

# ANNUAL REPORT

## 2015–2016

West Moreton Hospital and Health Service



**Queensland**  
Government

## Public availability

Copies of this annual report can be found on West Moreton Hospital and Health Service's website at: [www.westmoreton.health.qld.gov.au/about-us/annual-report/](http://www.westmoreton.health.qld.gov.au/about-us/annual-report/).

If you have a query regarding this annual report or would like a hard copy, please contact the West Moreton Hospital and Health Service Corporate Communications team on (07) 3810 1219 or e-mail: [WMCommunications@health.qld.gov.au](mailto:WMCommunications@health.qld.gov.au).

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## Interpreter service statement



The Queensland Government 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.

## Acknowledgement of Traditional Owners

The West Moreton Hospital and Health Service acknowledges and pays respect to the Jagera, Yuggera and Ugarapul people, who are the Traditional Owners and Custodians of the Jagera Homeland Estate, and proudly supports their traditions and customs.

At all opportunities, we will apply the accepted and recognised Welcome Protocols, with the inclusion of Welcome to Country speeches, traditional dancers, smoking ceremonies and cultural presentations that pertain to the Jagera, Yuggera and Ugarapul people.

The West Moreton Hospital and Health Service respectfully recognises and acknowledges the Purga elders and descendants – as well as the past, present and future Aboriginal and Torres Strait Islander community elders – of the West Moreton region.

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# Letter of compliance

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The Honourable Cameron Dick MP  
Minister for Health and Minister for Ambulance Services  
GPO Box 48  
BRISBANE QLD 4001

Dear Minister

I am pleased to submit for presentation to the Parliament the Annual Report 2015-2016 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 at page 39 of this Annual Report.

Yours sincerely



Michael Willis  
Chair, West Moreton Hospital and Health Board  
26 / 08 / 2016

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# Partnerships drive healthcare

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**Welcome to the fourth Annual Report for the West Moreton Hospital and Health Service.**

It is with great pleasure that we present to you the Annual Report for the 2015-16 financial year.

As we report on the year that has passed, we are excited to be a part of the future of health care delivery in our region.

The West Moreton Hospital and Health Service is committed to building and sustaining strong resilient partnerships. This commitment is built on the understanding that partnerships and collaborative approaches to planning and health service delivery are now fundamental requirements in being able to meet the long term health needs of our community.

Balancing the needs of our community with our resources is sometimes difficult but always a rewarding task. We are accountable to the people using our services and this is our opportunity to share how we are doing.

We hope the information in this report provides you with a greater understanding of the work undertaken by our organisation and an appreciation of the hard work and dedication behind the scenes across West Moreton Hospital and Health Service.



Mr Michael Willis  
Chair, West Moreton Hospital and Health Board



Ms Sue McKee  
Chief Executive, West Moreton Hospital and Health Service

# 1. Overview

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

Our area of service covers a region of 9,521 square kilometres and extends from Ipswich in the east, to Boonah in the south, north to Esk and west to Gatton. West Moreton comprises four local government areas:

- Ipswich City Council
- Part of Scenic Rim Regional Council
- Part of Lockyer Valley Regional Council
- Part of Somerset Regional Council

With a budget of \$490.5 million<sup>1</sup> and approximately 2,934 full time equivalent (FTE) staff, West Moreton Hospital and Health Service is one of the largest employers in the region.

## What we do

West Moreton Hospital and Health Service provides healthcare to approximately 252,000<sup>2</sup> people, which is forecast to increase by 136 per cent to 593,000 people by 2036. This is the largest anticipated growth for any health service in Queensland.

Our demographics include metropolitan and small rural communities, with a diverse range of people, including those who were born outside of Australia, speak a language other than English or are Indigenous Australians.

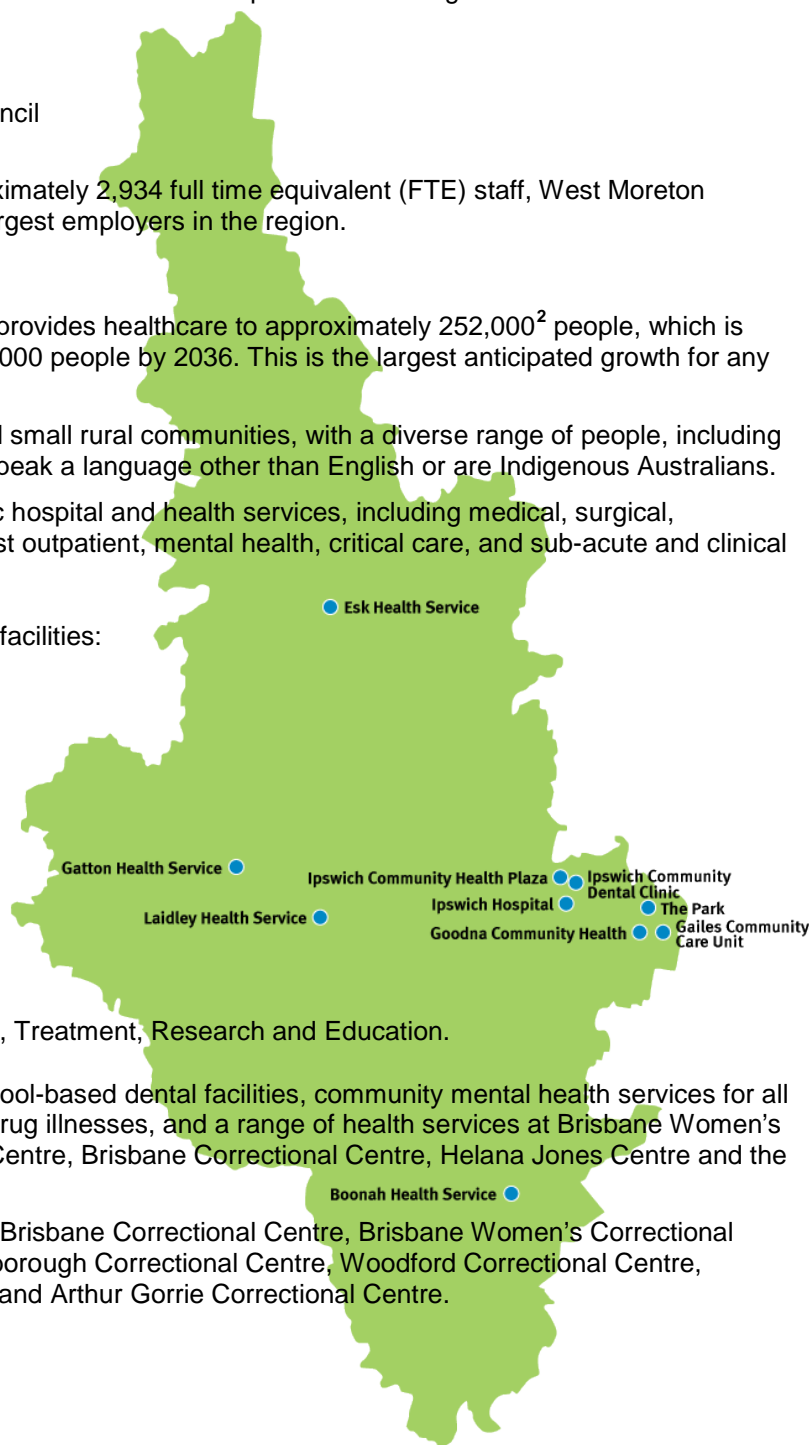
We are responsible for the delivery of public hospital and health services, including medical, surgical, emergency, obstetrics, paediatrics, specialist outpatient, mental health, critical care, and sub-acute and clinical support services.

These services are available at our various facilities:

- Boonah Health Service
- Esk Health Service
- Gailes Community Care Unit
- Gatton Health Service
- Goodna Community Health
- Ipswich Community Health Plaza
- Ipswich Hospital
- Ipswich Oral Health Clinic
- Laidley Health Service
- The Park – Centre for Mental Health, Treatment, Research and Education.

We provide Indigenous health services, school-based dental facilities, community mental health services for all age groups for alcohol, tobacco and other drug illnesses, and a range of health services at Brisbane Women's Correctional Centre, Wolston Correctional Centre, Brisbane Correctional Centre, Helana Jones Centre and the Brisbane Youth Detention Centre.

Mental health services are also provided to Brisbane Correctional Centre, Brisbane Women's Correctional Centre, Wolston Correctional Centre, Maryborough Correctional Centre, Woodford Correctional Centre, Southern Queensland Correctional Centre, and Arthur Gorrie Correctional Centre.



<sup>1</sup> Final Service Agreement value for 2015-2016

<sup>2</sup> 2011 Census Data, Australian Bureau of Statistics



## Our vision

Proud to deliver healthcare excellence.

## Our mission

To provide excellent health, excellent care and excellent value.

## Our values

We pride ourselves on ensuring our values are reflected in our attitude, and the way we behave and interact with our staff, our patients and their families, our community and our partners.



- Really care: Every day we are proud of how we care for our patients, how we work together and how we deliver our work.
- You matter: We are part of the community we serve. What is important to our community is important to us. We respond to your feedback about our work, our attitude, the services we provide and the way we provide them.
- We deliver: Our patients, their families, our colleagues, our staff, our partners and our community can be confident in our people and our services. We honour our commitments.
- Be the best: We are here to make our patients' healthcare experience the very best it can be. We aspire to realise our vision and be proud to deliver healthcare excellence.

These values guide our behaviour and the way we do business. Our values also align with the Queensland Public Service values:



### Customers first

- Know your customers
- Deliver what matters
- Make decisions with empathy



### Ideas into action

- Challenge the norm and suggest solutions
- Encourage and embrace new ideas
- Work across boundaries



### Unleash potential

- Expect greatness
- Lead and set clear expectations
- Seek, provide and act on feedback



### Be courageous

- Own your actions, successes and mistakes
- Take calculated risks
- Act with transparency



### Empower people

- Lead, empower and trust
- Play to everyone's strengths
- Develop yourself and those around you

## Our challenges

West Moreton Hospital and Health Service continues to face a number of challenges, including:

- Significant population growth across the region we serve and the resulting pressure on infrastructure, physical capacity and resources.
- Delivering services within the national efficient price with increasing community expectations of the scope of services provided, changing funding models and ensuring we deliver value for health dollars.
- Increasing rate and diversity of complex and chronic disease in West Moreton.
- Attracting and retaining staff and maintaining workforce capability and agility to meet rapidly changing models of care.
- Providing care within clinically recommended timeframes.

## Our opportunities

The key opportunities for West Moreton Hospital and Health Service are:

- Adapting our models of care, building on targeted research and innovation, streamlined care pathways, and new and future technologies to deliver more effective health services and improve outcomes.
- Forming and maintaining active and complementary relationships within and outside our community to deliver better healthcare.
- Opportunities to further streamline our processes and procedures in consultation with the community and our staff to offer the best value for health dollars.
- Ongoing development of a focused learning, research and innovation agenda that will provide the skills and knowledge to identify and meet the community's healthcare needs and provide a unique learning experience consistent with the diverse healthcare needs of our community.

## Our strategic direction

Our focus is on providing patient and family centred care; taking our service from good to great to excellent through our emerging learning, research and innovation agenda; operational and clinical continuous improvement; unleashing and realising the potential and capability of our staff; and meeting the challenges that future growth and our population's health present to us.

Our strategic priorities align with the national and state health agendas, Queensland Government's objectives for the community of delivering quality frontline services and strengthening our public health system and the *My health, Queensland's future: Advancing health 2026*.

In 2015-2016, our strategic priorities were:

- Excellence in patient and family centred care
- Excellence in service delivery through innovation, research and lifelong learning
- Provide an agile resilient health service that anticipates and responds to need
- Enable staff to be their best and give their best
- Remain commercially astute
- Implement integrated governance and systems that transform the delivery of healthcare excellence now and in the future.

## 2. Governance

West Moreton Hospital and Health Service has various internal and external governance mechanisms that facilitate service delivery, safety and quality for patients and staff, and accountability, including the West Moreton Hospital and Health Board, the Service's organisational structure and culture, our policies and procedures, our processes for delegating authority, the use of approved committees and their respective responsibilities, and internal and external audit.

### West Moreton Hospital and Health Board

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

The Board is responsible for setting the strategic direction of West Moreton Hospital and Health Service. It is accountable for the Service's performance, and for establishing and maintaining effective systems to ensure the needs of the community are met.

### Our board members



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#### Mr Michael Willis, Chair

Mr Michael Willis (BEcon, SFFin, FAICD) is a company director and corporate governance consultant, with over 25 years of governance experience in industry, financial services and the health and education sectors.

Mr Willis chairs the Board of Boyce Chartered Accountants, a leading professional services firm serving rural and regional New South Wales, and is a Senior Advisor with Effective Governance, Australia's largest independent governance advisory firm. He is the Honorary Treasurer and Director of Independent Schools Queensland. He was the Executive Director of the Presbyterian and Methodist Schools Association (2005-2013),

and prior to that was the Chief Executive Officer of Anglicare Aged Care.

Mr Willis is a Life Member of the Financial Services Institute of Australasia (FINSIA). As the National President of FINSIA, he led its participation in the development of the Australian Stock Exchange (ASX) Corporate Governance Principles. He is also a Fellow of the Australian Institute of Company Directors.

Mr Willis' career in corporate governance and management includes chairing the board of an ASX listed company, founding Chief Executive Officer of Anfin (a specialist financial services provider to independent schools), director and chair of several industry peak bodies, across finance, aged care and education, and professional roles in stockbroking, funds management, financial derivatives and risk management.



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#### Mr Gary Edwards

Mr Gary Edwards is a Certified Practising Accountant and a Fellow of Chartered Accountants in Australia and New Zealand and is a graduate member of the Australian Institute of Company Directors.

Mr Edwards spent 21 years as General Manager and Director of his family business, R.T. Edwards, one of the largest Queensland based commercial retailers and electrical contractors. During this time, he was for six years a Board member of the Retail Group Furniture and Carpet Court and Deputy Chair and Finance Director of the large electrical retailer, RetraVision Northern. Since then, Mr Edwards has been the General Manager of

the family investment business.

For 18 years he has been involved with the Westside Christian College Board and committees and was Deputy Chair of the Board for several years. Mr Edwards is a former Member of Bremer TAFE council and Deputy Chair.

Mr Edwards has been involved in several sports clubs and community groups, such as the Ipswich City Rotary Club, where he has held a variety of Board positions and has been involved in many community projects.

In 2013 he received an Ipswich City Council Australia Award recognising his contribution to the prosperity of the Ipswich community.

For six years he was Chair of his local church, Whitehill Church of Christ. Mr Edwards is currently Chair of the Board of Churches of Christ (Qld), one of the top 10 not-for-profit organisations in the health and community services sector in Australia.

Mr Edwards brings experience in strategic planning, knowledge of senior financial management, corporate governance and knowledge and experience in community services.



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### **Ms Patricia Evatt**

Ms Patricia Evatt has a background in psychology with a particular interest in organisational psychology. She has more than 20 years' experience in corporate governance in both the public and private sectors and is a former Director of a consultancy company specialising in industrial relations, organisational development and human resource management.

Ms Evatt holds a Bachelor of Applied Science (Applied Psychology), a Diploma of Psychology, a Master of Organisational Psychology and is a graduate of the Australian Institute of Company Directors.

Ms Evatt is a member of the Ipswich Hospice Care Inc. management committee. She has also been a board member of the former West Moreton-Oxley Medicare Local and a trustee and Deputy Chair of the Ipswich Girls' Grammar School, as well as holding a number of directorships in industry bodies in the aviation and real estate industries.



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### **Professor Sonj Hall**

Professor Hall (PhD, MPH, BA, RN, GAICD) is the co-owner and Senior Partner of SPH Business Consulting, an international consultancy specialising in futures thinking, strategy and risk planning.

Professor Hall has held leadership positions across government, healthcare and higher education, advising heads of government and various Commonwealth and State ministers on improving health care, especially in relation to efficiency, quality, safety, performance, and public reporting.

