellence: 2012–16* set out a program of work to deliver on our vision of becoming *Your Trusted Partner in Healthcare Excellence*. Our strategic plan outlines six interrelated strategic directions that make up our continued focus on the provision of excellence in healthcare:

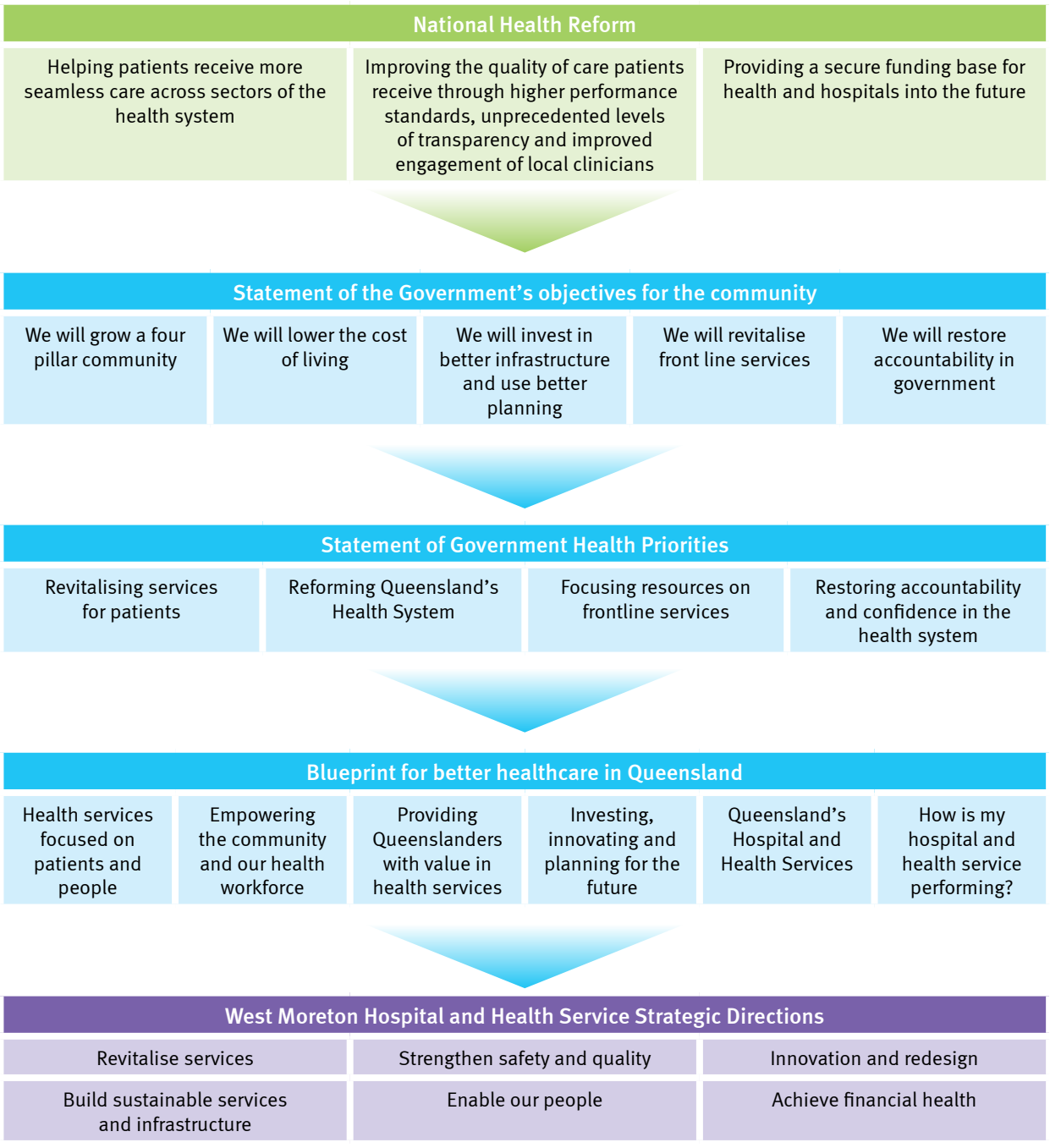
- Revitalise services
- Strengthen safety and quality
- Innovation and redesign
- Build sustainable services and infrastructure
- Enable our people
- Achieve financial health.

The *West Moreton Hospital and Health Service Strategic Plan, Path to Excellence: 2012–16* was reviewed through a consultation process with key stakeholders during this financial year and the *West Moreton Hospital and Health Service Strategic Plan, Path to Excellence 2013–17* was developed. Our strategic plan is aligned with National Health Reform, the *Statement of Government objectives for the community*, *Statement of Government health priorities*, and the *Blueprint for better healthcare in Queensland*.

Relationship between Commonwealth, State and Hospital and Health Service

The diagram below depicts the relationship and links between the National Health Reform priorities, the State's policy directions for health care delivery in Queensland, and the local strategic directions for West Moreton Hospital and Health Service.

Figure 2. Relationship between Commonwealth, State and West Moreton Hospital and Health Service strategic directions



Meet our board

Meet our board

The West Moreton Hospital and Health Board is comprised of seven non-executive members appointed by the Governor in Council on the recommendation of the Minister for Health in accordance with the *Hospital and Health Boards Act 2011*.

Role and responsibilities

Under s22 of the *Hospital and Health Boards Act 2011*, the primary role of the board is to control West Moreton Hospital and Health Service. The board's role and responsibilities are further set out in the Board Charter and include:

- responsibility for setting strategic direction, establishing goals and objectives for the hospital and health service executive and monitoring the organisation in line with current government health policies and directives and ensuring that adequate and appropriate community consultation is undertaken
- appointing a Hospital and Health Service Chief Executive to manage the hospital and health service — this appointment is not effective until it is approved by the Minister for Health
- reviewing and approving strategies, goals, annual budgets, and financial plans as designed by the hospital and health service in response to community and stakeholder input
- monitoring financial performance on a regular basis
- monitoring operational performance on a regular basis including compliance with clinical regulations and standards
- ensuring risk management systems are in place to cover all of the hospital and health service's key risk areas including operational, financial, environmental and asset related risks
- establishing objectives for, and reviewing of, the performance of the hospital and health service's executive directors
- ensuring West Moreton Hospital and Health Service has policies and procedures to satisfy its legal and ethical responsibilities
- monitoring committee reporting on operational, financial and clinical performance
- determining the desired culture for the hospital and health service to enhance its reputation with the community and stakeholders
- reporting to, and communicating with, government, the community and other stakeholders on the financial and operational performance of the hospital and health service.

Board meetings

Ordinary meetings of the board are scheduled monthly in accordance with the Board Charter. A summary of attendance of board members at ordinary board meetings is set out in Figure 3. Attendance at Board and Committee Meetings. The Health Service Chief Executive, Executive Director Finance and Corporate and, following her appointment, Corporate Counsel and Secretary also attended meetings of the board in ex-officio capacities. From time-to-time the board considers matters out-of-session by flying minute.

Board committees

To support the West Moreton Hospital and Health Board in its functions, the board has established the following committees:

- Executive Committee
- Finance Committee
- Audit and Risk Committee
- Safety and Quality Committee.

Each of these committees is comprised of three board members. Each member's participation in committees is set out beneath their profiles on pages 12–15.

The board also established a Board Nominations Committee for the special purpose of considering the nominations for appointment to the board for the period commencing 18 May 2013. This committee comprised Dr Mary Corbett, Mr Tim Eltham, Mr Paul Casos and Dr Robert McGregor. The committee considered this item out-of-session, by flying minute.

A summary of attendance of committee members at committee meetings is set out in Figure 3. Attendance at Board and Committee Meetings.

Figure 3. Attendance at Board and Committee Meetings

Name	Term of office	Board	Executive	Finance	Audit and Risk	Safety and Quality
Chair Dr Mary Corbett	18 May 2012 to 17 May 2016	12	5	8	n/a	n/a
Deputy Chair Mr Tim Eltham	29 June 2012 to 17 May 2014	11	n/a	n/a	5	4
Mr Paul Casos	29 June 2012 to 17 May 2016	11	5	7	n/a	n/a
Dr Robert McGregor	29 June 2012 to 17 May 2016	11	5	n/a	n/a	n/a
Ms Melinda Parcell	29 June 2012 to 17 May 2014	12	n/a	n/a	n/a	4
Professor Julie Cotter	7 September 2012 to 17 May 2016	10	n/a	8	5	n/a
Mr Alan Fry OBE QPM	7 September 2012 to 17 May 2014	10	n/a	n/a	5	4
Number of meetings		**12**	**5**	**8**	**5**	**4**

Board members

Dr Mary Corbett

Dr Mary Corbett has more than 17 years' experience as a Company Director in the scientific research and development area, and in education and training. She has significant board and corporate governance experience gained across a range of organisations. Dr Corbett is currently Chair of the Cotton Research and Development Corporation and has recently been appointed to the Board of the Cooperative Research Centre for Wound Management Innovation.

Dr Corbett has recently completed a two-year term as Deputy Chair of the Southbank Institute of Technology Board, one of Queensland's leading providers of high-level vocational and technical education and was previously Deputy Chair of the Australian Agriculture College Corporation. Dr Corbett also served on the Boards of Food Science Australia from 2004–09 and the Sugar Research and Development Corporation from 2002–08.

Dr Corbett has extensive experience as Chair and member of a number of board committees, including Audit and Risk Management, Intellectual Property and Remuneration and Nominations committees. She is Managing Director of Australian Business Class, an executive consulting organisation which specialises in providing senior executive training and facilitation.

Dr Corbett's expertise lies in the areas of strategy, leadership, emotional intelligence and building personal and organisational resilience. She has a PhD in Clinical Physiology from Dundee University, Scotland.

Mr Tim Eltham

Mr Tim Eltham is a member of the Regional Development Australia Committee for Ipswich and West Moreton, Company Secretary for Kalbar and District Community Bank, and a former member of the Ipswich and West Moreton Health Community Council.

Mr Eltham brings with him significant experience in social planning and community development. He is a former primary school teacher and has a Master of Science in Social Policy from the London School of Economics and a Bachelor of Arts from Monash University.

Mr Eltham is currently developing social and community development plans for Ipswich, Lockyer Valley and Somerset Councils. He is a Director of Communitas Pty Ltd, a specialised community planning consulting firm which consults for government, industry and the not-for-profit sector on community planning and social sustainability practices.

Chair West Moreton Hospital and Health Board | Chair Executive Committee | Member Finance Committee

Deputy Chair West Moreton Hospital and Health Board | Chair Audit and Risk Committee | Member Safety and Quality Committee

Mr Paul Casos

Mr Paul Casos is a dental technician by trade and is Managing Director of Torque Communities Pty Ltd. He is also the former Chief Executive Officer of the South East Queensland Community Telco Ltd and former Manager, District Facilities and Corporate Communications, for West Moreton Health Service District. Over the past 40 years, Mr Casos has been heavily involved in the development of local businesses, community organisations and service clubs in the West Moreton region. As Managing Director of Torque Communities, Mr Casos undertakes the roles of Executive Chairman of Ipswich Events Corporation, and Vice President of Willowbank Raceway.

From 1969 to 2001 Mr Casos was employed by Queensland Health in various roles. He has worked as a dental technician and played a key role in redeveloping the Ipswich Health Plaza to co-locate community health services. In addition, Mr Casos participates in a voluntary capacity with numerous other community-based boards and foundations, including the Rotary Club of Ipswich City, Chairman of the Ipswich Arts Trust and Ipswich Hospital Foundation board member.

Member West Moreton Hospital and Health Board | Chair Finance Committee | Member Executive Committee

Dr Robert McGregor

Dr Robert McGregor is a senior visiting consultant paediatrician at Ipswich Hospital. He is also a board member of the Ipswich Hospital Foundation and former board member of the West Moreton Regional Health Authority.

Dr McGregor is a well known paediatrician who has for many years worked with sick children at Mater Children's Hospital and Ipswich Hospital. He is a former board member of St Andrews Ipswich Private Hospital and is currently a member of that hospital's Medical Advisory Committee which he has chaired for the past four years. He is also a former member of the Medical Advisory Committee of the Asthma Foundation of Queensland.

Dr McGregor was awarded Fellowship of the Royal Australian College of Physicians in 1974. He is also a member of the Australia College of Paediatrics.

During his career, Dr McGregor has been responsible for coordinating medical student and registrar training in paediatrics at Ipswich Hospital.

Outside the medical sphere, Dr McGregor has been heavily involved in the West Moreton community, accepting executive positions in the Karana Downs and District Progress Association, and the Moggill–Mt Crosby Lions Club.

In 1994, Dr McGregor was awarded Lions International's highest honour, the Melvin Jones Fellowship for Community Service.

Since 2000, Dr McGregor has organised and convened the Heritage Bank Ipswich 100 Bike Ride. This event has raised in excess of $1 million for local charities, including over $150,000 for the Ipswich Hospital Foundation.

Member West Moreton Hospital and Health Board | Member Executive Committee

Ms Melinda Parcell

Ms Melinda Parcell is the Director of Operations / Nursing, Co-ordinated Care Stream, West Moreton Hospital and Health Service. Prior to assuming this role on 1 July 2013, Ms Parcell was Director of Health Maintenance and Nursing, Community Health Service, West Moreton Hospital and Health Service. She is also the current chair of the Ipswich Hospital Museum Inc.

Ms Parcell has worked at Ipswich Hospital for a number of years and in her current role is responsible for surgical services, Women's and Children's Services and Gatton and Laidley Health Services. In her previous role, she was responsible for the provision of community health services and the development of community health nurses attached to West Moreton Hospital and Health Service.

A Registered Nurse, Ms Parcell also has a Bachelor of Health Management and a Master of Management (Innovation and Change). Ms Parcell has worked in a number of nursing director roles at Ipswich and Mater hospitals. Ms Parcell has also been integral in establishing an innovative diabetes education training program designed to increase the numbers of qualified diabetes nurses within the Ipswich and West Moreton Division of General Practice.

In 2012, Ms Parcell was recognised by her peers and awarded Best Paper at the Association of Queensland Nurse Leaders Annual Conference for her paper on obtaining work-life balance at a Director of Nursing level. Ms Parcell was also the recipient of a West Moreton Hospital and Health Service Australia Day Award in 2013.

Member West Moreton Hospital and Health Board | Chair Safety and Quality Committee

Professor Julie Cotter

Professor Julie Cotter is Director at the Australian Centre for Sustainable Business and Development and Professor of Accounting at the University of Southern Queensland. She is an accomplished researcher who has published and presented extensively in the areas of corporate reporting, finance and investor relations.

Prof Cotter works, in her current role, in strategic planning, development and operational management of the centre. She co-created and developed this research centre and leads a diverse group of 40 researchers.

Prof Cotter was previously Acting Head of the School of Accounting, Economics and Finance and continued this role on an ad hoc basis as needed until 2011. She managed academic programs, curriculum, budget and staffing and led more than 30 staff through a significant restructure process. Prof Cotter was a member of the academic board at the University of Southern Queensland from 2007–09, where she contributed to policy development and decision making in the areas of academic programs and curriculum, quality standards, research and research training.

Prof Cotter has contributed towards the outcomes of numerous committees and boards over her 20-year academic career. Other University of Southern Queensland board and committee memberships include:

- Non-Executive Member, University Budget Management Committee 2012
- Member, Carbon Zero Project Control Group (governance board) 2011
- Member, University of Southern Queensland Senior Promotions Panel, 2006, 2008, 2011, 2012
- Member, University of Southern Queensland Research and Higher Degrees Committee, 2007–2009
- Member, Faculty of Business Board, 2006–07.

Member West Moreton Hospital and Health Board | Member Finance Committee | Member Audit and Risk Committee

Mr Alan Fry OBE QPM

Mr Alan Fry is a retired Deputy Assistant Commissioner of the London Metropolitan Police Service, New Scotland Yard. He completed 40 years service and held one of the most high profile policing posts in England. He is a member of The Most Excellent Order of the British Empire (Queensland Association). Mr Fry was previously Head of the Anti-Terrorist Branch in London and National Coordinator for Terrorist Investigations in England and Wales.

Following the aftermath of 11 September 2001, his outstanding leadership and contribution was acknowledged by authorities in Washington and New York, United States of America. From 1990 to 1994, Mr Fry had territorial command of West London and, from 1996 to 1998, he was Director of Intelligence and responsible for the collation of all criminal intelligence and authorisation of covert operations and deployment of technical resources. From 2002 to 2007, Mr Fry was non-executive Director of Surrey Oaklands NHS Trust and a member of the board. The trust was responsible for providing:

- community and hospital mental health services and drug and alcohol services for adults
- community mental health services for children and adolescents
- community and residential learning disability healthcare services in East Surrey.

In this role, Mr Fry chaired *Mental Health Act 1983 (UK)* hearings and, through his appointment as complaints convener, was responsible for reviewing all unresolved complaints regarding the trust's services with the objective of seeking reconciliation and mutual satisfaction.

Mr Fry was appointed an Officer of the Order of the British Empire on the New Year's Honours List 2003 for services to policing as well as the Queen's Police Medal for distinguished service in 1989. He emigrated to Australia in 2007 and became an Australian citizen in 2010.

Member West Moreton Hospital and Health Board | Member Audit and Risk Committee | Member Safety and Quality Committee

Audit and Risk Committee

The West Moreton Hospital and Health Board Audit and Risk Committee provides independent assurance and assistance to the board on:

- the hospital and health service's risk, control and compliance frameworks
- the hospital and health service's external accountability responsibilities as prescribed in the *Financial Accountability Act 2009*, the *Auditor-General Act 2009*, the *Financial Accountability Regulation 2009* and the *Financial and Performance Management Standard 2009*.

During the 2012–13 financial year the membership of the committee comprised Tim Eltham (Chair), Alan Fry OBE QPM, and Professor Julie Cotter. Also attending meetings in advisory capacities were the Health Service Chief Executive, Executive Director Finance and Corporate, Internal Auditor, Queensland Audit Office and the external audit service provider.