Professor Hall's Doctor of Philosophy and research expertise are in health policy, economics and health services epidemiology. She holds adjunct appointments at Queensland University of Technology and The University of Western Australia and was a Harkness Fellow.

Professor Hall has recently been appointed to the Brisbane South PHN Regional Clinical Council.



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### **Professor Gerald Holtmann**

Professor Holtmann is a medical specialist in the field of Gastroenterology with substantial academic and leadership experience. He is currently the Director of the Department of Gastroenterology and Hepatology at the Princess Alexandra Hospital in Queensland. At the same time he is the Associate Dean (Clinical) for the Health Faculties of the University of Queensland (UQ). Besides his medical qualifications, Professor Holtmann obtained a Master of Business Administration in South Australia.

After completing his clinical training at the University of Essen in Germany and the Mayo Clinic in Rochester, Minnesota, United States of America, Professor Holtmann has gained substantial leadership and managerial experience within the health care setting as the Director of large Gastroenterology departments. Professor Holtmann has also served on the Board of the University Hospital Essen and was the Chief Executive Officer and Medical Director of this organisation for several years. He is currently on the Board of Directors of UQ Healthcare and the Gallipoli Foundation.



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### **Ms Susan Johnson**

Ms Johnson is a self-employed consultant with a background in law, public policy, research and governance, integrity principles, risk management and effective governance, providing advice to mainly public sector agencies in Queensland.

Ms Johnson holds a Bachelor of Arts, a Bachelor of Laws, and a Masters of Business Administration and is a community representative on the Performance and Professional Standards Panels (which deal with allegations of unprofessional conduct by health practitioners) and a Public Panel member to assist with health practitioner matters before the Queensland Civil and Administrative Tribunal.

Ms Johnson is a current member of the Queensland Nursing and Midwifery Board of Australia, the Queensland Psychology Board of Australia, and the Australian Institute of Company Directors.



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### **Ms Melinda Parcell**

Ms Parcell has over 20 years' experience working as a registered nurse / midwife, and has very broad nursing experience ranging from mental health nursing to community nursing and is currently working as the Director of Operations / Nursing at West Moreton Hospital and Health Service. In this role, Ms Parcell is responsible for the provision of clinical care across women's and children's services and surgical services at Ipswich Hospital and also holds operational responsibility for provision of services at both Gatton and Laidley hospitals.

Ms Parcell has a long and proud association with West Moreton Hospital and Health Service and is an active member of her local community. Ms Parcell is a member of a range of community groups and also Chairs the Ipswich Hospital Museum Inc., which is a small not-for-profit group committed to preserving and showcasing the history of Ipswich Hospital. Ms Parcell also participates in a range of professional activities and works to promote the positive impact that nursing and midwifery has on health outcomes.

Ms Parcell has completed a three general nursing certificate and holds post registration certificates in Midwifery and Mental Health Nursing. To complement these clinical qualifications Ms Parcell also holds a Bachelor of Health Management (University of New England) and a Master of Management (Innovation and Change) from Griffith University (2006). Ms Parcell is also a member and graduate of the Australian Institute of Company Directors.



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### **Ms Sue Scheinpflug**

Ms Scheinpflug has been a Chief Executive Officer for over 18 years. She has worked in the areas of primary health care, mental health, homelessness, youth and families and education. Most recently, Ms Scheinpflug was Chief Executive Officer of the former West Moreton-Oxley Medicare Local.

Ms Scheinpflug has held numerous advisory and policy development roles and government appointments in the community services and regional development sectors.

Ms Scheinpflug holds degrees in teaching and education and is a graduate of the Australian Institute of Company Directors. She has won multiple awards as a business and community leader, including the 2009 Queensland Telstra Business Woman of the Year Award.



## Members who retired during the year



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### Dr Mary Corbett

Dr Corbett is the owner and Managing Director of Australian Business Class, an executive consulting and training organisation.

With a PhD in Clinical Physiology from Dundee University, Scotland, and a Bachelor of Science (Honours) in Applied Biochemistry, she has more than 20 years' experience as a company director, predominantly in scientific research and development, health and education organisations.

Dr Corbett is currently Chair of the Cotton Research and Development Corporation and was recently a Board member of the Wound Management Innovation Cooperative Research Centre.



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### Mr Paul Casos

Mr Casos is the Executive Chairman of the Ipswich Events Corporation. He is the former Chief Executive Officer of South East Queensland Community Telco Ltd, former Managing Director of Torque Communities Pty Ltd and former Manager of 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.

From 1969 to 2001 Mr Casos was employed by Queensland Health in various roles. He was a practising Dental Technician prior to moving into health management and played a key role in the development of the Ipswich Health Plaza as a Community Health Centre.

Mr Casos also served as the inaugural Chairman of the Dental Technicians and Dental Prosthetics Registration Board of Queensland. In addition, Mr Casos participates in a voluntary capacity on numerous community-based boards and foundations. These include Past President of the Rotary Club of Ipswich City, Chairman of the Ipswich Arts Trust, Director of Willowbank Raceway and a member of Ipswich Hospital Foundation Board.



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### Dr Robert McGregor

Dr McGregor is a senior visiting consultant Paediatrician at Ipswich Hospital. He is Fellow of the Royal Australasian College of Physicians and a member of the Australian College of Paediatrics.

Dr McGregor was honoured in the 2014 Australian of the Year Awards when he received the Queensland Senior Australian of the Year title. He was awarded the 1994 Melvin Jones Fellowship of Lions International and the 2014 Ray Phippard Fellowship of the Queensland Medical Research Foundation.

Dr McGregor is a Board Member of the Ipswich Hospital Foundation and Chair of the St Andrew's Ipswich Private Hospital Medical Advisory Committee.

Although Dr McGregor has now completed his tenure as a West Moreton Hospital and Health Board member, he continues to work as a visiting consultant Paediatrician at West Moreton Hospital and Health Service.

## Roles and responsibilities

Under Section 22 of the *Hospital and Health Boards Act 2011*, the primary role of the Board is to control West Moreton Hospital and Health Service.

## Strategy formulation

The Board is responsible for setting the strategic direction of West Moreton Hospital and Health Service, which includes:

- Developing (in conjunction with the West Moreton Hospital and Health Service Executive Leadership Team), approving and periodically reviewing the strategic plan
- Approving West Moreton Hospital and Health Service entering into the service agreement with the Director-General, and approving subsequent amendments
- Approving the annual budget
- Setting performance goals for West Moreton Hospital and Health Service
- Making decisions in relation to significant strategic initiatives or matters of a sensitive or extraordinary nature
- Making decisions regarding matters not otherwise delegated to the Chief Executive
- Assessing and determining whether to accept risks outside of the risk appetite set by the Board
- Ensuring West Moreton Hospital and Health Service has the resources necessary to achieve goals, monitor progress and report outcomes.

## Policy making

The Board sets the boundaries and policies within which West Moreton Hospital and Health Service must operate.

The Board delegates certain functions to the Chief Executive pursuant to Section 30(1) of the *Hospital and Health Boards Act 2011*.

## Accountability

The Board is ultimately accountable for the performance of West Moreton Hospital and Health Service and fulfils this function through:

- Approving the annual financial statements, the annual report and the annual Service Delivery Statement
- Reporting to the Minister for Health as required
- Ensuring that a summary of the key issues discussed, and decisions made in each Board meeting, is made available to health professionals working in West Moreton Hospital and Health Service, and to consumers and the community
- Ensuring meaningful engagement with the community and consumers of our services, and approving relevant policies, strategies and reporting.

## Monitoring and supervising

The Board's monitoring and supervising functions of include:

- Overseeing the implementation of the strategic plan and other Board decisions
- Monitoring performance of West Moreton Hospital and Health Service's obligations under the service agreement
- Monitoring West Moreton Hospital and Health Service's financial reporting and performance
- Monitoring the achievement of the West Moreton Hospital and Health Service's performance goals.
- Monitoring compliance with, and reviewing the effectiveness of, policies approved by the Board and systems supporting those policies
- Monitoring the effectiveness of the risk management system and internal control framework
- Monitoring compliance with relevant legal and regulatory obligations
- Exercising due diligence to ensure that West Moreton Hospital and Health Service meets its workplace health and safety obligations

- Monitoring compliance with best practice corporate governance standards.

### **Appointment of the Chief Executive**

The Board is responsible for the appointment, removal, succession planning and evaluation of performance of the Chief Executive. The appointment of the Chief Executive is not effective until it is approved by the Minister for Health and Minister for Ambulance Services.

### **Board meetings**

Meetings of the Board are held at the times and locations decided by the Board or the Chair.

The Chief Executive and the Executive Director Legal and Corporate Governance attend these meetings in ex-officio capacities.

### **Board committees**

The Board has established the following committees to support it in its functions:

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



## Attendance at Board and Committee meetings

Name	Term of office	Board Attended	Board Eligible to attend	Executive Attended	Executive Eligible to attend	Finance Attended	Finance Eligible to attend	Audit and risk Attended	Audit and risk Eligible to attend	Safety and quality Attended	Safety and quality Eligible to attend	Nominations Attended	Nominations Eligible to attend
<b>Mr Michael Willis</b>	18 May 2016 - 17 May 2017	1	2	-	-	1	-	-	-	-	-	-	-
<b>Mr Gary Edwards</b>	18 May 2014 - 17 May 2015 11 December 2015 - 17 May 2018	7	7	-	-	7	8	4	4	-	-	-	-
<b>Ms Patricia Evatt</b>	18 May 2016 - 17 May 2017	2	2	-	-	2	-	-	-	-	-	-	-
<b>Professor Sonj Hall</b>	18 May 2014 - 17 May 2015 26 June 2015 - 17 May 2018	13	13	-	-	3	1 <sup>3</sup>	4	5	4	5	2	3
<b>Professor Gerald Holtmann</b>	18 May 2016 - 17 May 2017	2	2	-	-	2	-	-	-	-	-	-	-
<b>Ms Susan Johnson</b>	26 June 2015 - 17 May 2016 18 May 2016 - 17 May 2019	12	13	-	-	8	8	5	4 <sup>4</sup>	-	-	1	-
<b>Ms Melinda Parcell</b>	29 June 2012 - 17 May 2018	11	13	2	2	4	-	1	-	5	5	1	-
<b>Ms Sue Scheinpflug</b>	18 May 2016 - 17 May 2017	2	2	-	-	2	-	-	-	-	-	-	-

<sup>3</sup> Not a voting member until the June 2016 meeting but attended as an 'other invitee' previously.

<sup>4</sup> Not a member until the August 2015 meeting but attended as an 'other invitee' in July 2015.

Name	Term of office	Board Attended	Board Eligible to attend	Executive Attended	Executive Eligible to attend	Finance Attended	Finance Eligible to attend	Audit and risk Attended	Audit and risk Eligible to attend	Safety and quality Attended	Safety and quality Eligible to attend	Nominations Attended	Nominations Eligible to attend
<b>Dr Mary Corbett</b>	18 May 2012 - 17 May 2016	11	11	2	2	6	6	2	-	-	-	3	3
<b>Mr Paul Casos</b>	29 June 2012 - 17 May 2016	10	11	-	-	5	6	5	5	-	-	2	3
<b>Dr Robert McGregor</b>	29 June 2012 - 17 May 2016	10	11	2	2	3	-	1	-	5	5	-	-

In 2015-2016, the total out-of-pocket expenses for the Board were \$552.86.

## Audit and Risk Committee

The West Moreton Hospital and Health Board Audit and Risk Committee is responsible for assisting the Board in overseeing the financial statements, internal control structures, internal audit functions, risk management systems, and compliance systems.

It also oversees the West Moreton Hospital and Health Service's liaison with the Queensland Audit Office (QAO) and assesses external audit reports and any subsequent action taken.

Membership of the committee from 1 July 2015 to 27 May 2016 comprised Mr Paul Casos (Chair), Mr Gary Edwards, Professor Sonj Hall and Ms Susan Johnson. The Chief Executive, Executive Director Finance and Business Services and Executive Director Legal and Corporate Governance also attended committee meetings in ex-officio capacities.

A new committee was established on the 27 May 2016 with Ms Susan Johnson (Chair), Mr Gary Edwards, Professor Sonj Hall and Ms Melinda Parcell as members. The Chief Executive, Executive Director Finance and Business Services and Executive Director Legal and Corporate Governance continue to attend committee meetings in ex-officio capacities.

A representative of the QAO (or nominee) and the Principal Internal Auditor attend that part of each meeting during which the committee considers external audit and internal audit matters.

In accordance with Section 34 of the *Hospital and Health Boards Regulation 2012*, the Audit and Risk Committee has the following functions:

- Advising the Board about the matters stated below
- Assessing the adequacy of West Moreton's financial statements, in regards to:
  - the appropriateness of the accounting practices used
  - compliance with prescribed accounting standards under the *Financial Accountability Act 2009*
  - external audits of West Moreton's financial statements
  - information provided by West Moreton about the accuracy and completeness of the financial statements
- Monitoring the Service's compliance with its obligation to establish and maintain an internal control structure and systems of risk management under the *Financial Accountability Act 2009*, including:
  - whether West Moreton has appropriate policies and procedures in place
  - ensuring West Moreton complies with the policies and procedures
  - monitoring and advising the Board about its internal audit function
- Overseeing the Service's liaison with the QAO in relation to the Service's proposed audit strategies and plans
- Assessing external audit reports for West Moreton and the adequacy of actions taken as a result of the reports
- Monitoring the adequacy of West Moreton's management of legal and compliance risks and internal compliance systems, including the effectiveness of the systems in monitoring compliance by West Moreton with relevant laws and government policies
- Assessing West Moreton's complex or unusual transactions or series of transactions, or any material deviation from its budget
- Any other function given to the Committee by the Board, if the function is not inconsistent with a function mentioned.

In 2015-2016, the Audit and Risk Committee:

- Reviewed internal and external audit activities and findings, and monitored the implementation of their recommendations
- Observed the terms of its charter and had due regard to the Audit Committee Guidelines.

## Internal audit

The internal audit function is a key component of our corporate governance, providing an independent and objective assurance and advisory service to improve and add value to West Moreton's operations.

The function operates in accordance with the Board approved Internal Audit Charter, which is reviewed annually, and has due regard to Queensland Treasury and Trade's Audit Committee Guidelines. The Internal

Audit Charter is consistent with the International Professional Practices Framework of the Institute of Internal Auditors and all members of the unit are bound by the principles of the Institute's Code of Ethics.

Internal Audit reports functionally to the Chief Executive and has unrestricted access to the Audit and Risk Committee and is independent of management and external auditors. Internal audit work is carried out by both in-house resources and a co-sourced provider of internal audit services.

The Audit and Risk Committee acts as Board level support for Internal Audit and oversees its planning, monitoring and reporting processes. This process forms part of the governance processes that ensure West Moreton internal audit function operates effectively, efficiently and economically.

The Internal Audit Unit has a central role in improving operational processes and financial practices by:

- Assessing the effectiveness and efficiency of West Moreton Hospital and Health Service's financial and operating systems, reporting processes and activities
- Identifying operational deficiencies and non-compliance with legislation or prescribed requirements
- Assisting in risk management and identifying deficiencies in risk management
- Bringing a broad range of issues to management's attention, including performance, efficiency and economy
- Monitoring whether agreed remedial actions have been undertaken.

The four year strategic and annual audit plan, endorsed by the Audit and Risk Committee and approved by the Board, directs the unit's activities and provides a framework for its effective operation. The plans are developed using a risk-based approach that considers both strategic and operational risks. Audit reports include recommendations based on a root cause analysis and the implementation of these recommendations is followed up regularly and progress reported to the Audit and Risk Committee.

The key achievements of internal audit during the 2015–16 year include:

- Continued development of in-house capability and knowledge
- Completion of the approved audit plan, targeting the high risk areas and improving the effectiveness of systems, processes and risk management.
- 100 per cent acceptance of audit findings and recommendations achieved through the understanding of business operations, root cause analysis and negotiation with management.