The committee's responsibilities are to:

- Financial statements
  - review the appropriateness of accounting policies
  - review the appropriateness of significant assumptions made by management in preparing the financial statements
  - review the financial statements for compliance with prescribed accounting and other requirements
  - review, with management, the internal and external auditors, the results of the external audit and any significant issues identified
  - ensure there is proper explanation for any unusual transactions or trends or material variations from budget
  - ensure that assurance with respect to the accuracy and completeness of the financial statements is given by management.
- Risk management
  - review the risk management framework for identifying, monitoring and managing significant business risks, including fraud
  - satisfy itself that insurance arrangements are appropriate for the risk management framework, where appropriate
  - liaise with management to ensure there is a common understanding of the key risks to the hospital and health service
  - assess and contribute to the audit planning processes relating to the risks and threats to the hospital and health service
  - review effectiveness of the hospital and health service's processes for identifying and escalating risks, particularly strategic risks.
- Internal control
  - review, through the audit planning and reporting process of internal and external audit, the adequacy of the internal control structure and systems, including information technology security and control
  - review, through the audit planning and reporting process of internal and external audit functions, whether relevant policies and procedures are in place and up-to-date, including those for the management and exercise of delegations, and whether they are being complied with in all material matters.
- Internal audit
  - review the Internal Audit Charter as required
  - review the adequacy of the budget, staffing, skills and training of the internal audit function, having regard for the hospital and health service's risk profile
  - discuss the appointment and termination of the Head of Internal Audit
  - review and approve the internal audit strategic and annual plan, scope and progress, and any significant changes, including any difficulties or restrictions on scope of activities, or significant disagreements with management
  - review the proposed internal audit plan for the coming year to ensure that it covers key risks and that there is appropriate coordination with the external auditor
  - review and monitor internal audit reports and action taken
  - review and assess performance of the internal audit operations against the annual and strategic audit plans
  - monitor developments in the audit field and standards issued by professional bodies and other regulatory authorities, in order to encourage the usage of best practice by internal audit.
- External audit
  - consult with external audit on the function's proposed audit strategy, audit plan and audit fees for the year
  - review the findings and recommendations of external audit and the response to them by management
  - assess whether there is a material overlap between the internal and external audit plans
  - assess the extent of reliance placed by the external auditor on internal audit work and

monitor external audit reports and the hospital and health service's response to those reports.

- Compliance
  - determine whether management has considered legal and compliance risks as part of the hospital and health service's risk assessment and management arrangements
  - review the effectiveness of the system for monitoring of the hospital and health service's compliance with relevant laws, regulations and government policies
  - review the findings of any examinations by regulatory agencies, and any audit observations.

In 2012–13, the West Moreton Hospital and Health Board Audit and Risk Committee:

- recommended the board's approval of the Audit and Risk Committee Charter
- recommended the board's approval of the Internal Audit Charter
- reviewed Queensland Audit Office recommendations and oversaw implementation of recommendations
- reviewed internal audit activities and findings and implementation of internal audit recommendations
- recommended the board's approval of the *2012–13 Internal Audit Plan* and the *2012–13 Strategic Audit Plan*
- reviewed external audit activities
- reviewed the adequacy of some of West Moreton Hospital and Health Service's internal control systems
- oversaw the development of a risk management policy and framework for West Moreton Hospital and Health Service
- reviewed and recommended the board's approval of the strategic risks for the hospital and health service.

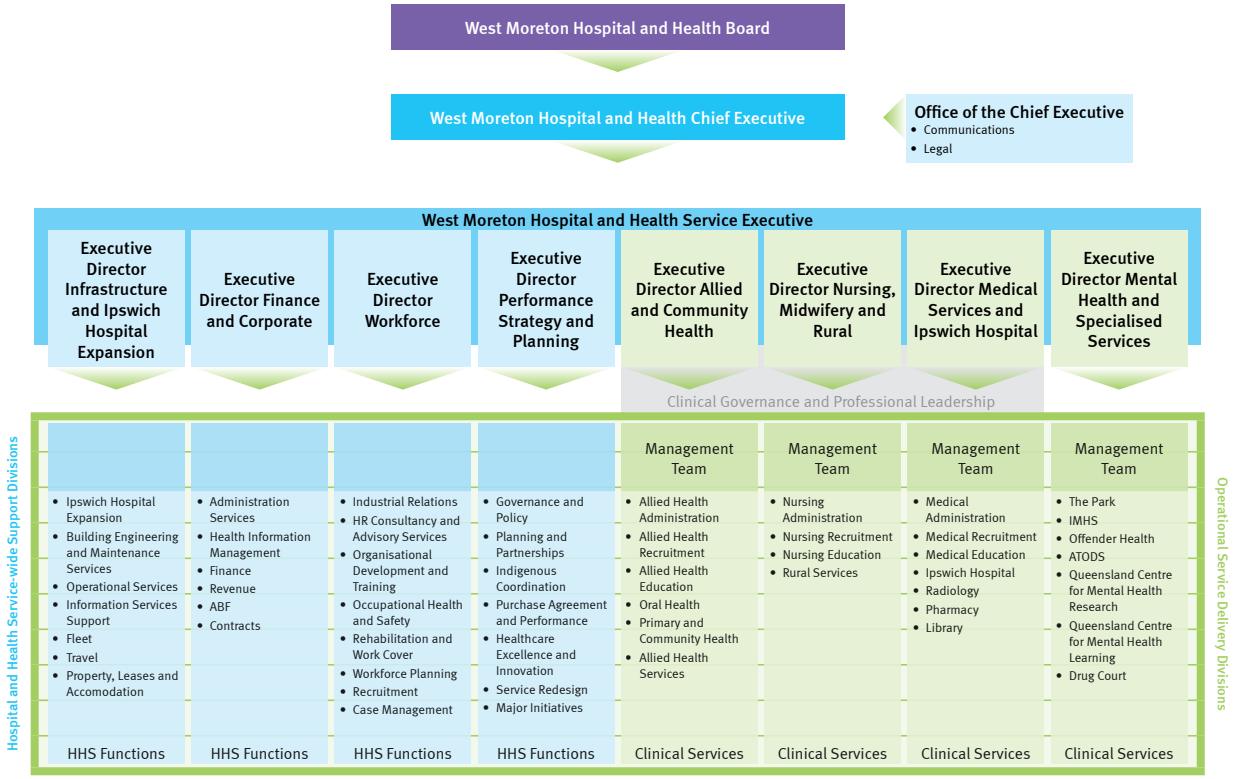
During the 2012–13 financial year the committee observed the terms of its charter and had due regard to the Queensland Treasury's Audit Committee Guidelines.

Our organisational structure

Our organisational structure

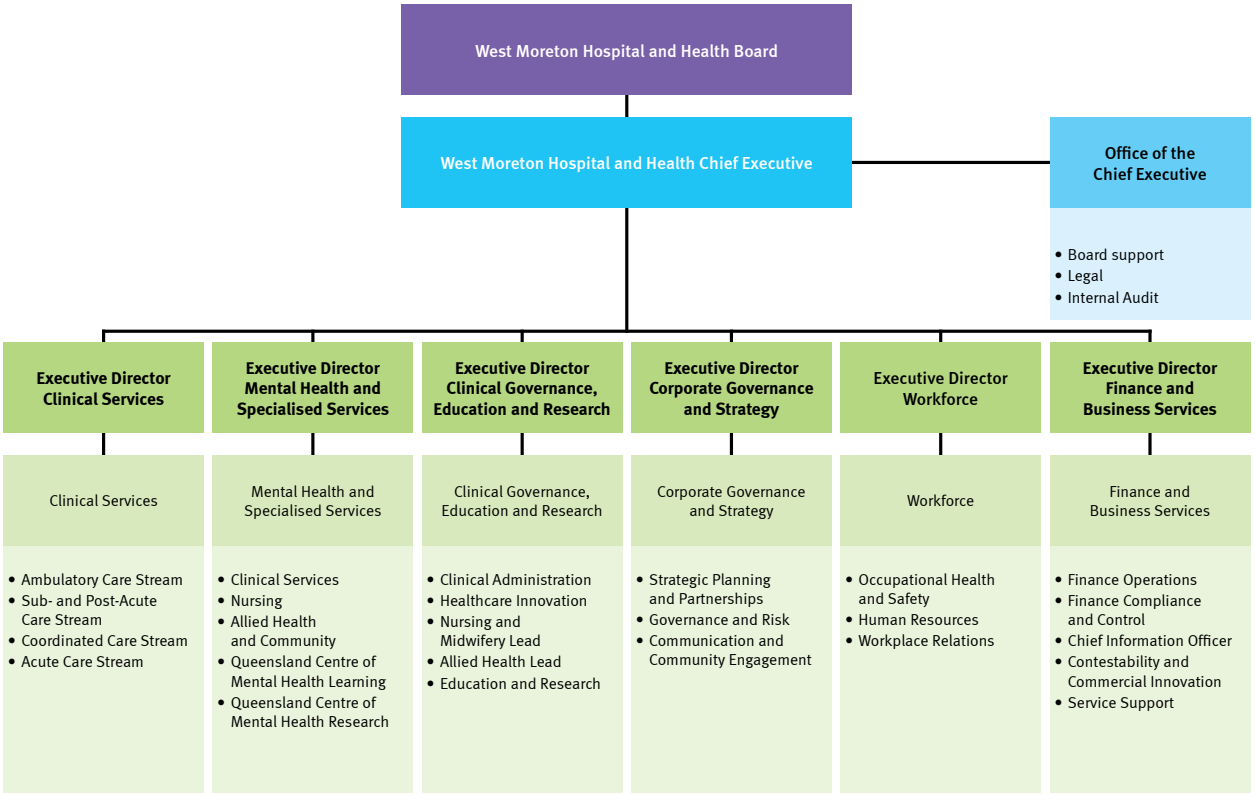
West Moreton Hospital and Health Service underwent significant organisational change in 2012–13. Our Chief Executive undertook a review of the hospital and health service's executive structure and implemented an interim organisational structure (Figure 4. Interim organisational structure from September 2012) which came into effect in September 2012. This organisational structure supported the organisation through the *Turnaround Plan* and our executive team at this time undertook a large amount of work to reshape the hospital and health service into a more efficient and sustainable organisation.

Figure 4. Interim organisational structure from September 2012



Since April 2013, significant work has been undertaken to realign West Moreton Hospital and Health Service's organisational structure to enable us to meet our requirements and obligations under National Health Reform. A new, streamlined organisational structure (Figure 5. Organisational structure from 1 July 2013) came into effect on 1 July 2013. The new structure provides the right framework to ensure each organisational unit has the necessary leadership, capability and governance in place. More importantly, the new structure complements our renewed focus on providing patient-centred care, building partnerships, improving access to services, becoming an employer of choice and promoting innovation, education and research. A key foundation of the structure is a leaner hospital and health service executive to oversee operation of six divisions: Clinical Services; Mental Health and Specialised Services; Clinical Governance, Education and Research; Corporate Governance and Strategy; Workforce; and Finance and Business Services.

Figure 5. Organisational structure from 1 July 2013



Year at a glance

Year at a glance

West Moreton Hospital and Health Service Activity and full time equivalent staff Data

Figure 6. West Moreton Hospital and Health Service activity and full time equivalent (FTE) staff data

Activity	2012–13
Elective surgeries performed	5,144
Emergency surgeries performed	1,631
Number of patients admitted	44,291
Emergency department presentations	68,571
Babies born	2,970
Number of outpatient appointments	132,972
Adult dental treatments	22,339
Child / school-based dental treatments	24,899
Women screened by BreastScreen Queensland WMHHS service	10,351
As at 30 June 2013	
Number of doctors including Visiting Medical Officers (FTE)	296.58
Number of nurses (FTE)	1,145.15
Number of Health Practitioners (FTE)	317.6
Number of professional and technical staff (FTE)	33.08
Number of trade and artisan staff (FTE)	25
Number of managerial and clerical staff (FTE)	317.72
Number of operational staff (FTE)	381.65
Ipswich Hospital hand hygiene compliance (November 2012–March 2013 audit period)	74.34%*

*National benchmark 70%

Financial highlights

Figure 7. Financial highlights table

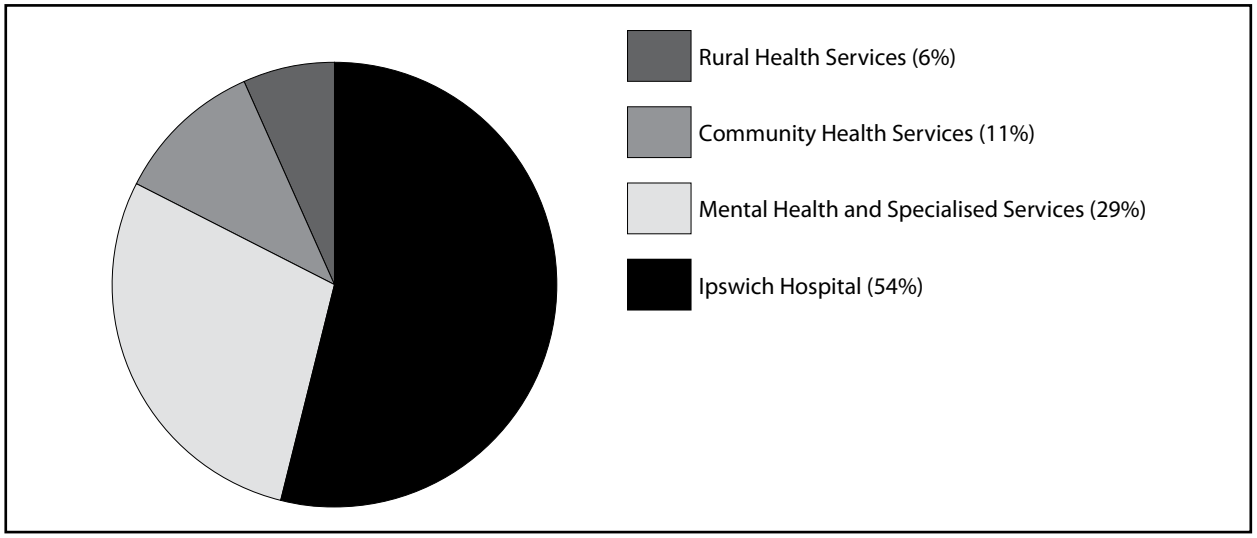
	2013 ($'000)
Total income	411,547
Total expenses	404,131
Changes in asset revaluation surplus	4,838
Comprehensive income	12,254
Savings	7,416
Total assets	222,955
Total liabilities	26,418
Net assets	196,537
Total equity	196,537

How the money was spent

West Moreton Hospital and Health Service achieved a surplus result of $7.416 million in 2012–13 while still delivering on agreed services. This result is a direct outcome of the development and implementation of the *Turnaround Plan* to identify efficiencies and savings at all levels of the organisation. Through this process West Moreton Hospital and Health Service has seen a significant improvement in the financial health of the hospital and health service.

Figure 8. How the money was spent indicates the breakdown of expenditure for healthcare across West Moreton Hospital and Health Service.

Figure 8. How the money was spent



Income

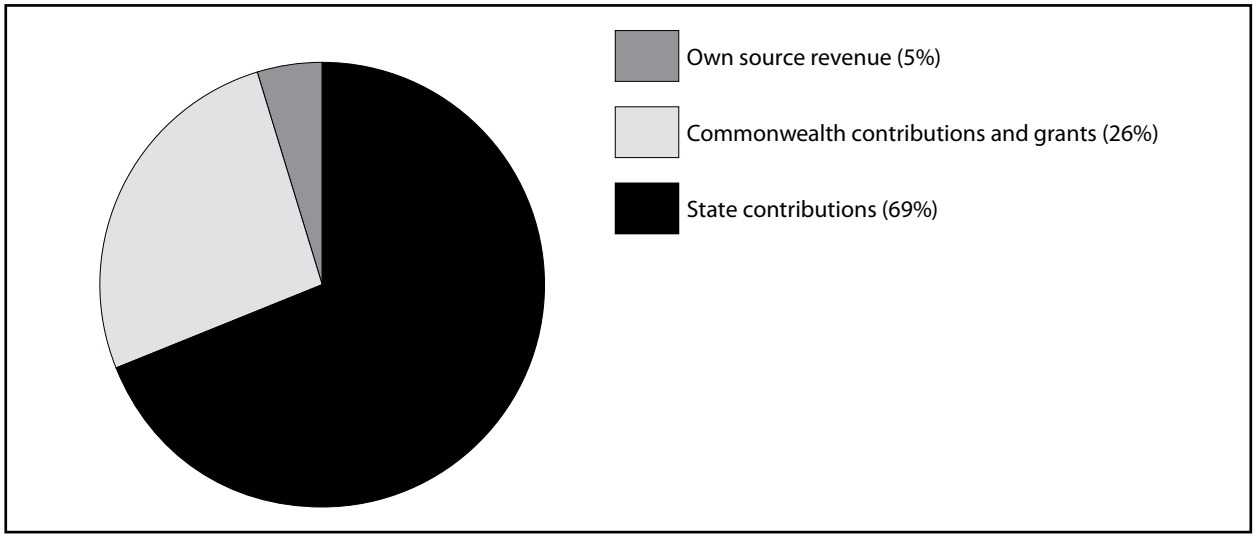
West Moreton Hospital and Health Service's income comprises operating revenue sourced from three areas:

- State contributions
- Commonwealth contributions and grants
- Own source revenue from user charges, grants and other revenue.

West Moreton Hospital and Health Service's total revenue for 2012–13 was $411.532 million. Of this, the State contribution was $284.492 million (69%), Commonwealth contribution was $108.021 million (26%) and other revenue was $19,019 million (5%).

Figure 9. Income chart on page 21 indicates the extent of these funding sources for 2012–13.

Figure 9. Income chart



Expenses

Figure 10. Expenses graph indicates total expenses for the financial year were $404.131 million, averaging at $1.107 million per day to provide public health services in West Moreton Hospital and Health Service.

Figure 10. Expenses graph

*Includes both West Moreton Hospital and Health Service and Department of Health employee expenses

Voluntary redundancies

A program of redundancies was implemented during 2012–13. During the period, 154 employees received redundancy packages at a cost of $12,664,192.61. Employees who did not accept an offer of a redundancy were offered case management for a set period of time, where reasonable attempts were made to find alternative employment placements. At the conclusion of this period, and where it was deemed that continued attempts of ongoing placement were no longer appropriate, employees yet to be placed were to be terminated and paid a retrenchment package. During the period, no employees received retrenchment packages at West Moreton Hospital and Health Service.

Voluntary separation program

A voluntary separation program was implemented during 2011–12. The program ceased during 2011–12; however, two employees received their voluntary separation packages during 2012–13 at a cost of $305,232.93.

Future outlook

In 2013–14, West Moreton Hospital and Health Service will continue to build on the financial strength of the organisation to follow its strategic plan to provide excellence in hospital and health services. The 2013–14 Service Agreement with the Department of Health provides for funding of $417.696 million, which is an increase on the 2012–13 funding however the new agreement has higher activity thresholds which will continue to provide a challenging environment for the hospital and health service.

Performance

Figure 11. Our performance table

West Moreton Hospital and Health Service service standards	Notes	2012–13 Target	2012–13 Actual
Percentage of patients attending emergency departments seen within recommended timeframes:			
• Category 1 (within 2 minutes)		100%	100%
• Category 2 (within 10 minutes)		80%	99.12%
• Category 3 (within 30 minutes)		75%	69.71%
• Category 4 (within 60 minutes)		70%	72.95%
• Category 5 (within 120 minutes)		70%	88.82%
• All categories	1	-	-
Percentage of emergency department attendances who depart within four hours of their arrival in the department	2	74%	77.34%
Median wait time for treatment in the emergency department (minutes)		20	12
Median wait time for elective surgery (days)		25	33
Percentage of elective surgery patients treated within clinically recommended timeframes:			
• Category 1 (30 days)		95%	100%
• Category 2 (90 days)		84%	70.15%
• Category 3 (365 days)		93%	85.96%
Percentage of specialist outpatients waiting within clinically recommended timeframes:			
• Category 1 (30 days)		95%	72.43%
• Category 2 (90 days)		90%	46.25%
• Category 3 (365 days)	2	90%	61.84%
Total weighted activity units: Phase 16			
• Acute inpatients		29,814	32,698
• Outpatients		5,183	6,115
• Sub acute		3,864	3,855
• Emergency department		6,843	8,048
• Mental health		21,115	17,777
• Interventions and procedures	3,4	2,573	2,050
Average cost per weighted activity unit for Activity Based Funding facilities			3,804
Rate of healthcare associated Staphylococcus aureaus (including MRSA) bloodstream (SAB) infections per 10,000 acute public hospital inpatient days	5	New measure	1
Number of in-home visits, families with newborns		New measure	1,042
Rate of community follow-up within 1–7 days following discharge from an acute mental health inpatient unit		55%–60%	47.46%
Proportion of readmissions to an acute mental health inpatient unit within 28 days of discharge		10%–14%	9%
Ambulatory mental health service contact duration	6,7	New measure	63,669

Notes:

1. A target is not included as there is no national benchmark for all triage categories however the service standard has been included (without a target) as it is a nationally recognised standard measure.
2. There is no nationally agreed target for these measures. Targets are based on maintenance of 2012–13 estimated actual performance for Categories 1 and 2, and on the target set by the *Blueprint for better healthcare in Queensland* of 90 per cent for Category 3.
3. The existing total weighted activity units measure has been amended to reflect the continued refinement of the Activity Based Funding model and implementation of the national Activity Based Funding model. Weighted activity units relating to interventions and procedures have been added; these include services which may be delivered in inpatient or outpatient settings, for example chemotherapy, dialysis and endoscopies.
4. The 2012–13 target has been amended to reflect Phase 16 of the Activity Based Funding Model weighted activity units to enable comparison with both 2012–13 actuals and 2012–13 targets.
5. Staphylococcus aureas are bacteria commonly found on about 30 per cent of people's skin and noses and often cause no adverse effects. Infections with this organism can be serious, particularly so when they infect the bloodstream. The data reported for this service standard are for bloodstream infections with Staphylococcus aureas (including MRSA) and are reported as a rate of infection per 10,000 patient days aggregated to hospital and health service level.
6. The previous measure 'Number of ambulatory service contacts (mental health)' has been amended to 'Ambulatory mental health service contact duration,' which is considered a more robust measure of services delivered. This is a measure of community mental health services provided by the hospital and health service.
7. Targets have been set based on methodologies used in other jurisdictions. This more clearly articulates performance expectations based on state and national investment in the provision of community mental health services. Due to issues associated with the capture of data, there may be under reporting of current activity, however improvements in reporting practices are expected in 2013–14.

Revitalise services

Revitalise services

Objectives and key strategies

Key objectives to promote the strategic direction of *Revitalise services* include:

- build strategic partnerships and pursue opportunities to collaborate
- improve equitable and timely access and reduce waiting times
- implement whole-of-government plans and priorities (Closing the Gap, Mental Health and Alcohol and Other Drugs, Chronic Disease Strategy).

The objectives are supported by key strategies including:

- work with partners to develop service agreements and protocols for shared healthcare delivery
- develop, implement and continuously improve the Clinician and Workforce Engagement Strategy (including Clinician Advisory Council)
- develop, implement and continuously improve the Consumer and Community Engagement Strategy
- emergency access redesign program
- elective surgery access redesign program
- specialist outpatient redesign program
- conduct performance gap assessment and develop action plans around Key Performance Indicators for key service areas.

At West Moreton Hospital and Health Service, patient-centred care is at the core of all that we do. The 2012–13 financial year provided a number of challenges and opportunities in terms of the way we provide care to our patients in our hospitals and health services.

Ipswich Hospital

Under the National Health Reform program, a number of new performance targets were set for both emergency department and elective surgery performance. More than 68,000 patients were treated in our emergency departments in 2012–13. We exceeded the national emergency department performance target (National Emergency Access Target) of 70 per cent of patients leaving the emergency department in fewer than four hours in the first half of the financial year. In the second half of the year, we also met the new national target (77 per cent). In line with the recommendations of the Queensland Government's *Metropolitan Emergency Department Access Initiative*, the Ipswich Hospital emergency department has not been on ambulance bypass (or redirect) since November 2012. We have also forged strong links with the West Moreton Ambulance Service Network which helps us continue providing the care our community requires.

In 2012–13 our focus has remained on reducing the number of patients on our long wait elective surgery lists. Our doctors performed 5144 elective surgeries and 1631 emergency surgeries during the financial year, and while we have not met all the National Elective Surgery Targets (NEST) we have used this opportunity to streamline our processes and make some improvements to the way we work. One of the significant changes for us has been to formalise our partnership with other healthcare providers (such as private hospitals) in our community. It is this partnership that will help us achieve the 2013 NEST in the coming year.

As previously indicated, we have ended 2012–13 in a much-improved financial position which means we will be reinvesting some of our savings back into patient care to reduce long wait urology, ear, nose and throat, plastic and orthopaedic elective surgery lists.

In 2012–13 we provided 132,972 outpatient appointments to our patients. We have redesigned the way we do things in our outpatient department at

Ipswich Hospital and this has provided a much more accessible service to our community. As an example in January–March 2013, 70 per cent of Category 3 outpatients received their first appointment within 12 months. That is a significant improvement on the 62 per cent of July–September 2012. We will continue to streamline our processes to make our outpatient services even more accessible.

This past financial year has seen a baby boom in West Moreton Hospital and Health Service with 2970 babies being born. Ipswich Hospital's maternity ward experienced a mini baby boom in May 2013. In the 24 hours from 7 pm on 29 May 2013 to 7 pm on 30 May 2013 there were 21 births. This was the most number of births we had seen in a 24 hour period at Ipswich Hospital. The average number of births in a 24 hour period is about 10. In January 2013, our Midwifery Group Practice program reached the milestone of 1000 babies being born. This program has been in existence since 2007 and provides expectant mothers more options for the birth of their baby. This past year has also seen work progress on enhancing post birth support services for women in West Moreton Hospital and Health Service in line with the Queensland Government's commitment to increase midwife home visits to newborns and their mothers.

Healthcare in our community

West Moreton Hospital and Health Service delivers various healthcare services to the community in multidisciplinary teams that service clients in the Ipswich, Boonah, Esk, Gatton and Laidley areas. Community health services are provided from the Ipswich Community Health Plaza and Goodna Community Health. Teams provide inreach and outreach services, as well as home visiting services from these centres. The range of services and healthcare teams include:

- Aged Care Assessment Team / Home and Community Care
- Centre Based Rehabilitation Team
- Chronic conditions
- Hand to Home Response Team
- Heart Health
- Older Person Evaluation Review and Assessment
- Early Discharge Service
- Geriatric Evaluation and Management
- Hospital in the Home
- Transition Care Program
- BreastScreen Queensland
- Sexual health
- Women's health
- Physiotherapy
- Speech pathology
- Psychology
- Social work
- Dietetics and nutrition
- Occupational therapy
- Audiology
- Podiatry
- Oral health.

The 2012–13 financial year saw a number of initiatives implemented and key achievements which helped improve the way we provide care to our community. These include:

Aged and community care

In 2012–13 our Geriatric Evaluation and Management Service met the annual requirement under the *National Partnership Agreement* for sub-acute funding. The average length of stay for patients on the Transition Care Program has been reduced from 10 weeks to 7 weeks. This is a direct result of streamlining our processes. We also saved 555 occupied bed days by providing healthcare in the patient's home through the Early Discharge Service / Hospital in the Home program. This meant patients received the care they required in the comfort of their homes, without being admitted to hospital.

Oral health

Oral health services are provided in 18 fixed clinics and 12 mobile dental clinics across the West Moreton Hospital and Health Service area. In 2012–13, our oral health service secured almost $1 million funding under the *National Partnership Agreement* to reduce adult public dental waiting times. This funding allowed for the recruitment of additional dental teams, and by working in partnership with private providers, our oral health service has significantly cut adult public dental waiting lists (by up to 50 per cent). Waiting lists have now been reduced from five to six years down to two to three years for general care. West Moreton Hospital and Health Service is one of only six hospital and health services across Queensland that consistently meets and/or exceeds statewide oral health targets.

Sexual health and women's health

West Moreton Hospital and Health Service provides confidential advice and assistance to victims of sexual assault, as well as assessment and management of patients with sexually transmitted diseases. In 2012–13 our women's health team developed a unique communication tool to assist victims of sexual assault. This tool provided an alternative means for patients to discuss their experience through words and pictures. Our sexual

health service provided cervical screening to 88 women at Brisbane Women's Correction facility and sexual health advice to 1905 people within the hospital and health service, including the 329 diagnoses of sexual health infections such as Chlamydia, Gonorrhoea, Syphilis, HIV and Hepatitis C. In 2012–13, we also established a sexual health outreach clinic at the University of Southern Queensland, Springfield.

BreastScreen Queensland

In 2012–13, our BreastScreen Queensland service screened 10,351 women, or 77.8 per cent of eligible women in the hospital and health service area. This exceeds the statewide target of 70 per cent of women aged 50–69 participating in the free screening program. To allow even greater access to BreastScreen Queensland services we provided mobile BreastScreen outreach services to women in Wacol, Redbank, Springfield, Laidley, Boonah, Fernvale, Esk and Riverlink Shopping Centre at Ipswich. In 2012–13, our BreastScreen Queensland service also implemented the picture archiving and communication system (PACS) for the reporting of mammograms. This system allows radiology images to be quickly transmitted or shared electronically for faster diagnosis by radiologists.

Allied health

West Moreton Hospital and Health Service provides a range of allied health services, and in 2012–13 we have worked to streamline our services, standardise our practices and implement new models of care to improve patient access. We have this year developed a local child development pathway across the healthcare continuum. This has significantly streamlined the referral process and reduced wait times for children and their parents to access services.

Aboriginal and Torres Strait Islander health

At West Moreton Hospital and Health Service we are committed to achieving the targets of the *National Close the Gap Partnership Agreements*, but we want more than that. We want a long lasting, respectful and trusting relationship with our Aboriginal and Torres Strait Islander peoples — we need a 'quality yarn'. We strive to not only understand, but embrace our cultural diversity.

This year we have continued the journey to learn about significant Aboriginal and Torres Strait Islander cultural issues including family ties and kinship responsibilities, connection to country, sorry business, local history and respect towards the Aboriginal Traditional Owners, Community Elders and Leaders. Working together, West Moreton Hospital and Health Service has ensured Aboriginal and Torres Strait Islander inclusion in producing and implementing what our hospital and health service will become, while also acknowledging and recognising what has happened in the past. We see no other way to achieve equity in health outcomes, other than working together with Aboriginal and Torres Strait Islander people across the region.

In 2012–13, work began on developing an Aboriginal and Torres Strait Islander engagement program to respectfully involve the West Moreton Region Aboriginal Traditional Owners. This project will further support the services available to the Aboriginal and Torres Strait Islander community, detail how our health services match community expectations and will inform future planning for all Aboriginal and Torres Strait Islander health services delivered.

To achieve our targets we worked with Aboriginal and Torres Strait Islander people in key areas such as early childhood, schooling, health, community capacity building and economic participation. At all levels of planning, there has been Aboriginal and Torres Strait Islander inclusion such as the hospital and health service's strategic and operational plans, consumer and community engagement and workforce engagement and clinician engagement.

Mental health and specialised services

West Moreton Hospital and Health Service provides comprehensive mental health services, offender health services and some specialised statewide services. Child and youth mental health services are also provided across the hospital and health service. Barrett Adolescent Centre provides a 15-bed statewide inpatient adolescent rehabilitation unit. Our adult community mental health services as well as alcohol and other drug services are also provided from Ipswich, Goodna and the hospital and health service facilities.

Acute mental health inpatient services are provided at Ipswich Hospital and extended inpatient services are provided at The Park – Centre for Mental Health, Treatment, Research and Education (The Park). Secure rehabilitation and statewide inpatient forensic mental health services are also provided at The Park, including prison mental health services for South East Queensland prisons. At the beginning of the year we assumed responsibility for offender health services which provide primary health care at the correctional facilities of Brisbane Women's Correctional Centre (including the Helana Jones Centre at Albion), Wolston Correctional Centre and Brisbane Correctional Centre.

In 2012–13, the Mental Health and Specialised Services underwent a significant organisational

restructure and realignment focusing on efficiency and revising systems and processes. This organisational redesign has allowed us to continue to deliver contemporary models of care to mental health consumers as well as achieving the efficient use of our resources (both human and financial).

A significant achievement this year was the appointment of Dr Darren Neillie, Mental Health and Specialised Services Clinical Director High Secure, as Chair of the Statewide Mental Health Clinical Network.

Changes to the *Mental Health Act 2000* during the year resulted in improvements to the way we provide care and increased transparency around the governance of consumer leave from The Park.

The 2012–13 financial year also saw changes to our aggressive behaviour management training which is now a more focused, onsite training schedule. This training has led to a reduction in the number of aggressive behaviour management incidents across The Park and supports the safety of our staff.

This year, we placed significant focus on improving consumer outcomes and rehabilitation for our consumers in secure services. This has seen a reduction in seclusion and restraint program and the implementation of a structured day model of care. We are members of the Partners in Recovery Consortium focusing on supporting community care and integration for mental health consumers, ensuring our mental health consumers get the right care by the right team and in the best place for them. Working collaboratively with our primary care and non-government partners, we have this year improved links to primary care services for consumers on medication and provided alternative options for ongoing medication management of some of our mental health consumers.

Our community mental health service has also provided care for 68,000 consumers in 2012–13, with the busiest month being October 2012 with 7168 contacts. In response to the significant weather events, our Recovery and Resilience Team West Moreton has continued providing mental health care and support to members of our community who were affected by the floods of 2011 and 2012. The team provided assistance to 110 residents in 2012–13.

Rural health

At West Moreton Hospital and Health Service we are committed to providing healthcare to all our communities. We provide healthcare in the rural areas of Boonah, Esk, Gatton and Laidley. This includes emergency, medical, post-acute, rehabilitation, transition, palliative, low intensity paediatrics and interim care using either a Medical Officer Right of Private Practice or Senior Medical Officer medical model. Our rural health services are also host to multiple visiting and outreach specialist services that provide care to the local communities. For example, in 2012–13 we introduced an orthopaedic telehealth clinic to allow rural patients to receive care closer to their homes. This service is in line with the Queensland Government's commitment to proving greater access to services for residents in rural or remote communities.

To support emergency and ambulatory care at Gatton, Boonah and Laidley health services, we have implemented a nurse practitioner model of care. Nurse practitioners are endorsed as specialty practitioners and work alongside doctors and other healthcare professionals to treat patients; diagnose and treat infections, illnesses and other health conditions; and order blood and radiology tests. We have also implemented a General Practitioner (GP) Training program for a Rural GP / Hospital position across our rural health services.

In our rural communities, we pride ourselves on our close affiliations with community networks and service organisations. These are key to the development and review of services we provide to our communities and are vital for local care, providing sub-acute (step down) beds for patients across the whole of West Moreton Hospital and Health Service.

At Boonah Health Service, we provide an integrated rehabilitation model for residential rehabilitation and long-stay management. This includes a six-bed low intensity rehabilitation service. A rural pharmacy has also been introduced to support Boonah Health Service.

Esk Health Service was this year successful in winning a statewide quality award for accuracy of point of care testing. Point of care testing brings medical testing to the bedside and allows the patient's treating team and the patient to receive test results much quicker and treatment to begin earlier. This kind of testing can assist in the management of chronic disease and usually includes tests such as: blood glucose testing; blood gas and electrolytes analysis; rapid cardiac markers diagnostics; drugs of abuse screening; urine strips testing; pregnancy testing; faecal occult blood analysis; food pathogens screening; haemoglobin diagnostics; infectious disease testing; and cholesterol screening.

Gatton Health Service continues to strive for excellence in staff engagement and culture improvement. Commencing initially with Transforming Care and progressing into an initiative known as the Productive Ward, staff can see their engagement and commitment is translating into the patient

care experience with excellent results in our recent patient survey. The vast majority of patients rated their experience at Gatton Health Service a five out of five. The Productive Ward offers a systematic way of delivering safe, high quality care to patients across all clinical areas, within existing resources. The philosophy behind the program is to help front line clinicians release time to care for their patients.

Laidley Health Service has made enhancements to the care provided to patients with palliative care needs by preparing to introduce the standard care plan, and making improvements to the palliative care room to make patients more comfortable. To assist people in the community with palliative care needs, funds have also been received from generous community donors which has been used to purchase equipment to make patients more comfortable and to support their time at home. Equipment including a fully transportable bed and an oxygen concentrator machine makes staying home safely a reality. Cardiac rehabilitation in the local health service and community has been enhanced with the Laidley program for cardiac rehabilitation. This program is run by the community health nurse in conjunction with the physiotherapy department. It includes education sessions, risk screening and exercise programs which are fully supervised and graded to the patient's condition. Community support has also been received for this program.

Strengthen safety and quality

Strengthen safety and quality

Objectives and key strategies

Key objectives to meet the strategic direction of *Strengthen safety and quality* include:

- create a high performance culture of service excellence
- optimise patient safety through the implementation of National Safety and Quality Health Service standards
- deliver individualised highly reliable care.

These objectives are supported by key strategies including:

- implement training programs to improve teamwork and customer service skills
- strengthen reporting and systematic monitoring to ensure optimal detection of risks and errors
- implement and evaluate the assurance framework to ensure sustained compliance and continued improvement
- identify best value solutions for our services
- maximise the use of technology to connect care
- implement an integrated clinical governance framework.

In August 2012 West Moreton Hospital and Health Service underwent an organisation-wide survey with the Australian Council on Healthcare Standards (ACHS) against their Evaluation and Quality Improvement Program (EQuIP5). The hospital and health service was granted full, four-year accreditation status to March 2017. Four Extensive Achievement ratings were awarded for care of dying, pressure injuries, consumer and community participation, and for meeting the diverse needs of consumers.