## External scrutiny

### Queensland Audit Office

*Auditor-General - Queensland Audit Office*

#### **Management of privately operated prisons (Report 11: 2015-16)**

On 16 February 2016, the Management of privately operated prisons (Report 11: 2015-16) was tabled in Queensland Parliament. The report examined whether the intended benefits to the state of privately operated prisons are being realised.

The report did not make specific findings for West Moreton Hospital and Health Service, but did make recommendations for Queensland Health and the Department of Justice and Attorney-General regarding analysis of the options, terms and governance for the delivery of health services in prisons.

In response, a memorandum of understanding between West Moreton Hospital and Health Service and Queensland Corrective Services has been agreed and signed for the delivery of health services in prisons.

#### **Queensland public hospital operating theatre efficiency (Report 15: 2015-16)**

On 19 April 2016, the Queensland public hospital operating theatre efficiency (Report 15: 2015-16) was tabled in Queensland Parliament. The report examined how effectively Queensland's public hospitals managed public operating theatres from July 2014 to December 2015.

The report indicated that Ipswich's Hospital's theatre utilisation was favourable compared to the state-wide average. The report did not make specific findings for West Moreton Hospital and Health Service, but did make recommendations for the Department of Health and all Hospital and Health Services to improve theatre performance, theatre planning, theatre data quality, medical coding and costing.

West Moreton Hospital and Health Service continues to plan and monitor its theatre performance weekly and monthly. Theatre efficiency is addressed at the Surgical Services Clinical Practice Improvement Committee. West Moreton is also undertaking an education and support program to improve medical coding and costing.

### **Investigation under the Mental Health Act 2000**

On 1 October 2015, the Director of Mental Health appointed an investigation team under the *Mental Health Act 2000* to conduct a review into the treatment and care provided to a patient at The Park Centre for Mental Health Authorised Mental Health Service in accordance with the applicable terms of reference.

The investigation report was finalised on 27 November 2015. In summary, the investigation officers concluded there were a number of areas requiring policy and procedural review, clinical practice improvement and staff education.

In response to the investigation report, The Park Centre for Mental Health developed an implementation plan to address the above mentioned areas. Implementation of the actions is expected to be completed in September 2016.

### **Commission of Inquiry into the closure of the Barrett Adolescent Centre**

The former Minister for Health announced on 6 August 2013 the intention to close the Barrett Adolescent Centre – a 15 bed, state-wide extended treatment mental health inpatient facility. On 16 July 2015, the Governor in Council issued a Commission of Inquiry (the Commission) into various matters surrounding the closure of Barrett Adolescent Centre. The Commission commenced on 14 September 2015. The Honourable Margaret Wilson QC was appointed as Commissioner to conduct the Inquiry and provide a report and recommendations to the Premier. Under its amended Terms of Reference, the Commissioner was required to report to the Premier by 24 June 2016.

The report and recommendations to the Premier were published on 18 July 2016.

### **Occupational Violence Prevention in Queensland Health's Hospital and Health Services: Taskforce Report**

In January 2016, an Occupational Violence in Hospital and Health Services Prevention Taskforce was established by the Director-General, Department of Health, at the request of the Minister for Health to evaluate the effectiveness of existing intervention strategies and propose an occupational violence intervention strategy.

On 31 May 2016, an evaluation report was released providing 20 recommendations for Queensland Health and other agencies. The report recommended that a number of strategies currently in place at West Moreton Hospital and Health Service be considered by other Hospital and Health Services.

### **Patient Safety Audit**

In April 2016, a Patient Safety Audit commissioned by the Department of Health examined West Moreton's performance against the relevant sections of the *Hospital and Health Boards Act 2011* and the *Hospital and Health Boards Regulation 2012*. The auditors commented on the daily safety briefing model and Quality Improvement Strategy as exemplars implemented within West Moreton Hospital and Health Service. The auditors did not make any recommendations for improvement. A report by the Department of Health, which is yet to be published, may identify areas for improvements across the state.

### **Coroner**

As a provider of primary healthcare and mental health services in a number of correction facilities, West Moreton Hospital and Health Service participates in a number of inquests held by the Coroner to examine the healthcare provided to prisoners who have died in custody.

During 2015-2016, findings were handed down in two inquests. In both of them, the Coroner found that the care provided to the relevant prisoner was, in general terms, adequate and reasonable.

## The Australian Council on Healthcare Standards

In December 2015, West Moreton Hospital and Health Service's Prison Health Services were awarded accreditation against the National Safety and Quality Health Service Standards. The accreditation report from the Australian Council on Healthcare Standards commended the professionalism and commitment of the Prison Health Services' staff to provide the best possible healthcare to the very marginalised population. The report made three recommendations, which are being addressed by West Moreton, in relation to medication management, monitoring of antibiotic usage and compliance with aseptic non-touch technique training.

## Information systems and recordkeeping

West Moreton's corporate records management project continued in 2015-2016. At completion of the project, West Moreton will have implemented a business classification scheme for priority business functions and will have restructured existing network drives to improve information management, accountability and security. This will increase compliance with mandatory Queensland Government Information Standards and assist West Moreton in meeting its legislative obligations under the *Public Records Act 2002*.

West Moreton complies with both the Health Sector (Clinical Records) Retention and Disposal Schedule (QDAN 683 v.1) and the General Retention and Disposal Schedule (QDAN 249 v.7) to ensure that public records are kept as long as they are required.

# 3. Organisational structure

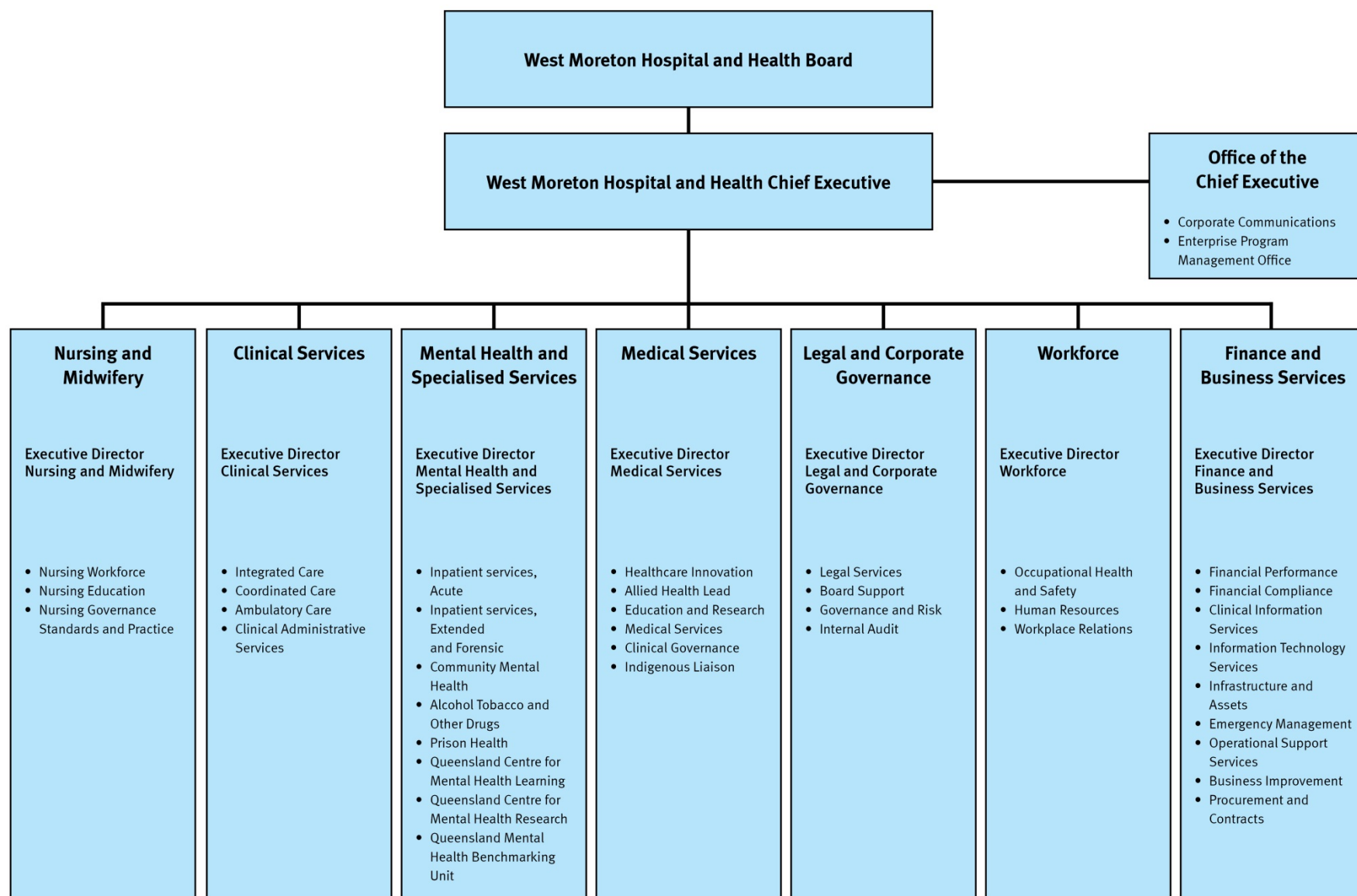
## Our organisational structure

West Moreton Hospital and Health Service has seven divisions that work in partnership to deliver integrated hospital and health services.

In 2015-16, West Moreton Hospital and Health Service established a division for Nursing and Midwifery.

The organisational structure provides clear lines of reporting, accountability and responsibility, and includes the divisions and responsibilities of:

- Nursing and Midwifery
- Clinical Services
- Mental Health and Specialised Services
- Medical Services
- Legal and Corporate Governance
- Workforce
- Finance and Business Services.





## 4. Year at a glance

Activity	2015-2016
Elective surgeries performed	6,834
Emergency surgeries performed	2,894
Number of patients admitted	51,174
Emergency Department presentations	77,355
Babies born	2,640
Number of outpatient appointments	200,035
Adult dental treatments	97,109
Child/school-based dental treatments	69,631
Women screened by BreastScreen Queensland	11,535
Meals cooked at Ipswich, Laidley, Gatton, Esk and Boonah hospitals	582,417
Mental Health community based consumers (including Prison Mental Health) provision of service	82,654
Number of inpatients in our mental health facilities	168
Ipswich Hospital hand hygiene compliance (Result for June 2016)	87%

Full-time equivalent (FTE) staff data*	As at 30 June 2016
Number of doctors including Visiting Medical Officers (FTE)	344
Number of nurses (FTE)	1,366
Number of health practitioners (FTE)	342
Number of professional and technical staff (FTE)	31
Number of trade and artisan staff (FTE)	27
Number of managerial and clerical staff (FTE)	450
Number of operational staff (FTE)	374
Permanent separation rate	4.30%
*Calculated using Minimum Obligatory Human Resource Information (MOHRI) as at 30 June 2016	

Financial highlights	2015-2016 (\$'000)
Total income	485,470
Total expenses	494,533
Operating result	** (9,063)
Changes in asset revaluation surplus	3,461
Total comprehensive income	** (5,602)
Total current assets	54,221
Total assets	320,391
Total liabilities	36,177
Total equity	284,214
**Brackets denote deficit position	

## How the money was spent

For the 2015-2016 financial year, West Moreton Hospital and Health Service produced a deficit operating position of \$9.063 million.

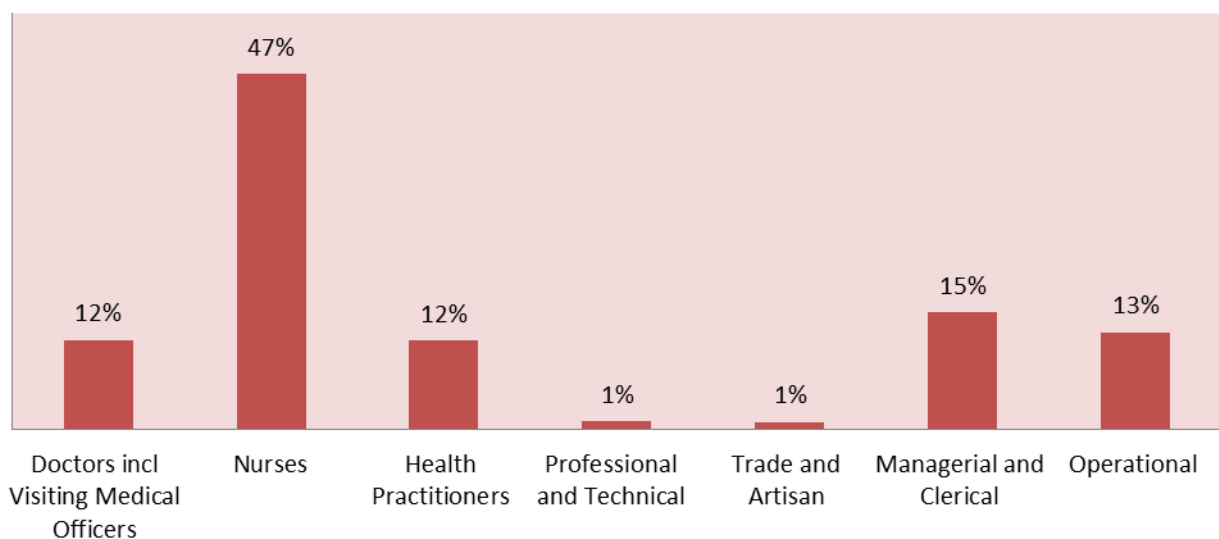
The main contributors to this deficit position included:

- One-off legal expenses incurred by West Moreton Hospital and Health Service
- Increasing costs for the provision of healthcare to prison facilities within the West Moreton region
- The continued commitment by the Board to re-invest retained earnings on initiatives to improve patient outcomes and enhance service delivery
- Increased workforce numbers to support the continuation of services implemented in the 2014-15 financial year.

The 2015-2016 financial year also saw the commencement of a number of new services and partnerships that will have positive impacts on healthcare in West Moreton, including:

- The opening of the 18-single unit Gales Community Care Unit - a residential accommodation facility for adult mental health consumers who are in recovery but require additional support and life skills' rehabilitation to successfully transition to independent community living
- The commencement of a partnership with Philips Healthcare Hospital to Home Program to deliver an innovative and alternative model of care to patients with chronic disease through the MeCare program
- The first year of a 10-year partnership with Mater Private Hospital Springfield to provide treatment to public patients within West Moreton
- Re-commissioning of the Borallon Training and Correctional Centre and the provision of associated healthcare support for prisoners.

Figure 1 Breakdown of the West Moreton Hospital and Health Service workforce



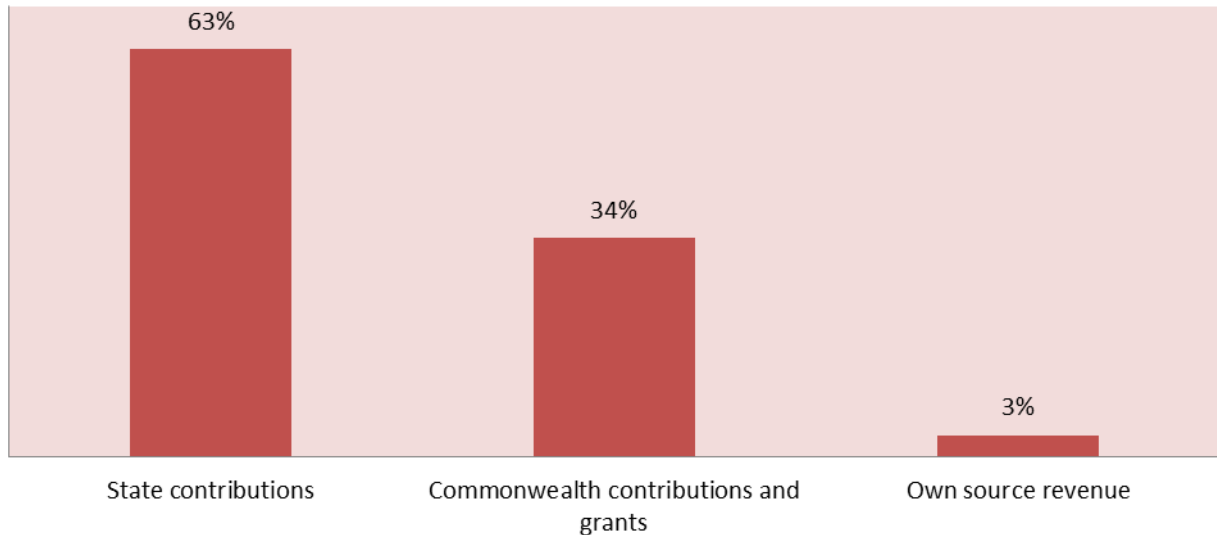
## Revenue

West Moreton's income comprises operating revenue sourced from three areas:

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

The total income for 2015-2016 was \$485.470 million.