The ACHS surveyors noted the hospital and health service provides "impressive integrated inpatient, ambulatory, community and mental health services that are responsive and adaptive to the needs of consumers with innovative models ensuring the right care is available and delivered in the right place, at the right time".

To support the Chief Executive and the West Moreton Hospital and Health Board to meet their obligations and accountabilities, a governance framework was developed and implemented across the hospital and health service integrating strategy, performance, planning and risk. There has also been an increased focus on clinician, consumer and community engagement through the development of the *Consumer and Community Engagement Strategy*, *Clinician Engagement Strategy* and formation of the Lead Clinician Group. A partnership protocol was signed with West Moreton-Oxley Medicare Local to build a collaborative partnership to deliver high quality accountable and responsive health care to the local community.

West Moreton Hospital and Health Service is committed to continuous quality improvement supported by the quality improvement framework procedure. Our patient safety and quality unit developed a framework for quality activities and improvements that is structured around a quality cycle. To support the cycle, the patient safety and quality unit maintains a quality activity database with information supplied by all areas across West Moreton Hospital and Health Service.

To further assist staff identify and manage strategic risks, the hospital and health service has developed a risk audit tool and a risk assessment, matrix and reporting template. Information collated from the risk management and quality improvement processes is incorporated in divisional work plans and 90 day action plans, which in turn inform the strategic planning for West Moreton Hospital and Health Service.

The *West Moreton Hospital and Health Service Strategic Plan: Path to Excellence 2012–16* was reviewed and updated with the 2013–17 version

released for implementation in June 2013. The plan has revised strategic directions and focuses on revitalising services, strengthening safety and quality, driving innovation and research, enabling our people, planning for a sustainable future, and achieving financial health.

The *Turnaround Plan* for 2012–13 successfully moved the hospital and health service from a financial deficit to a financial position where savings were able to be reinvested into patient care.

We remain focused on developing a robust clinical governance framework that is embedded across West Moreton Hospital and Health Service. Our aim is to design and deliver strategies that respond to patient, carer and consumer input and needs, particularly in the context of developing an integrated care system. From 1 July 2013, our new Clinical Governance, Education and Research Division will be responsible for leading the creation of integrated clinical governance systems that maintain and improve the reliability and quality of patient care as well as improving patient outcomes.

Patient-centred care is a priority for West Moreton Hospital and Health Service and we have chosen to take part in the *Patient Opinion* initiative. In February 2013, Ipswich Hospital partnered with West Moreton-Oxley Medicare Local to register the Ipswich Hospital's emergency department for the initiative, the first in Australia to do so. Patient Opinion provides patients with a new platform for providing feedback about the care they receive. We have since extended our subscription to Patient Opinion to include the whole of Ipswich Hospital. This was a very important step for our organisation. Patient feedback — good or bad — is essential to improving our health services. Our staff also realise the value of Patient Opinion and encourage our patients to use the service. To date, we have received a mixture of both positive and negative feedback. In all cases the feedback has been helpful. Our participation in Patient Opinion has been a great way for us to enable open communication between our hospital and our patients. And most importantly, we are learning what is important to our patients.

Occupational health and safety continued to be a major focus of West Moreton Hospital and Health Service during 2012–13. Good progress was achieved in improving performance across all health and safety related performance indicators including hours lost due to work injury claims made under Workcover Queensland. A comprehensive external audit of occupational health and safety at West Moreton Hospital and Health Service against Australian Standard 4801 was finalised during May 2013, and the report identified no areas of non-conformance. A key focus for investment during 2012–13 was the procurement of equipment and other resources to improve safety in patient handling, particularly specific to the needs of bariatric patients.

Innovation and redesign

Innovation and redesign

Objectives and key strategies

Key objectives to meet the strategic direction of *Innovation and redesign* include:

- encourage innovation and facilitate the spread and uptake of new ideas
- redesign services to ensure right care, right place, right time
- identify, promote and implement evidence based solutions to address key health needs.

These objectives are supported by key strategies including:

- actively engage clinicians to achieve innovative models of care
- activate redesign program of works for each division
- develop best practice clinical services plans to 2016.

In 2012–13, West Moreton Hospital and Health Service increased the focus on the need for clinicians, staff, leaders and managers, the board and the hospital and health service executive to work together to deliver healthcare to the community. To ensure an integrated and coordinated approach was built based on the informed ideas, expertise and engagement of those providing services, a Clinician Engagement Strategy was developed. This strategy helps ensure decision making is made from a whole of hospital and health service perspective. Integral to the strategy was the formation of the Lead Clinician Group which provides stewardship for clinical leadership in the provision of health services across the hospital and health service. The Lead Clinician Group works with the hospital and health service executive to set strategic directions and priorities and evaluate services of West Moreton Hospital and Health Service.

As part of our organisational redesign, we identified a need to introduce a new division that is accountable for leading research and education across the allied health, nursing and midwifery and medical services in West Moreton Hospital and Health Service. In addition, we are in the process of developing a research strategy to improve the health outcomes of the community and building the hospital and health service's research capability. The Clinical Governance, Education and Research division will also lead the health outcomes of workforce planning, workforce redesign, and education and training for the clinical professions in collaboration with operational directors.

The Park – Centre for Mental Health, Treatment, Research and Education (The Park) hosts the statewide service of Queensland Centre for Mental Health Research (QCMHR). The QCMHR is Queensland's premier mental health research facility which collaborates with local, national and international partners. While the centre's headquarters is based at The Park, it also has locations at the Queensland Brain Institute, the School of Population Health and the Department of Psychiatry at The University of Queensland (with which it is formally affiliated), and the Royal Brisbane and Women's Hospital. Its function is to reduce the level of disability associated with mental illness through research which leads to more effective mental health services and interventions, the identification and reduction of risk factors, and the development of researchers in the field of mental health. The staff are drawn from many disciplines: psychiatry, psychology, social work, epidemiology, statistics, health economics, as well as scientific disciplines such as molecular biology, neuroscience, and genetics. In 2012, QCMHR published 60 papers in peer-reviewed journals, with a similar output forecast for 2013. The centre was also successful in attracting $3.3 million in grants to further advance research in mental health care.

QCMHR has a balanced research portfolio that addresses many different categories of observation from genetics and molecular neuroscience, to treatment and recovery, to population-based research, policy and planning. QCMHR is undertaking exciting cutting edge research examining first-

episode psychosis resulting from treatable encephalitis due to auto-antibodies. This work has promise to successfully treat three to five per cent of individuals with first-episode psychosis, avoiding the social and cognitive deterioration associated with chronic psychotic illness. The centre is also the lead site for an Australia-wide National Health and Medical Research Council-funded Centre of Research Excellence. The overarching goal of this centre for research excellence is to design a model mental health service system for Australia that reduces the burden of mental disorders. The centre is also responsible for providing a detailed analysis of how the model differs from the existing service system. This analysis includes describing how policy and services need to be changed to move from the existing system to the model system.

QCMHR also assembled the data and worked on the analyses for the mental disorders component of The Global Burden of Disease Study 2010, the largest systematic effort to describe the global distribution, mortality and disability from all major diseases, injuries, and risk factors. Preliminary results were released in *The Lancet* in December 2012.

Build sustainable services and infrastructure

Build sustainable services and infrastructure

Objectives and key strategies

Key objectives to meet the strategic direction of *Build sustainable services and infrastructure* include:

- optimise current and develop new physical infrastructure
- provide information and technology solutions that support operational goals
- anticipate demand and plan for growth in health services.

These objectives are supported by key strategies including:

- explore opportunities for partnership in the use of infrastructure and equipment
- develop Strategic Infrastructure Plan to 2026 based on health service planning
- implement processes and system changes to maintain performance within the context of National Health Reform and Activity Based Funding
- support planning, management and reporting by providing access to accurate, timely and complete information
- develop health services plan to 2026
- implement demand management models as part of Clinical Services Plan that informs the annual Purchasing Agreement.

Construction of the Ipswich Hospital Expansion project continued throughout 2012–13 with a number of key milestones being reached. The new 265-space, multi-level carpark was officially opened in June 2013 and Stage 1 of the emergency department expansion, which includes a 16-bed clinical decision unit, was also completed. At the end of the financial year, there were several areas near completion including:

- Ward 5F (orthopaedics)
- Ward 4F (surgical)
- Ward 4G (palliative care)
- a new day procedures unit
- a new oncology unit
- a new East Street entrance.

The design of the expansion provides maximum space for patient care within the funding available. Construction of the Ipswich Hospital Expansion will be completed in 2013–14.

In 2012–13, West Moreton Hospital and Health Service undertook a review and subsequent upgrade of its information and communication technology. The hospital and health service upgraded its existing wireless system and conducted a virtualisation of local servers to reduce the total cost of ownership to make more efficient use of server resources.

As part of our commitment to providing greater access to services and information, our Mental Health and Specialised Services division implemented the Integrated Electronic Medical Record (ieMR) program. The ieMR program centralises patient information to provide the right information at the right time at the right place, and enables clinicians and supporting staff to securely access a single view of a patient's medical record. This will help increase our patients' access to care, deliver healthier care outcomes for patients through increased quality and safety, and provide enhanced productivity for a more sustainable health system.

We have also implemented a single electronic Document and Record Management System to support our aim of establishing and maintaining an effective and compliant administrative records management program. To ensure our patients have a smoother journey through the hospital system, we implemented patient journey boards to manage patient flow throughout the hospital. These have helped us organise and optimise the patient's journey through the hospital and health service.

On 31 August 2012, the State Archivist advised hospital and health service chief executives that ownership of administrative, functional and clinical records was to be transferred to the appropriate hospital and health service, via a machinery of

government change process. The Machinery of Government Transfer of Records Project, managed by the Department of Health's Records Management Team, commenced in late 2011 to facilitate the transfer of records from the Department to hospital and health services. The transfer process was completed in July 2013.

During 2012–13 financial year West Moreton Hospital and Health Service initiated a planning study with Metro South Hospital and Health Service to examine the needs of the population in the geographic area known as the South West Corridor (which covers the geographical area from Brisbane's south side, west to Gatton). This study is designed to assist planning for the future needs of this high-growth area. The outcome of this study will help us determine and respond to the healthcare needs of our community into the future.

Enable our people

Enable our people

Objectives and key strategies

Key objectives to meet the strategic direction of *Enable our people* include:

- become an employer of choice
- develop a culture of mutual respect, trust and innovation
- enhance communication effectiveness and accountability through devolving decision making.

These objectives are supported by key strategies including:

- develop a workforce strategy that meets models of care and includes service flexibility and contemporary recruitment tools
- develop effective communications marketing including web and social media
- encourage staff professional growth
- define leadership culture that reflects West Moreton Hospital and Health Service's vision for the future
- reward innovation, research and service excellence
- develop a framework for safe devolution of decision making including continuous feedback loops
- governance framework ensures line of sight between decision making points and vision, mission and values for clinical leaders
- progressive implementation of an organisational structure and culture to facilitate front line decision making.

During 2012–13, West Moreton Hospital and Health Service's Workforce Division assisted the hospital and health service to comply with relevant Queensland Government policies and legislation relating to human resources, workforce and recruitment including the *Public Sector Ethics Act 1994*.

A comprehensive *Revitalisation Roadmap* was developed to transform the way staff are managed across the hospital and health service. The roadmap also helped to reform the division to better enable it to support clinical service delivery. A key focus was to lead the hospital and health service in the development and implementation of a change management process. This process supported the smooth and timely implementation of the organisational changes arising from the *Turnaround Plan*. This change management process and the intensive consultancy support provided to senior managers enabled significant organisational change to be implemented without industrial disputation.

A significant focus during the year was the staff support and administrative work associated with a considerable number of staff separations through voluntary redundancies (of which there were 133 in 2012–13). As part of the Public Sector Renewal program, an *Establishment Management Program* was developed and implemented by the division to carefully manage establishment and staffing. This plan contributed significantly to the efforts to return the hospital and health service to financial health during 2012–13.

In 2012–13 a comprehensive *Workforce Plan* was developed to provide the direction for West Moreton Hospital and Health Service's commitment to attract and retain a workforce of skilled health professionals to provide appropriate health services to the community and place us in a strong position to meet future challenges. The five-year plan provides the direction for the hospital and health service to promote systematic improvement in our health workforce. It focuses on responding to changes to support the requirements in service delivery and also expanding the capacity of the workforce. The priorities and strategies outlined in the plan will be supported by strong leadership and engagement with our employees.

To support the *Workforce Plan*, a comprehensive *West Moreton Hospital and Health Service Workforce Engagement Strategy* was developed to better enable and encourage staff to contribute to the workforce. The strategy outlines our plans to improve workforce engagement with an aim of building strong, mutually supportive relationships in all aspects of planning, delivering, improving and evaluating services; and in so doing, improving services for patients, carers and their families, and our broader community. In May and June 2013, staff across the hospital and health service participated in the *Working for Queensland Employee Opinion Survey*. The survey will be a key method through which the hospital and health service will measure improvement in workforce engagement over the coming years.

The Ipswich West Moreton Health Alliance in their School-Based Pathways project progressed throughout 2012–13. Key areas of support of the hospital and health service included participation in school-based student engagement days and engagement of eight school-based trainees. Other key initiatives implemented during the year include:

- improved orientation and induction program for new employees (including education on, and information about, staff obligations under the *Code of Conduct for the Queensland Public Service*)
- new Performance Planning and Appraisal process
- new Individual Development Planning process
- West Moreton Hospital and Health Service Australia Day Awards
- Cultural Awareness Training to improve staff awareness and sensitivity to the needs of Aboriginal and Torres Strait Islanders in a health care setting.

West Moreton Hospital and Health Service's focus on improvement is optimised through the Queensland Centre for Mental Health Learning. It is a statewide education program designed specifically for mental health clinicians and it provides a precise, measurable and strategic education program, delivered directly to clinicians. These inter-disciplinary training programs focus on the required core knowledge, skills and attitudes as recommended by the *Queensland Plan for Mental Health 2007–2017* and articulated within the *National Practice Standards for the Mental Health Workforce (2002)*.

The Queensland Centre for Mental Health Learning became a registered training organisation in 2008 while also implementing the National Health Reform program. Throughout 2012–13 a number of education products have been developed including:

- Advanced Critical Components of Risk Assessment and Management. (Pilot planned for July 2013)
- Advanced 'Clinical Supervisor' and 'Supervising Supervisors' workshops. (Pilot planned for August 2013)
- *Mental Health Act 2000* e-learning (Testing planned for August 2013)
- Sensory modulation approaches in mental health care (e-learning). A research proposal has been designed to examine the translation of this training into clinical practice
- Cognitive Remediation (e-learning)
- Employment for people with a mental illness: Understanding Individual Placement and Support (e-learning)
- Cognitive Behaviour Therapy for Psychosis (e-learning)
- The Transition to Child and Youth Mental Health Practice Core Skills self-directed learning manual (e-learning).

A number of other key achievements were also reached by the Queensland Centre for Mental Health Learning in 2012–13:

- Scholarships for study completed in 2012 provided to 102 Queensland Department of Health staff
- The Health Workforce Australia project for Advanced Clinical Supervision was developed and delivered to 183 clinicians throughout Queensland
- Training for more than 3583 mental health practitioners was provided
- Training for tertiary education institutions was provided with approximately 400 students in attendance across nine sessions at:
  - University of Queensland (Occupational Therapy and Social Work Departments)
  - University of Sunshine Coast
  - Griffith University (Psychology Department)
  - Metropolitan Institute of TAFE
  - Mater Health Service education unit.

Achieve financial health

Achieve financial health

Objectives and key strategies

Key objectives to meet the strategic direction of *Achieve financial health* include:

- build financial stewardship
- maximise revenues
- streamline systems to achieve operational efficiencies.

These objectives are supported by key strategies including:

- develop and implement an education and training program to enhance the capability and financial capability of decision makers
- review and implement an enhanced governance, risk management and financial reporting framework
- maximise own source revenue
- identify innovative models to generate new sources of revenue
- consider strategic investment planning
- maximise efficiency through effective decision support, and benchmarking, to inform improvement and eliminate waste
- deliver services in line with the healthcare purchasing framework.

This year has seen significant changes for West Moreton Hospital and Health Service as we became an independent statutory body. We have undertaken significant work to continue to implement frameworks and governance processes to ensure the hospital and health service meets its obligations under the *Hospital and Health Boards Act 2011*.

As a statutory body, the hospital and health service is now responsible for developing its own financial management plan, including financial assumptions and embedding of financial scenario modelling. Strategic leadership, professional support and expert advice has been provided by our finance staff to the hospital and health service executive, clinicians and managers in matters relating to finance and Activity Based Funding. The delivery of clinical activity monitoring, performance management and decision making within the hospital and health service has had an increased focus, as well as the production of accurate, timely and focused data. Reports are produced to assist the operational management and strategic positioning of West Moreton Hospital and Health Service.

In 2012–13, the hospital and health service has worked to ensure financial compliance and implement robust control frameworks, systems, processes and practices. This year has seen the strengthening of governance and transparency throughout the hospital and health service including the equitable allocation of resources for the delivery of activity and services. This has been achieved through a significant increase in stakeholder confidence. The year also saw the roll out of a Business Skills for Health Professionals program, targeting cost centre managers. This program included fraud awareness / internal controls, health reform and an introduction to accounting. This has raised the financial awareness of leaders in the delivery of health care.

In 2012–13, West Moreton Hospital and Health Service established an internal audit function to help ensure the hospital and health service's financial and operational controls are operating in an efficient, effective and ethical manner. The internal audit function also assists management to improve the hospital and health service's business performance. A financial risk register has also been developed to record risks to the hospital and health service, as well as was what actions can, or have been taken.

This financial year, changes were also required to realign our budgets to meet our service agreements. We ended the 2012–13 financial year in a much improved state, bringing in significant savings, some of which are to be reinvested directly into patient

care. This was achieved through implementing a number of initiatives such as implementing controls and reporting mechanisms to enable and facilitate the movement of the hospital and health service from poor financial health in 2011–12 to one of surplus in 2012–13. This has been achieved through a direct increase in the efficiency of service delivery.

We have restructured our finance unit to increase professional and business acumen. This provides intimate support to our hospital and health service and heightened awareness on delivering services that meet the needs of the community in the most efficient and effective manner. The increase in efficiency has enabled West Moreton Hospital and Health Service to deliver more services for the community.

The establishment of West Moreton Hospital and Health Service as a statutory body has additional financial reporting implications. A hospital and health service financial readiness project officer has been appointed to manage the process of external audit and preparation of financial statements for inclusion in this annual report. This officer is also responsible for ensuring our hospital and health service complies with whole-of-government reporting.

The hospital and health service implemented a number of strategies to maximise revenue during the 2012–13 financial year. This included an increase in the realisation of own source revenue which allows more services to be delivered to the community and ensures the financial sustainability of the hospital and health service. Initiatives such as the establishment of a patient options liaison officer developed frameworks and facilitated revenue from private patients.

Ipswich Hospital Foundation

Ipswich Hospital Foundation

The Ipswich Hospital Foundation has faced a number of challenges this past year. Following the implementation of National Health Reform, the foundation has worked hard to establish a strong relationship with the West Moreton Hospital and Health Board, the West Moreton Hospital and Health Service's new management structure and executive leadership team. To assist us firm up this relationship, West Moreton Hospital and Health Board Chair Dr Mary Corbett and West Moreton Hospital and Health Service Chief Executive Lesley Dwyer participated in our annual planning meeting.

Robert Walker, who served as the Chair of the foundation, chose not to nominate again as the Chair. Neil Harding, who has served 12 years on the foundation, was appointed as the new Chair by Minister for Health Lawrence Springborg MP in November 2012.

As reported in last year's Annual Report, the foundation moved to an automated parking system for the two car parks (at Ipswich Health Plaza and Ipswich Hospital) leased from Queensland Department of Health. This took some time to implement and West Moreton Hospital and Health Service also invited us to operate and manage the new, 265-space car park at Ipswich Hospital under a commercial lease arrangement.

This year also saw the Screening Nutrition Activity Program (SNAP) through a tremendous change. Unfortunately the program's coordinator left Queensland Health and this has led the foundation to design an individual online program. This new program will commence early in the next financial year.

Another major program change was The University of Queensland / Ipswich Hospital Foundation Centre for Healthy Communities Research. Following the retirement of Professor Robert Bush, this program progressed into the Ipswich Study and the foundation ceased its financial contributions. Ipswich Hospital Foundation is now providing support via a program supporting local health and medical research.

We have continued to strengthen our partnerships with the Queensland Orthopaedic Physiotherapy Network, Queensland Rehabilitation Physiotherapy Network, Queensland Cardio-respiratory Physiotherapy Network, Youth Mental Health First Aid courses, and International Social Work Day. These partnerships assist organisations with their successful conferences and workshops. Our partnership with the Queensland Centre for Mental Health Research continued and a new Sunshine Coast Association of Relatives and Friends of the Mentally Ill Scholarship recipient has been announced (scholarship recipient: Ilvana Dzafic). A new partnership was developed with Swich On to help promote men's health. This culminated in a fundraising dinner held with Victoria Cross recipient Ben Roberts-Smith, John Ribot and Rupert McCall.

Support for the Sunshine Circle continued with the annual Happy Wanderer's bus tour, and ongoing fund raising from individuals and organisations (Redbank Plains Blue Light Disco and Woolworths) provide the Sunshine Ward and other health services with needed equipment and supplies. The Sunshine Circle is a hub for donations which assist the Sunshine Children's Ward at Ipswich Hospital, special care nursery, maternity unit and child and youth health services throughout the community. In the past year, money raised for the Sunshine Circle has provided the Ipswich Hospital emergency department and Sunshine Children's Ward with an Optiflow Machine following a kind donation from Woolworths. The various donations from social clubs, associations, and Happy Wanderers bus tour have also allowed the fit out of overnight stay beds for the Sunshine Children's Ward.

Our Resource Centre is becoming better known with an increasing number of community groups borrowing our resources such as timing clocks, marquees and so on. I am pleased to see that this resource centre is helping community groups to provide more healthy activities for our community to enjoy.

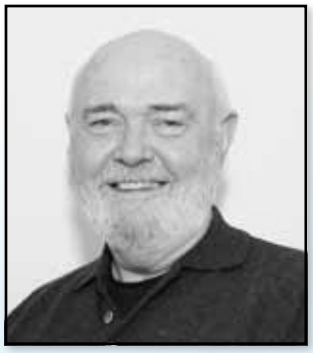
The Ipswich Hospital Auxiliary ceased operation this year and contributed their remaining funds to the foundation. These funds will be used to continue the annual Nursing and Midwifery Awards.

Other program highlights this year include:

- A record number of participants (1964) for the Sekisui House Park2Park
- Very well attended Fit Flicks (seven sessions in total provided)
- Highly successful events including Heritage Bank Ipswich 100 Bike ride, One Mile Gift, and The Haggarty Group Fifty Grand Golf Day. These events not only encouraged people to participate in more physical activities but also provided much-needed funds ($165,000)
- The new sun screen dispensers for public areas, schools, council swimming pools, and sporting clubs are proving to be very popular
- A redesign of the Ipswich Hospital Foundation website with easier navigation and the foundation's smart phone application is becoming more popular with about 200 people downloading the application
- Newsletters, flyers and media announcements continue to keep the community informed and increase health literacy
- The Fit4Life fitness activities continue to have wide appeal with about 200 people participating weekly.

In total, Ipswich Hospital Foundation raised $481,000 in 2012–13 and I am pleased to say that donations, bequests, grants and funding from other sources continue to provide us with the necessary means to continue to help our community *Become the Healthiest Community in Australia*.

Tom Yates
Executive Officer
Ipswich Hospital Foundation



Glossary of terms and acronyms

Glossary of terms and acronyms

Term	Meaning
Accessible	Accessible healthcare is characterised by the ability of people to obtain appropriate healthcare at the right place and right time, irrespective of income, cultural background or geography.
Activity Based Funding (ABF)	A management tool with the potential to enhance public accountability and drive technical efficiency in the delivery of health services by: • capturing consistent and detailed information on hospital sector activity and accurately measuring the costs of delivery • creating an explicit relationship between funds allocated and services provided • strengthening management's focus on outputs, outcomes and quality • encouraging clinicians and managers to identify variations in costs and practices so they can be managed at a local level in the context of improving efficiency and effectiveness • providing mechanisms to reward good practice and support quality initiatives.
Acute	Having a short and relatively severe course.
Acute care	Care in which the clinical intent or treatment goal is to: • manage labour (obstetric) • cure illness or provide definitive treatment of injury • perform surgery • relieve symptoms of illness or injury (excluding palliative care) • reduce severity of an illness or injury • protect against exacerbation and/or complication of an illness and/or injury that could threaten life or normal function • perform diagnostic or therapeutic procedures.
Admission	The process whereby a hospital accepts responsibility for a patient's care and/or treatment. It follows a clinical decision, based on specified criteria, that a patient requires same-day or overnight care or treatment, which can occur in hospital and/or in the patient's home (for hospital-in-the-home patients).
Allied Health staff	Professional staff who meet mandatory qualifications and regulatory requirements in the following areas: audiology; clinical measurement sciences; dietetics and nutrition; exercise physiology; leisure therapy; medical imaging; music therapy; nuclear medicine technology; occupational therapy; orthoptics; pharmacy; physiotherapy; podiatry; prosthetics and orthotics; psychology; radiation therapy; sonography; speech pathology and social work.
Ambulatory	Care provided to patients who are not admitted to the hospital, such as patients of emergency departments, outpatient clinics and community based (non-hospital) healthcare services.
Australian Standard 4801	Australian Standard 4801 sets out all requirements for implementing a occupational health and safety management system.
Benchmarking	Involves collecting performance information to undertake comparisons of performance with similar organisations.
Best practice	Cooperative way in which organisations and their employees undertake business activities in all key processes, and use benchmarking that can be expected to lead to sustainable world class positive outcomes.

Term	Meaning
Clinical governance	A framework by which health organisations are accountable for continuously improving the quality of their services and safeguarding high standards of care by creating an environment in which excellence in clinical care will flourish.
Clinical practice	Professional activity undertaken by health professionals to investigate patient symptoms and prevent and/or manage illness, together with associated professional activities for patient care.
Clinical workforce	Staff who are or who support health professionals working in clinical practice, have healthcare specific knowledge / experience, and provide clinical services to health consumers, either directly and/or indirectly, through services that have a direct impact on clinical outcomes.
Emergency department waiting time	Time elapsed for each patient from presentation to the emergency department to start of services by the treating clinician. It is calculated by deducting the date and time the patient presents from the date and time of the service event.
Full time equivalent (FTE)	Refers to full-time equivalent staff currently working in a position.
GP	General Practitioner
Health outcome	Change in the health of an individual, group of people or population attributable to an intervention or series of interventions.
Health reform	Response to the National Health and Hospitals Reform Commission Report (2009) that outlined recommendations for transforming the Australian health system, the National Health and Hospitals Network Agreement (NHHNA) signed by the Commonwealth and states and territories, other than Western Australia, in April 2010 and the National Health Reform Heads of Agreement (HoA) signed in February 2010 by the Commonwealth and all states and territories amending the NHHNA.
Hospital	Healthcare facility established under Commonwealth, state or territory legislation as a hospital or a free-standing day-procedure unit and authorised to provide treatment and/or care to patients.
Hospital and Health Board	The Hospital and Health Boards are made up of a mix of members with expert skills and knowledge relevant to managing a complex health care organisation.
Hospital and Health Service	Hospital and Health Service (HHS) is a separate legal entity established by Queensland Government to deliver public hospital services.
Hospital in the home	Provision of care to hospital-admitted patients in their place of residence, as a substitute for hospital accommodation.
Indigenous health worker	An Aboriginal and/or Torres Strait Islander person who holds the specified qualification and works within a primary healthcare framework to improve health outcomes for Indigenous Australians.
Inpatient	A patient who is admitted to a hospital or health service for treatment that requires at least one overnight stay.
Long wait	A 'long wait' elective surgery patient is one who has waited longer than the clinically recommended time for their surgery, according to the clinical urgency category assigned. That is, more than 30 days for a category 1 patient, more than 90 days for a category 2 patient and more than 365 days for a category 3 patient.
Medicare Local	Established by the Commonwealth to coordinate primary health care services across all providers in a geographic area. Works closely with HHSs to identify and address local health needs.
Medical practitioner	A person who is registered with the Medical Board of Australia to practice medicine in Australia, including general and specialist practitioners.
NEAT	National Emergency Access Target.
NEST	National Elective Surgery Target.

Term	Meaning
Nurse practitioner	A registered nurse educated and authorised to function autonomously and collaboratively in an advanced and extended clinical role. The nurse practitioner role includes assessing and managing clients using nursing knowledge and skills and may include, but is not limited to, direct referral of clients to other healthcare professionals, prescribing medications, and ordering diagnostic investigations.
Outpatient	Non-admitted health service provided or accessed by an individual at a hospital or health service facility.
Outpatient service	Examination, consultation, treatment or other service provided to non-admitted non-emergency patients in a speciality unit or under an organisational arrangement administered by a hospital.
Outreach	Services delivered to sites outside of the service's base to meet or complement local service needs.
Overnight stay patient	A patient who is admitted to, and separated from, the hospital on different dates (not same-day patients).
Patient flow	Optimal patient flow means the patient's journey through the hospital system, be it planned or unplanned, happens in the safest, most streamlined and timely way to deliver good patient care.
Performance indicator	A measure that provides an 'indication' of progress towards achieving the organisation's objectives. Usually has targets that define the level of performance expected against the performance indicator.
Private hospital	A private hospital or free-standing day hospital, and either a hospital owned by a for-profit company or a non-profit organisation and privately funded through payment for medical services by patients or insurers. Patients admitted to private hospitals are treated by a doctor of their choice.
Public patient	A public patient is one who elects to be treated as a public patient, so cannot choose the doctor who treats them, or is receiving treatment in a private hospital under a contract arrangement with a public hospital or health authority.
Public hospital	Public hospitals offer free diagnostic services, treatment, care and accommodation to eligible patients.
QGIF	Queensland Government Insurance Fund
Registered nurse	An individual registered under national law to practice in the nursing profession as a nurse, other than as a student.
Statutory bodies / authorities	A non-departmental government body, established under an Act of Parliament. Statutory bodies can include corporations, regulatory authorities and advisory committees / councils.
Sub-acute	Sub-acute care focuses on continuation of care and optimisation of health and functionality.
Sustainable	A health system that provides infrastructure, such as workforce, facilities and equipment, and is innovative and responsive to emerging needs, for example, research and monitoring within available resources.
Telehealth	Delivery of health-related services and information via telecommunication technologies, including: • live, audio and/or video inter-active links for clinical consultations and educational purposes • store-and-forward Telehealth, including digital images, video, audio and clinical (stored) on a client computer, then transmitted securely (forwarded) to a clinic at another location where they are studied by relevant specialists • teleradiology for remote reporting and clinical advice for diagnostic images • Telehealth services and equipment to monitor people's health in their home.
Triage category	Urgency of a patient's need for medical and nursing care.
Visiting Medical Officer	A medical practitioner who is employed as an independent contractor or an employee to provide services on a part time, sessional basis.
Weighted activity unit 16	A single standard unit used to measure all activity consistently. Phase 16 is the version of the Queensland Health Activity Based Funding Model.

Compliance checklist

Compliance checklist

Summary of requirement		Basis for requirement	Annual Report reference
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister	ARRs – section 8	Page 3
Accessibility	Table of contents Glossary	ARRs section 10.1	Pages 4, 42–44
	Public availability	ARRs – section 10.2	Page 2
	Interpreter services statement	Queensland Government Language Services Policy ARRs – section 10.3	Page 2
	Copyright notice	Copyright Act 1968 ARRs – section 10.4	Page 2
	Information licensing	Queensland Government Enterprise Architecture – Information licensing ARRs – section 10.5	Page 2
General Information	Introductory Information	ARRs – section 11.1	Pages 5–6
	Agency role and main functions	ARRs – section 11.2	Page 7
	Operating environment	ARRs – section 11.3	Pages 8–9
	Machinery of Government changes	ARRs – section 11.4	Pages 34–35
Non-financial performance	Government objectives for the community	ARRs – section 12.1	Pages 9, 25–39
	Other whole-of-government plans / specific initiatives	ARRs – section 12.2	Pages 9, 25–39
	Agency service areas, service standards and other measures	ARRs – section 12.3	Pages 18–24
Financial performance	Summary of financial performance	ARRs – section 13.1	Pages 20–22
	Chief Finance Officer (CFO) statement	ARRs – section 13.2	Not applicable

Compliance checklist

Summary of requirement		Basis for requirement	Annual Report reference
Governance – management and structure	Organisational structure	ARRs – section 14.1	Pages 18–19
	Executive management	ARRs – section 14.2	Pages 10–15
	Related entities	ARRs – section 14.3	Not applicable
	Boards and committees	ARRs – section 14.4	Pages 10–15
	Public Sector Ethics Act 1994	Public Sector Ethics Act 1994 (section 23 and Schedule) ARRs – section 14.5	Page 37
Governance – risk management and accountability	Risk management	ARRs – section 15.1	Pages 16–17, 30, 38, 52, 59, 74–76
	External scrutiny	ARRs – section 15.2	Pages 16–17, 31, 39, 57
	Audit committee	ARRs – section 15.3	Pages 11, 16–17
	Internal Audit	ARRs – section 15.4	Pages 16, 17, 38
	Public Sector Renewal Program	ARRs – section 15.5	Pages 6, 18–19, 20, 21, 31, 36
	Information systems and recordkeeping	ARRs – section 15.7	Pages 16, 34, 35
Governance – human resources	Workforce planning, attraction and retention and performance	ARRs – section 16.1	Pages 7, 20, 25, 27, 32, 36–37
	Early retirement, redundancy and retrenchment	ARRs – section 16.2	Page 22
	Voluntary Separation Program	ARRs – section 16.3	Page 22
Open Data	Open Data	ARRs – section 17	Page 3
Financial statements	Certification of financial statements	FAA – section 62 FPMS – section 50 ARRs section 18.1	Page 81
	Independent Auditor's Report	FAA – section 62 FPMS – section 50 ARRs – section 18.2	Page 82
	Remuneration disclosures	Financial Reporting Requirements for Queensland Government Agencies ARRs – section 18.3	Pages 76–80

Note: FAA Financial Accountability Act 2009 | FPMS Financial Management and Performance Standard 2009 | ARRs Annual Report Requirements for Queensland Government agencies

Financial statements

Financial statements

WEST MORETON HOSPITAL AND HEALTH SERVICE
ABN 64 468 984 022

FINANCIAL STATEMENTS 2012-13

INDEX

West Moreton Hospital and Health Service (WMHHS) was established on 1 July 2012 as a statutory body under the *Hospital and Health Boards Act 2011* and is domiciled in Australia.

The System Manager of WMHHS is the Department of Health. The ultimate parent entity is the State of Queensland.

Its principal place of business is:

West Moreton Hospital and Health Service
Level 8, Tower Block
Ipswich Hospital
Chelmsford Avenue
Ipswich QLD 4305

A description of the nature of WMHHS's operations and its principal activities is included in the notes to the financial statements.

The financial statements are presented in Australian dollars.

The financial statements were authorised for issue by the Board at their meeting on 26 August 2013.

For information in relation to WMHHS's financial statements:

- Email MD09-WestMoreton-HSD@health.qld.gov.au or
- Visit the WMHHS website at: www.health.qld.gov.au/westmoreton

WEST MORETON HOSPITAL AND HEALTH SERVICE

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 $000
Income		
User charges	3	12,154
Grants and other contributions	4	392,624
Other revenue	5	6,754
Total revenue		411,532
Other income	6	15
Total income		411,547
Expenses		
WMHHS Employee expenses	7	602
Health Service Employee expenses – Department of Health	8	301,112
Supplies and services	9	83,539
Grants and subsidies	10	732
Depreciation and amortisation	11	10,545
Impairment losses	12	936
Other expenses	13	6,665
Total expenses		404,131
Operating result		7,416
Other comprehensive income		
Items that will not be subsequently reclassified to operating result:		
Increase in asset revaluation surplus	25	4,838
Total other comprehensive income		4,838
Total comprehensive income		12,254

The accompanying notes form part of these statements.

WEST MORETON HOSPITAL AND HEALTH SERVICE

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 $000
Current assets		
Cash and cash equivalents	14	10,983
Receivables	15	20,872
Inventories	16	2,291
Other	17	169
Total current assets		**34,315**
Non-current assets		
Intangible assets	18	114
Property, plant and equipment	19	188,526
Total non-current assets		**188,640**
Total assets		**222,955**
Current liabilities		
Payables	20	25,630
Accrued employee benefits	21	148
Provisions	22	630
Unearned revenue	23	10
Total current liabilities		**26,418**
Total liabilities		26,418
Net assets		**196,537**
Equity		
Contributed equity	24	184,283
Accumulated surplus		7,416
Asset revaluation surplus	25	4,838
Total equity		**196,537**

The accompanying notes form part of these statements.