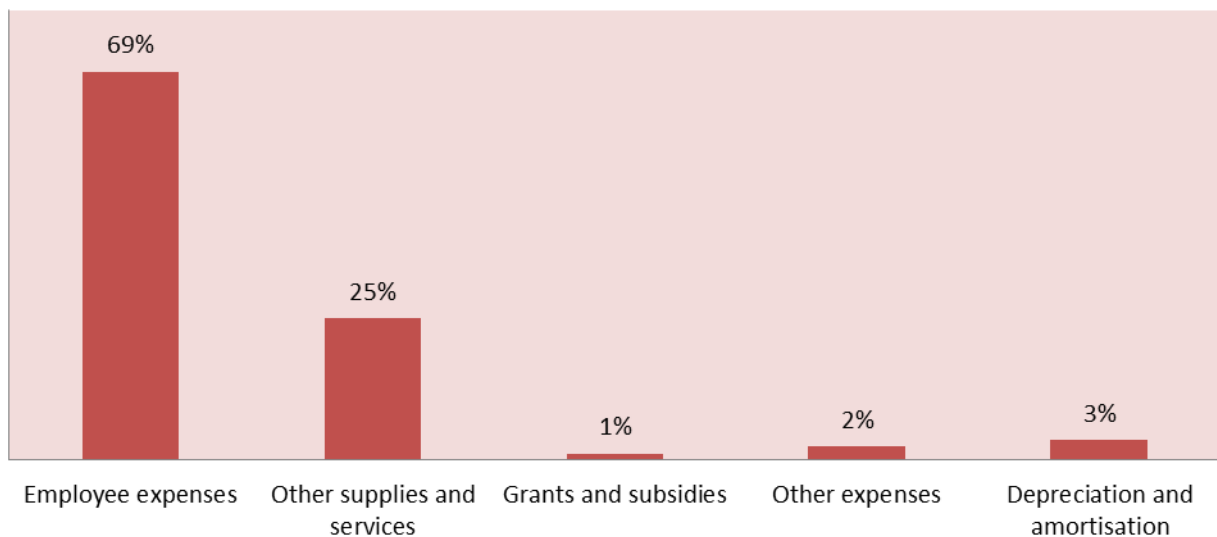
Figure 2 Breakdown of revenue sources in the West Moreton Hospital and Health Service



## Expenses

The total expenses for the 2015-2016 financial year were \$494.533 million, averaging \$1.351 million per day to provide public health services in West Moreton.

Figure 3 Breakdown of expenses in the West Moreton Hospital and Health Service



## Future outlook

In 2016-2017, West Moreton will continue to build on the financial strength of the organisation and follow its strategic plan to provide excellence in hospital and health services.

The 2016-2017 Service Agreement with the Department of Health provides for funding of \$518.269 million, which is an increase from the previous year that represents ongoing growth in activity thresholds and continued commitment to building partnerships with other health providers within West Moreton. The continued growth in population numbers will provide a challenging environment for the health service.

The focus for West Moreton in 2016-17 will be to maximise the value generated from the resources allocated within the Service Agreement with the Department of Health. This will require a disciplined approach to the management of existing resources and decisions to expand both health service delivery and workforce numbers.

## Performance

West Moreton service standards	Notes	2015-2016 Target	2015-2016 Actual
Percentage of patients attending emergency departments seen within recommended timeframes:			
Category 1 (within 2 minutes)		100%	99.28%
Category 2 (within 10 minutes)		80%	78.69%
Category 3 (within 30 minutes)		75%	40.45%
Category 4 (within 60 minutes)		70%	54.35%
Category 5 (within 120 minutes)		70%	84.02%
Percentage of emergency department attendances who depart within four hours of their arrival in the department		90%	70.66%
Median wait time for treatment in emergency departments (minutes)		20	32
Percentage of elective surgery patients treated within clinically recommended timeframes:			
Category 1 (30 days)		>98%	100%
Category 2 (90 days)		>95%	99.5%
Category 3 (365 days)		>95%	100%
Median wait time for elective surgery (days)		25	24
Percentage of specialist outpatients waiting within clinically recommended timeframes:			
Category 1 (30 days)	1	Not in SDS	98.02%
Category 2 (90 days)	1	Not in SDS	90.21%
Category 3 (365 days)	1	Not in SDS	98.60%
Total weighted activity units: Phase 18	2	76,687	109,435
Acute inpatients	2	36,442	37,188
Outpatients	2	7,290	9,359
Sub and non-acute	2	4,383	4,196
Emergency department	2	9,732	10,465
Mental health	2	15,166	45,648
Interventions and procedures	2	3,674	2,579
Average cost per weighted activity unit for activity based funding facilities		\$4,637	\$4,813
Rate of health care associated Staphylococcus aureus (including MSRA ) bloodstream (SAB ) infections/10,000 acute public hospital patient days		<2	0.57
Number of health care associated Staphylococcus aureus (including MSRA ) bloodstream (SAB ) infections/10,000 acute public hospital patient days	1	Not in SDS	9

West Moreton service standards	Notes	2015-2016 Target	2015-2016 Actual
Rate of community follow-up within 1-7 days following discharge from an acute mental health inpatient unit up to May 2016		>65%	60.0%
Proportion of readmissions to an acute mental health inpatient unit within 28 days of discharge up to April 2016		<12%	2.2%
Ambulatory mental health service contact duration (hours)		>48,551	40,995

1. The target was not specified in the Service Delivery Statements (SDS).
2. Weighted activity units are reported under the current funding model (phase 18).

## Voluntary redundancies

In line with the Government's commitment to employment security, no employees received voluntary redundancy packages in 2015-2016.

# 5. Path to excellence

The West Moreton Hospital and Health Service Strategic Plan 2015-19: Path to Excellence identified West Moreton's strategic objectives. The achievement of those objectives is outlined in this section.

## 1. Excellence in patient and family centred care

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### Key objectives and strategies:

- **Partner with patients, their families and the community to enable patients to receive the best care**
- **Provide the right information for patients and their families to make informed decisions**
- **Strengthening clinical governance**

In 2015-16, West Moreton Hospital and Health Service continued to achieve or exceed the National Elective Surgery Targets. West Moreton's performance in the reduction of waiting times for outpatient appointments and safety and quality indicators also achieved or exceeded the state targets. In March 2016, West Moreton also achieved 'zero long waits' for dental patients, meaning that no patient was waiting longer than clinically recommended to receive dental treatment. West Moreton discharged or admitted approximately 70 per cent of people presenting to the Emergency Department within four hours, which did not meet National Emergency Access Target, but work is continuing to improve performance and patient care.

Queue Manager was introduced at Ipswich Hospital's outpatient clinics to enable patients to check in, inform patients of average waiting times and SMS patients when their appointment is ready to avoid unnecessary queuing. West Moreton also partnered with Kambu Aboriginal and Torres Strait Islander Corporation for Health to deliver a longitudinal record for Aboriginal and/or Torres Strait Islander patients, improve information sharing and enhance the transfer of care between the services.

In 2015-16, West Moreton partnered with Aftercare to establish the Floresco Centre. The Floresco Centre provides access to mental health support workers, group work, carer support, drug and alcohol addiction support and employment support for adults aged 18 to 64 years in the Ipswich region.

The Navigating Mental Health Service in the West Moreton Region website was also developed by West Moreton as an electronic guide on mental health services in the local community. The website aims to improve service access for the community and reduce reliance on the Emergency Department for sub-acute mental health services.

West Moreton established a new waiting area for patients, families and visitors to Ipswich Hospital's East Street Entrance and the memorial garden dedicated to early pregnancy loss was redesigned, refurbished and expanded. West Moreton also launched a new, fresh café experience for patients, visitors and staff at the Ipswich Hospital that aligns with community expectations and offers a menu range meeting the Queensland Health's A Better Choice – healthy food and drink strategy.

These initiatives were implemented after consultation with patients, families and the community. Community Reference Groups at Ipswich, Esk, Laidley, Gatton and Boonah as well as the Mental Health Consumer and Carer Advisory Group actively consulted with people and informed the delivery and planning of health services in West Moreton.

A regional health literacy program, Words for Wellbeing, commenced in collaboration with the libraries of Ipswich City Council, Lockyer Valley Regional Council, Somerset Regional Council and the University of Southern Queensland. A partnership was formed with the University of Southern Queensland Media School to produce health information media for distribution in communities. West Moreton women's and children's health services are also partnering with the Ipswich City Council, Mission Australia, Leichhardt State School and others to deliver a five-year child development program in Leichhardt-One Mile.

Partnerships were enhanced with community service providers to improve patient referrals at discharge to community support services and to improve the coordination of health information between West Moreton and community services. West Moreton also signed up to a local primary healthcare protocol with Darling Downs and West Moreton PHN.

In April 2016, West Moreton's Executive Leadership Committee approved the Consumer and Community Engagement Implementation Plan 2016-17. The West Moreton Hospital and Health Board also approved the Patient Feedback Strategy and Action Plan. West Moreton commenced a cultural engagement program –

meeting and speaking with the Aboriginal and Torres Strait Islander Elders in the region, the Pasifika Elders and a range of other culturally and linguistically diverse communities.

## 2. Excellence in service delivery through innovation, research and lifelong learning

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### Key objectives and strategies:

- **Provide a fertile environment for research and innovation**
- **Embed a commitment to lifelong learning**

In 2015-16, the West Moreton Hospital and Health Board approved the Clinical Education and Learning Strategy. West Moreton established its Centre for Research and Innovation, which focuses on the practical application of research and innovation in the region.

Dr Kylie Baker is trialling a new method using lung ultrasound to diagnose heart failure more quickly and accurately in Ipswich Hospital's Emergency Department. The technology also has potential in other areas.

The development of West Moreton's health passport, known as Julian's Key, and its mobile application commenced in 2015-16. Julian's Key will enable patients with a disability to clearly communicate their needs, wants and preferences to the healthcare team and improve patients' experience at West Moreton Hospital and Health Service.

West Moreton has seen an increase in the number of collaborative research projects and stronger links with the University of Queensland and University of Southern Queensland. The Queensland Centre for Mental Health Learning continued to lead mental health education across the state, including:

- Development of a one-day workshop, Forming the Therapeutic Alliance, for clinicians that explores the use of a person-centred approach in the development of the therapeutic alliance
- Implementation of the Reasoning and Rehabilitation for Youths and Adults with Mental Health (R&R2) training program that has been designed to teach functional coping strategies, neurocognitive skills and pro-social skills to offenders with mental illness
- Development of the Suicide Risk Assessment and Management Training Program for Emergency Department staff across Queensland Health to increase the ability of clinicians to recognise, assess and manage people who are at risk of suicide
- Development and launch of an innovative eLearning resource for the Department of Housing to support their staff in work with vulnerable people who may be experiencing mental illness or drug and alcohol addictions
- Commencement of training development partnerships with Evolve Therapeutic Services, which will result in the production of a training video
- Development of a one day workshop, Evaluation of Risk, which enables increased access to core mental health skills education and was specifically designed for delivery via video conference to clinicians working in rural and remote areas.

The Queensland Centre for Mental Health Research has also continued to demonstrate leadership in mental health research across the State, including:

- Professor John McGrath implemented the Cadence Clinical Trials Platform, which is generating sustainable clinical trials capacity within five hospital and health services in South-East Queensland.
- Dr James Kesby was awarded the Advance Queensland Mid-Career Fellowship in March 2016 for the topic of Establishing therapeutic links between early dopamine function and schizophrenia.
- Associate Professor James Scott received a five-year National Health and Medical Research Council fellowship to fund research in prevention and management of youth mental illness.

In October 2015, the West Moreton Hospital and Health Board also approved the Quality Improvement Strategy. The strategy embeds continuous quality improvement practices within West Moreton Hospital and Health Service based on the STEEEP framework – safe, timely, effective, efficient, equitable, patient-centred.

Numerous quality improvement initiatives were implemented in 2015-16, which are detailed in West Moreton's annual Quality of Care Report.

### 3. Provide an agile, resilient health service that anticipates and responds to need

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#### Key objectives and strategies:

- **Strengthen and improve health services to meet the changing needs and choices of our community**
- **Optimise availability of health services through innovative delivery mechanisms**
- **Invest in infrastructure required to meet current needs and future population growth**

West Moreton Hospital and Health Service continued to increase its health services in 2015-16 to meet the needs of the community. In September 2015, West Moreton commenced a partnership with Philips to develop a patient service delivery system that will monitor the health of a patient with chronic disease in their home and personalise a healthcare plan to prevent the onset of health issues.

In September 2015, West Moreton introduced a dedicated Clinical Prostate Care Nurse as part of their Excellence in Care initiatives, recognising that men deserve the same level of support as received by breast cancer patients. The Clinical Prostate Care Nurse was put in place to provide a solid base for service provision, encompassing the entire patient journey, assisting in care coordination, counselling, resources and ongoing support and education. In November 2015, West Moreton launched its prostate cancer education program to support men diagnosed with prostate cancer. A urodynamic service was also introduced at Ipswich Hospital in March 2016, eliminating the need for patients requiring specialised urology testing to travel to Brisbane. West Moreton also commenced a cardiac intervention service for public patients in partnership with St Andrew's Hospital Ipswich in March 2016.

In November 2015, West Moreton also commenced a contract with Mater Private Hospital Springfield to perform low risk elective surgery for public patients.

In April 2016, the Gailes Community Care Unit was opened in the region, which is the first of its kind within the region. The 18 single occupant unit facility provides people recovering from mental illnesses access to specialised mental health care and rehabilitation in a home-like environment. In an exciting new model of care, West Moreton has partnered with Mind Australia to provide non-clinical interventions within the facility.

The Nurse Practitioner workforce model was also implemented successfully in Prison Health Services in August 2015. Furthermore, West Moreton commenced the provision of prison health services within the Borallon Training and Correctional Centre. This is a recently recommissioned male prison with a focus on providing training, education and rehabilitation.

West Moreton commenced day medical infusions in June 2016 for patients needing specialist drug infusions without an overnight admission to hospital.

A number of priority capital projects throughout West Moreton were completed this financial year, including ward refurbishments and facility refurbishments across all sites, water quality initiatives at Ipswich Hospital and The Park Centre for Mental Health and electrical compliance projects at Ipswich Hospital. The West Moreton Hospital and Health Board also approved West Moreton's capital investment priorities for the State Health Infrastructure Plan.

The Health Service also received a Silver Award at the Ipswich City Council 'Awards for Excellence' in the heritage category for the restoration of Cribb House and was awarded a High Commendation Award for the Power House Chimney restoration, The Park Centre for Mental Health, at the 2015 National Trust Queensland Heritage Awards in the conservation work category.



## 4. Enable staff to be their best and give their best

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### Key objectives and strategies:

- **Attract and retain a quality and progressive workforce**
- **Support and value our people**
- **Develop and promote a safe, fair and productive workplace**

In 2015-16, West Moreton's Workforce Division supported the Service to comply with relevant Queensland Government policies and legislation relating to the management of human resources under the *Hospital and Health Boards Act 2011* and the *Public Sector Ethics Act 1994*. West Moreton also implemented strategies in partnership with WorkCover Queensland aimed at resolving long-term claims and increasing the focus on 'stay at work' and 'first return to work' principles.