WEST MORETON HOSPITAL AND HEALTH SERVICE

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Accumulated Surplus	Asset Revaluation Surplus (note 25)	Contributed Equity (note 24)	Total
	$000	$000	$000	$000
Balance as at 1 July 2012	-	-	-	-
Transfer under National Health Reform				
Net assets received on 1 July 2012	-	-	179,605	179,605
Operating result for the year	7,416	-	-	7,416
Total Other Comprehensive Income				
– Increase in Asset Revaluation Surplus	-	4,838	-	4,838
Total Other Comprehensive Income				
- Non-appropriated equity injections	-	-	4,737	4,737
- Non-appropriated equity withdrawals	-	-	(10,535)	(10,535)
- Non-appropriated equity asset transfers	-	-	10,476	10,476
Balance as at 30 June 2013	7,416	4,838	184,283	196,537

The accompanying notes form part of these statements.

WEST MORETON HOSPITAL AND HEALTH SERVICE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 $000
Cash flows from operating activities		
Inflows:		
User charges		14,692
Grants and other contributions		366,178
Interest received		33
GST collected from customers		424
GST input tax credits		2,755
Other		6,722
Outflows:		
WMHHS Employee expenses		(602)
Health Service Employee expenses – Department of Health		(300,913)
Supplies and services		(67,629)
Grants and subsidies		(525)
Insurance		(4,814)
GST paid to suppliers		(3,406)
GST remitted		(363)
Other		(1,807)
Net cash provided by operating activities	26	**10,745**
Cash flows from investing activities		
Inflows:		
Sales of property, plant and equipment		15
Outflows:		
Payments for property, plant and equipment		(4,881)
Payments for intangible assets		(44)
Net cash used by investing activities		**(4,910)**
Cash flows from financing activities		
Inflows:		
Cash received at 1 July 2012 from Department of Health		411
Equity injections		4,737
Net cash provided by financing activities		**5,148**
Net increase in cash and cash equivalents held		10,572
Cash and cash equivalents at beginning of the financial year		-
Cash and cash equivalents at end of the financial year	14	**10,983**

The accompanying notes form part of these statements.

WEST MORETON HOSPITAL AND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

WEST MORETON HOSPITAL AND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1 OBECTIVES AND STRATEGIC PRIORITIES OF WEST MORETON HOSPITAL AND HEALTH SERVICE

On 1 July 2012, the Queensland Government through the *Hospital and Health Boards Act 2011* established West Moreton Hospital and Health Service (WMHHS).

West Moreton Hospital and Health Service is situated to the west of Brisbane and extends from Ipswich in the east, to Boonah in the south, north to Esk and west to Gatton. West Moreton Hospital and Health Service comprises of four local government areas of Scenic Rim Regional Council, including Boonah, Lockyer Valley Regional Council, covering Laidley and Gatton, Somerset Regional Council, including Esk and Ipswich City Council.

WMHHS covers a population of approximately 249,000 people. The region's demographics are diverse and include metropolitan and small rural community settings.

WMHHS has a major teaching role, providing both undergraduate and postgraduate clinical experience for members of the multidisciplinary healthcare team. WMHHS currently employs over 2,600 staff.

By 2026 it is projected that WMHHS's population will increase by 90% to approximately 475,000, making the WMHHS the fastest growing in the state.

WMHHS delivers health services across the continuum of care; preventative and primary health care services, ambulatory services, acute care, sub and non-acute aged care, oral health and mental health.

WMHHS is responsible for operating the following hospital and health service facilities:

- Ipswich Hospital
- Gatton Health Service
- Laidley Health Service
- Boonah Health Service
- Esk Health Service
- The Park - Centre for Mental Health, Treatment, Research and Education ('The Park')
- Goodna Community Health
- Ipswich Community Health

WMHHS provides hospital, community and school based primary oral health care services and a range of secondary and specialist care services in fixed clinics and mobile dental clinics across the region.

WMHHS provides a large hospital-based forensic and rehabilitation mental health service at The Park and community mental health services for all age groups.

Sub-acute services include palliative, aged care, transitional and rehabilitation, mental health, alcohol, tobacco and other drugs services, child and indigenous health.

In addition, as part of the National Health Reform changes, offender health was transitioned to West Moreton Hospital and Health Service. This includes Brisbane Women's, Wolston and Brisbane Correctional facilities and the Helana Jones Centre.

West Moreton Hospital and Health Service Strategic Plan, Path to Excellence 2012 to 2016 outlines the vision to deliver consistent, quality, accessible and culturally effective health services to the community in the West Moreton area.

As part of the Strategic Plan, WMHHS also seeks to contribute to the National Indigenous Reform Agreement (NIRA) which aims to close the gap in disadvantage between Indigenous and non-Indigenous Australians.

To achieve this, it is essential that services are well planned and organised and that they evolve and change in line with changing practice and community needs. This is reflected in the strategic directions of WMHHS:

- Revitalise services
- Strengthen safety and quality
- Innovation and redesign
- Build sustainable services and infrastructure
- Enable our people
- Achieve financial health.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are:

(a) Statement of compliance

The financial statements have been prepared in compliance with section 62(1) of the *Financial Accountability Act 2009* and section 43 of the *Financial and Performance Management Standard 2009*. These financial statements are general purpose financial statements. These have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities as West Moreton Hospital and Health Service is a not-for-profit entity. In addition, the financial statements comply with Queensland Treasury and Trade's Minimum Reporting Requirements for the year ended 30 June 2013, and other authoritative pronouncements. Except where stated, the historical cost convention is used.

WEST MORETON HOSPITAL AND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) The reporting entity

West Moreton Hospital and Health Service is a newly formed statutory body effective 1 July 2012. It prepares individual financial statements, which include all its revenues, expenses, assets and liabilities. WMHHS does not have any controlled entities. The details of its formation are below.

Health reform

On 2 August 2011, Queensland, as a member of the Council of Australian Governments signed the National Health Reform Agreement, committing to major changes in the way that health services in Australia are funded and governed. These changes were effective from 1 July 2012 and include:

- moving to a purchaser-provider model, with health service delivery to be purchased from legally independent hospital networks (statutory bodies to be known as Hospital and Health Services (HHSs) in Queensland)
- introducing national funding models and a national efficient price for services, with the majority of services to be funded on an activity unit basis into the future
- defining a refocused role for state governments in managing the health system, including:
    - the use of purchasing arrangements and other levers to drive access and clinical service improvements within and across the HHSs; and
    - a responsibility to intervene to remediate poor performance, either at the state's initiative or in response to prompting by the National Health Performance Authority, which will publicly report on performance of the HHSs and healthcare facilities.

The *Health and Hospitals Network Act 2011* (HHNA) enabling the establishment of the new health service entities and the role of System Manager for the Department of Health in Queensland, was passed by the Queensland Parliament in October 2011. On 17 May 2012, the Minister for Health introduced amending legislation into the Parliament to expand the functions of HHSs under the HHNA. The amended legislation is known as the *Hospital and Health Boards Act 2011* (HHBA).

Department of Health
Under the new arrangements, the role of the Department of Health's corporate office has changed. Corporate office has transitioned to the role of System Manager and purchases services from West Moreton Hospital and Health Service under a Service Agreement negotiated between the two entities. The Service Agreement for 2012-13 was set by the Director-General of the Department of Health under the transitional provisions in the HHBA. The Department of Health is not involved in the day-to-day functioning of health services, and has devolved responsibility for frontline service delivery to the HHS unless there is a significant economic or similar benefit to maintaining a state-wide function.

Overdraft Facility
West Moreton Hospital and Health Service's bank accounts continue to form part of the whole-of-government banking arrangement with the Commonwealth Bank of Australia. Under this arrangement, West Moreton Hospital and Health Service has access to the whole-of-government overdraft facility. The overdraft facility limit assigned to WMHHS is $4,000,000.

Balances transferred at 1 July 2012
Certain balances were transferred from the Department of Health to West Moreton Hospital and Health Service effective 1 July 2012. This was effected via a transfer notice signed by the Minister for Health, designating that the transfer be recognised as a contribution by owners through equity. The transfer notices were approved by the Director-General of the Department of Health and the Chair and Chief Executive of West Moreton Hospital and Health Service. Balances transferred to hospital and health services materially reflected the closing balances of the Hospital Service Districts that existed as at 30 June 2012. These balances represent the opening balances of West Moreton Hospital and Health Service, and are recorded as such in these financial statements. The cash balance transferred to West Moreton Hospital and Health Service at 1 July 2012 was the amount required to ensure WMHHS commenced operations with a balanced working capital position.

WEST MORETON HOSPITAL AND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) The reporting entity (continued)

The balances transferred from the Department of Health on 1 July 2012 were:

	$000
Current assets	
Cash and cash equivalents	411
Receivables	7,640
Inventories	1,930
Other	442
Total current assets	10,423
Non-current assets	
Intangible assets	91
Property, plant and equipment	179,111
Total non-current assets	179,202
Total assets	189,625
Current liabilities	
Payables	10,008
Unearned revenue	12
Total current liabilities	10,020
Net assets	179,605
Equity	
Contributed equity	179,605
Total equity	179,605

(c) Trust transactions and balances

West Moreton Hospital and Health Service acts in a fiduciary trust capacity in relation to patient trust accounts. Consequently, these transactions and balances are not recognised in the financial statements. Although patient funds are not controlled by West Moreton Hospital and Health Service, trust activities are included in the audit performed annually by the Auditor-General of Queensland. Note 30 provides additional information on the balances held in patient trust accounts.

(d) User charges

User charges are controlled by West Moreton Hospital and Health Service when they can be deployed for the achievement of departmental objectives. User charges and fees controlled by West Moreton Hospital and Health Service comprise of hospital fees, sales of goods and services and rental income. Hospital fees mainly consist of private patient hospital fees, interstate patient revenue and Department of Veterans' Affairs revenue. Private patient hospital fees revenue is recognised when invoices are raised. Interstate patient revenue and Department of Veterans' Affairs revenue are recognised based on estimates.

(e) Grants and other contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which West Moreton Hospital and Health obtains control over them. This includes amounts received from the Australian Government for programs that have not been fully completed at the end of the financial year. Where grants are received that are reciprocal in nature, revenue is recognised over the term of the funding arrangements.

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated. Where this is the case, an equal amount of revenue and expense is recognised.

WMHHS is predominantly funded by non-reciprocal grants from the Australian Government and the Department of Health. These grants are recognised as revenue when received. The main sources of grants are activity based and block funding as part of the National Health Reform. The amounts to be received are governed and determined by a Service Agreement between the Department of Health and WMHHS. This agreement is reviewed quarterly in line with Queensland Treasury's budget timetable and updated for changes in purchasing decisions by the Department of Health.

WEST MORETON HOSPITAL AND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Recoveries

Recoveries represent contract employee expenses that have been recouped from either other hospital and health services or externally. Recoveries represent monies in relation to workers' compensation, employees contracted to other departments or services and jury service obligations.

(g) Special payments

Special payments include ex gratia expenditure and other expenditure that WMHHS is not contractually or legally obligated to make to other parties. In compliance with the *Financial and Performance Management Standard 2009*, WMHHS maintains a register setting out the details of all special payments greater than $5,000. The total of all special payments (including those of $5,000 or less) is disclosed separately within Other Expenses. However, descriptions of the nature of special payments are only provided for special payments greater than $5,000.

(h) Finance and borrowing costs

Finance and borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs include interest on short-term and long-term borrowings, and ancillary administration charges.

(i) Cash and cash equivalents

Cash includes all cash on hand and in banks, cheques receipted but not banked at the reporting date, call deposits and cash debit facility.

(j) Trade and other receivables

Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than twelve months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that WMHHS will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(k) Inventories

Inventories consist mainly of medical supplies held for distribution to hospital and health service facilities. Inventories are measured at weighted average cost, adjusted for obsolescence. Unless material, inventories do not include supplies held for ready use in the wards throughout the hospital and health service facilities.

(l) Property, plant and equipment

Control of land and buildings used by WMHHS was transferred to WMHHS via a deed of lease arrangement on 1 July 2012. Although legal ownership remains with the Department of Health, the property is reported on the balance sheet of the WMHHS as it substantially holds all the risks and rewards incidental to ownership of the land and building assets during the term of the lease arrangement. These transferred assets have been disclosed separately in note 2(b).

Items of a capital nature with a cost or other value equal to more than the following thresholds and with a useful life of more than one year are recognised at acquisition. Items below these values are expensed on acquisition.

Class	Threshold
Buildings and land improvements	$10,000
Land	$1
Plant and equipment	$5,000

Property, plant and equipment are initially recorded at consideration plus any other costs directly incurred in bringing the asset ready for use. Items or components that form an integral part of an asset are recognised as a single (functional) asset. The cost of items acquired during the financial year has been judged by management to materially represent the fair value at the end of the reporting period.

WEST MORETON HOSPITAL AND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Property, plant and equipment (continued)

Where assets are received for no consideration from another Queensland Government department (whether as a result of a machinery-of-Government change or other involuntary transfer), the acquisition cost is recognised as the gross carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated depreciation. Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from another Queensland Government entity, are initially recognised at their fair value at the date of acquisition.

Land and buildings are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment* and Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector*. Land is measured at fair value each year using independent revaluations, desktop market revaluations or indexation by the State Valuation Service within the Department of Natural Resources and Mines. Independent revaluations are performed with sufficient regularity to ensure assets are carried at fair value.

Buildings are measured at fair value utilising either independent revaluation or applying an interim revaluation methodology developed by the external registered valuer. Assets under construction are not revalued until they are ready for use. Reflecting the specialised nature of WMHHS's buildings (health service buildings and on hospital-site residential facilities), fair value is determined using depreciated replacement cost methodology. Depreciated replacement cost is determined as the replacement cost less the cost to bring to current standards.

In determining the depreciated replacement cost of each building, the independent valuers applied a methodology of a financial simulaton lieu of 'market value' as these assets cannot be bought and sold on the open market. A replacement cost plan is estimated by creating a cost plan (estimate) of the asset through measurement of key data such as; gross floor area, number of floors, girth of building, height of building and number of lifts and staircases.

The model developed by the valuer creates an elemental cost plan using this data and the model includes multiple building types and is based on the valuer's experience of cost managing construction contracts.

The cost model is updated each year and tests are done to compare the model outputs on actual recent projects to ensure it produces a true representation of the cost of replacement. The costs are at Brisbane prices and published location indices are used to adjust the pricing to suit local market conditions. Live project costs from across the state are also assessed to inform current market changes that may influence the published factors.

The key assumption adopted by the valuer on the replacement cost is that the estimate is based on replacing the current function of the building with a building of the same form (size and shape). This assumption has a significant impact if an asset's function changes.

The 'Cost to Bring to Current Standards' is the estimated cost of refurbishing the asset to bring it to current standards and a new condition. For each of the five condition ratings the estimate is based on professional opinion as well as having regard to historical project costs.

In assessing the cost to bring to current standards, a condition rating is applied based upon the following information;

- Visual inspection of the asset
- Asset condition data provided by the Department of Health
- Verbal guidance from the asset manager
- Previous reports and inspection photographs if available (to show the change in condition over time).

Category	Condition	Comment
1	Very good condition	Only normal maintenance required
2	Minor defects only	Minor maintenance required
3	Maintenance required to return to accepted level of service	Significant maintenance required (up to 50% of capital replacement cost)
4	Requires renewal	Complete renewal of the internal fit out and engineering services required (up to 70% of capital replacement cost)
5	Asset unserviceable	Complete asset replacement required

These condition ratings are linked to the cost to bring to current standards and assumes the following:

- The standard life of a health facility is generally 30 years and is adjusted for those assets in extreme climatic conditions that historically have shorter lives, or where assets such as residences generally have longer lives.
- Estimates of remaining life are based on the assumption that the asset remains in its current function and will be maintained.
- No allowance has been provided for significant refurbishment works in our estimate of remaining life as any refurbishment should extend the life of the asset.
- Buildings have been valued on the basis that there is no residual value.

The valuers methodology has changed from prior year revaluations of these assets (assets were reported as part of Queensland Health's portfolio prior to the establishment of WMHHS as a statutory body on 1 July 2012). In 2011-12, category 2 and 3 condition ratings were significantly influenced by the age of the asset. In 2012-13, this condition criteria has been replaced with a standardised condition curve approach to more accurately reflect an asset's condition through its life. The financial effect on depreciated replacement cost values from this change in condition criteria has been modeled and has been assessed as immaterial.

WEST MORETON HOSPITAL AND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Property, plant and equipment (continued)

For interim revaluations, West Moreton Hospital and Health Service uses a 'Building Asset Indexation' (BAI) which has been developed by Davis Langdon. The valuer's methodology is based on their review of cost escalation across the industry subject to any regional variances due to specific market conditions such as impact due to local resource projects. The interim valuations for the following sub-classes are to be annually adjusted by applying the BAI for the duration of the current program:

2% hospital and health service sites; and
1% to residential, on-site accommodation at hospital sites.

Revaluation increments are credited to the asset revaluation surplus of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that asset class.

West Moreton Hospital and Health Service has adopted the gross method of reporting revalued assets. This method restates separately the gross amount and related accumulated depreciation of the assets comprising the class of revalued assets. Accumulated depreciation is restated proportionally in accordance with the independent advice of the appointed valuers/quantity surveyors. The proportionate method has been applied to those assets that have been revalued by way of indexation.

Plant and equipment (other than major plant and equipment) is measured at cost net of accumulated depreciation and any impairment in accordance with *Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector*.

Depreciation

Property, plant and equipment are depreciated on a straight-line basis. Annual depreciation is based on fair values and WMHHS's assessments of the remaining useful life of individual assets. Land is not depreciated. Assets under construction (work-in-progress) are not depreciated until they are ready for use.

Any expenditure that increases the capacity or service potential of an asset is capitalised and depreciated over the remaining useful life of the asset. Major spares purchased specifically for particular assets are capitalised and depreciated on the same basis as the asset to which they relate.

The depreciable amount of improvements to or on leasehold land is allocated progressively over the shorter of the estimated useful lives of the improvements or the unexpired period of the lease. The unexpired period of leases includes any option period where exercise of the option is probable.

For each class of depreciable assets, the following depreciation rates were used:

Class	Depreciation rates
Buildings and land improvements	2.5 – 3.33%
Plant and equipment	5 .0– 20.0%

(m) Intangibles assets

Intangible assets are only recognised if they satisfy recognition criteria in accordance with AASB 138 *Intangible Assets*. Intangible assets are recorded at cost, which is consideration plus costs incidental to the acquisition, less accumulated amortisation and impairment losses. An intangible asset is recognised only if its cost is equal to or greater than $100,000. Internally generated software cost includes all direct costs associated with development of that software. All other costs are expensed as incurred.

Intangible assets are amortised on a straight-line basis over their estimated useful life with a residual value of zero. The estimated useful life and amortisation method are reviewed periodically, with the effect of any changes in estimate being accounted for on a prospective basis.

Software is amortised from the time of acquisition or, in respect of internally developed software, from the time the asset is completed and held ready for use. The amortisation rates for WMHHS's software are between 10% and 20%.