In recognition that high quality patient care depends first and foremost on the skill and dedication of our staff, the Enable Our People Strategy was developed in 2016.

During this financial year, West Moreton maintained strong and enduring partnerships with universities across Queensland to support the training and placement of medical, nursing and midwifery and allied health students for a high quality, long term and sustainable future workforce. West Moreton also streamlined recruitment systems and processes to enable West Moreton to attract and recruit the right people with the right skills, using technological solutions to advantage.

West Moreton continued to support the Health Pathways Alliance programs. The Health Pathways Alliance was established by West Moreton in 2011 as a multi-modal partnership with the purpose of increasing school students traversing into health and community service pathways beyond year 12. As at June 2016, more than 10,000 students from across the region had been engaged in various activities including health inspirations days, career sessions and expos within schools.

The flagship activity, the bespoke School Based Traineeship program is now in its third intake, with a 96 per cent completion rate (compared to the state average of 50 per cent). In 2015-2016, the Health Pathways Alliance was a Top 3 Finalist in the 2015 Queensland Training Awards for the Premier's Industry Collaboration Category.

Working closely with the Lead Clinician Group, West Moreton supported clinical staff to participate in service planning, evaluation and decision making in consideration of the outcomes of the 2015 Working for Queensland Staff Survey.

West Moreton also continued its implementation of an integrated and holistic Staff Health and Wellbeing Program to assist staff in making informed healthy lifestyle choices and supporting staff to increase their awareness of and participation in a healthy lifestyle. West Moreton's Mental Health and Specialised Services commenced a new project as an initiative of the Wellbeing Program. The pilot promotes the importance of creating mentally healthy work environments for the staff.

In 2015-16, West Moreton implemented activities that continue to support a healthy work-life balance and flexible working arrangements, including flexible leave options (such as the purchase of additional annual leave) and flexible working hours and working arrangements, such as working from home, part-time, variable shift lengths and patterns and job share opportunities.

In January 2016, West Moreton introduced its Learning On-Line system to provide a platform for staff to record their learning, including mandatory training such as orientation, Code of Conduct for Queensland Public Service Agencies, safety modules and occupation-specific training. The system provides a calendar of staff education opportunities and includes a mechanism to monitor and track Performance Planning and Appraisal compliance.

West Moreton also implemented a series of initiatives to improve performance against occupational health and safety key performance indicators over the past 12 months. Performance against the Workcover Hours Lost versus Full Time Equivalent staff target remains favourable at the end of 2015-16.

During this financial year, West Moreton established a tailored leadership development program for middle managers across West Moreton and introduced dashboards to cultivate a culture that promotes confident, appropriate and transparent decision making with clear accountabilities and responsibilities.

## 5. Remain commercially astute

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### Key objectives and strategies:

- **Develop excellence in strategic financial management and commercial acumen**
- **Develop excellence in financial stewardship**

In 2015-16, West Moreton commenced development of a financial and commercial management program for leaders and relevant staff across the health service.

For the next four years, West Moreton will be focused on further developing our capability in financial stewardship across the health service. In 2015-16, West Moreton is measuring our progress and implementing improvements.

To support West Moreton's culture of transparency, the Chief Executive also provides monthly updates on the health service's financial position, investments and reinvestments across the health service to staff via a forum and Chief Executive report to the Board.

The West Moreton Hospital and Health Board also approved a new contract management policy to strengthen accountability, seek opportunities to increase efficiencies and provide better outcomes for our patients.

## 6. Implement integrated governance and systems that transform the delivery of healthcare excellence now and in the future

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### Key objectives and strategies:

- **Use business intelligence to guide informed decision making and communication**
- **Use operational technology to support efficient, effective and quality patient care**
- **Strengthening corporate governance**

In 2015-16, an investment in a business intelligence software tool has seen the creation of new dashboards for key performance indicator reports and has enabled West Moreton to use information from the system to strengthen health service delivery and funding, including the Winter Bed Strategy. West Moreton has also used the dashboards to improve outpatient waiting times, identify and manage governance risks, and improve health service quality and delivery.

A number of activities have taken place within West Moreton to ensure patient information can be consolidated, accessible and shared where appropriate. The proposed deliverables under West Moreton's Information and Communication Technology Strategic Plan will include a portal for General Practitioners (GP) to refer patients to West Moreton and review patient results during their next GP visit, a patient portal with an appointment scheduling system and an improved patient information management system.

There is also a pilot planned for West Moreton's clinicians to immediately access digital patient records within Ipswich Hospital instead of requesting paper-based patient records.

West Moreton additionally commenced a statewide project in October 2015 to deliver Information Communication Technology connectivity and an electronic clinical notes system for Queensland Health staff working in correctional and youth detention centres throughout the state.

Information technology systems were also implemented for oncology, sexual health clinics, stroke services, women's and children's health services. These systems all assisted clinical areas to have visibility of the patient through electronic means, complementing the medical record and driving the longitudinal view of the patient care.

In August 2015, the West Moreton Hospital and Health Board approved an improved risk management system, framework, assessment guide and policy. A new compliance management system, including a framework and policy, was also approved. West Moreton implemented a new document management system for Legal Services to strengthen legal record keeping processes and to drive administrative efficiencies.

West Moreton's emergency management framework and plans have been updated to align with the Queensland Health Disaster Plan 2014 and external emergency management frameworks. These alterations, along with development of Health Emergency Operation Centre, testing programs and training plans help to ensure legislative compliance and assist with continuity of health service delivery during disaster events.

## 6. Glossary

Term	Meaning
Accessible healthcare	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)	<p>A management tool with the potential to enhance public accountability and drive technical efficiency in the delivery of health services by:</p> <ul style="list-style-type: none"> <li>- Capturing consistent and detailed information on hospital sector activity and accurately measuring the costs of delivery</li> <li>- Creating a relationship between funds allocated and services provided</li> <li>- Strengthening management's focus on outputs, outcomes and quality</li> <li>- 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</li> <li>- Providing mechanisms to reward good practice and support quality initiatives.</li> </ul>
Acute	Having a short and relatively severe course.
Acute care	<p>Care in which the clinical intent or treatment goal is to:</p> <ul style="list-style-type: none"> <li>- manage labour (obstetric)</li> <li>- cure illness or provide definitive treatment of injury</li> <li>- perform surgery</li> <li>- relieve symptoms of illness or injury (excluding palliative care)</li> <li>- reduce severity of an illness or injury</li> <li>- protect against exacerbation and/or complication of an illness and/or injury that could threaten life or normal function.</li> <li>- perform diagnostic or therapeutic procedures.</li> </ul>
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.
Benchmarking	Involves collecting performance information to undertake comparisons of performance with similar organisations.
Best practice	Co-operative 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.

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 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.
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	Hospital and Health Boards are made up of members with expert skills and knowledge relevant to managing a complex healthcare organisation.
Hospital and Health Service	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 a 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.
Medical practitioner	A person who is registered with the Medical Board of Australia to practice medicine in Australia, including general and specialist practitioners.
MOHRI FTE	MOHRI is a whole-of-government method for reporting and monitoring the Queensland Health Workforce. MOHRI stands for Minimum Obligatory Human Resource Information, and FTE stands for Full-Time Equivalent employee.

National Emergency Access Target (NEAT)	The percentage of patients treated within the clinically recommended time frame, and the volume of patients treated.
National Elective Surgery Target (NEST)	The average days that 'long wait' patients waited over the clinically recommended time, and removal from the waiting list of the 10 per cent longest-waiting patients (the cohort).
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.
Primary Health Network (PHN)	Primary Health Networks replaced Medicare Locals from 1 July 2015. Established and funded by the Commonwealth Government, Primary Health Networks work with general practitioners, other primary healthcare providers, secondary care providers and hospitals to increase the efficiency and effectiveness of medical services for patients, particularly those at risk of poor health outcomes, and improving coordination of care to ensure patients receive the right care in the right place at the right time.
Private hospital	A private hospital or free-standing day hospital is 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 hospital	Public hospitals offer free diagnostic services, treatment, care and accommodation to eligible patients.
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.
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 care	Focuses on the continuation of care and optimisation of health and functionality.
Telehealth	<p>Delivery of health-related services and information via telecommunication technologies, including:</p> <ul style="list-style-type: none"> <li>- Live, audio and/or video inter-active links for clinical consultations and educational purposes</li> <li>- Store and forward Telehealth, including digital images, video, audio and clinical (stored) on a client computer, then transmitted securely (forward) to a clinic at another location where they are studied by relevant specialists</li> <li>- Teleradiology for remote reporting and clinical advice for diagnostic images</li> <li>- Telehealth services and equipment to monitor people's health in their home.</li> </ul>
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 18	A single standard unit used to measure all activity consistently. Phase 18 is the version of the Queensland Health Activity Based Funding Model.

# 7. Compliance checklist

## Annual report requirements for Queensland Government agencies

Summary of requirements		Basis for requirements	Annual report reference
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 8	3
Accessibility	Table of contents	ARRs – section 10.1	4-6
	Glossary		35-38
	Public availability	ARRs – section 10.2	2
	Interpreter service statement	<i>Queensland Government Language Services Policy</i> ARRs – section 10.3	2
	Copyright notice	<i>Copyright Act 1968</i> ARRs – section 10.4	2
	Information Licensing	<i>QGEA – Information Licensing</i> ARRs – section 10.5	2
General information	Introductory Information	ARRs – section 11.1	7
	Agency role and main functions	ARRs – section 11.2	8-10
	Operating environment	ARRs – section 11.3	8-10
Non-financial performance	Government's objectives for the community	ARRs – section 12.1	10, 28, 30-34
	Other whole-of-government plans/specific initiatives	ARRs – section 12.2	10, 28, 30-34
	Agency objectives and performance indicators	ARRs – section 12.3	10, 28, 30-34
	Agency service areas and service standards	ARRs – section 12.4	8-10, 25-29
Financial performance	Summary of financial performance	ARRs – section 13.1	25-29, 41-65



Summary of requirements		Basis for requirements	Annual report reference
Governance – management and structure	Organisational structure	ARRs – section 14.1	23-24
	Executive management	ARRs – section 14.2	11-18, 58-60
	Government bodies (statutory bodies and other entities)	ARRs – section 14.3	Not applicable to West Moreton
	<i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> ARRs – section 14.4	33
	Queensland public service values	ARRs – section 14.5	9
Governance – risk management and accountability	Risk management	ARRs – section 15.1	19
	Audit committee	ARRs – section 15.2	19
	Internal audit	ARRs – section 15.3	19-20
	External scrutiny	ARRs – section 15.4	20-22
	Information systems and recordkeeping	ARRs – section 15.5	22
Governance – human resources	Workforce planning and performance	ARRs – section 16.1	9-10, 25, 30-34
	Early retirement, redundancy and retrenchment	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 16.2	29
Open Data	Consultancies	ARRs – section 17 ARRs – section 34.1	Can be found at: <a href="http://data.qld.gov.au">http://data.qld.gov.au</a>
	Overseas travel	ARRs – section 17 ARRs – section 34.2	
	Queensland Language Services Policy	ARRs – section 17 ARRs – section 34.3	
Financial Statements	Certifications of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 18.1	66
	Independent Auditor's Report	FAA – section 62 FPMS – section 50 ARRs – section 18.2	67

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs Annual report requirements for Queensland Government agencies



# 8. Financial statements 2015-2016

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Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

Notes to the Financial Statements

Management Certificate

Independent Auditor's Report

West Moreton Hospital and Health Service (West Moreton) 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 West Moreton 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

ABN: 64 468 984 022

For information in relation to West Moreton's financial statements:

- Email: [MD09-WestMoreton-HSD@health.qld.gov.au](mailto:MD09-WestMoreton-HSD@health.qld.gov.au)
- Visit the West Moreton website at: [www.westmoreton.health.qld.gov.au](http://www.westmoreton.health.qld.gov.au)

# Statement of comprehensive income

For the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
<b>Income</b>			
User charges and fees	A1(a)	480,156	444,822
Grants and other contributions	A1(b)	5,086	4,097
Other revenue	A1(b)	70	3,527
Gain on sale of property, plant and equipment		158	5
<b>Total income</b>		<b>485,470</b>	<b>452,451</b>
<b>Expenses</b>			
Employee expenses	A2(a)	341,817	311,323
Other supplies and services	A2(b)	124,469	116,650
Grants and subsidies		412	459
Depreciation	B3	16,686	16,410
Amortisation	B4	147	48
Impairment losses		920	1,761
Other expenses	A2(c)	10,082	7,546
<b>Total expenses</b>		<b>494,533</b>	<b>454,197</b>
<b>Operating result for the year</b>		<b>(9,063)</b>	<b>(1,746)</b>
<b>Other comprehensive income</b>			
<i>Items that will not be subsequently reclassified to operating result:</i>			
Increase in asset revaluation surplus	C2	3,461	1,546
<b>Total other comprehensive income</b>		<b>3,461</b>	<b>1,546</b>
<b>Total comprehensive income</b>		<b>(5,602)</b>	<b>(200)</b>

The accompanying notes form part of these statements.

# Statement of financial position

As at 30 June 2016

	Notes	2016 \$'000	2015 \$'000
<b>Current assets</b>			
Cash and cash equivalents	B1	40,761	44,640
Receivables	B2	10,468	10,605
Inventories	B6	2,689	3,140
Other assets	B7	303	9,504
<b>Total current assets</b>		<b>54,221</b>	<b>67,889</b>
<b>Non-current assets</b>			
Intangible assets	B4	2,441	113
Property, plant and equipment	B3	263,729	279,424
<b>Total non-current assets</b>		<b>266,170</b>	<b>279,537</b>
<b>Total assets</b>		<b>320,391</b>	<b>347,426</b>
<b>Current liabilities</b>			
Payables	B8	19,571	30,390
Employee benefits	B9	12,616	9,678
Provisions	B10	350	470
Unearned revenue		3,640	25
<b>Total current liabilities</b>		<b>36,177</b>	<b>40,563</b>
<b>Total liabilities</b>		<b>36,177</b>	<b>40,563</b>
<b>Net assets</b>		<b>284,214</b>	<b>306,863</b>
<b>Equity</b>			
Contributed equity	C1	231,548	248,595
Accumulated surplus		26,348	35,411
Asset revaluation surplus	C2	26,318	22,857
<b>Total equity</b>		<b>284,214</b>	<b>306,863</b>

The accompanying notes form part of these statements.

## Statement of changes in equity

### For the year ended 30 June 2016

	Accumulated surplus  \$'000	Asset revaluation surplus  (note C2) \$'000	Contributed equity  (note C1) \$'000	Total  \$'000
<b>Balance at 1 July 2014</b>	<b>37,157</b>	<b>21,311</b>	<b>251,033</b>	<b>309,501</b>
Operating result for the year	(1,746)	-	-	(1,746)
<i>Total other comprehensive income</i>				
- Increase in asset revaluation surplus	-	1,546	-	1,546
<i>Transactions with owners</i>				
- Non-appropriated equity injections	-	-	8,591	8,591
- Non-appropriated equity withdrawals	-	-	(16,458)	(16,458)
- Non-appropriated equity asset transfers	-	-	5,429	5,429
<b>Balance as at 30 June 2015</b>	<b>35,411</b>	<b>22,857</b>	<b>248,595</b>	<b>306,863</b>
<b>Balance at 1 July 2015</b>	<b>35,411</b>	<b>22,857</b>	<b>248,595</b>	<b>306,863</b>
Operating result for the year	(9,063)	-	-	(9,063)
<i>Total other comprehensive income</i>				
- Increase in asset revaluation surplus	-	3,461	-	3,461
<i>Transactions with owners</i>				
- Non-appropriated equity injections	-	-	11,242	11,242
- Non-appropriated equity withdrawals	-	-	(16,833)	(16,833)
- Non-appropriated equity asset transfers	-	-	(11,456)	(11,456)
<b>Balance as at 30 June 2016</b>	<b>26,348</b>	<b>26,318</b>	<b>231,548</b>	<b>284,214</b>

The accompanying notes form part of these statements.

# Statement of cash flows

For the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
<b>Cash flows from operating activities</b>			
<i>Inflows:</i>			
User charges and fees		462,345	422,740
Grants and other contributions		8,201	4,097
Interest received		27	26
GST collected from patients/consumers		242	570
GST input tax credits		8,020	7,488
Other		47	3,061
<i>Outflows:</i>			
Employee expenses		(329,678)	(310,892)
Supplies and services		(134,206)	(119,969)
Grants and subsidies		(412)	(459)
Insurance		(5,879)	(5,597)
GST paid to suppliers		(7,730)	(7,611)
GST remitted		(340)	(555)
Other		(3,838)	(1,599)
<b>Net cash used in operating activities</b>	<b>E3</b>	<b>(3,201)</b>	<b>(8,700)</b>
<b>Cash flows from investing activities</b>			
<i>Inflows:</i>			
Sales of property, plant and equipment		158	5
<i>Outflows:</i>			
Payments for property, plant and equipment		(12,078)	(12,453)
<b>Net cash used in investing activities</b>		<b>(11,920)</b>	<b>(12,448)</b>
<b>Cash flows from financing activities</b>			
<i>Inflows:</i>			
Equity injections		11,242	8,591
<b>Net cash provided by financing activities</b>		<b>11,242</b>	<b>8,591</b>
Net increase in cash and cash equivalents		(3,879)	(12,557)
Cash and cash equivalents at beginning of the financial year		44,640	57,197
<b>Cash and cash equivalents at end of financial year</b>	<b>B1</b>	<b>40,761</b>	<b>44,640</b>

The accompanying notes form part of these statements.

# Notes to the financial statements

## Overview

In preparing the 2015-16 financial statements, West Moreton Hospital and Health Service (West Moreton) has made a number of changes in structure, layout and wording compared to prior periods in order to make the financial statements less complex and more relevant for stakeholders and other users.

Notes have been grouped into the following sections:

- A Income and expenses
- B Operating assets and liabilities
- C Equity and risk management
- D Key management personnel
- E Other information
- F Budgetary reporting disclosures

Each section sets out the accounting policies applied along with details of any key judgements and estimates made or information required to understand the note.

West Moreton is a not-for-profit statutory body under the *Hospital and Health Boards Act 2011* and is domiciled in Australia. West Moreton does not have any controlled entities. Its principal place of business is Level 8 Tower Block, Ipswich Hospital, Chelmsford Avenue, Ipswich QLD 4305.

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

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

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*;
- have been prepared on a historical cost basis, except where stated otherwise;
- are presented in Australian dollars;
- 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;
- present reclassified comparative information where required for consistency with the current year's presentation;
- have been prepared in accordance with all applicable new and amended Australian Accounting Standards and Interpretation as well as the *Queensland Treasury and Trade's Minimum Reporting Requirements for the year ended 30 June 2016*, and other authoritative pronouncements;
- do not early adopt any Australian Accounting Standards and Interpretations that have been issued or amended but are not yet effective, with the exception of AASB 2015-7 *Amendments to Australian Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities* which has resulted in the reduction in required disclosures for property, plant and equipment and AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101* which has resulted in changes to the structure, layout and wording of the financial statements described above.

## Key judgements and estimates

In the process of applying West Moreton's accounting policies, a number of judgements and estimates have been made. Judgements and estimates which are material to the financial statements are found in the following notes:

- Income
- Trade and other receivables
- Property, plant and equipment
- Intangible assets
- Provisions
- Financial risk management

## Further information

For information in relation to West Moreton's financial statements:

- Email [MD09-WestMoreton-HSD@health.qld.gov.au](mailto:MD09-WestMoreton-HSD@health.qld.gov.au) or
- Visit the West Moreton website at: [www.westmoreton.health.qld.gov.au](http://www.westmoreton.health.qld.gov.au)

## A Income and expenses

This section considers the income and expenses of West Moreton.

### A1 Income

#### (a) User charges and fees

	2016 \$'000	2015 \$'000
Contracted health services – Activity based funding		
Commonwealth	119,185	98,403
State	177,070	174,257
Contracted health services – Block funding		
Commonwealth	36,456	37,724
State	65,836	71,647
System manager funding		
State	38,230	23,356
Depreciation funding	16,833	16,458
Teacher training funding	10,755	9,168
Hospital fees	11,943	9,700
Sale of goods and services	3,497	3,677
Rental income	351	432
<b>Total user charges and fees</b>	<b>480,156</b>	<b>444,822</b>

Funding is provided predominantly by the Department of Health for specific public health services purchased by the Department in accordance with a service agreement. The Department of Health receives its revenue for funding from the Queensland Government (majority of funding) and the Commonwealth. Activity based funding is based on an agreed number of activities, per the service agreement and a state-wide price by which relevant activities are funded. Block funding is not based on levels of public health care activity. The service agreement is reviewed periodically and updated for changes in activities and prices of services delivered by West Moreton. The funding from the Department is received fortnightly in advance. At the end of the financial year, a financial adjustment may be required where the level of service provided is above or below the agreed level.

The service agreement between the Department of Health and West Moreton specifies that the Department funds West Moreton's depreciation and amortisation charges via non-cash revenue. The Department retains the cash to fund future major capital replacements. This transaction is shown in the statement of changes in equity as a non-appropriated equity withdrawal.

Revenue recognition for hospital fees and sales of goods and services is based on either invoicing for related services or goods provided and/or the recognition of accrued revenue based on estimated volumes of goods or services delivered.

#### (b) Grants contributions and other revenue

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which West Moreton obtains control over them. 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.

Revenue recognition for revenue is based on either invoicing for related goods, services and/or the recognition of accrued revenue based on estimated volumes of goods or services delivered.

West Moreton receives corporate services from the Department of Health for no cost. Corporate services received include payroll services, accounts payable, some taxation services, some supply services and some information technology services. Where the fair value of these services is unable to be estimated reliably, no associated revenue or expense is recognised in the statement of comprehensive income.

### A2 Expenses

#### (a) Employee expenses

	2016 \$'000	2015 \$'000
Wages and salaries	273,940	249,626
Employer superannuation contributions	29,018	26,149
Annual leave levy/expense	32,628	29,544
Long service leave levy/expense	5,828	5,337
Termination expense	374	632
Other employee related expenses	29	35
<b>Total employee expenses</b>	<b>341,817</b>	<b>311,323</b>
<b>Number of MOHRI* Full Time Equivalent Employees (FTE)</b>	<b>30 June 2016</b>	<b>30 June 2015</b>
<b>Total FTE</b>	<b>2,934</b>	<b>2,857</b>

\*Minimum Obligatory Human Resource Information

**(b) Other supplies and services**

	2016 \$'000	2015 \$'000
Contractors and consultants	27,175	27,398
Electricity and other energy	2,868	2,555
Patient travel	869	828
Other travel	308	348
Water	741	655
Building services	699	568
Computer services	3,341	2,067
Motor vehicles	394	272
Communications	4,601	4,314
Repairs and maintenance	9,549	9,757
Operating lease rentals	2,075	2,294
Drugs	9,093	9,777
Clinical supplies and services	36,731	30,615
Pathology	7,814	8,298
Catering and domestic supplies	8,956	8,551
Other	9,255	8,353
<b>Total other supplies and services</b>	<b>124,469</b>	<b>116,650</b>

Services received free of charge or for a nominal value 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.

**(c) Other expenses**

	2016 \$'000	2015 \$'000
External audit fees	170	179
Bank fees	6	7
Insurance	5,879	5,597
Loss on sale of property, plant and equipment	218	333
Inventory written-off	37	68
Ex-gratia payments	29	88
Other legal costs	2,852	199
Journals and subscriptions	402	298
Advertising	107	303
Interpreter fees	318	310
Other	64	164
<b>Total other expenses</b>	<b>10,082</b>	<b>7,546</b>

Total audit fees paid or payable to Queensland Audit Office relating to the 2015-16 financial year were \$170,000 (2015: \$181,000). There are no non-audit services included in this amount.

Occasionally West Moreton makes a special (ex-gratia) payment even though it is not contractually or legally obligated to make such payments to other parties. West Moreton maintains a register of all special payments greater than \$5,000 as required by legislation. Total special payments made during 2015-16 were \$29,000 (2015: \$48,000).

The significant increase in other legal costs during 2015-16 is in relation to the Commission of Inquiry into matters surrounding the closure of Barrett Adolescent Centre.



## B Operating assets and liabilities

This section provides information on the assets used in the operation of West Moreton's service and the liabilities incurred as a result.

### B1 Cash and cash equivalents

	2016	2015
	\$'000	\$'000
Cash on hand	6	6
Cash at bank	40,351	44,241
Cash on deposit	404	393
	<b>40,761</b>	<b>44,640</b>

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

West Moreton's bank accounts are grouped with the whole of Government set-off arrangement with Queensland Treasury Corporation. As a result, West Moreton does not earn interest on funds held within revenue and operating accounts. Interest earned on the aggregate set-off arrangement balance accrues to the consolidated fund.

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 2.89% (2015: 3.28%).

Cash at bank (except operating and revenue accounts) is at call and is subject to floating interest rates. The weighted average effective interest rate is 3.11% (2015: 3.16%).

### B2 Trade and other receivables

	2016	2015
	\$'000	\$'000
<i>Current</i>		
Trade receivables net of allowance for impairment	9,768	9,712
Other receivables	700	893
	<b>10,468</b>	<b>10,605</b>

Trade and other receivables are initially recognised at the amount invoiced to customers. Trade and other receivables reflect the amount anticipated to be collected. The collectability of these balances is assessed on an ongoing basis. When there is evidence that an amount will not be collected it is provided for and then written off. If receivables are subsequently recovered the amounts are credited against other expenses in the income statement when collected.

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. Due to the short-term nature of the current receivables, their carrying amount is assumed to approximate the amount invoiced. All credit and recovery risk associated with trade receivables has been provided for in the statement of financial position.

#### Key judgements and estimates

**Recoverability of trade receivables:** Judgement is required in determining the level of provisioning for customer debts. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, default or delinquency in payments (more than 90 days overdue or more than 120 days in the case where the account is with a health fund), past experience, and management judgement are considered indicators that the trade receivable is impaired.

At 30 June, the ageing of impairment in respect of trade receivables was as follows:

	2016	2015
	\$'000	\$'000
Less than 30 days	10	57
30-60 days	-	49
61-90 days	-	4
More than 90 days	1,604	1,677
	<b>1,614</b>	<b>1,787</b>

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2016 \$'000	2015 \$'000
<b>Balance at the beginning of the financial year</b>	<b>1,787</b>	<b>1,792</b>
Amounts written-off during the year	(910)	(1,650)
Amounts recovered during the year	(3,123)	(163)
Increase in allowance recognised in operating result	3,860	1,808
<b>Balance at the end of the financial year</b>	<b>1,614</b>	<b>1,787</b>

At 30 June, the ageing of trade receivables that were past due but not impaired was as follows:

	2016 \$'000	2015 \$'000
30-60 days	452	696
61-90 days	674	448
More than 90 days	795	1,554
	<b>1,921</b>	<b>2,698</b>

### B3 Property, plant and equipment

	Land (at fair value) \$'000	Buildings (at fair value) \$'000	Plant and equipment (at cost) \$'000	Capital works in progress (at cost) \$'000	Total \$'000
<b>At 30 June 2014</b>					
At cost/fair value	34,511	404,471	49,375	1,728	490,085
Accumulated depreciation	-	(189,657)	(23,815)	-	(213,472)
	<b>34,511</b>	<b>214,814</b>	<b>25,560</b>	<b>1,728</b>	<b>276,613</b>
<b>Year ended 30 June 2015</b>					
<b>Opening net book value</b>	<b>34,511</b>	<b>214,814</b>	<b>25,560</b>	<b>1,728</b>	<b>276,613</b>
Acquisitions	-	42	4,756	7,869	12,667
Disposals	-	-	(364)	(38)	(402)
Transfers in/(out)	(483)	8,466	1,116	(3,689)	5,410
Revaluation increments	-	1,546	-	-	1,546
Depreciation charge for the year	-	(10,874)	(5,536)	-	(16,410)
<b>Carrying amount at 30 June 2015</b>	<b>34,028</b>	<b>213,994</b>	<b>25,532</b>	<b>5,870</b>	<b>279,424</b>
<b>At 30 June 2015</b>					
At cost/fair value	34,028	413,967	52,726	5,870	506,591
Accumulated depreciation	-	(199,973)	(27,194)	-	(227,167)
	<b>34,028</b>	<b>213,994</b>	<b>25,532</b>	<b>5,870</b>	<b>279,424</b>
<b>Year ended 30 June 2016</b>					
<b>Opening net book value</b>	<b>34,028</b>	<b>213,994</b>	<b>25,532</b>	<b>5,870</b>	<b>279,424</b>
Acquisitions	-	-	4,369	7,640	12,009
Disposals	-	(32)	(347)	(170)	(549)
Transfers in/(out)	(10,448)	2,135	(185)	(5,432)	(13,930)
Revaluation increments/(decrements)	(9)	3,470	-	-	3,461
Depreciation charge for the year	-	(11,220)	(5,466)	-	(16,686)
<b>Carrying amount at 30 June 2016</b>	<b>23,571</b>	<b>208,347</b>	<b>23,903</b>	<b>7,908</b>	<b>263,729</b>
<b>At 30 June 2016</b>					
At cost/fair value	23,571	415,094	54,440	7,908	501,013
Accumulated depreciation	-	(206,747)	(30,537)	-	(237,284)
	<b>23,571</b>	<b>208,347</b>	<b>23,903</b>	<b>7,908</b>	<b>263,729</b>

**NB:** adjustments have been made to accumulated depreciation to recognise assets transferred in and out of West Moreton.

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.

Where assets are received free of charge from another Queensland Government entity (whether as a result of a machinery-of-Government change or other involuntary transfer), the acquisition cost is recognised at 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 recognised at their fair value at date of acquisition in accordance with AASB 116 Property, Plant and Equipment.

Land and buildings are subsequently measured at fair value in accordance with AASB 116 *Property, Plant and Equipment*, AASB 13 *Fair Value Measurement*, and Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector*.

Plant and equipment is measured at cost net of accumulated depreciation and accumulated impairment losses in accordance with Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector*.

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.

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

Property, plant and equipment are depreciated on a straight-line basis. Land is not depreciated. Assets under construction (work-in-progress) are not depreciated until they are ready for use.

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

Class	Depreciation rates
Buildings (including land improvements)	2.5 – 3.33%
Plant and equipment	5.0 – 20.0%

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to West Moreton.

The fair value of land and buildings are assessed on an annual basis by an independent professional valuer or by the use of appropriate and relevant indices. For financial reporting purposes, the revaluation process is managed by the Financial Compliance branch who determine the specific revaluation practices and procedures. Financial Compliance coordinate the process directly with the professional valuer. Annual reviews of the revaluation practices and procedures are carried out (post revaluation) by the Financial Compliance branch in consultation with the Infrastructure and Assets branch and Internal Audit.

Revaluations using an independent professional valuer are undertaken at least once every five years. However, if a particular asset class experiences significant and volatile changes in fair value, that class is subject to specific appraisal in the reporting period, where practical, regardless of the timing of the last specific appraisal. The last independent valuation was carried out on 30 June 2014.

Where assets have not been specifically appraised in the reporting period, their previous valuations are materially kept up-to-date via the application of relevant indices. West Moreton uses indices to provide a valid estimation of the assets' fair values at reporting date.