(n) Impairment of assets

All non-current and intangible assets are assessed for indicators of impairment on an annual basis in accordance with AASB 136 Impairment of Assets. If an indicator of impairment exists, WMHHS determines the asset's recoverable amount (higher of value in use and fair value less costs to sell). Any amount by which the asset's carrying amount exceeds the recoverable amount is considered an impairment loss.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount, in which case the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

WEST MORETON HOSPITAL AND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Leases

Leases of property, plant and equipment where WMHHS, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that WMHHS will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to WMHHS as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where WMHHS is a lessor is recognised in income on a straightline basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(q) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

(r) Financial instruments

Recognition

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised in the Statement of Financial Position when WMHHS becomes party to the contractual provisions of the financial instrument.

WMHHS does not enter transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents, WMHHS holds no financial assets classified at fair value through profit or loss.

Classification

Financial instruments are classified and measured as follows: cash and cash equivalents – held at fair value through profit or loss; receivables – held at amortised cost; payables – held at amortised cost.

Impairment

Financial assets, other than those held at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are additionally assessed for impairment on a collective basis. For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

All other disclosures relating to the measurement and financial risk management of other financial instruments are included in Note 31.

(s) Employee benefits

(i) Provision of employee services from the Department of Health

WMHHS and the Department of Health have entered into a Service Agreement under which employees of the Department of Health will perform work for WMHHS to enable WMHHS to perform its functions and exercise powers under the *Hospital and Health Boards Act 2011* and to ensure delivery of the services prescribed in the Service Agreement.

Under this Service Agreement:

- The Department of Health will provide Department of Health employees to perform work for WMHHS and the Department of Health acknowledges and accepts its obligations as the employer of the Department of Health employees;
- WMHHS will be responsible for the day-to-day workforce management;
- WMHHS will reimburse the Department of Health for the salaries and on-costs of these Department of Health employees.

WEST MORETON HOSPITAL AND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Employee benefits (continued)

WMHHS treats the reimbursements to the Department of Health for these Department of Health employees in these financial statements as Health Service Employee expenses – Department of Health.

(ii) Board and Chief Executive Remuneration

Pursuant to the provisions of the *Hospital and Health Boards Act 2011*, the members of the West Moreton Hospital and Health Board and the Chief Executive are employed by WMHHS directly.

Wages, salaries and sick leave

Wages, and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates.

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. Entitlements not expected to be paid within 12 months are classified as non-current liabilities and recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity, after projecting the remuneration rates expected to apply at the time of likely settlement.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for the leave as it is taken.

Annual and long service leave

Under the Queensland Government's Annual Leave Central Scheme (established on 30 June 2008) and Long Service Leave Central Scheme (established on 1 July 1999), levies are payable by the Department of Health to cover the cost of employees' annual leave (including leave loading and on-costs) and long service leave. The provisions for these schemes are reported on a whole-of-government basis pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting.* These levies are expensed in the period in which they are paid or payable. Amounts paid to employees for annual leave and long service leave are claimed from the schemes quarterly in arrears.

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable and the Department of Health's obligation is limited to its contribution to QSuper. The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting.*

Liabilities for redundancy payments are recognised, and are measured at the values that represent the existing obligations, including on-costs, at the reporting date of the consolidated entity to make the payments.

(t) Insurance

Property and general losses above a $10,000 threshold are insured through the Queensland Government Insurance Fund (QGIF). Health litigation payments above a $20,000 threshold and associated legal fees are also insured through QGIF. Premiums are calculated by QGIF on a risk assessed basis. The Department of Health pays premiums to WorkCover Queensland in respect of its obligations for employee compensation. This premium is expensed to WMHHS.

(u) Services received free of charge or for a nominal value

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be measured reliably. When this is the case, an equal amount is recognised as revenue and an expense.

(v) Contributed equity

Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities as a result of machinery-of-Government changes are adjusted to Contributed Equity in accordance with Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*. Appropriations for equity adjustments are similarly designated.

(w) Taxation

West Moreton Hospital and Health Service is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only Commonwealth taxes recognised by WMHHS.

(x) Goods and services tax

WMHHS is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only Commonwealth taxes recognised by WMHHS. The GST transactions with the Australian Tax Office are lodged and managed via the Department of Health.

Both WMHHS and the Department of Health satisfy section 149-25(e) of the *A New Tax System (Goods and Services) Act 1999 (Cth)* (the GST Act) and were able, with other hospital and health services, to form a "group" for GST purposes under Division 149 of the GST Act. This means that any transactions between the members of the "group" do not attract GST.

WEST MORETON HOSPITAL AND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Goods and services tax (continued)

However, all entities are responsible for the payment or receipt of any GST for their own transactions. As such, GST credits receivable from and payable to the Australian Taxation Office (ATO) are recognised and accrued.

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of the GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(y) Issuance of financial statements

The financial statements are authorised for issue by the Chair and the Chief Executive, at the date of signing the Management Certificate.

(z) Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions and management judgements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, and are reviewed on an ongoing basis. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Land valuation

WMHHS carries its land at fair value. Land is measured at fair value each year using independent revaluations, desktop market revaluations or indexation by the State Valuation Service within the Department of Natural Resources and Mines. Independent revaluations are performed with sufficient regularity to ensure assets are carried at fair value.

(ii) Depreciation

Management estimates the useful lives and residual values of property, plant and equipment based on the expected period of time over which economic benefits from use of the asset will be derived. Management reviews useful life assumptions on an annual basis having given consideration to variables including historical and forecast usage rates, technological advancements and changes in legal and economic conditions. Refer to note 2(l) for details of current depreciation rates used.

(iii) Impairment of receivables

Management reviews collectability of trade receivables on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that WMHHS will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

(aa) Rounding and comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest $1,000 or, where the amount is $500 or less, to zero unless the disclosure of the full amount is specifically required.

(bb) New and revised accounting standards

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods. WMHHS's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 *Financial Instruments*, AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB and* AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9*, AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, AASB 2009-11, AASB 2010-7, AASB 2011-7 & AASB 2011-8*] (December 2010)(effective 1 January 2015)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities.

In December 2009 the AASB issued AASB 9 which is part of phase one of the comprehensive project to replace AASB 139. It addresses the classification and measurement of financials assets and is likely to affect WMHHS's accounting for its financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. The standard eliminates the existing AASB 139 categories of held to maturity, available-for-sale and loans and receivables.

WEST MORETON HOSPITAL AND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(bb) New and revised accounting standards (continued)

In December 2010 a revised version of AASB 9 was issued incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over of the existing derecognition requirements from AASB 139 Financial Instruments: Recognition and Measurement.

The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

The standard is not applicable until 1 January 2015 and WMHHS is yet to assess its full impact. WMHHS does not expect to adopt the new standard before its operative date. It would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2016.

(ii) AASB 10 *Consolidated Financial Statements* & AASB 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments* (effective 1 January 2014), AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities, revised* AASB 127 *Separate Financial Statements and revised* AASB 128 *Investments in Associates and Joint Ventures* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective 1 January 2013)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. WMHHS does not expect this new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account for their share of revenues, expense, assets and liabilities in much the same way as under the previous standard. AASB 11 provides guidance for parties that participate in joint arrangements but do not share joint control. WMHHS does not have any joint arrangements and therefore does not expect this new standard to have any impact.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by WMHHS will not affect any of the amounts recognised in the financial statements, but will impact the information disclosed in relation to WMHHS's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. WMHHS does not expect this standard to have an impact.

WMHHS does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

(iii) AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (effective 1 January 2013)

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. WMHHS has not yet assessed the full impact of this new standard.

WMHHS does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

(iv) Revised AASB 119 *Employee Benefits*, AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119* (September 2011) and AASB 2011-11 *Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements* (effective 1 January 2013)

In September 2011, the AASB released a revised standard on accounting for employee benefits. The revised standard changes the definition of short-term employee benefits. Under the "old" standard these were defined as those benefits due to be settled within 12 months after the end of the period in which the employees render the related service. In contrast, under the revised AASB 119, only benefits that are expected to be settled within 12 months after the end of the annual reporting period in which the employees render the related service are classified as short-term benefits. This could potentially lead to a reclassification of some short-term benefits to non-current.

WMHHS does not intend to adopt the revised standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

(v) AASB 1055 *Budgetary Reporting and 2013-1 Amendments to* AASB 1049 – *Relocation of Budgetary Reporting Requirements (*effective 1July 2014*)*

WEST MORETON HOSPITAL AND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(bb) New and revised accounting standards (continued)

This Standard specifies budgetary disclosure requirements for the whole of government, General Government Sector (GGS) and not-for-profit entities within the GGS of each government. Disclosures made in accordance with this Standard will provide

users with information relevant to assessing performance of an entity, including accountability for resources entrusted to it. WMHHS will be required to include the original budgeted financial statements as presented to parliament in the same format as the statutory financial statements together with explanations of major variances between the actual amounts presented in the financial statements and the corresponding original budget amounts.

WMHHS does not intend to adopt the revised standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2015.

	2013
	$000
3 USER CHARGES	
Hospital fees	8,380
Sale of goods and services	3,632
Rental income	142
	12,154
4 GRANTS AND OTHER CONTRIBUTIONS	
Commonwealth grants	
Transition care	2,337
Home and community care	2,892
Specialist training program	354
Block funding	68,800
Activity based funding	33,638
	108,021
State funding	
Block funding	77,336
Activity based funding	133,418
Department of Health grants	61,810
Depreciation funding	10,535
Other	1,392
	284,491
Donations other	112
	392,624

WEST MORETON HOSPITAL AND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

		2013
		$000
5	**OTHER REVENUE**	
	Interest	33
	Recoveries	6,374
	Commissions	4
	Other	343
		6,754
6	**OTHER INCOME**	
	Gain on sale of property, plant and equipment	**15**
7	**WMHHS EMPLOYEE EXPENSES**	
	Employee benefits	
	Wages and salaries	488
	Employer superannuation contributions	51
	Annual leave expense	19
	Long service leave levy	5
	Employee related expenses	
	Payroll tax	25
	Other employee related expenses	14
		602

	30 June 2013
Number of MOHRI* Full Time Equivalent Employees (FTE)	
WMHHS employees	8
Health Service Employees provided to WMHHS	2,509
Total FTE	**2,517**

*Minimum Obligatory Human Resource Information

Pursuant to the provisions of the *Hospital and Health Boards Act 2011*, the members of the West Moreton Hospital and Health Board and the Chief Executive are employed by WMHHS directly. All other staff are employed by the Department of Health. Refer to note 2(s). Key management personnel are reported in note 32.

		2013
		$000
8	**HEALTH SERVICE EMPLOYEE EXPENSES – DEPARTMENT OF HEALTH**	
	Health Service Employee expenses – Department of Health	**301,112**

Refer note 7 for the number of Health Service Employees provided to WMHHS.

WEST MORETON HOSPITAL AND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

		2013
		$000
9	**SUPPLIES AND SERVICES**	
	Consultants and contractors	16,008
	Electricity and other energy	2,229
	Patient travel	677
	Other travel	484
	Water	475
	Building services	431
	Computer services	1,383
	Motor vehicles	363
	Communications	3,290
	Repairs and maintenance	6,360
	Operating lease rentals	2,957
	Drugs	8,658
	Clinical supplies and services	18,056
	Pathology	8,505
	Catering and domestic supplies	7,322
	Other	6,341
		83,539
10	**GRANTS AND SUBSIDIES**	
	Medical research programs	619
	Other	113
		732
11	**DEPRECIATION AND AMORTISATION**	
	Buildings	6,505
	Plant and equipment	4,019
	Software purchased	21
		10,545
12	**IMPAIRMENT LOSSES**	
	Impairment losses on receivables *	613
	Bad debts written off	115
	Revaluation decrement - land	208
		936

* Refer notes 15 and 31 (a)

WEST MORETON HOSPITAL AND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013
	$000
13 OTHER EXPENSES	
External audit fees*	181
Bank fees	8
Insurance	4,814
Loss on sale of property, plant and equipment	44
Inventory written off	23
Special payments	
Ex-gratia payments**	767
Other legal costs	483
Journals and subscriptions	89
Advertising	14
Interpreter fees	240
Other	2
	6,665

* Total audit fees paid or payable to Queensland Audit Office relating to the 2012-13 financial year were $181,000. There are no non-audit services included in this amount.
** Ex-gratia payments relate to legal settlements and includes excess payments made to Queensland Government Insurance Fund.

	2013
	$000
14 CASH AND CASH EQUIVALENTS	
Cash on hand	7
Cash at bank	10,608
Cash on deposit	368
	10,983

Cash on deposit represents cash contributions from external entities and other benefactors in the form of gifts, donations and bequests for specific purposes. These funds are retained in the Queensland Treasury Corporation Cash Fund and set aside for specific purposes underlying the contribution. Cash on deposit is at call and is subject to floating interest rates. The weighted average effective interest rate is 3.99%.

Cash at bank (except operating and revenue accounts) is at call and is subject to floating interest rates (except operating and revenue accounts). The weighted average effective interest rate is 3.55%.

Cash on hand is non interest bearing.

	2013
	$000
15 RECEIVABLES	
Current	
Trade receivables	5,402
Less: Allowance for impairment	(1,029)
	4,373
GST input tax credits receivable	651
GST payable	(61)
Net receivable	590
Government grants receivable	15,909
	20,872

WEST MORETON HOSPITAL AND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

15 RECEIVABLES (CONTINUED)

(a) Impaired trade receivables

At the end of each reporting period, WMHHS assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes financial difficulties of the debtor, changes in debtor credit ratings and current outstanding accounts over 60 days.

The allowance for impairment reflects WMHHS's assessment of the credit risk associated with receivables balances and is determined based on consideration of objective evidence of impairment, past experience and management judgement.

As at 30 June 2013 current trade receivables of WMHHS with a nominal value of $1,029,000 were impaired. The amount of the provision was $1,029,000. The individually impaired receivables mainly relate to long stay residential patients at The Park.

The aging of these receivables is as follows:

	2013
	$000
Less than 30 days	91
30-60 days	45
61-90 days	54
More than 90 days	839
	1,029

Movement in the allowance for impairment of receivables is as follows:

Balance at the beginning of the financial year	-
Liabilities transferred on 1 July 2012	416
Increase in allowance recognised in operating result	613
Balance at the end of the financial year	**1,029**

(b) Past due but not impaired

As at 30 June 2013, trade receivables of $2,232,000 were past due but not impaired. These relate to a number of independent customers for whom there is no history of default.

The aging of these receivables is as follows:

	2013
	$000
30-60 days	648
61-90 days	535
More than 90 days	1,049
	2,232

(c) Other receivables

These amounts generally arise from transactions outside of the usual operating activities of WMHHS. They are non interest bearing and collateral is not normally obtained.

(d) Fair value and credit risk

Due to the short-term nature of the current receivables, their carrying amount is assumed to approximate their fair value.

WEST MORETON HOSPITAL AND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013 $000
16 INVENTORIES	
Current	
Medical supplies	2,216
Other	75
	2,291
17 OTHER ASSETS	
Current	
Prepayments	169
	169

18 INTANGIBLE ASSETS

	Software purchased 2013 $000
Assets transferred on 1 July 2012	
At cost	100
Accumulated depreciation	(9)
	91
Assets transferred on 1 July 2012	91
Acquisitions	44
Amortisation charge for the year	(21)
Carrying amount at the end of the financial year	**114**
At the end of the financial year	
At cost	144
Accumulated depreciation	(30)
	114

19 PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant and equipment	Capital works in progress	Total
	(at valuation)	(at valuation)	(at cost)	(at cost)	
	2013	2013	2013	2013	2013
	$000	$000	$000	$000	$000
Assets transferred on 1 July 2012					
At cost/valuation	32,450	272,405	36,330	364	341,549
Accumulated depreciation	-	(147,146)	(15,292)	-	(162,438)
	32,450	**125,259**	**21,038**	**364**	**179,111**
Assets transferred on 1 July 2012	32,450	125,259	21,038	364	179,111
Acquisitions	-	-	2,791	2,090	4,881
Disposals	-	-	(44)	(5)	(49)
Transfers between classes	-	257	-	(257)	-
Transfers in/(out)	-	7,727	2,852	(102)	10,477
Revaluation increments	-	4,838	-	-	4,838
Revaluationt decrements	(208)	-	-	-	(208)
Depreciation charge for the year	-	(6,505)	(4,019)	-	(10,524)
Carrying amount at the end of the financial year	**32,242**	**131,576**	**22,618**	**2,090**	**188,526**
At the end of the financial year					
At cost/valuation	32,242	312,935	42,391	2,090	389,658
Accumulated depreciation	-	(181,359)	(19,773)	-	(201,132)
	32,242	**131,576**	**22,618**	**2,090**	**188,526**

WEST MORETON HOSPITAL AND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land
Land was fair valued using the following methodologies:

- In 2012-13, land was indexed using the appropriate indices sourced from the State Valuation Service. These indices are based on actual market movements for the relevant location and asset category.

The revaluation program resulted in a decrement of $208,000 to the carrying amount of land.

Buildings
An independent revaluation of 49% of the gross value of the building portfolio was performed during 2012-13. For all other buildings, an indexation was applied to bring the asset to its fair value. Refer note 2(l).

The buildings valuations for 2012-13 resulted in a net increment to the West Moreton Hospital and Health Service's building portfolio of $4,838,000. This is an increase of 3.7% to the building portfolio as at 30 June 2013.

West Moreton Hospital and Health Service has plant and equipment with an original cost of $2,031,000 or 0.5% of total plant and equipment gross value and a written down value of zero still being used in the provision of services.

	2013
	$000
20 PAYABLES	
Trade creditors and accruals	25,628
Other creditors	2
	25,630
21 ACCRUED EMPLOYEE BENEFITS	
Salaries and wages accrued	148
	148
22 PROVISIONS	
Current	
Provision for insurance claims	630
	630

Movement in provisions	**Insurance claims**
	2013
	$'000
Carrying amount at the beginning of the financial year	-
Charged to operating result	
- Additional provision recognised	630
Carrying amount at the end of the financial year	**630**

WEST MORETON HOSPITAL AND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013
	$000
23 UNEARNED REVENUE	
Current	
Unearned other revenue*	10
	10

* Unearned revenue represents revenue received in advance for services yet to be delivered at year end.

	2013
	$000
24 CONTRIBUTED EQUITY	
Net assets received on 1 July 2012	179,605
Non-appropriated equity injections	
Minor capital funding	4,737
Non—appropriated equity withdrawals	
Non-cash depreciation funding returned to Department of Health as a contribution towards capital works program	(10,535)
Non-appropriated equity asset transfers	
Ipswich Hospital car park	7,624
Dental vans	1,112
Oral health fitout	1,727
Public health computer equipment	13
	10,476
Balance at the end of the financial year	**184,283**

25 ASSET REVALUATION SURPLUS BY CLASS

Buildings	
Balance at the beginning of the financial year	-
Revaluation increment	4,838
Balance at the end of the financial year	**4,838**

The asset revaluation surplus represents the net effect of revaluation movements in assets.