The valuer supplies the indices used for the various types of assets. Such indices are either publically available, or are derived from market information available to the valuer. The valuer provides assurance of their robustness, validity and appropriateness for application to the relevant assets. Indices used are also tested for reasonableness by applying the indices to a sample of assets comparing the results to similar assets that have been valued by the valuer, and analysing the trend of changes in values over time. Through this process, which is undertaken annually, management assesses and confirms the relevance and suitability of indices provided by the valuer based on the entity's own particular circumstances.

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.

Materiality concepts are considered in determining whether the difference between the carrying amount and the fair value of an asset is material.

West Moreton 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.

### Key judgements and estimates

**Fair value** - The fair value of an asset is measured as the expected exit price of a transaction, which is based on the assumption that transactions take place in the principal market for the asset, or in the absence of a principal market, the most advantageous market for the asset. This statement leads to the requirement to determine the highest and best use of the asset. The determination is the best economic use through the perspective of market participants where physically possible, legally permissible and financially feasible. For the majority of West Moreton's assets, the current use will be the 'highest and best use'.

**Plant and equipment** - 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.

**Land valuation** - West Moreton 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.

**Building valuation** - West Moreton carries its buildings at fair value. Buildings are measured at fair value each year utilising either independent revaluations or by interim revaluation methodology of applying an indexation supplied by an external registered valuer (AECOM). Buildings are valued based on the observable or unobservable input data available. Buildings can be broadly categorised as:

*Non-health service delivery buildings* - Non-health service delivery buildings such as residential buildings are valued taking into consideration the size, location and condition of the property against comparable properties that have sold in the local property market.

*Health service delivery buildings* - West Moreton's buildings are predominantly of a specialised nature and as such there is no active market for such properties. Management consider the advice of external valuers in conjunction with internal knowledge of building condition when adopting fair values for these assets.

**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. All depreciable assets have a nil residual value.

#### Fair value measurement

##### (a) Fair value hierarchy

This note explains the judgements and estimates made in determining the fair values of land and buildings that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, West Moreton has classified land and buildings into the three levels prescribed under the accounting standards.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>2015</b>				
Land	-	34,028	-	34,028
Buildings	-	450	213,544	213,994
<b>Fair value at 30 June 2015</b>	<b>-</b>	<b>34,478</b>	<b>213,544</b>	<b>248,022</b>
<b>2016</b>				
Land	-	23,571	-	23,571
Buildings	-	205	208,142	208,347
<b>Fair value at 30 June 2016</b>	<b>-</b>	<b>23,776</b>	<b>208,142</b>	<b>231,918</b>

**Level 1** - represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;

**Level 2** - represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and

**Level 3** - represents fair value measurements that are substantially derived from unobservable inputs.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

##### (b) Valuation techniques used to determine for level 2 and 3 fair values

West Moreton utilised indexation factors for 2015-16 prepared by an independent valuer. Land indices are based on actual market movements for the relevant locations and asset category and are applied to the fair value of land assets on hand. Building indices are based on a 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. Indexation has been applied on 30 June 2015 & 30 June 2016.

**Land (level 2)** - The fair value of land is based on publicly available data on recent sales of similar land in nearby localities. In determining the values, adjustments were made to the sales data to take into account the location of the land, its size, street/road frontage and access, and any significant restrictions.

**Buildings – Non-health service delivery (level 2)** - Non-health service delivery buildings are measured at the value that reflects the likely exit price in the principal market for an asset of this type.

**Buildings – Health service delivery (level 3)** - Health service delivery buildings are typically special purpose facilities. Due to their specialised nature, health service delivery buildings are valued based on a depreciated replacement cost method to simulate a 'market or income approach'. The method reflects the likely exit price in the principal market for an asset of this type.

A replacement cost 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, staircases and location.

The model developed by the valuer creates an elemental cost plan using these quantities. It can be applied to multiple building types and relies on the valuer's experience with construction costs.

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 based on Brisbane prices and published located 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 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 standard.

The cost to bring to current standards or as new condition is a component for establishing the likely exit price of any transactions in the principal market for an asset of this type. For each of the five condition ratings, the estimate is based on professional opinion as well as having regard to historical project costs. The condition rating is applied based upon the following information:

- Visual inspection of the asset
- Asset condition data provided by West Moreton
- Verbal guidance from the asset manager or the officer in charge
- Previous reports and inspection photographs if available (to show the change in condition over time)

The following condition ratings (from the International Infrastructure Management Manual) are linked to the cost to bring to current standards or as new condition:

- 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

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 the estimate of remaining life as any refurbishment should extend the life of the asset.

**(c) Change in valuation technique**

There were no changes in valuation technique during the financial year.

**(d) Fair value measurements using significant unobservable inputs (level 3)**

The following table details a reconciliation of level 3 movements:

	<b>Buildings</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Fair value at 1 July 2014</b>	<b>213,604</b>	<b>213,604</b>
Additions	42	42
Transfers in (Department of Health)	6,676	6,676
Transfers in (work-in-progress)	2,495	2,495
Depreciation	(10,816)	(10,816)
<i>Gains recognised in other comprehensive income:</i>		
Increase in asset revaluation reserve	1,543	1,543
<b>Fair value at 30 June 2015</b>	<b>213,544</b>	<b>213,544</b>
<b>Fair value at 1 July 2015</b>	<b>213,544</b>	<b>213,544</b>
Disposals	(32)	(32)
Transfers out (Department of Health)	(620)	(620)
Transfers in (work-in-progress)	2,944	2,944
Depreciation	(11,162)	(11,162)
<i>Gains recognised in other comprehensive income:</i>		
Increase in asset revaluation reserve	3,468	3,468
<b>Fair value at 30 June 2016</b>	<b>208,142</b>	<b>208,142</b>

**(e) Highest and best use**

After considering what is physically possible, legally permissible and financially feasible, the independent valuer considers that the highest and best use of all fair valued assets is their current use.

## B4 Intangible assets

\$'000

### Software purchased

#### At 30 June 2014

At cost	103
Accumulated amortisation	(50)
	<b>53</b>

#### Year ended 30 June 2015

Opening net book amount	53
Transfers in*	108
Amortisation charge for the year	(48)

**Carrying amount at 30 June 2015** **113**

#### At 30 June 2015

At cost	238
Accumulated amortisation	(125)
	<b>113</b>

#### Year ended 30 June 2016

Opening net book amount	113
Transfers in	2,475
Amortisation charge for the year	(147)

**Carrying amount at 30 June 2016** **2,441**

#### At 30 June 2016

At cost	2,713
Accumulated amortisation	(272)
	<b>2,441</b>

\*Adjustments have been made to accumulated amortisation to recognise an asset transferred into the intangible class with a cost of \$135,000 and accumulated amortisation of \$27,000.

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 West Moreton's software are between 10% and 20%.

## B5 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, West Moreton 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.

## B6 Inventories

Inventories consist mainly of clinical supplies and pharmaceuticals 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.

## B7 Other assets

**2016** **2015**  
**\$'000** **\$'000**

### Current

Prepayments	303	304
Advance – salary and wages	-	9,200
	<b>303</b>	<b>9,504</b>

## B8 Payables

These amounts represent liabilities for goods and services provided to West Moreton prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 40 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.

	2016	2015
	\$'000	\$'000
Trade creditors	4,387	21,671
Accruals	15,184	8,719
	<b>19,571</b>	<b>30,390</b>

## B9 Employee benefits

### 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 and Long Service Leave Central Scheme, 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. No provisions for annual leave and long service leave is recognised in West Moreton's financial statements as a liability 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*. 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 West Moreton'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 to make the payments.

## B10 Provisions

	2016	2015
	\$'000	\$'000
<i>Current</i>		
Provision for insurance claims	350	470
	<b>350</b>	<b>470</b>
<i>Movement in provision for insurance claims</i>		
<b>Carrying amount at the beginning of the financial year</b>	<b>470</b>	<b>620</b>
Charged to operating result		
- Additional provision recognised	190	300
- Unused amounts reversed	(200)	(260)
- Amounts used during the year	(110)	(190)
<b>Carrying amount at the end of the financial year</b>	<b>350</b>	<b>470</b>

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.



## C Equity and risk management

### C1 Contributed equity

	2016 \$'000	2015 \$'000
<b>Opening balance at beginning of year</b>	<b>248,595</b>	<b>251,033</b>
<i>Non-appropriated equity injections</i>		
Minor capital funding	4,159	8,591
Priority capital program funding	1,631	-
Backlog maintenance funding	3,597	-
Statewide prisoner medical records funding	1,855	-
	<b>11,242</b>	<b>8,591</b>
<i>Non-appropriated equity withdrawals</i>		
Non-cash depreciation and amortisation funding returned to Department of Health as a contribution towards capital works program	(16,833)	(16,458)
<i>Non-appropriated equity asset transfers</i>		
BreastScreen	-	17
Land	(10,448)	(483)
Extended Forensic Treatment Rehabilitation	-	125
Buildings	(810)	(258)
Gailes Community Care Unit	-	6,104
X-ray	127	-
eHealth	(325)	-
Other	-	(76)
	<b>(11,456)</b>	<b>5,429</b>
<b>Balance at the end of the financial year</b>	<b>231,548</b>	<b>248,595</b>

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.

### C2 Asset revaluation surplus by class

	2016 \$'000	2015 \$'000
<i>Land</i>		
Balance at the beginning of the financial year	2,500	2,500
Revaluation increments	(9)	-
	<b>2,491</b>	<b>2,500</b>
<i>Buildings</i>		
Balance at the beginning of the financial year	20,357	18,811
Revaluation increments	3,470	1,546
	<b>23,827</b>	<b>20,357</b>
<b>Balance at the end of the financial year</b>	<b>26,318</b>	<b>22,857</b>

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

### C3 Non-cash financing and investing activities

Assets and liabilities received or transferred by West Moreton are set out in the statement of changes in equity.



## C4 Financial risk management

West Moreton is exposed to a variety of financial risks – credit risk, liquidity risk and market risk. West Moreton holds the following financial instruments by category:

	2016 \$'000	2015 \$'000
<i>Financial assets</i>		
Cash and cash equivalents	40,761	44,640
Receivables*	10,467	10,605
	<b>51,228</b>	<b>55,245</b>
<i>Financial liabilities</i>		
Payables	19,571	30,390
	<b>19,571</b>	<b>30,390</b>

\* 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 financial assets, which are disclosed in more detail in notes B1 and B2, best represent the maximum exposure to credit risk at the reporting date.

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. An amount of \$2,953,000 relates to government funding which is expected to be received upon the endorsement of the 2016-17 service agreement (2015: \$5,780,000). The remaining receivables relate to health providers and ineligible patients.

Overall credit risk is considered minimal.

### (b) Liquidity risk

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

West Moreton is exposed to liquidity risk through its trading in the normal course of business. West Moreton 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, West Moreton has an approved working debt facility of \$4,000,000 (2015: \$4,000,000) to manage any short-term cash shortfalls.

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

	2016 \$'000	2015 \$'000
<i>Floating rate</i>		
- Expiring beyond one year	4,000	4,000
	<b>4,000</b>	<b>4,000</b>

#### (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.

### (c) Interest rate risk

West Moreton 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.

West Moreton does not undertake any hedging in relation to interest rate risk.

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

### (d) Fair value measurements

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

## D Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of West Moreton, directly or indirectly, including any Board members of West Moreton. The following persons were considered key management personnel of West Moreton during the current financial year:

Position	Name	Contract classification/appointment authority	Initial appointment date
<b>Non-executive Board Chair</b>	Dr Mary Corbett	<i>Hospital and Health Boards Act 2011</i> Tenure: 18/05/13 – 17/05/16	18/05/12
	Michael Willis	<i>Hospital and Health Boards Act 2011</i> Tenure: 18/05/16 – 17/05/17	18/05/16
<b>Non-executive Board member</b>	Paul Casos	<i>Hospital and Health Boards Act 2011</i> Tenure: 18/05/13 – 17/05/16	29/06/12
	Dr Robert McGregor	<i>Hospital and Health Boards Act 2011</i> Tenure: 18/05/13 – 17/05/16	29/06/12
	Melinda Parcell	<i>Hospital and Health Boards Act 2011</i> Tenure: 18/05/14 – 17/05/18	29/06/12
	Professor Sonj Hall	<i>Hospital and Health Boards Act 2011</i> Tenure: 26/06/15 – 17/05/18	18/05/14
	Susan Johnson	<i>Hospital and Health Boards Act 2011</i> Tenure: 26/06/15 – 17/05/19	26/06/15
	Gary Edwards	<i>Hospital and Health Boards Act 2011</i> Tenure: 11/12/15 – 17/05/18	11/12/15
	Professor Gerald Holtmann	<i>Hospital and Health Boards Act 2011</i> Tenure: 18/05/16 – 17/05/17	18/05/16
	Patricia Evatt	<i>Hospital and Health Boards Act 2011</i> Tenure: 18/05/16 – 17/05/17	18/05/16
	Sue Scheinflug	<i>Hospital and Health Boards Act 2011</i> Tenure: 18/05/16 – 17/05/17	18/05/16
	Sue McKee	Individual contract / <i>Hospital and Health Boards Act 2011</i> Tenure: 01/07/15 – 30/06/20	01/07/15
<b>Executive Director Finance and Business Services</b> - Responsible for financial management, information and communications technology management, contract management, health information management, infrastructure and assets management and statutory reporting obligations of West Moreton.	Nik Fokas	HES 2H / <i>Hospital and Health Boards Act 2011</i> Tenure: 19/10/15 – 19/10/18	19/10/15
	Lynette Gill	Relieving/higher duties arrangement	09/06/15 – 18/10/15
<b>Executive Director Mental Health and Specialised Services</b> - Responsible for the operational leadership and management of mental health and specialised services throughout West Moreton.	Sharon Kelly	HES 2H / <i>Hospital and Health Boards Act 2011</i> Tenure: 13/09/13 - 24/03/16	1/07/12
	Dr Leanne Geppert	Relieving/higher duties arrangement	27/04/15 – 13/09/15 11/04/16 –
<b>Executive Director Clinical Services</b> - Responsible for the operational leadership and management of Ipswich Hospital and provides leadership for medical services throughout West Moreton.	Jo Johnson	Relieving/higher duties arrangement	23/10/15
	Helen Chalmers	Relieving/higher duties arrangement	23/03/15 – 17/07/15 14/09/15 – 22/10/15
	Sharon Kelly	Relieving/higher duties arrangement	19/07/15 – 13/09/15
<b>Executive Director Medical Services</b> - Responsible for developing, implementing, managing and monitoring the clinical governance framework, research and education of West Moreton.	Dr Mary Seddon	MM012:3 Level 27	4/08/14
<b>Executive Director Workforce</b> - Responsible for providing strategic leadership in relation to all human resource functions, including industrial relations, throughout West Moreton.	Alan Millward	HES 2L / <i>Hospital and Health Boards Act 2011</i> Tenure: 9/12/13 - 22/04/16	3/09/12

<b>Executive Director Legal and Corporate Governance</b> - Responsible for the West Moreton Hospital and Health Service's corporate governance architecture and strategy as well as the primary legal advisor to the Board, Chief Executive, Executive Leadership Team and West Moreton.	Jacqueline Keller	Relieving/higher duties arrangement (maternity leave from 03/12/15)	11/05/15
	Hajo Duken	HES 2H / <i>Hospital and Health Boards Act 2011</i> Tenure: 14/01/2016 – 9/12/2016	14/01/16
<b>Executive Director Nursing and Midwifery</b> - Responsible for the effective leadership and management for the nursing and midwifery profession across West Moreton Hospital & Health Service.	Cheryl Burns	Nurse Grade 12	23/05/16

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 was no performance bonuses paid in the 2015-16 financial year (2015: \$nil).

Name	Short-term benefits		Long-term benefits	Post-employment benefits	Termination benefits	Total remuneration
	Base	Non-Monetary benefits				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2016</b>						
Michael Willis	6	-	-	1	-	7
Dr Mary Corbett	76	-	-	7	-	83
Paul Casos	42	-	-	4	-	46
Dr Robert McGregor*	135	16	-	18	-	169
Melinda Parcell*	165	9	-	28	-	202
Professor Sonj Hall	48	-	-	4	-	52
Susan Johnson	43	-	-	4	-	47
Gary Edwards	23	-	-	2	-	25
Professor Gerald Holtmann	2	-	-	-	-	2
Patricia Evatt	2	-	-	-	-	2
Sue Scheinpflug	3	-	-	-	-	3
Sue McKee	242	10	-	29	-	281
Nik Fokas	126	6	-	20	-	152
Lynette Gill	59	-	-	11	-	70
Helen Chalmers	20	4	-	5	-	29
Jo Johnson	115	7	-	20	-	142
Dr Mary Seddon	408	18	-	58	-	484
Sharon Kelly	140	3	-	23	-	166
Dr Leanne Geppert	74	4	-	13	-	91
Susan Beckman	28	2	-	4	-	34
Alan Millward	117	14	-	36	-	167
Hajo Duken	67	-	-	11	-	78
Jacqueline Keller	69	5	-	12	-	86
Cheryl Burns	43	-	-	4	-	47
<b>2015</b>						
Dr Mary Corbett	85	-	-	8	-	93
Paul Casos	44	-	-	4	-	48
Dr Robert McGregor*	224	20	-	17	-	261
Melinda Parcell*	154	9	-	26	-	189
Professor Julie Cotter	37	-	-	3	-	40
Gary Edwards	45	-	-	4	-	49
Professor Sonj Hall	45	-	-	4	-	49
Susan Johnson	-	-	-	-	-	-
Lesley Dwyer	256	-	-	23	-	279
Lynette Gill	2	-	-	1	-	3
Ian Wright	197	9	-	33	-	239
Helen Chalmers	39	-	-	8	-	47
Linda Hardy	147	13	-	27	-	187
Dr Mary Seddon	354	13	-	28	-	395
Dr John Gallichio	70	-	-	-	-	70

Name	Short-term benefits		Long-term benefits	Post-employment benefits	Termination benefits	Total remuneration
	Base	Non-Monetary benefits				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sharon Kelly	185	-	-	29	-	214
Dr Leanne Geppert	19	1	-	3	-	23
Michelle Giles	6	-	-	1	-	7
Alan Millward	149	15	-	32	-	196
Jacqueline Keller	129	6	-	25	-	160
Chris Thorburn	168	8	-	30	69	275

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

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 West Moreton 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 procedure titled "Remuneration procedures for part-time chairs and member of Queensland Government bodies".

Under the procedure, Hospital and Health Services were assessed as 'Governance' entities and grouped into different levels of a remuneration matrix based on a range of indicators including: revenue/budget, net and total assets, independence, risk and complexity.

West Moreton Hospital and Health Board members are paid as follows:

Effective 18 May 2014	
Annualised Board fees	Annualised Sub-committee fees (per statutory committee)
Chair: \$75,000	Chair: \$4,000
Member: \$40,000	Member: \$3,000

## E Other information

### E1 Contingencies

#### Litigation

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

### E2 Commitments

West Moreton 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:

	2016	2015
	\$'000	\$'000
Within one year	1,903	1,205
Later than one year but not later than five years	2,355	1,870
Later than five years	16	15
	<b>4,274</b>	<b>3,090</b>

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

	2016	2015
	\$'000	\$'000
<b>Within one year</b>	<b>1,656</b>	<b>438</b>

### E3 Notes to the statement of cash flows

The following table reconciles the operating result to net cash provided by operating activities:

	2016	2015
	\$'000	\$'000
<b>Operating result from continuing operations</b>	<b>(9,063)</b>	<b>(1,746)</b>
<i>Non-cash items</i>		
Depreciation expense	16,686	16,410
Amortisation expense	147	48
Net gains on realisation of property, plant and equipment	460	95
Depreciation and amortisation funding	(16,832)	(16,459)
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in receivables	136	(3,972)
(Increase)/decrease in inventories	451	(750)
(Increase)/decrease in other assets	9,201	(9,300)
Increase/(decrease) in payables	(10,820)	(2,493)
Increase/(decrease) in accrued employee benefits	2,938	9,632
Increase/(decrease) in provisions	(120)	(150)
Increase/(decrease) in unearned revenue	3,615	(15)
<b>Net cash (used in) / provided by operating activities</b>	<b>(3,201)</b>	<b>(8,700)</b>

### E4 Patient fiduciary funds

West Moreton acts in a fiduciary trust capacity in relation to patient trust accounts. Consequently, these transactions and balances are not recognised in the financial statements but are disclosed below for information purposes. Although patient funds are not controlled by West Moreton, trust activities are included in the audit performed annually by the Auditor-General of Queensland.

	2016	2015
	\$'000	\$'000
<b>Cash at beginning of financial year</b>	<b>218</b>	<b>228</b>
Patient fund receipts	1,503	1,710
Patient fund related payments	(1,553)	(1,720)
<b>Cash at end of financial year</b>	<b>168</b>	<b>218</b>

## E5 New standards and interpretations not yet adopted

A number of new standards, amendments and interpretations are effective for annual reporting periods beginning on or after 1 July 2016, and have not been applied in preparing these financial statements. West Moreton has reviewed these standards and interpretations, and with the exception of AASB 9 *Financial Instruments*, AASB 15 *Revenue from Contracts and Customers*, AASB 16 *Leases* and AASB 2015-6 *Extending Related Parties disclosures to Not-for-Profit Public Sector Entities*, determined none of these new standards and interpretations materially impact West Moreton.

AASB 9 proposes a revised framework for the classification and measurements of financial instruments, AASB 15 introduces the core principles that an entity recognises revenue to depict the transfer of goods (or services) to customers in amounts that reflect the consideration (payment) which the entity expects to be entitled in exchange for those goods (or services), AASB requires the lessee to recognise assets and liabilities for all leases with a term greater than 12 months unless the underlying asset is of low value and AASB 2015-6 requires not-for-profit public sector entities to make a range of disclosures relating to the remuneration of key management personnel, transactions with related parties/entities, and relationships between parent and controlled entities. West Moreton is currently assessing the impact of these standards.

## E6 Subsequent events

### Commission of Inquiry – Barrett Adolescent Centre

On 16 July 2015 the Governor in Council issued a commission of inquiry into various matters surrounding the closure of Barrett Adolescent Centre. Barrett Adolescent Centre was a facility operated by West Moreton which provided inpatient mental health services to adolescent patients. The facility was closed in January 2014.

The Honourable Margaret Wilson QC was appointed as commissioner for the inquiry, which commenced on 14 September 2015 and the hearings concluded on 15 April 2016. West Moreton participated fully in this inquiry. The report was published on 18 July 2016.

The Commissioner made six recommendations in the report and all six recommendations have been accepted by the Government. In summary the recommendations are to:

- Review legislation that establishes the devolved Hospital and Health Service model in Queensland Health;
- Improve Service Agreements Queensland Health uses to contract services provided by Non-Government Organisations;
- Improve the availability and use of evaluations to inform clinical interventions in mental health;
- Consider a new building in south-east Queensland offering a range of mental health services for young people, including bed-based services;
- Improve transitions for adolescents moving into adult services; and
- Improve co-ordination between services designed to support young people who have both intellectual disability and mental illness.

The Minister for Health will lead the development of a detailed implementation plan for the Government's response to the report, which will be considered by the Government in the coming months. West Moreton will assess any potential impact as the detailed implementation plan is made available.

Other than the above, 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 West Moreton in future financial years; or
- (ii) the results of those operations in future financial years; or
- (iii) the state of affairs of West Moreton in future financial years.

## E7 Taxation

West Moreton 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 West Moreton.

Both West Moreton 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.

## F Budgetary reporting disclosures

### (a) Statement of comprehensive income

	Note	Actual 2016 \$'000	Budget 2016 \$'000	Variance \$'000	Variance %
<b>Income</b>					
User charges		480,156	463,310	16,846	4
Grants and other contributions		5,086	5,851	(765)	(13)
Other revenue		228	589	(361)	(61)
<b>Total revenue</b>		<b>485,470</b>	<b>469,750</b>	<b>15,720</b>	<b>3</b>
<b>Expenses</b>					
Employee expenses	(a)	341,817	355,384	(13,567)	(4)
Other supplies and services	(b)	124,469	94,228	30,241	32
Grants and subsidies		412	430	(18)	(4)
Depreciation and amortisation		16,833	16,684	149	1
Impairment losses		920	-	920	-
Other expenses		10,082	3,024	7,058	233
<b>Total expenses</b>		<b>494,533</b>	<b>469,750</b>	<b>24,783</b>	<b>5</b>
<b>Operating result</b>		<b>(9,063)</b>	<b>-</b>	<b>(9,063)</b>	<b>-</b>
<b>Other comprehensive income</b>					
<i>Items that will not be subsequently reclassified to operating result:</i>					
Increase in asset revaluation surplus		3,461	7,668	(4,207)	55
<b>Total other comprehensive income</b>		<b>3,461</b>	<b>7,668</b>	<b>(4,207)</b>	<b>(55)</b>
<b>Total comprehensive income</b>		<b>(5,602)</b>	<b>7,668</b>	<b>(13,270)</b>	<b>(173)</b>

**(b) Statement of financial position**

	Note	Actual 2016 \$'000	Budget 2016 \$'000	Variance \$'000	Variance %
<b>Current assets</b>					
Cash and cash equivalents		40,761	41,242	(481)	(1)
Receivables	(c)	10,468	6,889	3,579	52
Inventories		2,689	2,434	255	10
Other assets		303	845	(542)	(64)
<b>Total current assets</b>		<b>54,221</b>	<b>51,410</b>	<b>2,811</b>	<b>5</b>
<b>Non-current assets</b>					
Intangible assets		2,441	11	2,430	22,091
Property, plant and equipment	(d)	263,729	285,214	(21,485)	(8)
<b>Total non-current assets</b>		<b>266,170</b>	<b>285,225</b>	<b>(19,055)</b>	<b>(7)</b>
<b>Total assets</b>		<b>320,391</b>	<b>336,635</b>	<b>(16,244)</b>	<b>(5)</b>
<b>Current liabilities</b>					
Payables	(e)	19,571	11,428	8,143	71
Accrued employee benefits	(f)	12,616	9,508	3,108	33
Provisions		350	620	(270)	(44)
Unearned revenue	(g)	3,640	41	3,599	8,778
<b>Total current liabilities</b>		<b>36,177</b>	<b>21,597</b>	<b>14,580</b>	<b>68</b>
<b>Total liabilities</b>		<b>36,177</b>	<b>21,597</b>	<b>14,580</b>	<b>68</b>
<b>Net assets</b>		<b>284,214</b>	<b>315,038</b>	<b>(30,824)</b>	<b>(10)</b>
<b>Equity</b>					
Contributed equity		231,548	241,104	(9,556)	(4)
Accumulated surplus		26,348	37,366	(11,018)	(29)
Asset revaluation surplus		26,318	36,568	(10,250)	(28)
<b>Total equity</b>		<b>284,214</b>	<b>315,038</b>	<b>(30,824)</b>	<b>(10)</b>



**(c) Statement of cash flows**

	Note	Actual 2016 \$'000	Budget 2016 \$'000	Variance \$'000	Variance %
<b>Cash flows from operating activities</b>					
<i>Inflows:</i>					
User charges		462,345	462,063	282	-
Grants and other contributions		8,201	5,851	2,350	40
Interest received		27	31	(4)	(13)
GST collected from patients/consumers		242	-	242	-
GST input tax credits		8,020	-	8,020	-
Other		47	10,069	(10,022)	(100)
<i>Outflows:</i>					
Employee expenses	(a)	(329,678)	(356,555)	26,877	8
Supplies and services	(b)	(134,206)	(101,595)	(32,611)	(32)
Grants and subsidies		(412)	(430)	18	4
Insurance		(5,879)	-	(5,879)	-
GST paid to suppliers		(7,730)	-	(7,730)	-
GST remitted		(340)	-	(340)	-
Other		(3,838)	(1,737)	(2,101)	(121)
<b>Net cash provided by operating activities</b>		<b>(3,201)</b>	<b>17,697</b>	<b>(20,898)</b>	<b>(118)</b>
<b>Cash flows from investing activities</b>					
<i>Inflows:</i>					
Sales of property, plant and equipment		158	181	(23)	(13)
<i>Outflows:</i>					
Payments for property, plant and equipment	(h)	(12,079)	(4,857)	(7,222)	(149)
<b>Net cash used by investing activities</b>		<b>(11,921)</b>	<b>(4,676)</b>	<b>(7,245)</b>	<b>(155)</b>
<b>Cash flows from financing activities</b>					
<i>Inflows:</i>					
Equity injections	(i)	11,243	4,857	6,386	131
<i>Outflows:</i>					
Equity withdrawals	(j)	-	(16,955)	16,955	100
<b>Net cash provided by financing activities</b>		<b>11,243</b>	<b>(12,098)</b>	<b>23,341</b>	<b>193</b>
Net increase in cash and cash equivalents held		(3,879)	923	(4,802)	(520)
Cash and cash equivalents at beginning of the financial		44,640	40,319	4,321	11
<b>Cash and cash equivalents at end of the financial year</b>		<b>40,761</b>	<b>41,242</b>	<b>(481)</b>	<b>(1)</b>

**Explanation of major variances:**

Major variances are considered to be variances that are material within the 'Total' line item that the item falls within and a variance of 5% on expenses (employee expense and other supplies and services) and for payments of property, plant and equipment and 10% for all other material line items.

Major variances have been identified and explained:

- The employee expenses budget increased in 2015-16 to account for new services at Borallon Training and Correction Centre, Gailles Community Care Unit and additional new services at Ipswich Hospital. There was a delay in the commencement of these services resulting in a variance of \$13.567M compared to budget.
- The increase of \$30.241M relates to the 2015-16 budget being calculated based on the 2014-15 estimated actuals, which reflects a value significantly lower value than both the 2014-15 and 2015-16 actuals. The remainder of the variance relates to the cost of additional activity performed by external providers including services to reduce elective surgery long waits, outpatient waiting lists, dental wait lists and services performed at Mater.
- The increase of \$3.579M relates to the accrued revenue for 2015-16 Window 3 service agreement amendments.
- The decrease of \$21.485M relates to the transfer of land and buildings to Department of Health in June 2016 of \$11.258M and actual revaluations \$4.207M below budgeted figure.
- The variance of \$8.143M relates to an increase in accrued expenditure at year end primarily relating to outstanding invoices for clinical services performed by external providers.
- The increase of \$3.108M relates to a corresponding increase in the number of days accrued for employee expenditure from 9 days in 2014-15 to 11 days in 2015-16.
- The increase of \$3.599M relates to funding received in advance for 2015-16 Window 3 service agreement amendments of \$3.115M.
- The increase of \$7.222M relates to the acquisition of non-current assets including Information Communication Technology projects, enhancement of facilities and purchase of medical equipment.
- The increase of \$6.386M relates to transfers of operating funding to capital funding for the backlog maintenance remediation program of \$3.597M, statewide prisoner medical records funding of \$1.855M and priority capital program funding of \$1.631M.
- The decrease of \$16.955M is due to a re-classification as the budget of \$16.955M relates to depreciation funding which is a non-cash transfer. Actual depreciation for the year was \$16.833M.

# Management certificate

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These general purpose financial statements have been prepared pursuant to Section 62(1) of the *Financial Accountability Act 2009* (the Act), Section 43 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;
- (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 2016 and of the financial position of the Service at the end of the year; and
- (c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



**Michael Willis BEcon SFFin FAICD**  
**Chair**

26 August 2016



**Susan McKee RN BSc MBA**  
**Chief Executive**

26 August 2016

# 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 2015, 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 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 2015 to 30 June 2016 and of the financial position as at the end of that year; and

## 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.



D J OLIVE CPA  
as Delegate of the Auditor-General of Queensland  
30 August 2016

Queensland Audit Office  
Brisbane