WEST MORETON HOSPITAL AND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013
	$000
26 RECONCILIATION OF OPERATING SURPLUS TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating result from continuing operations	7,416
Non-cash items:	
Depreciation expense	10,524
Amortisation expense	21
Revaluation decrement - land	208
Loss on sale of property, plant and equipment	44
Gain on sale of property, plant and equipment	(15)
Other non-cash supplies	(10,535)
Other non-cash items	5
Changes in assets and liabilities net of transfer under National Health Reform:	
(Increase)/decrease in receivables	(13,233)
(Increase)/decrease in inventories	(361)
(Increase)/decrease in other assets	273
Increase/(decrease) in payables	15,621
Increase/(decrease) in accrued employee benefits	148
Increase/(decrease) in provisions	630
Increase/(decrease) in unearned revenue	(1)
Net cash generated by operating activities	**10,745**

27 NON-CASH FINANCING AND INVESTING ACTIVITIES

Assets and liabilities received or transferred by WMHHS are set out in the Statement of Changes in Equity refer to page 50.

28 COMMITMENTS FOR EXPENDITURE

(a) Non-cancellable operating leases

West Moreton Hospital and Health Service has non-cancellable operating leases relating predominantly to office and residential accommodation and vehicles. Lease payments are generally fixed, but with escalation clauses on which contingent rentals are determined. No lease arrangements contain restrictions on financing or other leasing activities.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2013
	$000
Within one year	1,782
Later than one year but not later than five years	2,486
Later than five years	408
	4,676

WEST MORETON HOSPITAL AND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

28 COMMITMENTS FOR EXPENDITURE (CONTINUED)

(b) Expenditure and other commitments

Capital and other expenditure commitments contracted for at reporting date but not recognised in the financial statements are payable as follows:

	2013
	$000
Capital works	1,478
Repairs and maintenance	1,138
	2,616
Within one year	2,558
Later than one year but not later than five years	59
Later than five years	-
	2,617

(c) Grants and other contributions

Grants and contribution commitments committed to at reporting date, but not recognised in the accounts are payable as follows:

	2013
	$000
Within one year	155
Later than one year but not later than five years	-
Later than five years	-
	155

WEST MORETON HOSPITAL AND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

29 CONTINGENCIES

Litigation

From time to time claims are made against WMHHS. These claims are vigorously defended and there are no contingent liabilities in respect of these claims.

Property maintenance backlog

This represents the total cost of repairs, maintenance and assets due for replacement, with these activities to occur over future years. The total liability due to be incurred in the next 12 months is contingent on an assessment of maintenance requirements and priorities.

30 FIDUCIARY TRUST TRANSACTIONS AND BALANCES

West Moreton Hospital and Health Service acts in a custodial role in respect of these transactions and balances. As such, they are not recognised in the financial statements, but are disclosed below for information purposes.

	2013 $000
Fiduciary trust receipts and payments	
Receipts	
Patient trust receipts	1,617
Total receipts	**1,617**
Payments	
Patient trust related payments	1,655
Total payments	**1,655**
Increase/(decrease) in net patient trust assets	(38)
Fiduciary trust assets	
Current assets	
Cash	
Patient trust deposits	163
Total current assets	**163**

31 FINANCIAL RISK MANAGEMENT

WMHHS is exposed to a variety of financial risks – credit risk, liquidity risk and market risk.

Financial risk is managed in accordance with Queensland Government and departmental policies. Policies provide written principles for overall risk management and aim to minimize potential adverse effects of risk events on the financial performance of WMHHS.

Risk Exposure	Measurement method
Credit risk	Ageing analysis, cash inflows at risk
Liquidity risk	Monitoring of cash flows by active management of accrual accounts
Market risk	Interest rate sensitivity analysis

WEST MORETON HOSPITAL AND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

WMHHS holds the following financial instruments by category:

	2013 $000
Financial assets	
Cash and cash equivalents	10,983
Receivables*	20,872
	31,855
Financial liabilities	
Payables	25,630
	25,630

* excludes prepayments

(a) Credit risk

Credit risk is the potential for financial loss arising from a counterparty defaulting on its obligations. The maximum exposure to credit risk at balance date is equal to the gross carrying amount of the financial asset, inclusive of any allowance for impairment.

The carrying amount of receivables and cash and cash equivalents represents the maximum exposure to credit risk.

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired and are stated at the carrying amounts as indicated.

There are no significant concentrations of credit risk. $15,909,000 relates to government grants which were received in July 2013; the remaining receivables relate to health providers and ineligible patients.

Aging of past due but not impaired as well as impaired financial assets are disclosed in note 15.

Credit risk is considered minimal given all West Moreton Hospital and Health Service deposits are held by the State through Queensland Treasury Corporation.

(b) Liquidity risk

Liquidity risk is the risk that WMHHS will not have the resources required at a particular time to meet its obligations to settle its financial liabilities.

WMHHS is exposed to liquidity risk through its trading in the normal course of business. WMHHS aims to reduce the exposure to liquidity risk by ensuring that sufficient funds are available to meet employee and supplier obligations at all times.

(i) Financing arrangements

Under the whole-of-government banking arrangements, WMHHS has an approved working debt facility of $4,000,000 to manage any short term cash shortfalls.

WMHHS had access to the following undrawn borrowing facilities at the end of the reporting period:

	2013 $000
Floating rate	
- Expiring beyond one year	4,000
	4,000

(ii) Maturities of financial liabilities

Due to the short-term nature (less than 12 months) of the current payables, their carrying amount is assumed to approximate the total contractual cash flow.

WEST MORETON HOSPITAL AND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises: foreign exchange risk; interest rate risk; and other price risk. WMHHS has interest rate exposure on the cash at bank and cash on deposit. WMHHS does not undertake any hedging in relation to interest rate risk. Changes in interest rate have a minimal effect on the operating result of WMHHS.

WMHHS does not trade in foreign currency and is not materially exposed to commodity price changes. WMHHS is exposed to interest rate risk on its cash deposited in interest bearing accounts with Commonwealth Bank through whole-of-government bank arrangements and Queensland Treasury Corporation.

WMHHS does not undertake any hedging in relation to interest rate risk and manages its risk as per the liquidity risk management strategy articulated in WMHHS's *Financial Management Practice Manual*.

Changes in interest rate have a minimal effect on the operating result of WMHHS.

(d) Fair value measurements

Cash and cash equivalents are measured at fair value. All other financial assets or liabilities are measured at amortised cost.

32 KEY MANAGEMENT PERSONNEL

(a) Key executive management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of WMHHS, directly or indirectly, including any director of WMHHS.

The following persons were considered key management personnel of WMHHS during the current financial year.

(i) Board

Name	Position
Dr Mary Corbett	Chair – Non-executive Board member (from 18 May 2012)
Tim Eltham	Deputy Chair – Non-executive Board member (from 29 June 2012)
Paul Casos	Non-executive Board member (from 29 June 2012)
Dr Robert McGregor	Non-executive Board member (from 29 June 2012)
Melinda Parcell	Non-executive Board member (from 29 June 2012)
Professor Julie Cotter	Non-executive Board member (from 7 September 2012)
Alan Fry	Non-executive Board member (from 7 September 2012)

The Board was established prior to West Moreton Hospital and Health Service becoming a statutory body on 1 July 2012.

WEST MORETON HOSPITAL AND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

32 KEY MANAGEMENT PERSONNEL (CONTINUED)

(ii) Other key management personnel

Name	Position	Contract classification / appointment authority
Lesley Dwyer	Chief Executive (from 30 July 2012)	
Sharon Kelly	Executive Director Mental Health and Specialised Services (from 1 July 2012) Acting Chief Executive (from 1 July 2012 – 29 July 2012)	s24 & s28E Contract / HES 2 / Health Services Act 1991
Linda Hardy	Executive Director Performance, Strategy and Planning (from 1 July 2012)	s24 & s28E Contract / HES 3 / Health Services Act 1991
Dr Yogesh Mistry	Executive Director Medical Services and Ipswich Hospital (from 1 July 2012 to 5 April 2013)	s24 Tenure / MMOI 3 / Health Services Act 1991
Mark Kearin	Acting Executive Director Nursing, Midwifery and Rural Health (from 1 July 2012 to 14 June 2013)	s24 Tenure / NG 12-1 / Health Services Act 1991
Christopher Hodgson	Executive Director Workforce (from 1 July 2012 to 2 September 2012)	s24 & s28E Contract / HES 2 / Health Services Act 1991
Alan Millward	Acting Executive Director Workforce (from 3 September 2012)	Relieving/higher duties arrangement
Raymond Chandler	Executive Director Infrastructure and Ipswich Hospital Expansion (from 1 July 2012 to 15 May 2013)	s24 & s28E Contract / HES 2 / Health Services Act 1991
Kathryn Green	Executive Director Allied and Community Health (from 1 July 2012 to 16 May 2013)	s24 Tenure / HP 7 / Health Services Act 1991
Ian Wright	Executive Director Finance and Corporate/ Chief Financial Officer (from 27 August 2012)	s24 & s28E Contract / HES 2 / Health Services Act 1991
Dr Mark Mattiussi	Acting Executive Director Clinical Governance, Education and Research (from 1 June 2013)	Relieving/higher duties arrangement

A number of the above Executive were employed prior to 1 July 2012, however have only been recognised as key management personnel from 1 July 2012, on establishment of West Moreton Hospital and Health Service as a statutory body.

(b) Position descriptions

Chief Executive	Responsible for the overall management of West Moreton Hospital and Health Service through major functional areas to ensure the delivery of key government objectives in improving the health and well being of Queeenslanders.
Executive Director Mental Health and Specialised Services	Responsible for the operational leadership and management of mental health and specialised services throughout the West Moreton Hospital and Health Service.
Executive Director Performance, Strategy and Planning	Lead and manage the functions relating to accountability and governance across West Moreton Hospital and Health Service. Responsible for developing governance, strategic planning and performance management frameworks.
Executive Director Medical Services and Ipswich Hospital	Responsible for the operational leadership and management of Ipswich Hospital and provides leadership for medical services throughout the West Moreton Hospital and Health Service.
Executive Director Nursing, Midwifery and Rural Health	Responsible for the nursing and midwifery workforce, policy, practice and education, the quality and safety services or the health service and the operational and strategic management of the Rural Health Services.
Executive Director Workforce	Responsible for providing strategic leadership in relation to all human resource functions, including industrial relations, throughout the West Moreton Hospital and Health Service.
Executive Director Infrastructure and Ipswich Hospital	Provide strategic leadership and advice in the management of health infrastructure and assets throughout their life cycle.
Executive Director Allied and Community Health	Responsible for the strategic and operational planning and management of the primary and community health services as well as providing strategic leadership and management for allied health.
Executive Director Finance and Corporate / Chief Financial Officer	Responsible for developing, implementing, managing and monitoring the financial framework, corporate financial systems and budget administration of West Moreton Hospital and Health Service.
Executive Director Clinical Governance, Education and Research	Responsible for developing, implementing, managing and monitoring the clinical governance framework, research and education of West Moreton Hospital and Health Service.

WEST MORETON HOSPITAL AND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

32 KEY MANAGEMENT PERSONNEL (CONTINUED)

(c) Compensation terms

(i) Board

In accordance with the *Hospital and Health Boards Act 2011*, the Governor in Council appoints Board members, on the recommendation of the Minister, for a period not exceeding 4 years. In appointing a Board member the Governor in Council must have regard to the person's ability to make a contribution to WMHHS to perform its functions effectively and efficiently.

Pursuant to the *Hospital and Health Boards Act 2011*, Board members' fees are determined by the Governor in Council. Board members are paid an annual salary consistent with the Government policy titled "*Remuneration of Part-time Chairs and Members of Government Boards, Committees and Statutory Authorities*".

Under this policy there are three levels of hospital and health services:

- Teaching and referral – B2;
- Medium – B1; and
- Rural – C1.

Annual salaries are based on the standard categories and are calculated using the daily amounts prescribed for special assignment for the appropriate category. They are based on a five-day per fortnight work commitment for Chairs and three-day per fortnight work commitment for Deputy Chairs and other members, (this projected work commitment includes time spent on Board committee work) 22 fortnights are used in the formula for calculating annual salaries.

West Moreton Hospital and Health service is classified as 'Medium – B2' and the Board members are paid as follows:

Category	Special assignment fee ($) Full Day	Annualised Chair 5-day fortnight Member 3-day fortnight
Medium (Category B1) Business activities related to complex and diverse operations and large budgets/resources; Focused impact on a specific target group or industry	Chair: 553	Chair: $60,830 Per month: $5,069.17
	Member: 453	Member: $29,898 Per month: $2,491.50

A Board member may resign by giving notice in writing.

The term and expiry date of the appointment for each Board member are:

Name	Term	Expiry date
Dr Mary Corbett	3 years	17 May 2016
Tim Eltham	1 year	17 May 2014
Paul Casos	3 years	17 May 2016
Dr Robert McGregor	3 years	17 May 2016
Melinda Parcell	1 year	17 May 2014
Professor Julie Cotter	3 years	17 May 2016
Alan Fry	1 year	17 May 2014

(ii) Other key management personnel

Chief Executive

The Chief Executive is appointed by the Board with the approval of the Minister in accordance with the *Hospital and Health Boards Act 2011*. Notice of termination may be made by either party with one month's notice.

Health Executive Service

The appointment of key management personnel who are deemed to be "health executive service" (HES) as defined in the *Hospital and Health Boards Act 2011* is subject to an individual written contract with a maximum term of five years. Notice of termination may be made by either party with one month's notice.

Other key management personnel

Other key management personnel are employed under individual employment agreements which incorporate their appropriate award. The contracts have no fixed term. Notice of termination may be made by the employee with two weeks notice. In the event of redundancy the agreement provides for appropriate notice period to be paid. In addition, WMHHS is required to pay 2 weeks salary for each year of service subject to a cap of 52 weeks salary, accrued long service leave and accrued annual leave.

WEST MORETON HOSPITAL AND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

32 KEY MANAGEMENT PERSONNEL (CONTINUED)

Remuneration comprises the following components:

- Short-term employee benefits which include:
    - Base – consisting of base salary, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the Statement of Comprehensive Income.
    - Non-monetary benefits – consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.
- Long term employee benefits include long service leave accrued.
- Post employment benefits include superannuation contributions.
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu on termination, regardless of the reason for termination.
- There were no performance bonuses paid in the 2012-13 financial year.
- Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee benefits and post employment benefits.

The term and expiry date of these agreements for each key management personnel are:

Position	Term	Expiry date
Lesley Dwyer	5 years	29 July 2017
Linda Hardy	3 years	4 September 2014
Sharon Kelly	5 years	6 December 2014
Alan Millward	No fixed term	-
Ian Wright	3 years	21 December 2014
Dr Mark Mattiussi	No fixed term	-

Details of the compensation, of each key management personnel are:

2013	Short-term benefits		Long-term benefits	Post-employment benefits	Termination benefits	Total remuneration
Name	Base	Non-Monetary benefits				
	$000	$000	$000	$000	$000	$000
(i) Board						
Dr Mary Corbett	74	-	-	6	-	80
Tim Eltham	31	-	-	3	-	34
Paul Casos	30	-	-	3	-	33
Dr Robert McGregor*	204	-	-	20	-	224
Melinda Parcell*	73	9	-	13	-	95
Professor Julie Cotter	25	-	-	2	-	27
Alan Fry	24	-	-	2	-	26

*Dr Robert McGregor and Melinda Parcell are part of the general workforce of West Moreton Hospital and Health Service in addition to their roles as Board members.

WEST MORETON HOSPITAL AND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

32 KEY MANAGEMENT PERSONNEL (CONTINUED)

2013	Short-term benefits		Long-term benefits	Post-employment benefits	Termination benefits	Total remuneration
	Base	Non-Monetary benefits				
Name	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
(ii) Other key management personnel						
Lesley Dwyer	237		-	20	-	257
Linda Hardy	180	-	-	28	-	208
Dr Yogesh Mistry	269	-	-	29	-	298
Sharon Kelly	141	4	-	25	-	171
Mark Kearin	168	-	-	25	-	193
Christopher Hodgson	24	7	-	5	-	36
Alan Millward	100	19	-	23	-	142
Ray Chandler	136	10	-	24	-	170
Kathryn Green	114	8	-	23	-	145
Ian Wright	121	13	-	22		155
Dr Mark Mattiussi	4	-	-	-	-	4

33 ECONOMIC DEPENDENCY

WMHHS is dependent on funding provided by the Department of Health under a Service Agreement pursuant to the requirements of the *Hospital and Health Boards Act 2011*.

The Services Agreement outlines the services that the Department of Health will purchase from WMHHS during the year. For the year ending 30 June 2013 the approved funding for services was $406,402,000. The Service Agreement for 2013-14 currently provides for approved funding for services of $417,696,000.

The Service Agreement details:

- hospital, health and other services to be provided by WMHHS
- funding provided to WMHHS for the provision of these services
- the Hospital and Health Service Performance Framework
- key performance indicators
- purchasing initiatives; and
- agreement value.

34 EVENTS AFTER THE REPORTING PERIOD

There has been no other matter or circumstance that has arisen subsequent to the reporting date that has significantly affected, or may significantly affect:

(i) the operations of WMHHS in future financial years, or
(ii) the results of those operations in future financial years; or
(iii) the state of affairs of WMHHS in future financial years.

WEST MORETON HOSPITAL AND HEALTH SERVICE

MANAGEMENT CERTIFICATE

These general purpose financial statements have been prepared pursuant to Section 62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with Section 62(1)(b) of the Act, we certify that in our opinion:

(a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and

(b) these financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of West Moreton Hospital and Health Service for the financial year ended 30 June 2013 and of the financial position of the Service at the end of the year.

Dr Mary Corbett
Chair

26 August 2013

Lesley Dwyer
Chief Executive

26 August 2013

INDEPENDENT AUDITOR'S REPORT

To the Board of West Moreton Hospital and Health Service

Report on the Financial Report

I have audited the accompanying financial report of West Moreton Hospital and Health Service, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Chair and the Chief Executive.

The Board's Responsibility for the Financial Report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Board's responsibility also includes such internal control as the Board determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

(a) I have received all the information and explanations which I have required; and

(b) in my opinion –

(i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and

(ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the West Moreton Hospital and Health Service for the financial year 1 July 2012 to 30 June 2013 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

QUEENSLAND
28 AUG 2013
AUDIT OFFICE

D R Adams FCPA
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane