West Moreton Hospital and Health Service

2014 ANNUAL REPORT 2015

Queensland Government

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West Moreton Hospital and Health Service Annual Report 2014-2015

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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/.

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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) 3180 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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West Moreton Hospital and Health Service

Annual Report 2014-2015

Letter of compliance

Queensland Government

West Moreton Hospital and Health Service

28 August 2015

The Honourable Cameron Dick MP

Minister for Health and Minister for Ambulance Services

GPO Box 48

Brisbane Qld 4001

Dear Mr Dick

I am pleased to present the Annual Report 2014-2015 and financial statements for West Moreton Hospital and Health Service.

I certify that this Annual Report complies with:

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

A checklist outlining the annual reporting requirements can be found on pages 46-47 of this Annual Report or accessed at www.westmoreton.health.qld.gov.au.

Yours sincerely

Dr Mary Corbett

Chair

West Moreton Hospital and Health Board

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Message from the Board Chair

Welcome to the third annual report for the West Moreton Hospital and Health Service.

Last financial year, guided by our *Strategic Plan, Path to Excellence: 2014-18*, we continued to build on our proud history of providing high quality, patient-centred healthcare to our communities in and around Ipswich, Boonah, Esk, Gatton and Laidley.

We began the year by looking with renewed energy at how we can make our health service a great place to work with the introduction of our own set of values. These values define the standards that govern our individual and collective behaviours here at West Moreton and have become the cornerstone of our workforce operations in processes such as induction, reward and recognition, performance appraisal and team dynamics. For our patients, the values provide the common thread that guides our health professionals in the care process and improves the patient experience.

We continued to pursue partnership opportunities to enhance services. Our partnership protocol with West Moreton-Oxley Medicare Local (WMOML) produced shared models of care and further integration of first and second tier healthcare in our region. With the cessation of operations of WMOML on 30 June 2015 we have focused on supporting a smooth transition to the new Darling Downs West Moreton Primary Health Network and ensuring the key successes of the partnership continue to be built upon.

We also formalised our partnership with Kambu Health and the Institute for Urban Indigenous Health with the development of the Numbulli Yalwa project, which has made significant progress towards its goal of providing seamless and integrated services for every Aboriginal and Torres Strait Islander patient in West Moreton.

Our five Community Reference Groups helped shape and improve the way we deliver healthcare in our region, providing the Board and Executive with a vital link to the communities that we serve. In a similar vein, our Lead Clinician Group provided a key platform for engagement with our clinicians, ensuring their specialist knowledge and skills are factored into key decisions impacting on the planning and design of our health service.

During the year the Board bid farewell to retiring members Professor Julie Cotter and Mr Gary Edwards. Professor Cotter was on the Board for almost three years, during which time she made a significant contribution with her finance and research background. Mr Edwards was instrumental in helping to guide strategic decision-making and strengthening our networks and relationships with our community and health partners. I thank both of them for their contribution to the Board and our service.

The Board also welcomed the appointment of Susan Johnson and the reappointment of Professor Sonj Hall, to 17 May 2016 and 17 May 2018 respectively. Ms Johnson brings to the Board extensive legal, research, policy and governance experience and a background in child safety.

Another important transition during the reporting period was the departure of Chief Executive Lesley Dwyer. Lesley was a driving force behind the transformation of West Moreton into one of Queensland's best performing health services, making the critical decisions and necessary changes to ensure a smooth transition to becoming an autonomous organisation.

We were delighted to welcome Ms Sue McKee as our new Chief Executive commencing her employment with us on 1 July 2015. Sue has a strong background in delivering quality healthcare in both regional and metropolitan settings across Queensland and interstate, and was most recently General Manager of Operations for Children's Health Queensland. Sue's commitment to West Moreton is already apparent, having not only relocated to the region ahead of her commencement, but in a few short weeks having engaged significantly with the community, staff and stakeholders. The Board welcomes Sue to the role.

Finally, I would like to acknowledge the hard work and dedication of all our staff for their ongoing commitment to serving our community and putting our patients first.

In the coming years we will face some significant challenges as a result of our rapidly growing community and disproportionate growth in complex and chronic disease.

In this challenging environment, a key part of our strategy will be to develop and empower our employees — the most critical factor in helping shape our journey as a first-class hospital and health service.

Dr Mary Corbett

Chair
West Moreton Hospital and Health Board

Message from the Chief Executive

I am very pleased to present my first report as Chief Executive of West Moreton.

While I was not appointed until the beginning of the new financial year, I have conducted a thorough review of operations for the year ended 30 June 2015 and am confident I am well positioned to provide you with this report.

The budget surplus achieved in the prior year enabled the reinvestment of $10.543 million into key service delivery initiatives such as the establishment of an adult short stay unit, the Hospital at Night Program, enhanced local access to oncology treatment, additional nursing resources, the establishment of a surgical assessment unit and reduced specialist outpatient long waits.

Community members also benefited from reduced elective surgery wait times. On 1 November 2014, West Moreton had no elective surgery patients waiting longer than clinically recommended timeframes. This was the first time in recorded history and an impressive first milestone for Ipswich Hospital. Since achieving this, West Moreton has continued to reduce waiting times by setting internal targets which aim to build sustainability and flexibility into the model of care for patients.

During the year West Moreton was awarded the Premier's Award for Excellence for the introduction of the Daily Safety Briefing concept and for the second consecutive year, Laidley Health Service won Best Overall Site in the 2015 state-wide Point of Care Quality Awards.

Winning these awards is state-wide recognition that the team is leading the way in improving performance through the development of new initiatives that improve patient safety and deliver the highest quality of care.

West Moreton's research and innovation agenda was formalised with the endorsement of the *Research and Innovation Strategy 2015-20*. The strategy will focus on enhancing health outcomes and improving the quality of care provided in areas that are considered as a priority for our demographic including chronic diseases and their consequences, mental health, health promotion and prevention and pregnancy and early childhood disease.

Throughout the year West Moreton remained focused on attracting and retaining a highly skilled and high performing workforce. Key workforce initiatives undertaken during the financial year included the implementation of a revitalised performance planning process, recruitment process improvements, a revised complaints management procedure and increased line manager education. Feedback from the 2015 Working for Queensland employee opinion survey indicates a steady improvement in job engagement and satisfaction, with most employees indicating they would recommend West Moreton as a great place to work.

It is an exciting time for our health service. We face some unique challenges, including the largest projected population increase of any hospital and health service in Queensland and increasing rates of complex and chronic disease within our diverse community. Within this challenging environment we will be evaluating expansion options to ensure the healthcare needs of West Moreton's residents are adequately planned for.

During the year the Board enlisted the help of our staff, key health partners and the wider community to conduct a comprehensive review of its Strategic Plan. The refreshed *Strategic Plan, Path to Excellence 2015-19* outlines our priorities to ensure we meet our future challenges and deliver the critical projects needed to achieve our mission to provide excellent health, excellent care and excellent value to our community.

I would like to congratulate everyone who contributed to the remarkable achievements made by West Moreton in 2014-15. I feel extraordinarily privileged to be part of this high-performing team and I look forward to working with you in 2015-16.

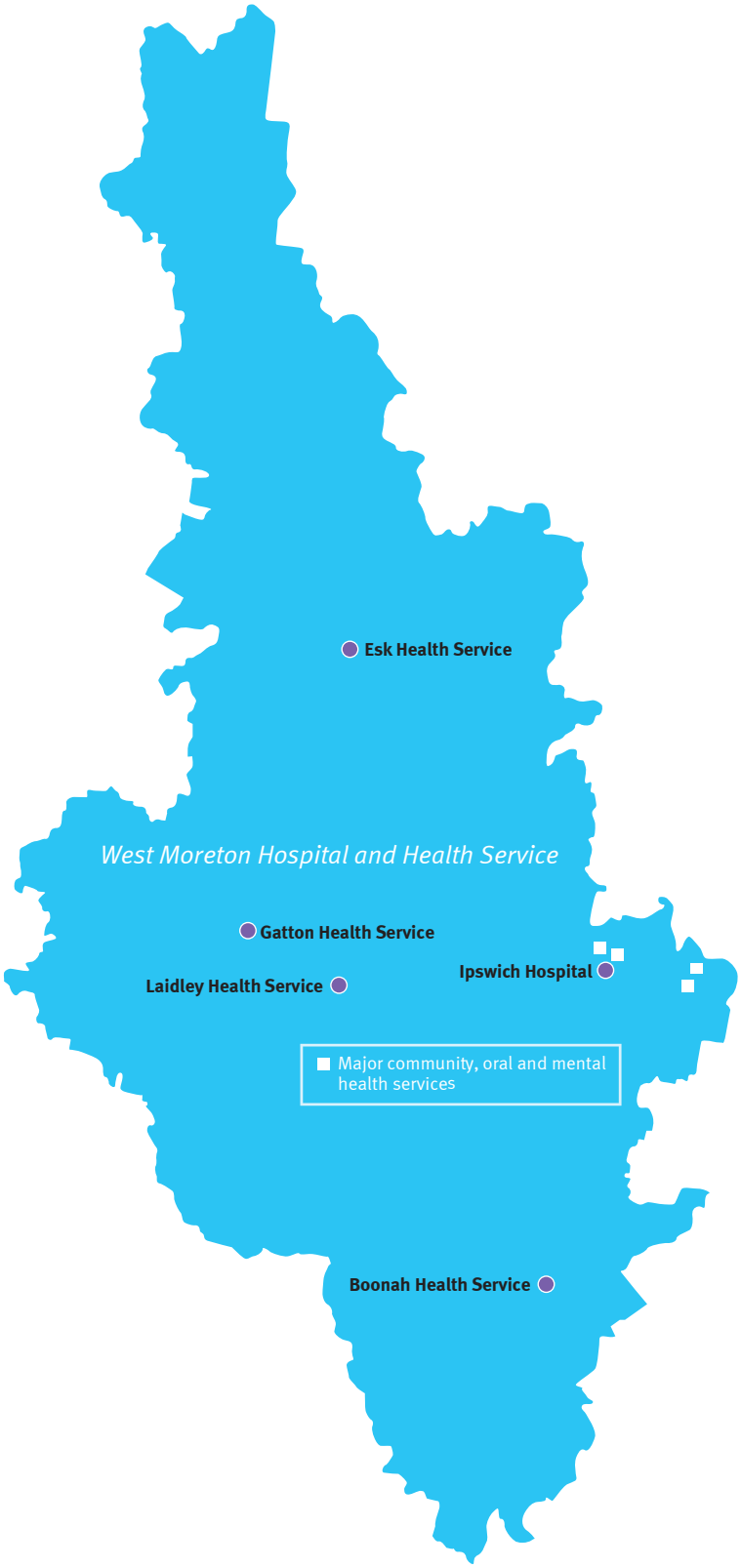
Ms Sue McKee

Chief Executive
West Moreton Hospital and Health Service

1. Overview

The West Moreton Hospital and Health Service extends from Ipswich to Boonah in the south, west to Gatton and Laidley, north to Esk and east to Wacol.

Our service region encompasses four local government areas, including Scenic Rim Regional Council, Lockyer Valley Regional Council, Somerset Regional Council and Ipswich City Council.



What we do

West Moreton provides healthcare to about 260,000 people, which is forecast to increase by 77 per cent to 450,000 people by 2026 (based on information available at April 2015). 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 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
- 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.

West Moreton has 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.

Our continued services

Our Hospital and Health Board is accountable to the local community and the Queensland Parliament, through the Minister for Health.

This financial year, we have continued to build on our proud history of providing health services to Ipswich, Boonah, Esk, Laidley, Gatton and surrounding areas.

With a 2014-2015 budget of $454.28 million and 2,857 full-time equivalent staff, West Moreton is one of the largest employers in the region.

We continue to focus on patient-centred care and local engagement of clinicians, consumers and the community. Emphasising local accountability and decision-making, allows local services to be more flexible and to innovate and pursue quality and efficiencies in healthcare delivery.

Our vision

Proud to deliver healthcare excellence.

Our mission

To provide excellent health, excellent care and excellent value.

Our values

In 2014-2015, West Moreton continued a significant staff engagement project to re-align our values and to define acceptable standards and staff behaviour.

These values were developed during the consultation process to update the Service's strategic plan.

The Lead Clinician Group took the initial step to developing the values, and feedback was gathered from staff at workshops and via on-line feedback forms to ensure they reflected the beliefs of all staff.

From 1 July 2014, we implemented these new values:

- **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"*.

With the hospital and health service spanning five different regional and rural areas, it is important to continue operating as a cohesive unit.

The values represent all aspects of West Moreton and help provide stability in service delivery across the workplace and community.

Our challenges

In 2014-2015 we faced a number of challenges, including:

- Financial pressures: delivering services within a nationally efficient price with increasing community expectations of the scope of services provided by the public health sector.
- Community and service expectations: providing care within clinically recommended timeframes.
- Population pressures: population growth and age structure.
- Burden of disease: rates of burden of disease for Aboriginal and Torres Strait Islander people, people from low socio-economic backgrounds, and some culturally and linguistically diverse groups are higher than the general Queensland population.
- Workforce challenges: ongoing difficulties recruiting and retaining workforce, requirements for the workforce to rapidly adapt to changing models of care and service delivery, and our ability to ensure staff continue to acquire the necessary skills and knowledge.

Our strategic direction

As at 1 July 2014, the *West Moreton Hospital and Health Service Strategic Plan, Path to Excellence: 2014-18* came into effect.

The plan aims to deliver on our vision of being "*Proud to deliver healthcare excellence*" and allows West Moreton to deliver on the Government's objectives for the community and specific government commitments.

Six strategic directions make up our continued focus on the provision of excellence in healthcare:

1. Revitalise services
2. Strengthen safety and quality
3. Drive innovation and research
4. Enable our people
5. Plan for a sustainable future
6. Maintain financial health.

During 2014-2015, the strategic plan was further reviewed, and an updated version developed for the next financial year, to ensure it aligns with government objectives.

2. Governance

Our Board Members

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

Six members are currently appointed, with one vacancy to be filled in the coming months.

The Board is responsible for setting the strategic direction of West Moreton.

It is accountable for the Service's performance, and for establishing and maintaining effective systems to ensure the needs of the community are met.

Dr Mary Corbett

Chair, West Moreton Hospital and Health Board ● Chair, Executive Committee ● Chair, Nomination Committee ● Member, Finance Committee

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.

She is currently Chair of the Cotton Research and Development Corporation and a Board member of the Wound Management Innovation Cooperative Research Centre.

Mr Paul Casos

Deputy Chair, West Moreton Hospital and Health Board ● Chair, Finance Committee ● Chair, Audit and Risk Committee ● Member, Nomination Committee

Paul Casos is the Executive Chairman of Ipswich Events Corporation. He is also Vice President and Treasurer of Willowbank Raceway and Vice President of the Ipswich City Rotary Club.

He has experience serving on the Boards of numerous not-for-profit organisations, as well as Government entities including as Chairman of the Dental Technicians and Dental Prosthetists Registration Board of Queensland.

It was while employed by Queensland Health he became involved in health management and played a key role in the development of the Ipswich Health Plaza and Goodna Community Health Centre.

Professor Sonj Hall

Member, Safety and Quality Committee ● Member, Audit and Risk Committee ● Member, Nomination Committee

Professor Hall is the co-owner and Senior Partner of SPH Business Consulting, an international consultancy specialising in futures thinking, strategy and risk planning.

She 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.

Ms Susan Johnson

Member, Audit and Risk Committee ● Member, Finance Committee

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.

Susan holds a Bachelor of Arts, a Bachelor of Laws, and a Masters of Business Administration and is a community representative on the Professional Performance and Standards Panels, dealing with allegations of unprofessional conduct by health practitioners in Queensland.

She 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.

Dr Robert McGregor

Member, Executive Committee ● Member, Safety and Quality Committee

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.

Robert 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.

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

Ms Melinda Parcell

Chair, Safety and Quality Committee ● Member, Executive Committee

Ms Parcell is the Director of Operations/Nursing, Co-ordinated Care Stream for the West Moreton Hospital and Health Service. She oversees surgical, women's and children's services, as well as the Gatton and Laidley Health Services.

Melinda has a Bachelor of Health Management, and a Master of Management (Innovation and Change). In 2013, Ms Parcell won a West Moreton Hospital and Health Service Australia Day Award, while in 2012 she was awarded "Best Paper" at the Association of Queensland Nurse Leaders Annual Conference about obtaining work-life balance at a Director of Nursing level.

She is currently Chair of the Ipswich Hospital Museum Incorporated.

Members who resigned or retired during the year:

Professor Julie Cotter

Professor Cotter is a Chartered Accountant and a Director at the Australian Centre for Sustainable Business and Development.

She is a Professor of Accounting at the University of Southern Queensland with a Doctor in Philosophy in accounting and finance from the University of Queensland, is a Fellow of CPA Australia, and a graduate member of the Australian Institute of Company Directors.

With experience in corporate reporting and governance in the health, agribusiness and finance sectors, Professor Cotter was a finalist in the Outstanding Contribution to Policy Development category on the 100 Women in Australian Agribusiness list 2014.

Professor Cotter chairs the Program Advisory Committee of the Chambers of Commerce and Industry Queensland ecoBiz program.

Mr Gary Edwards

Member, Finance Committee ● Member, Audit and Risk Committee

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

Gary spent 21 years as General Manager and Director of his family's company, R.T. Edwards, and is now General Manager of the family's investment business.

He has experience in strategic planning, knowledge of senior financial management, corporate governance and experience in community services.

Currently, he is Chair of the Board, Chair of the Finance and Infrastructure Committee and Chair of the Remuneration Committee for Churches of Christ (Qld).

Mr Edwards has been appointed as an external member of the Finance Committee and the Audit and Risk Committee following his departure from the West Moreton Hospital and Health Board.

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.

The Board is accountable to the Minister for Health for the performance of West Moreton.

The Board Charter defines the Board's roles and responsibilities, which include:

Strategy formulation

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

- Developing (in conjunction with the West Moreton Executive Leadership Team), approving and periodically reviewing the strategic plan.
- Approving West Moreton entering into the service agreement with the Director-General, and approving subsequent amendments.
- Approving the annual budget.
- Setting performance goals for West Moreton.
- 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 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 must operate.

It also sets the risk appetite in which the Chief Executive is expected to operate and determines the procedures and protocols that apply to the Board's operations.

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 and fulfills 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, 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's obligations under the service agreement.
- Monitoring West Moreton's financial reporting and performance.
- Monitoring the achievement of the 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 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.

Board meetings

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

Unless otherwise agreed by the Board members, the Board meets at least 11 times a year, generally on a monthly basis.

The Chief Executive and Board Secretary attend these meetings in ex-officio capacities.

Sometimes the Board considers matters out-of-session by written resolution.

Board committees

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

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

Each person's committee membership is listed in their profiles on pages 10-12.

Attendance at Board and Committee meetings

Name	Term of office	Board	Executive	Finance	Audit and Risk	Safety and Quality	Nomination
Dr Mary Corbett	18 May 2012 to 17 May 2016	12 (12*)	4 (4)	8 (9)	N/A	N/A	5 (5)
Mr Paul Casos	29 June 2012 to 17 May 2016	11 (12*)	N/A	8 (9)	N/A	N/A	5 (5)
Professor Julie Cotter	7 September 2012 to 1 April 2015	9 (10*)	N/A	N/A	5 (5)	N/A	1 (1)
Mr Gary Edwards	18 May 2014 to 17 May 2015	11 (11*)	N/A	7 (8)	6 (6)	N/A	N/A
Professor Sonj Hall	18 May 2014 to 17 May 2015 26 June 2015 to 17 May 2018	11 (11*)	N/A	N/A	4 (6)	5 (6^)	2 (4)
Ms Susan Johnson	26 June 2015 to 17 May 2016	0 (0)	N/A	0 (0)	0 (0)	N/A	N/A
Dr Robert McGregor	29 June 2012 to 17 May 2016	11 (12*)	4 (4)	N/A	1 (1)	6 (7^)	N/A
Ms Melinda Parcell	29 June 2012 to 17 May 2018	12 (12*)	4 (4)	N/A	N/A	7 (7^)	N/A

** Includes one special Board meeting.*
^ Includes one special Safety and Quality Committee meeting.

Note: Figures in brackets indicate the number of meetings the member was eligible to attend.

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.

For the period 1 July 2014 to 27 March 2015, membership of the committee comprised Professor Julie Cotter (Chair), Mr Gary Edwards and Professor Sonj Hall. From 28 March 2015 to 17 May 2015, the membership comprised Mr Gary Edwards (Chair), Professor Sonj Hall and Dr Robert McGregor. From 26 June 2015 to 30 June 2015, membership was Mr Paul Casos (Chair), Dr Robert McGregor and Ms Melinda Parcell.

The Chief Executive, the Executive Director of Finance and Business Services, the Executive Director of Governance, Risk and Legal, and the Board Secretary also 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 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 its 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 the Service'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.

The Committee also has the following functions:

Financial Statements

- Reviewing the appropriateness of accounting policies.
- Reviewing the appropriateness of significant assumptions made by management in preparing the financial statements.
- Reviewing the financial statements for compliance with prescribed accounting and other requirements.
- Reviewing, with management and the internal and external auditors, the results of the external audit and any significant issues identified.
- Ensuring there is proper explanation for any unusual transactions, trends or material variations from budget.
- Seeking assurance from management that the financial statements are fairly stated and compliant with prescribed requirements.

Risk Management

- Reviewing the risk management framework for identifying, monitoring and managing significant business risks, including fraud.
- Being satisfied that insurance arrangements are appropriate for the risk management framework, where appropriate.
- Liaising with management to ensure there is a common understanding of the key risks to West Moreton.
- Assessing and contributing to the audit planning processes relating to the risks and threats to West Moreton.
- Reviewing the effectiveness of the West Moreton's processes for identifying and escalating risks, particularly strategic risks.

Internal Control

- Reviewing, through the planning and reporting processes of internal and external audit functions, the adequacy of the internal control structure and systems, including information technology security and control.
- Reviewing, through the planning and reporting processes of internal and external audit functions, whether relevant policies and procedures are in place and up to date, including those for the management and exercise of delegations, and whether they are being complied with in all material matters.

Internal Audit

- Reviewing the Internal Audit Charter annually or otherwise as required.
- Reviewing the adequacy of the budget, staffing, skills and training of the Internal Audit Unit, having regard for West Moreton's risk profile.
- Reviewing the appointment and termination of the Principal Internal Auditor.
- Reviewing and approving the internal audit strategic and annual audit plans, scope and progress, and any significant changes, including any difficulties or restrictions on scope of activities, or significant disagreements with management.
- Reviewing the proposed internal audit plan to ensure it covers key risks and that there is appropriate co-ordination with the External Auditor.
- Reviewing and monitoring internal audit reports and action taken.
- Reviewing and assessing performance of the internal audit operations against the annual and strategic audit plans.
- Monitoring developments in the audit field and standards issued by professional bodies and other regulatory authorities, to encourage the use of best practice by internal audit.

External Audit

- Consulting with external audit on their proposed audit strategy and plan for the year.
- Reviewing the findings and recommendations of external audit and the response to them by management.
- Assessing whether there is a material overlap between the internal and external audit plans.
- Assessing the extent of reliance placed by the External Auditor on internal audit work, and monitoring external audit reports and West Moreton's responses.

Compliance

- Determining whether management has considered legal and compliance risks as part of West Moreton's risk assessment and management arrangements.
- Reviewing the effectiveness of the system for monitoring the Service's compliance with relevant laws, regulations and government policies.
- Reviewing the findings of any examinations by regulatory agencies, and any audit observations.

In 2014-2015, the Committee:

- Reviewed and recommended the Board's approval of a revised Audit and Risk Committee Charter.
- Reviewed and recommended the Board's approval of the *West Moreton Hospital and Health Service Annual Report 2013-2014*.
- Recommended the Board's approval of changes to the Internal Audit Charter.
- Recommended the Board's approval of the *2014-18 Internal Audit Strategic Plan* and the *2014-15 Internal Audit Plan*.
- Reviewed QAO recommendations and monitored their implementation.
- Reviewed internal and external audit activities and findings, and monitored the implementation of their recommendations.
- Recommended the Board's approval of amendments to the Integrated Risk Management Framework.
- Reviewed and recommended the Board's approval of changes to West Moreton Hospital and Health Service's strategic risks.
- Monitored risk management activities within West Moreton.
- Conducted a review of the Service's risk appetite.
- Reviewed claims made by West Moreton on its insurance policies.
- Reviewed the development of the Compliance Framework.
- Recommended the Board's approval of the Compliance Policy.
- Reviewed recommendations regarding the development of a Fraud Control Framework.
- Reviewed West Moreton's business continuity and business recovery plans.

Internal Audit

Internal audit activities are 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 Internal Audit Charter formally defines the

purpose, authority and responsibilities of West Moreton's Internal Audit Unit. It is consistent with the Institute of Internal Auditors' International Professional Practices Framework, and is approved by the West Moreton Hospital and Health Board on the recommendation of the Audit and Risk Committee.

All members of the Internal Audit Unit are bound by the principles of integrity, objectivity, confidentiality and competency under the Institute of Internal Auditors' Code of Ethics.

The four-year Strategic Internal Audit Plan and the annual Internal Audit Plan direct the unit's activities and provide a framework for its effective operation.

Plans are developed using a risk-based approach that considers the organisation's strategic and operational risks, as well as other factors that may impact West Moreton's ability to deliver its strategic objectives. They are approved by the Board on the recommendation of the Audit and Risk Committee.

The unit reports to the Executive Director of Governance, Risk and Legal, with direct reporting lines also to the Chief Executive and the Audit and Risk Committee.

These entities oversee the unit's planning, monitoring and reporting processes, ensuring that the unit operates effectively, efficiently and economically in accordance with approved internal audit plans.

Audit reports include recommendations based on a root cause analysis and the implementation of these recommendations is followed up regularly, with progress reports being given to the Chief Executive and the Audit and Risk Committee.

The unit operates independently of management and its work is carried out by both in-house resources and a co-sourced provider of internal audit services. They work independently of, but collaboratively with, West Moreton's external auditors.

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

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

Key achievements of the Internal Audit Unit include:

- Continuing development of in-house capability and knowledge.
- Completing the approved annual Internal Audit Plan, targeting higher risk areas and improving the effectiveness of systems, processes and risk management.
- Achieving 100% acceptance of audit findings and recommendations through the understanding of business operations, root cause analysis and negotiation with management.

The Internal Audit Unit has had due regard to Queensland Treasury and Trade's *Audit Committee Guidelines* throughout the year.

External Scrutiny

Queensland Audit Office

Report 3: 2014-15 Emergency Department Performance Reporting

The Queensland Audit Office (QAO) report on Emergency Department Performance Reporting 2014-15 identified several areas for priority response by Ipswich Hospital.

Key findings identified in the report were that a more robust process was required to ensure data captured in the Emergency Department is accurate and verifiable, that clearly defined guidelines needed to be developed for the operation and management of short stay units, and that a review should be undertaken to determine an appropriate emergency access target.

In response to the recommendations articulated in the report, West Moreton implemented a series of action plans which addressed both short-term and long-term solutions. To date, all of these actions have been completed, with regular monthly reporting to ensure sustainability.

Improvements include:

- Installing additional computers in the Emergency Department to allow adequate access for data entry.
- Managing Emergency Department Information System data by the Information Technology Service team, ensuring regular monitoring of data accuracy.
- Introducing procedures/guidelines to inform operating processes for short-stay units.
- Enhancing standard regular reporting measures from the Emergency Department.

Report 5: 2014-15 Results of Audit: Hospital and Health Service Entities 2013-14

This report covered the results of the QAO's 2013-14 financial audit of 17 Hospital and Health Services as principal providers of public health services in Queensland.

It provided an overview of the financial administration and reporting issues of the hospital

and health services, as well as timeliness and quality of financial statements.

The QAO assessed the key internal controls over the reliability of financial reporting and examined the financial sustainability of hospital and health services. It also assessed the operational efficiency of hospital and health services and described funding arrangements.

West Moreton has implemented procedures consistent with the findings and recommendations contained in the report, aligning financial delegations with best practice and providing strong governance around financial processes and internal controls.

Department of Health

Investigation under the Hospital and Health Boards Act 2011 – Barrett Adolescent Centre

The former Minister for Health announced on 6 August 2013 the intention to close the Barrett Adolescent Centre (BAC) – a 15-bed, state-wide extended treatment mental health inpatient facility. West Moreton led the transition of young people from BAC to the most appropriate alternative care options, while Children's Health Queensland Hospital and Health Service led the development of a new and enhanced adolescent extended treatment model of care for the State.

West Moreton developed individual transition plans for each consumer, tailored to the specific needs of each of the young people admitted to BAC. This process involved ongoing engagement with the consumer, their families, support services and other critical stakeholders. The BAC closed in January 2014.

Since the closure of BAC, three former consumers have died. As a result, the Office of the State Coroner has announced an inquest into the circumstances leading to the deaths and West Moreton is co-operating fully with this investigation. This process is still underway.

The Department of Health commissioned an external investigation into the governance model and transition care model used in the closure of BAC under Part 9 of the *Hospital and Health Boards Act 2011*, publicly releasing the report on 5 November 2014.

The Transitional Care for Adolescent Patients of the Barrett Adolescent Centre Report found that the governance model and healthcare transition plans were thorough, comprehensive and appropriate to the needs of each young person who underwent transition from BAC.

Investigators recommended that the positive learning from the transitional planning undertaken by West Moreton be used to inform a new state-wide policy for mental health transition for vulnerable young people.

On 16 July 2015, the Governor in Council issued a commission of inquiry into various matters surrounding the closure of Barrett Adolescent Centre. The Honourable Margaret Wilson QC has been appointed as commissioner for the inquiry, which will commence on 14 September 2015. West Moreton will fully participate in the inquiry.

Investigation under the Mental Health Act 2000 – Limited Community Treatment

In early 2015, West Moreton participated in an investigation regarding compliance with the *Mental Health Act 2000*.

An investigation was commissioned as a result of two consumers of The Park – Centre for Mental Health, Treatment, Research and Education being absent without permission from the High Security Inpatient Service, highlighting potential breaches of the Act and associated policies.

The Director of Mental Health, Department of Health appointed four clinical mental health experts from New South Wales and Queensland to undertake this investigation into West Moreton's limited community treatment (LCT) processes.

An investigation team considered evidence regarding compliance with policies for the notification of, cancellation and recommencement of LCT; clinical risk assessment processes; and multi-disciplinary team involvement in LCT decision-making.

The investigation also explored the level of detail provided by West Moreton when reporting significant LCT events.

Findings and five recommendations from the investigation were submitted to the Director of Mental Health in April 2015 and forwarded to West Moreton in May 2015. Two recommendations were relevant to broader systemic issues relating to LCT notification policy and compliance, as well as clinical governance. These recommendations will be considered at a state-wide level by the Office of the Director of Mental Health.

The other three recommendations were directly relevant to West Moreton and focused on multi-disciplinary team operations, employee-related issues and patient record management. West Moreton has convened a Steering Committee to address these recommendations and implement an action plan.

Australian Council on Healthcare Standards

2014 Periodic Survey

Accreditation against the National Safety and Quality Health Service Standards provides a quality assurance mechanism to test that West Moreton has systems in place to ensure minimum standards of safety and quality are met, and that a quality improvement mechanism is in place allowing the health service to realise aspirational goals in healthcare delivery.

In December 2014, West Moreton underwent an independent, external accreditation survey as part of a four-year accreditation program with the Australian Council on Healthcare Standards.

The periodic review was a mid-cycle assessment against standards 1, 2 and 3 of the National Safety and Quality Health Service Standards and the mandatory actions within Standards 11-15 of the EQuIPNational Standards.

West Moreton met or exceeded the mandatory requirements of the standards being assessed, with no high priority recommendations arising from the survey. Additionally, the survey team closed 64 of the 68 recommendations from the 2012 survey.

In the accreditation report, it was identified that through the appointment of consumer representatives on the Safety and Quality Committee, West Moreton will be able to provide a formal mechanism for consumers and/or carers to be involved in the range of activities required of Standard 2: Partnering with Consumers.

Prison Health Services (PHS), managed by West Moreton, commenced its accreditation assessment cycle in December 2014 with the submission of a self-assessment report to the Australian Council on Healthcare Standards. PHS will undergo an independent, external accreditation survey in December 2015.

This significant achievement provides confidence to the community that the healthcare services delivered by West Moreton meet or exceed contemporary health service standards.

Coroner

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

During 2014-2015, findings were handed down in six inquests. In four of them, the Coroner found that the care provided to the relevant prisoner was, in general terms, adequate and reasonable.

For the other inquests, significant findings made by the Coroner included:

- That the Queensland Government review the allocation of resources to the Prison Mental Health Service and Queensland Corrective Services to ensure that the capacity of staff in those agencies to respond to the mental health needs of prisoners is established at an appropriate level, and can then be adjusted to respond to fluctuations in the prison population. West Moreton has been working with the Department of Health to address funding surrounding this issue.
- That the Queensland Government convene a working party comprised of representatives from Queensland Health, Queensland Corrective Services, West Moreton, Arthur Gorrie Correctional Centre and other correctional centres to:
  - » examine how the identification and management of patients with hepatitis and cirrhosis in correctional settings could be improved
  - » review the former *Protocol For The Management of Viral Hepatitis In Offender Health Services* in consultation with appropriate experts, for distribution to all hospital and health services.

  West Moreton has convened this working party and participants are currently finalising the abovementioned protocol.

West Moreton was also party to an inquest regarding the death of a patient who died at Ipswich Hospital from multiple injuries, due to a fall from height after visiting the hospital's Emergency Department.

The Deputy State Coroner was generally satisfied that West Moreton had taken very seriously structural and process failures which contributed to the combination of events which all met and produced the environment for this incident to occur.

A comprehensive root cause analysis (RCA) investigation was undertaken by West Moreton following the incident, which recognised these failures and produced a significant body of recommendations.

The Deputy State Coroner recommended that West Moreton consider the structure of the Emergency Department Mental Health (EDMH) team at Ipswich Hospital, and in particular, whether its leadership structure should include a position for direct psychiatric input and leadership.

In response to this recommendation, West Moreton has engaged a psychiatrist to work directly with the EDMH team. This is a senior staff specialist who provides leadership on a 0.5 FTE basis.

West Moreton has also increased the establishment of psychiatric registrars within the Emergency Department, as well as increased clinical nursing staff to support the activity within the EDMH team.

West Moreton will continue to evaluate the effectiveness of this resource against the activity within the Emergency Department.

Implementation of other recommendations arising out of the RCA is ongoing and reports are required to be provided to the Deputy State Coroner in the next 12 months.

West Moreton has assisted the Coroner with a number of investigations throughout the year.

In these investigations, the Coroner either found that the care provided by West Moreton was appropriate, or that the investigations undertaken by West Moreton into the deaths (and actions being taken as a result) were sufficient enough that an inquest into the death was not required.

Information Systems and Recordkeeping

West Moreton is undertaking a corporate records management project to manage its corporate records and recordkeeping systems to:

- assist in the delivery of West Moreton's services
- enable business continuity
- facilitate and support transparent and accountable government and public participation
- allow the capture and management of the intellectual property of West Moreton in its corporate information.

The project will ensure West Moreton meets its legislative obligations under the *Public Records Act 2002*.

It will also ensure it meets the mandatory Queensland Government Information Standards, namely:

- Information Standard 18: Information Security (IS18)
- Information Standard 31: Retention and disposal of public records (IS31)
- Information Standard 34: Metadata (IS34)
- Information Standard 40: Recordkeeping (IS40).

As a result, West Moreton has published:

- a corporate records management procedure to formally assign and communicate the roles and responsibilities of all staff in relation to corporate recordkeeping
- a suite of information security procedures to establish clear lines of accountability.

As part of this project, West Moreton is implementing a business classification scheme and an electronic document records management system.

West Moreton complies with both the Health Sector (Clinical Records) Retention and Disposal Schedule (QDAN 683v.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.

Disclosure of Confidential Information in the Public Interest

Section 142 of the *Hospital and Health Boards Act 2011* prohibits the disclosure of a patient's confidential information to another person unless the disclosure is required or permitted under the Act.

Section 160(1) of the Act permits disclosure of a patient's confidential information if:

(a) the Hospital and Health Service Chief Executive believes, on reasonable grounds, the disclosure is in the public interest; and

(b) the Hospital and Health Service Chief Executive has, in writing, authorised the disclosure.

The following information is provided with respect to disclosures made under Section 160(1) of the Act during 2014-2015, as required by section 160(2) of the Act:

Date disclosure authorised	Nature of confidential information disclosed	Purpose for which confidential information disclosed
8 September 2014	Information disclosed by a patient to their treating doctor regarding serious criminal offences that the patient claims to have committed.	Investigation of claims by the Queensland Police Service.
5 December 2014	Confidential information of West Moreton Hospital and Health Service patients, as requested by Australian Council on Healthcare Standards surveyors in the course of conducting the Periodic Review Survey.*	Survey by the Australian Council on Healthcare Standards of West Moreton Hospital and Health Service against the National Safety and Quality Health Service Standards 1, 2 and 3 and the mandatory actions in the EQuIPNational Standards 11, 12, 13, 14 and 15, as well as an assessment of progress made against the recommendations from West Moreton Hospital and Health Service's 2012 organisation-wide survey (the Periodic Review Survey), and other purposes necessary and incidental to the Periodic Review Survey.
2 June 2015	Photograph of patient	Queensland Police Service identification purposes.

**Australian Council on Healthcare Standards surveyors are subject to strict confidentiality obligations with respect to any information they receive or obtain during the course of any survey.*

3. Organisational structure

Our organisational structure

West Moreton Hospital and Health Service was formally established on 1 July 2012 as part of the health system legislative change process.

Since then, West Moreton has undergone a transformation designed to support the delivery of organisational goals and good governance under the authority of the Chief Executive and the Board.

There are six divisions in the West Moreton organisational structure that work in partnership to deliver integrated hospital and health services.

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

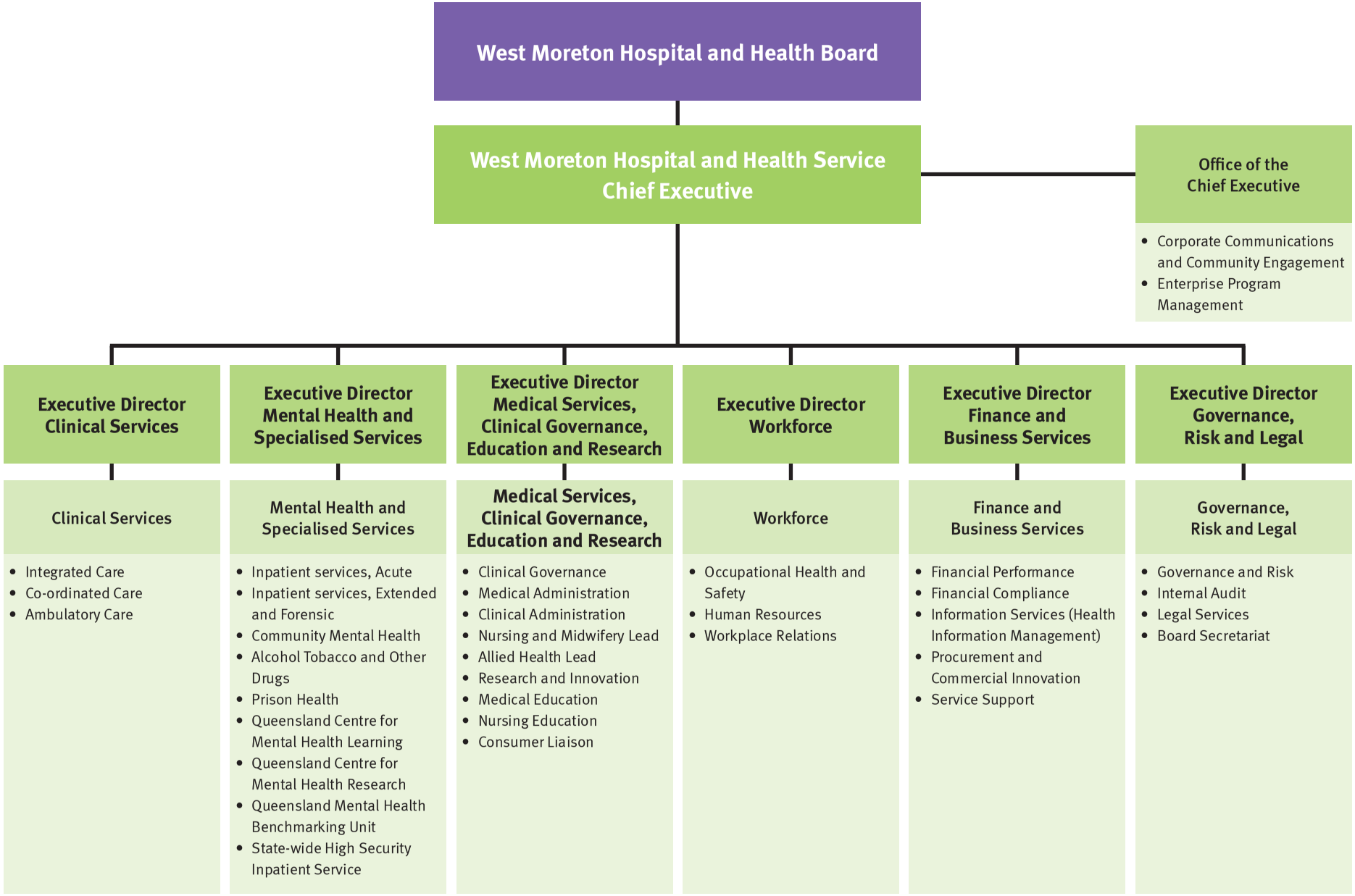
- Clinical Services
- Mental Health and Specialised Services
- Medical Services, Clinical Governance, Education and Research
- Workforce
- Finance and Business Services
- Governance, Risk and Legal.

The structure is designed to allow the organisation to be responsive, integrated and efficient.

Clinical Services, such as dental clinics, are held regularly at regional centres.

Organisational Structure

(As at May 2015)



4. Year at a glance

Activity

	2014-2015
Elective surgeries performed	5,523
Emergency surgeries performed	1,746
Number of patients admitted *(*see Note 1)*	50,708
Emergency Department presentations	73,079
Babies born	2,765
Number of outpatient appointments	138,089
Adult dental treatments	58,237
Child/school-based dental treatments	62,214
Women screened by BreastScreen Queensland	11, 203
Meals cooked at Ipswich, Laidley, Gatton, Esk and Boonah hospitals	550,611
Mental health consumers receiving treatment in the community	74,638
Number of inpatients in our mental health facilities	167
Ipswich Hospital hand hygiene compliance *(Result for June 2015)*	83%

Full-Time Equivalent (FTE) staff data*

	As at 30 June 2015
Number of doctors including Visiting Medical Officers (FTE)	294
Number of nurses (FTE)	1,288
Number of health practitioners (FTE)	339
Number of professional and technical staff (FTE)	34
Number of trade and artisan staff (FTE)	26
Number of managerial and clerical staff (FTE)	490
Number of operational staff (FTE)	386

**Calculated using Minimum Obligatory Human Resource Information (MOHRI) as at 30 June 2015*

Financial highlights

	2014-2015 ($'000)
Total income	452,451
Total expenses	454,197
Operating result	**(1,746)
Changes in asset revaluation surplus	1,546
Total comprehensive income	**(200)
Total current assets	67,889
Total assets	347,426
Total liabilities	40,563
Total equity	306,863

***Brackets denote deficit position.*

How the money was spent

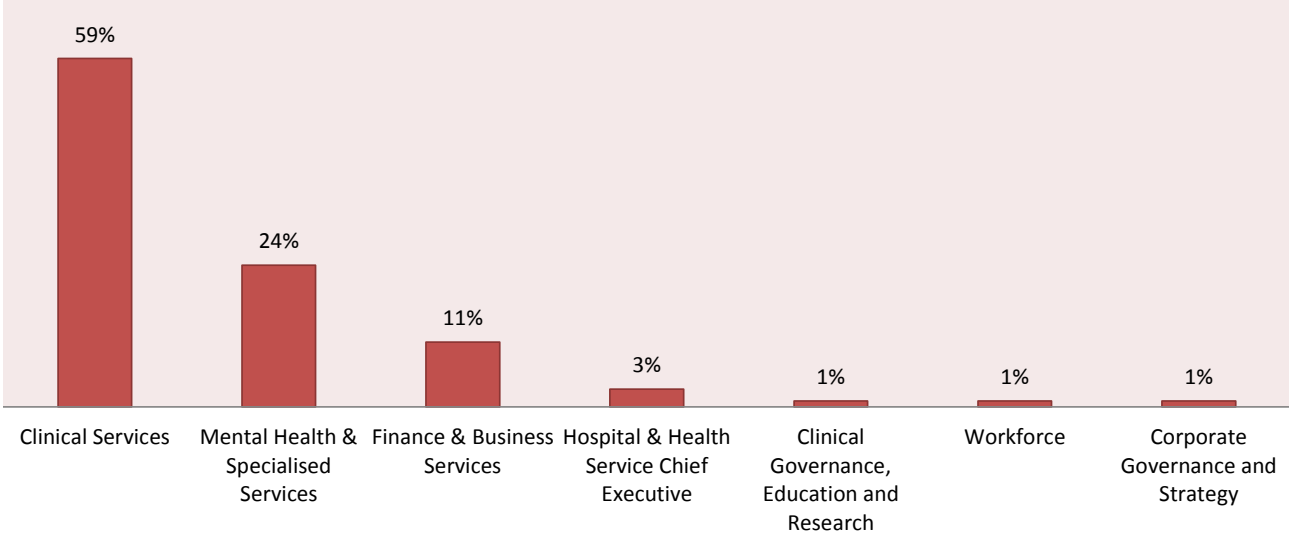
For the 2014-2015 financial year, West Moreton Hospital and Health Service produced a deficit operating position of $1.746 million.

The deficit included operating expenditure of $10.543 million, which was committed by the Board from the prior year's retained earnings to be spent in the current year to improve patient outcomes. This was a deliberate strategy on the part of the Board to enhance service delivery.

The re-investment of retained earnings has resulted in positive outcomes for service delivery for West Moreton's programs, including:

- the Hospital at Night program to increase hospital safety during non-standard hours
- establishing the Adult Short Stay Unit, allowing easy access for transporting patients
- increasing oncology access by adding a third clinic day to improve capacity and enable better local access to treatment
- enhancing nursing hours per patient day to address increased patient acuity and volume through the investment in nursing resources to match demand
- reducing specialist outpatient long waits
- establishing a Surgical Assessment Unit (23-hour Ward) to meet the increased surgical need to provide safe and effective patient care by clinicians skilled in managing short-stay patients of more complex day procedures.

FIGURE 1 BREAKDOWN OF EXPENDITURE IN THE WEST MORETON HOSPITAL AND HEALTH SERVICE.



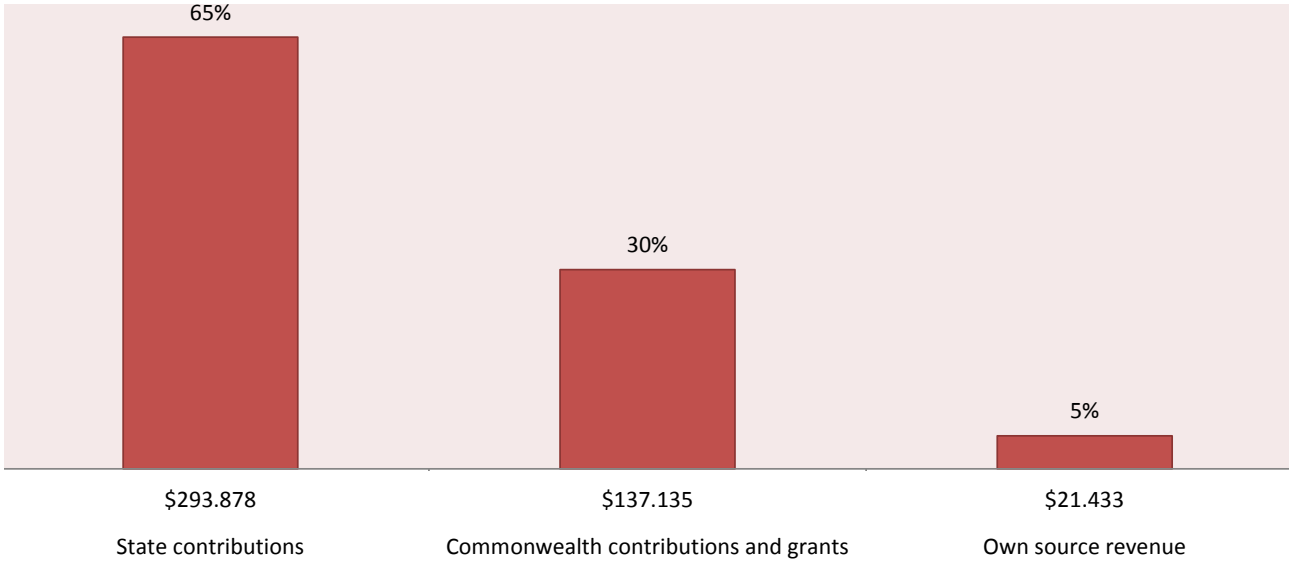
Revenue

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.

Total revenue for 2014-2015 was $452.446 million.

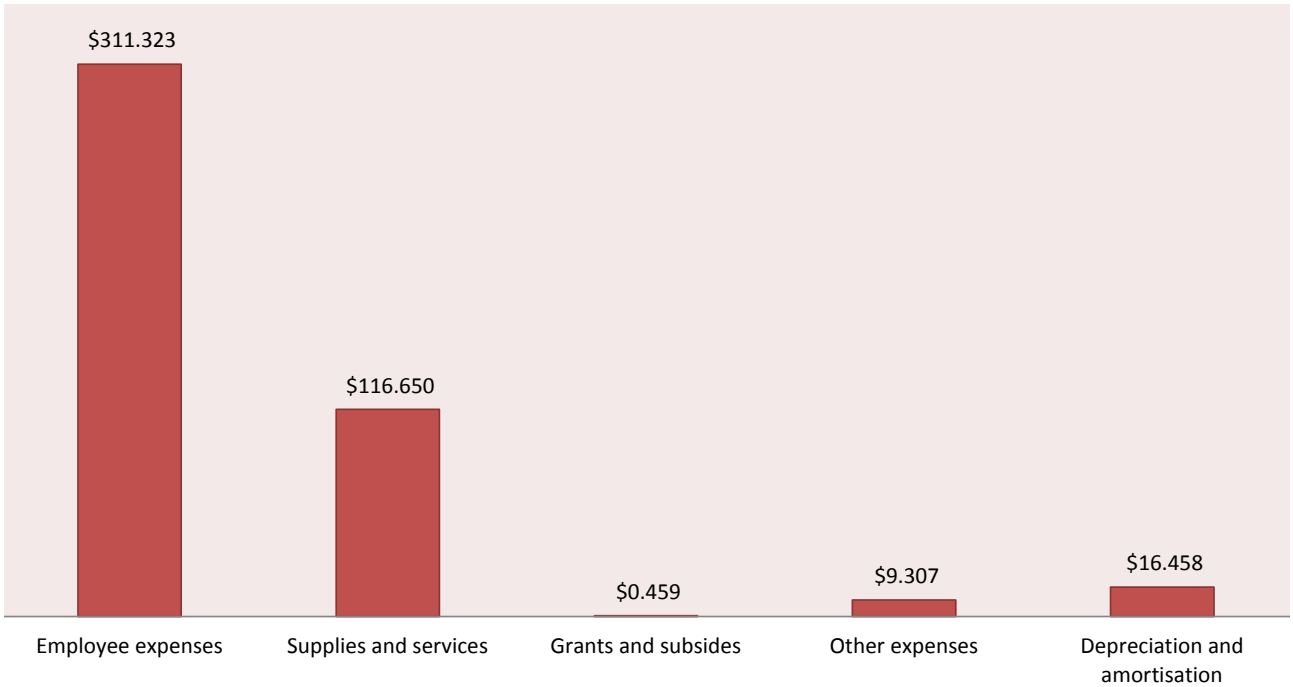
FIGURE 2 BREAKDOWN OF REVENUE SOURCES ($M) IN THE WEST MORETON HOSPITAL AND HEALTH SERVICE.



Expenses

Total expenses for the financial year were $454.197 million, averaging $1.244 million per day to provide public health services in West Moreton.

FIGURE 3 BREAKDOWN OF EXPENSES ($M) IN THE WEST MORETON HOSPITAL AND HEALTH SERVICE.



Future outlook

In 2015-16, 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 2015-16 Service Agreement with the Department of Health provides for funding of $469.314 million, which is an increase from the previous years, however, the new agreement has higher activity thresholds, which will provide a challenging environment for the Service.

Performance

West Moreton service standards	2014-2015 Target	2014-2015 Actual
Percentage of patients attending emergency departments seen within recommended timeframes:		
Category 1 (within 2 minutes)	100%	100%
Category 2 (within 10 minutes)	80%	86%
Category 3 (within 30 minutes)	75%	45%
Category 4 (within 60 minutes)	70%	62%
Category 5 (within 120 minutes)	70%	86%
Percentage of emergency department attendances who depart within four hours of arriving in the department *(From 1 January 2014 to 31 December 2014)*	83%	83%
Percentage of emergency department attendances who depart within four hours of their arrival in the department *(From 1 January 2015 to 30 June 2015)*	90%	83%
Median wait time for treatment in the emergency department (minutes)	20	28
Percentage of elective surgery patients treated within clinically recommended timeframes:		
Category 1 (30 days)	98%	100%
Category 2 (90 days)	95%	100%
Category 3 (365 days)	95%	100%
Percentage of specialist outpatients waiting within clinically recommended timeframes:		
Category 1 (30 days)	95%	98%
Category 2 (90 days)	90%	82%
Category 3 (365 days)	90%	93%
Total weighted activity units: Phase 17 *(*see Note 2)*	75,577	76,220
Inpatients	35,053	36,395
Outpatients	7,528	8,345
Sub- and non-acute	4,657	4,330
Emergency department	9,754	9,811
Mental health	14,775	14,984

West Moreton service standards	2014-2015 Target	2014-2015 Actual
Interventions and procedures	3,810	2,355
Average cost per weighted activity unit for ABF facilities	$4,676	$4,191
Rate of health care associated staphylococcus aureus (including MSRA) bloodstream (SAB) infections per 10,000 acute public hospital inpatient days *(*see Note 3)*	‹=2 per 10, 000 bed days	0.89
Number of health care associated staphylococcus aureus (including MSRA) bloodstream (SAB) infections per 10,000 acute public hospital inpatient days *(*see Note 4)*	0	11
Number of in-home visits, families with newborns	5,971	5,367
Rate of community follow-up within 1-7 days following discharge from an acute mental health inpatient unit (as at May 2015)	60%	59.8%
Proportion of re-admissions to an acute mental health inpatient unit within 28 days of discharge (as at May 2015)	‹=12%	10.0%
Ambulatory mental health service contact duration	100%	87.2%

*Notes:

1. Number of patients admitted excludes “unqualified newborn and boarder” admissions.
2. The 2014-2015 target has been amended to reflect Phase 17 of the Activity-Based Funding Model weighted activity units to enable comparison with both 2013-2014 actuals and 2013-2014 targets.
3. Staphylococcus aureus are bacteria commonly found on about 30% of people’s skin and noses and often cause no adverse effects. Infections with this organism can be serious, particularly when they infect the bloodstream. The data reported for this service standard are for bloodstream infections with Staphylococcus aureas (including MRSA) and are reported as a rate of infection per 10,000 patient days aggregated to hospital and health service level.
4. Number of health care associated staphylococcus aureus (including MSRA) bloodstream (SAB) infections per 10,000 acute public hospital inpatient days relates to Ipswich Hospital only.

Voluntary redundancies

During 2014-2015, three employees received redundancy packages at a cost of $380,251.

Employees who did not accept an offer of a redundancy were offered case management for a set period of time, where reasonable attempts were made to find alternative employment placements.

5. Path to excellence

Guided by the strategic plan, significant progress and achievements have been made in this financial year.

The plan has six inter-related strategic directions that guide our focus on providing better health, better care and better value to our community:

1. Revitalise services
2. Strengthen safety and quality
3. Drive innovation and research
4. Enable our people
5. Plan for a sustainable future
6. Maintain financial health.

1. Revitalise services

West Moreton Hospital and Health Service is committed to ensuring that quality, patient-centred care remains its core focus.

Providing care to about 260,000 people, and with a population growth of 77% expected by 2026 (based on information available at April 2015), West Moreton is focused on ensuring services are suitably targeted to provide for the increase in patients and consumers.

Key objectives and strategies

Strengthen and improve health services to better meet the needs and choices of the local community by:

- Developing strategic partnerships to improve collaboration and bi-lateral agreements for shared healthcare delivery.
- Ensuring the engagement and leadership of clinicians in the planning, implementation and evaluation of healthcare.
- Empowering local communities to have a greater say and influence over their hospital and health service.
- Maintaining and strengthing state-wide leadership responsibilities for forensic and offender health services.

Improve access and reduce waiting times by providing the right care, in the right place, at the right time by:

- Developing flexible service delivery models (outsourcing, co-sourcing, public/private joint ventures, and partnering) to increase the range and volume of services delivered.
- Improving access to key front-line services by focusing on continuous improvement and design.
- Working in partnerships to implement whole-of-government plans and priorities to address health inequalities (e.g. Closing the Gap, Mental Health and Alcohol and Other Drugs, and Rural Health) and the burden of disease of chronic conditions (e.g. cancer, cardiovascular disease, type 2 diabetes, stroke and respiratory conditions).

This financial year, challenges were approached head-on and opportunities maximised to continue providing care to patients across all services.

The following milestones were achieved:

Mental Health and Specialised Services

The Division of Mental Health and Specialised Services (MHSS) provides a range of health assessments and interventions for mental health, prison health services, and alcohol and other drugs.

Multi-disciplinary teams deliver assessments, clinical interventions and rehabilitation services to people of all ages experiencing mental health problems.

MHSS hosts the state-wide services of the Queensland Centre for Mental Health Learning, the Queensland Centre for Mental Health Research, and the Queensland Mental Health Benchmarking Unit.

Our goal is to meet the needs of the individuals and their families/carers with their mental health recovery journey, and to reduce the symptoms and impact of mental illness, drugs and alcohol.

We work with consumers who experience the most severe forms of mental illnesses and behavioural disturbances, including those who are subject to the provisions of the *Mental Health Act 2000*.

During the financial year, we received 7,431 new referrals, which is an increase of nearly 9% above the previous year.

Clinical and service sites include the Ipswich Community Health Plaza; Goodna Community Health; Ipswich Hospital; The Park – Centre for Mental Health, Treatment, Research and Education; rural outreach posts and a range of correctional facilities.

Mental health services are 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.

Prison Health Services (PHS) provides a range of primary health services to the Brisbane Youth Detention Centre, Brisbane Correctional Centre, Brisbane Women's Correctional Centre and Wolston Correctional Centre.

PHS manages the state-wide care for prisoner health information (patient records), including aspects of Right To Information and medical legal issues.

In May 2015, Queensland's prison population was about 7,000 (excluding youth detention), an approximate increase of 45% since July 2012. West Moreton works closely with the Department of Health and Queensland Corrective Services to address funding and resources needs.

In line with West Moreton's phase of service revitalisation, the division has continued to focus on service improvement and seamless care co-ordination.

MHSS had significant achievements in 2014-2015, including:

- Work has been undertaken to consider core service with a focus on value for money, while providing high quality, safe and efficient services for the growing population.
- A five-year vision was developed with key deliverables outlined in the MHSS Operational Plan. The leadership team and governance structure was re-aligned to support the changing needs of our consumer group and their carers, the region and our service environment.
- Partnerships were strengthened with community service providers. In December 2014, MHSS and the West Moreton-Oxley Medicare Local supported the establishment of a community network. The purpose of the West Moreton Mental Health Collaborative Network is to co-ordinate the efforts of mental health service providers across various sectors. This maximises opportunities to reduce the impact of system change and complexity on the consumer.
- Consumer and carer participation within mental health has continued to build following the achievements reported in the previous year's annual report. The Divisional Consumer and Carer Participation Plan achieved all identified milestones and deliverables, including the commencement of the first identified Carer Consultant position for the service, as well as the creation of an independent Mental Health Consumer and Carer Advisory Group to give advice on service planning, delivery and evaluation.
- MHSS also hosted a state-wide project funded by the Mental Health Alcohol and Other Drugs Clinical Network. The Consumer and Carer Partnership Project identified how consumers and carers are currently engaged in the development, planning, delivery and evaluation of mental health, alcohol and other drugs services delivered by hospital and health services. This project provided a comprehensive report and a number of recommendations to the network to progress partnerships at a State level.

Community Reference Groups

The Board has continued to deliver on its commitment to seek the views, ideas and suggestions of our patients and consumers, their families and carers, as well as the broader community through the use of Community Reference Groups (CRGs).

CRGs were formed in 2014 and operate in Ipswich, Boonah, Laidley, Gatton and Esk.

In the past 12 months they have developed into unique groups where members of the community, the Board and the Executive work together to achieve even better health services in our community, now and into the future.

The bi-monthly meetings of the CRGs has resulted in:

- The appointment of two CRG members to the Safety and Quality Committee.
- The formation of a working group of Community Advisory Council members to review the waiting facilities at Ipswich Hospital, resulting in a new waiting area in the East Street entrance to be opened in late 2015.
- Extensive consultation with all reference groups on the development of the Strategic Plan.
- Members being part of the evaluation and re-design of the Way Finding project at Ipswich Hospital.
- Members being involved in the West Moreton Accreditation Periodic Review.
- The Community Advisory Council co-Chair being appointed to the West Moreton 2014-2015 Innovation Fund assessment panel.
- Hosting information stalls at community events, including the Lockyer Valley Health and Well-being Expo, the Somerset Regional Council mobile hubs, and the Ipswich Home and Health Expo.
- Hosting an annual forum for all CRG members, as well as the Board and the Executive.
- Members providing feedback on the review of the West Moreton consumer feedback process.
- Members providing feedback and a consumer perspective into the development of hospital guides for each West Moreton facility.
- Developing information directories on local health services for distributing to communities.
- Undertaking a review, led by Health Consumers Queensland, to build on the first year's achievements, and for future actions to support West Moreton in delivering better health outcomes for our communities.

Community Services Directory

In response to feedback from CRGs – who identified that information on health and community services in the region needed to be centrally located – the West Moreton Health and Community Services Directory was created.

The directory, on the MyCommunity website, includes more than 2,000 services entries and provides patients and consumers, their families and carers,

as well as the broader community, an accurate and easily accessable on-line information portal.

It also includes visual mapping that provides maps and directions of how to access services, as well as language translation functions.

The translation feature allows directions to be printed in more than 70 languages to help patients and their families, as well as the practitioners and clinicians who support them.

The 12-month project will end in December 2015, with the CRG members undertaking data checking, cleansing and consumer testing to ensure the database is meeting the needs of our communities.

West Moreton-Oxley Medicare Local

With the West Moreton-Oxley Medicare Local (WMOML) closing on 30 June 2015, West Moreton has been focused on a smooth transition to the new Darling Downs West Moreton Primary Health Network.

A key focus of the transition has been ensuring that the successes of the partnership continue to be built upon, including:

- The close partnership with the West Moreton Lead Clinician Group.
- Collaborating on the establishment of a Primary Care Nurse Practitioner model to increase access to palliative care services (including after-hours).
- The development of a shared Diabetes Model of Care.
- Sharing information from the Paediatric Shared Model of Care to general practices.
- Implementating an after-hours mental health peer support service in the Ipswich Hospital Emergency Department.
- Jointly funding a General Practice Liaison role, whose work includes developing pre-referral guidelines in relation to general surgery, diabetes, cardiology and paediatrics, and working with the West Moreton Lead Clinician Group.

Lead Clinician Group

Since forming in 2013, the West Moreton Lead Clinician Group has played a key role in safe-guarding the high standard of patient- and family-centred care.

Members are from across the Service and are appointed for two years, with the new 2015-2017 team appointed in June 2015. Representatives from WMOML have also been part of the group and this input will continue with members of the Darling Downs West Moreton Primary Health Network.

They help build trust and strengthen the partnership and engagement between clinicians, management and external partners.

Their achievements in the past 12 months include:

- Contributing to the development of the strategic plan.
- Sponsoring and overseeing the West Moreton Clinician Engagement project.
- Providing advice and guidance to the Board.
- Supporting the implementation of the West Moreton Research Strategy, and the West Moreton Information Communication Strategy.
- Contributing to the Queensland Clinical Senate Charter for the care of adult patients at the end of life.
- Providing a forum to discuss issues impacting clinicians and general practitioners.

Community Health Revitalisation

The revitalisation of Community Health Services during 2014-2015 has allowed West Moreton to deliver the best possible value in community healthcare through strengthened partnerships and new models of care.

Achievements during this period have been:

- Formatting the Central Referral Unit to manage all referrals from external sources.
- Streamlining Child Development Services to include infant follow-up, diagnostic assessment and multi-disciplinary paediatric triage.
- Initiating the development of a new model of care to support patients with chronic diseases.

Another significant achievement of Community Health Revitalisation is the amalgamation of community health patient records with Ipswich Hospital patient records. This has greatly increased the ability of our clinicians to provide care that considers all known clinical conditions, especially during an emergency response.

Allied Health Revitalisation

During 2014-2015, the Allied Health Revitalisation Strategy progressed key initiatives to facilitate Allied Health Services, resulting in the integrated, seamless provision of specialised treatment for the patient.

A number of 'first contact' Allied Health clinics were established in Specialist Outpatients, to ensure patients were being seen at the right time and not waiting longer than clinically recommended. These changes have ensured our Allied Health Services met the needs of the patient and better supported those with complex or increased needs.

As part of our commitment to the revitalisation of services, level 6 of Ipswich Hospital underwent a re-design to facilitate access to Allied Health Services. This resulted in an improved environment for service delivery that is agile, multi-functional and supports multi-disciplinary teams to deliver prompt access to ambulatory-type care and clinics.

GP Alignment Program

As part of a Quality Improvement Program to strengthen relationships between general practitioners (GPs) and West Moreton, the General Practice Alignment Program was established in May 2015.

This program aims to ensure care in the community is aligned with care provided in hospital, specifically ante-natal and post-natal care.

Benefits of the program have already been evident, including:

- GPs and Ipswich Hospital delivering shared care for women birthing at Ipswich Hospital.
- Patients booked in appropriate time-frames, thus decreasing the need for urgent, high-risk referrals.
- 100% of referrals received include outcomes of previous pregnancies, pathology results and investigations.

Elective Surgery

On 1 November 2014, West Moreton had no elective surgery patients waiting longer than the clinically recommended time-frames.

This was an impressive milestone for Ipswich Hospital – the first time ever in recorded history.

Since then, Surgical Services has continued to further reduce patient waiting times by setting targets, in the aim of building sustainability and flexibility into the model of care for patients.

For Category 1, our average number of waiting days is four days (with a target of 30 days).

We are now at a median treatment time of 44 days for Category 2 patients (actual target is 90 days), and 90 days for Category 3 patients (target of 365 days).

During 2014-2015, surgical teams performed 8,049 elective surgeries.

Key service delivery results include:

- 100% of patients requiring surgery within 30 days received it
- 100% of patients requiring surgery within 90 days received it
- 100% of patients requiring surgery within 365 days received it.

In the coming months, the Health Service will seek to improve 'treat in turn' rates for elective surgery, which would mean patients with the same clinical needs are treated on a first-in, first-out basis, where practical. This allows flexibility in booking to allow for patients who require more urgent treatment within each category.

Specialist Outpatients

During 2014-2015, we implemented the Zero Long Wait Strategy to provide improved services to outpatients.

This strategy aimed to reduce the number of outpatients waiting longer than clinically recommended time-frames to zero by 30 June 2015.

By this deadline, staff had reduced the number of outpatients waiting to an impressive 93 unbooked, long-wait patients from 5,452 (as at 1 July 2014).

This achievement was possible because of a strong team effort from medical, nursing and Allied Health staff, to improve and drive processes within the Specialist Outpatient department, from referral management to the follow-up on test results and improved communication with GPs.

To continue this improvement, West Moreton is working to support the adoption of state-wide outpatient referral management guidelines and strengthening partnerships with GPs and private providers.

Grantham Public Health Incident Response

During 2014, the Public Health Unit (PHU) undertook an assessment into health concerns that were raised by community members after the Grantham flood event in January 2011.

The investigation into concerns raised by residents of the Lockyer Valley community and the agricultural producers of the area was a priority for the PHU.

A number of issues were assessed and findings were presented to the community in the *Assessment of Health Concerns Raised By Community Members of Grantham and Surrounding Areas, 2014* document.

As part of this process, staff engaged with the local community through face-to-face interviews and a community clinic, with input also from local GPs.

At the completion of the assessment, we continued to work with residents to ensure they had access to required health services and that the community was supported during the recovery phase.

Lessons learnt from this experience have been actively incorporated into ongoing planning for service delivery and health responses to similar critical events in the future.

Indigenous Health Outcomes

Committed to improving health outcomes for all our patients, we are delivering an innovative project for Indigenous Continuous Quality Improvement.

In the past 12 months, the *Numbulli Yalwa* (or "*All together talking*") project has resulted in a formal partnership between Kambu Aboriginal and Torres Strait Islander Corporation for Health (Kambu Health), the Institute for Urban Indigenous Health and West Moreton.

The project is designed to improve individual health outcomes through a patient-centred care philosophy, with a specific focus on Aboriginal and Torres Strait Islander (ATSI) people in West Moreton.

Achievements in the past 12 months include:

- Implementating a Memorandum of Understanding between West Moreton and Kambu Health to work together to improve Indigenous health outcomes.
- Establishing the Indigenous Patient Navigator position to provide support for ATSI patients accessing healthcare services between the partnerships. The Patient Navigator currently provides culturally-appropriate care within the healthcare system for up to 40 patients with complex needs.
- Establishing a data-sharing system that allows each of the services to access relevant clinical information for a shared patient. This improves clinical practice for the health needs of individual ATSI people.
- Establishing a shared consent form for patients participating in this important information-sharing opportunity.

The *Numbulli Yalwa* project has made significant progress towards its goal of providing seamless, integrated services for ATSI patients in West Moreton.

Community Health Profile

In 2014-2015, a comprehensive community health profile was developed for West Moreton Hospital and Health Service.

The profile is the first of its kind developed for West Moreton and includes a detailed overview of catchments for Ipswich Hospital, and the Boonah, Esk, Gatton and Laidley health services.

Staff and community can now access information about the health status of our population and their use of public health services, which is invaluable when planning for the future delivery of health services.

2. Strengthen safety and quality

Staff and patient safety remains a top priority for the Board.

The implementation of the strategic plan – and the subsequent updates – continues to guide our decision-making and approach to providing safe, quality health services.

It ensures the framework for each aspect of our health service provides a solid foundation for future success.

Key objectives and strategies

Develop a culture of performance and a focus on service excellence by:

- Implementing training and development programs to improve team-work and organisational performance.
- Strengthening reporting and systematic monitoring to ensure optimal detection of risks and errors.

Optimise patient safety through the implementation of National Safety and Quality Health Service Standards by:

- Implementing and evaluating the assurance framework to ensure sustained compliance and continuous improvement.

Deliver patient-centred care by:

- Establishing a person-focused approach to care by placing the individual at the centre of all decisions.
- Implementing and evaluating an integrated clinical governance framework.

Quality Improvement Framework

West Moreton is currently developing a new quality improvement framework based on the following six dimensions of quality:

- Safe: avoiding harm to patients from care that is intended to help them.
- Timely: reducing delays that have an impact on the flow of care to the patient.
- Effective: providing clinically effective healthcare based on scientific knowledge to all who could benefit, and lessening services to those who are not likely to benefit (avoiding over- and under-use).
- Equitable: providing care – and access to care – that does not vary in quality according to personal characteristics, such as gender, income, ethnicity or location.
- Efficient: using resources to achieve best value by reducing waste, production and administrative costs.
- Patient-centred: providing care that is respectful and responsive to individual patient preferences, needs and values.

These goals tie-in with the values of West Moreton and focus not only on the financial bottom line but also on the quality of care. They also reference the National Safety and Quality Health Service Standards, and the Australian Council on Healthcare Standards (ACHS) as we prepare for an accreditation review in 2016.

The framework proposes that we adopt the Institute of Healthcare Improvements Model for Improvement, which asks three fundamental questions for any quality improvement program:

1. What are we trying to achieve?
2. How will we know that a change is an improvement?
3. What change can we make that will result in an improvement?

This model encourages front-line staff to engage in improving the process of care in their areas, with permission to trial small tests of change, such as the Plan, Do, Study, Act (PDSA) cycles.

An action plan is being developed to accompany the framework, highlighting areas of work in each of the dimensions of quality care.

Compliance and accreditation

West Moreton Hospital and Health Service is accredited with the ACHS until March 2017, as a demonstration of our commitment to providing continuous quality improvements to deliver safer and better quality healthcare.

During the financial year, West Moreton continued to evaluate its levels of safety and patient care, and used the results to drive continuous quality improvements, many of which are outlined in this annual report.

West Moreton participated in the 2014-2015 ACHS periodic review survey and was assessed against National Safety and Quality Health Standards 1, 2 and 3, and EQuIPNational Standards 11-15.

The survey team commended West Moreton on its achievements in governance, care provision and safety, assessing a number of actions in Standard 1 as being met with merit. All mandatory actions for the standards assessed were also rated as met.

West Moreton is committed to making continuous quality improvement a part of the day-to-day work processes across all clinical areas.

We look forward to showcasing our quality improvement systems and achievements in the ACHS organisation-wide survey in 2016.

Mental Health Information Management

Electronic solutions and the introduction of information management processes have helped improve consumers' journeys through the mental health community and access to acute services.

A more integrated approach to the use of the Consumer Integrated Mental Health Application (the state-wide mental health information system), and the introduction of Journey Boards, has provided staff with greater access to clinical information in a timely manner.

Journey Boards are electronic "work boards" that provide staff with immediate access to information about all consumers on the ward, and any relevant information related to co-ordinating and managing their care. They have facilitated a more streamlined progression of care for consumers.

Additionally, the MHCALL (Mental Health Call) number (1300 64 22 55) has provided a single point of contact for people accessing mental health services.

Consumer and Community Engagement Strategy

In seeking community feedback, a consultation draft of the *Consumer and Community Engagement Strategy 2015-17* was sent to Community Reference Group members.

West Moreton worked with Health Consumers Queensland to lead discussions on the strategy and gather feedback on how we could improve our ongoing engagement with our communities.

The results of this work by Health Consumers Queensland will help guide our actions into 2015-2016.

Hospital at Night

In May 2015, Ipswich Hospital celebrated its one-year anniversary of the Hospital at Night program.

This 24-hour model of care was designed to ensure that patients are cared for by staff who have the right skills to care for them during their stay.

By focusing on a safe system of care that reduces variation and provides multi-disciplinary clinical and operational leadership at night, the program has been successful.

There has been an improvement in the early recognition and management of patients with declining health, thus reducing any need for unplanned transfers to the Intensive Care Unit, and improving the monitoring of patients of concern.

Daily Safety Briefing wins Premier's Award for Excellence

In October 2014, West Moreton was awarded the Premier's Award for Excellence in the category of Fostering Innovation.

The award was for the introduction of the Daily Safety Briefing initiative in April 2014.

The concept was drawn from international best practice solutions for creating and embedding a culture of safety within a complex healthcare system.

Benefits of the initiative include an integrated daily monitoring, escalation and mitigation process for ensuring patient safety across the Service, with a measurable decrease in the incidence of patient safety risks, and the early identification of potential risks to both patients and staff at the executive level.

Point of Care Testing

For the second consecutive year, Laidley Health Service won Best Overall Site in the 2015 state-wide Point of Care Quality Awards.

This award recognises the work performed by staff in point of care testing, which uses a clinical blood analyser to conduct tests on-site, during a patient consultation.

This achievement highlights West Moreton's commitment to delivering highly reliable care that is focused on the needs of the patient, with certain tests able to be carried out while with the patient, instead of sending them to a laboratory for analysis.

The availability of reliable, point of care test results also allows treatment plans for acute and chronic diseases to be adjusted earlier and with greater confidence.

Corporate Governance

This year the Board and Executive Leadership Team re-assessed the West Moreton risk appetite and tolerances.

The results will be used to form a comprehensive review of the West Moreton Integrated Risk Management Framework in 2015-2016.

Work also continued with implementing and embedding a risk management culture at West Moreton, with a focus on the development and delivery of staff education and training sessions.

Sessions were open to all staff and were very well received. The sessions will continue to be offered on a quarterly basis, along with developing and delivering additional risk management training specific to line management.

Having the right information available at the right time is imperative to enabling staff to deliver consistent, high quality services. To provide ongoing and effective support for all staff and management, significant work was undertaken to ensure the currency and accessibility of West Moreton policies and procedures.

A detailed analysis of the structure and performance of West Moreton Committees has been completed and this will inform the upcoming reviews of the West Moreton Organisational Structure and Committee Framework, and Performance and Accountability Framework.

Corporate governance was further strengthened with the development of a new Compliance Framework, with consultation and initiation activities commencing mid-year.

Pressure Injury and Falls Prevention

Preventing falls and pressure injuries were identified as key priorities for West Moreton.

Through our goal of "Zero is our Hero", a multi-disciplinary Falls and Pressure Injury Advisory Committee has been formed to lead initiatives, such as:

- Working in partnership with patients, carers and families.
- Teaching patients about pressure injuries and falls.
- Practicing changes, such as regularly turning patients and applying moisture to skin.
- Ensuring a patient's nutrition is monitored to promote healthy skin tissue and healing.
- Providing equipment such as pressure relieving devices and electronic mats to alert staff and help prevent a fall; including lighting to assist elderly patients find the bathroom and cushions to relieve a patient's pressure points.
- Conducting ongoing audits at the clinical level to evaluate and demonstrate the effectiveness of practice changes and improved patient outcomes.
- Enabling staff in the patient care areas to share and present initiatives across the service during the "April No Falls" awareness campaign.

3. Drive innovation and research

Key objectives and strategies

Develop a strong and vibrant research base by:

- Creating a culture of education, research and innovation.
- Optimising research partnerships to build capacity and attract funding.
- Developing a collaborative approach to education and training.

Research and innovation

A strong research culture that enables continuous quality improvement and the delivery of evidence-based care, is essential to achieving excellence in the quality and safety of health services and enhancing our reputation as a world-class organisation attracting and retaining quality staff.

We recognise the role of research in new and innovative treatments and procedures, which could lead to prevention, eradication and effective management of many medical conditions.

As a result, a Research and Innovation Strategy was developed and approved by the Board, and will provide guidance to West Moreton to position ourselves as leaders in key areas of clinical research.

The principles underpinning this strategy were developed from a number of focus groups and one-on-one interviews with key stakeholders and clinician researchers.

The strategy covers a spectrum of activities, from small-scale quality improvement projects to large multi-site research studies, with the following goals:

- invest in research
- support knowledge translation
- establish research governance excellence
- maximise research capability
- build research partnerships.

Other developments also include the recent establishment of the Centre for Research and Innovation, and the appointment of Associate Professor Raymond Chan as the Director of Research and Innovation.

To achieve world-class excellence in research and innovation, and health improvements for our community, the centre will have a key role in creating research capacity and meaningful partnerships with our university and tertiary partners.

The centre aims to provide a one-stop-shop for clinicians who require mentoring and support in their research endeavours and is co-located with the West Moreton Library on level 8, Tower Block in Ipswich Hospital.

4. Enable our people

In the 2014-2015 financial year, the Workforce Division complied with the relevant Queensland Government policies and legislation relating to human resources and workforce recruitment, including the *Public Sector Ethics Act 1994*.

Key objectives and strategies

Become an employer of choice in healthcare in south-east Queensland by:

- Developing a workforce strategy that supports local healthcare decision-making, improves patient access and quality service delivery.
- Promoting and marketing the West Moreton brand and reputation as our point of difference.

Develop our people by:

- Developing a highly-skilled, capable and sustainable workforce.
- Defining a leadership culture that reflects West Moreton's vision for the future.
- Tailoring learning and capability development to organisational needs.

Support and value our people by:

- Progressive implementation of an organisational structure and culture to facilitate front-line decision-making.
- Promoting safe and healthy workplaces and work practices.
- Developing and implementing reward and recognition programs.

Employee opinion survey

West Moreton has now participated in the Working for Queensland employee opinion survey for three years.

The survey measures employee engagement levels and allows us to measure the effectiveness of our actions to improve employee satisfaction.

In three years, the results have shown a steady improvement for all workplace outcomes of agency engagement, job engagement and satisfaction, and intent to leave.

This pleasing trend in engagement was also reflected in an increase of participation in the May 2015 survey.

Our participation rates improved significantly with responses increasing from 818 (26%) in 2014 to 1,536 (46%) this year. The 2015 survey achieved the highest response rate for a Health Service with greater than 350 employees in Queensland.

More than three out of five employees reported that they felt proud to tell others they worked for West Moreton, which was up from less than half in 2013.

Another significant increase is that most employees would now recommend West Moreton as a great place to work.

Workforce engagement

At 30 June 2015, West Moreton employed 2,857 full-time equivalent staff, making us one of the largest employers in the region.

We remain focused on attracting and retaining a highly-skilled and high-performing workforce.

Priorities and strategies to achieve this are supported by strong leadership and engagement with employees.

The Workforce Engagement Strategy continues to guide our actions to build strong, mutually supportive relationships in all aspects of planning, delivering, improving and evaluating services to achieve our mission of providing excellence in health, care and value.

A major focus on performance planning and the appraisal process continued, with the implementation of a revised Performance Planning and Appraisal process, enabling managers and employees to have more productive performance discussions.

The new process requires managers to discuss the employee's career aspirations in addition to their performance, knowledge and skills required for their current role.

Feedback from the 2015 Working for Queensland survey showed a strong improvement in our employees' perception of the performance assessment process, and access to learning and development opportunities.

Other key workforce initiatives undertaken during the financial year include:

- Recruitment process improvements: significant improvements to the quality and efficiency of recruitment through simplified processes and electronic solutions resulted in a reduction of the time to fill a vacancy, and a decrease in administrative impact on clinicians. These improvements enable managers to focus on patient care and for us to recruit the best talent.
- Workplace behaviour and ethics: a comprehensive program, including a revised procedure and delivery of training and information, has been delivered across all

streams to ensure competency, awareness and compliance.

- Complaints management: the procedure has been revised and training provided to ensure management and staff have the necessary knowledge to effectively manage complaints.
- Increasing line manager capability: delivered a range of training events on workforce relations and people management skills, with 1,700 staff attending 112 separate training sessions in the past 12 months. Additionally, a number of specialist clinics on undertaking performance appraisals, providing effective feedback and recruitment and selection were also delivered.
- Initiatives to reduce bullying and harassment: these initiatives were implemented in 2014-2015 and a revised procedure was issued, with additional training given to employees. Improved information and training has now been incorporated into the orientation and induction program for new starters.

Health Pathways Alliance

The Health Pathways Alliance (HPA) program is a collaboration between more than 60 partners to address the forecast clinical workforce shortages in the region.

Core objectives of the HPA are to develop, attract and engage with the local community in healthcare and community service education, training, and employment pathways.

Since late 2011, the HPA has attracted and engaged with more than 5,500 school students from across the region at Health Inspiration Days and School Career Expos. More than 1,200 of these students were engaged in the past 12 months.

Eight school-based trainees from the 2013-2014 pilot program have completed their Certificate III in Aged Care and are now employed within the Service as Assistants in Nursing, while some continued their studies at university.

Another 18 trainees are currently based at Ipswich, Laidley and Gatton hospitals while they undertake their Certificate III in Aged Care.

The success of the program has inspired other Alliance partners, such as St Andrew's Ipswich Private Hospital and the Salvation Army Riverview Gardens, to employ school-based trainees this year.

Occupational Health and Safety

Significant progress has been made addressing the safety culture in West Moreton to minimise the risk of work-related illness or injury, and to reduce costs associated with WorkCover claims and common law.

In 2014-2015, our progress in improving the safety culture was reflected in the improved WorkCover premium performance.

Injury prevention remains the key focus of occupational health and safety initiatives, as well as a commitment to the early and safe return-to-work of injured workers with medical permission.

There has been an ongoing reduction in the number and severity of staff injuries in the key risk area of ergonomics.

In the past two years there has been a 50% decrease in costs and days lost to injury as a result of ergonomic incidents. This has been achieved through a train-the-trainer program and the development, implementation and monitoring of safe patient handling procedures and resources.

There has also been the ongoing investment in equipment across the Service in 2014-2015 to reduce the risks associated with patient and manual handling.

During 2014-2015, more mature systems to monitor and analyse occupational health and safety performance have been developed and implemented, including improved reporting to the Board and the Executive team.

Reporting on divisional performance has also been introduced using a monthly Safety Dashboard. It provides metrics on safety lead and lag indicators, and enables divisions to monitor their performance in relation to health and safety.

To showcase new equipment, innovations and achievements in safety, and staff health and well-being, a "Safety Day" was held at Ipswich Hospital during National Safety Week in October 2014.

Award for Outstanding Contribution

Recognition of staff achievements is an important part of West Moreton's approach to developing a strong and committed workforce.

In 2013-2014, the Board introduced the inaugural West Moreton Hospital and Health Service Award for Outstanding Contribution. The Award recognises one staff member each year who has gone above and beyond in making a significant contribution to the service and community.

- This year the award went to **Dr Terrence Mulhearn** in recognition of his more than three decades as a surgeon at Ipswich Hospital, including nearly 10 years as Director of Surgery. He was a distinguished lecturer of Surgery at the University of Queensland, was in the Australian Medical Association, and served as a medical officer in the Royal Australian Air Force Specialist Reserves. Dr Mulhearn made a significant contribution to the health of the West Moreton community through his work, and is a true leader who embodies our values.

Australia Day Achievement Awards

The Board also recognised the achievements of four individuals and two teams through the Australia Day Achievement Awards – the highest level of recognition awarded to staff.

The following staff were recognised for their achievements:

- **Maureen Coulson:** who manages the canteen (known as the Meeting Place) at The Park – Centre for Mental Health, Treatment, Research and Education, was recognised for her tireless work to make the Meeting Place a safe social hub for mental health consumers. She is instrumental in working with psychiatrists to establish vocational training and education opportunities for high security patients, enabling them to work as trainees in the canteen. She has become a critical part of the rehabilitation and recovery of consumers.
- **Ruth O'Brien:** for her outstanding leadership and pivotal role during accreditation.
- **Dr Alize Ferrari:** for her innovative work with the Psychiatric Epidemiology and Burden of Disease Research.
- **Christina Nipperess-Sims:** for the research she undertook as the principal investigator in the area of neo-natal electrophysical diagnostic audiology.
- **Associate Professor Geoffrey Waghorn and his team of Beverley Gladman, Shannon Dias, Annika Jonsdottir, Jacquie Logan and Emily Hielscher:** for their innovative research programs which have gained international attention by facilitating social inclusion and recovery of people with schizophrenia and other forms of severe and persistent mental illnesses.
- **Matt Carnio and his team of Jay Spurr, Brian Mellow, Ann Jardine, Donna Arndt, Michelle Hogan, Mark Parry and Steve Irlam:** for their outstanding work in rolling-out the new Windows 7 operating system across West Moreton.

2015 Nursing and Midwifery Awards

In May 2015, nurses and midwives were recognised for their contribution and achievements during International Day of the Midwife and International Nurses Day.

The Nursing and Midwifery Excellence Awards for exemplary nursing and midwifery practice were awarded to:

- **Lorelle Marco**, Nurse Educator for Intensive Care, Cardiac Care and Surgical Services, Ipswich Hospital.
- **Bronwyn Paterson**, Clinical Nurse, Sub- and Post-Acute Care/Older People's Health, Transition Care, Ipswich Community Health Plaza.
- **Jodie Dagger**, Nurse Unit Manager, Anaesthetics and Recovery, Theatre, Ipswich Hospital.
- **Madonna Britton**, Nurse Unit Manager, Surgical Ward, Ipswich Hospital.
- **Deb Baker**, Clinical Nurse Manager, Mental Health Extended Treatment and Rehabilitation Unit, The Park – Centre for Mental Health, Treatment, Research and Education.
- **Susie Duffin**, Clinical Nurse, Boonah Hospital.
- **Sharon Thompson**, Acting Clinical Development Facilitator, Midwifery Care, Ipswich Hospital.
- **Sandy Freeman**, Enrolled Nurse, Antenatal Clinic, Maternity, Ipswich Hospital.

Scholarships

Scholarships for ongoing professional development and continued education were presented to:

- **Agnes Maskalans**, Nurse Educator, Mental Health, who was awarded a Nursing Scholarship from the Australian College of Nursing for $30,000 to continue her post-graduate studies.
- **Ashleigh Djachenko**, Nurse Educator, Prison Health Services, who was awarded a $1,500 scholarship from the Australian College of Nursing to present a paper 'Maximising Outcomes through Specialist Education for Correctional Nurses – Revitalising the West Moreton Prison Health Service' at the National Correction Health Summit in Melbourne.
- **Sonia Christison**, Nurse Educator, Peri-Operative Environment, who was awarded a Nursing scholarship from the Australian College of Nursing for $30,000 to continue her post-graduate studies.
- **Professor John McGrath** from the Queensland Centre for Mental Health Research was awarded the prestigious National Health and Medical Research Council John Cade Fellowship. The Fellowship provides Professor McGrath with $3.7 million over five years to progress studies aimed at preventing serious psychiatric disorders. Cadence BZ is the first clinical trial in the Cadence series, commencing in July 2015 in south-east Queensland. The trial aims to determine if receiving a commonly used food preservative, in addition to regular treatments, assists with recovery from early psychosis. Additionally Professor McGrath was also successful in securing a National Health and Medical Research Council grant to explore adult vitamin D deficiency and if there is a correlation to increased vulnerability to social stress resulting in altered brain function.
- **Queensland Centre for Mental Health Learning** – a state-wide education service hosted by

the Division of Mental Health and Specialised Services – awarded 63 scholarships for approved specialist mental health post-graduate clinical education. Scholarships were awarded to mental health clinicians across 12 hospital and health services. Additionally, the learning centre delivered 103 workshops to 1,408 mental health clinicians across the State between July and December 2014. Mental health training was also delivered to university students studying in the field of mental health.

Nursing and Midwifery Education

The Nursing and Midwifery Education Service continued to strengthen learning opportunities to support clinicians in providing evidence-based and contemporary patient-focused services.

Educational resources are created or sourced and then marketed to support clinician access and their participation in, and successful completion of, learning events. The programs are tailored to the individual career path for each nurse and midwife which promotes positive patient outcomes and ongoing staff development.

Collaborative relationships with senior clinical, managerial, and executive staff ensure that the provision of clinical education services is aligned to patient care and contributes to achieving strategic and operational service outcomes.

Individual educators are responsible for portfolios within specific divisions, as well as contributing to service-wide, professional and multi-disciplinary education/learning projects.

Partnerships with nursing and midwifery education providers encourage placements and pathways for under-graduate and post-graduate students.

Extension of our partnership arrangements with the University of Southern Queensland's Nursing School will result in more student placement opportunities. It will also enhance opportunities for nurses and midwives to continue their education, which will help them achieve promotions and improve care delivery and services to patients, carers and the community.

Key projects and achievements in Nursing and Midwifery Education include:

- Employment and provision of educational support for 81 first-year graduate Registered Nurses and 21 first-year Registered Midwives, as well as first-year Enrolled Nurses in limited clinical specialties/areas.
- Transition to Practice Programs for first-year Registered Nurses and others who are transferring to a new environment:
  - » Enrolment, education support and clinical/theoretical assessment of participants in state-wide endorsed Transition to Practice Programs within the following clinical specialties: Mental Health, Intensive Care, Paediatrics, Peri-operative Environment, Emergency, Care of the Older Person, Rehabilitation, Advanced Cardiac Nursing, and Renal.
  - » The creation of service-specific Transition Programs for Medicine, Surgery, Offender Health, and Midwifery, where no current state-wide programs exist.
  - » More than 120 staff are active participants in these programs, enabling them to achieve credit points towards their post-graduate studies, with the aim of progressing to graduate certificate, graduate diploma and masters studies.
  - » On completion of these courses, they will be awarded a local certificate of completion.
- Formalising education support, learning resources, opportunities and leadership for 30 staff enrolled in post-graduate studies, from post-graduate to masters.
- Providing guidance and education support for 32 staff to achieve professional recognition/credentials in mental health studies as part of a state-wide mental health nursing initiative.
- Providing formal learning opportunities offered to nursing and midwifery staff ranged from two hours to two days duration on 44 clinical practice topics, such as life support programs, community health education and clinical skills development. Numerous classes were held to meet staff needs.
- Engaging with Clinical Development facilitators and other staff in local clinical workplace education programs, such as practice improvement/enhancement initiatives, to achieve organisational change and positive patient experiences.
- Representation at key state-wide forums and networks, such as the Clinical Senate, Patient Safety and Quality Projects.
- Facilitating nursing and midwifery service agreements and clinical placements across the West Moreton for 15 external partner education providers (10 universities and five TAFE/private providers). A total of 131,704 placement hours were offered to participants in nursing or midwifery programs.

Prescribed Employer

On 1 July 2014, West Moreton became a prescribed employer, pursuant to Section 67 of the *Hospital and Health Boards Act 2011*.

This fundamentally changed the employer/employee relationship as the Service became the legal employer of its staff rather than Queensland Health.

West Moreton welcomes the opportunities presented by this change, particularly the chance to improve how employees identify and engage with the Service as their employer.

During the year, the Workforce Division led efforts to maximise the benefit to the Service by greater flexibility in areas of human resource management policy and practice.

5. Plan for a sustainable future

Key objectives and strategies

Optimise current and develop new infrastructure investment by:

- Exploring opportunities for partnerships in the use of infrastructure and equipment.
- Tailoring current and future infrastructure development, assets and capital works to suit service delivery to the local community.

Increase the use of information and technology solutions to improve the efficiency, effectiveness and quality of health services by:

- Implementing process and system changes to maintain performance within the context of national health reform and activity-based funding.
- Supporting planning, management and reporting by providing access to accurate, timely and complete information.

Anticipate demand and planning for growth in health services to meet local needs by:

- Undertaking collaborative population health planning and evidence-based needs assessment to develop a Health Services Plan to 2026.
- Implementing the demand management models as part of the Clinical Services Plan that informs the annual Service Agreement.

Both Ipswich and the Western Corridor are forecast to experience a 77% increase in population by 2026 (based on information available at April 2015), therefore infrastructure improvements and planning studies are necessary to ensure health services are in place to meet this projected population boom.

Health Service Plan endorsed

In July 2014, the first strategic health service plan for the West Moreton was released by the Board.

The *West Moreton Hospital and Health Service, Health Service Plan 2013-26/27* provides direction for the delivery of health services, and will inform, support and enable our strategic and operational planning.

Each clinical stream includes a summary of current services, future demand and strategies staged over the life of the plan for all stakeholders and staff.

Health service planning is a continual process, so this plan will be turned into more detailed operational plans for each clinical stream. They will be evaluated every four years to keep them relevant and ensure they reflect future demand in the West Moreton region.

Capital Infrastructure Planning Studies

In partnership with the Department of Health, West Moreton completed Capital Infrastructure Planning Studies (CIPS) for Gatton, Laidley and Esk Health Services.

The CIPS are the initial step in our master planning process and form part of the framework for developing final capital solutions to meet the objectives in the Health Service Plan.

A number of options have been included in the final CIPS report for more detailed investigation and business case development. The CIPS are also included in the business case development and aligned to the options analysis for Ipswich Hospital.

Backlog Maintenance Remediation Project

West Moreton has completed year two of the Backlog Maintenance Remediation Project.

This is a four-year program to undertake backlog infrastructure maintenance. With annual funding of $4.9 million ($3.9 million from the Department of Health and $1 million funded by West Moreton), we can complete essential activities, such as the maintenance of electrical, water and fire systems in all our facilities.

West Moreton will achieve the final 2014-2015 reporting deliverable in late 2015, which will result in the Service receiving an additional progress payment of $1 million. West Moreton is on track for an early achievement of project delivery targets for the 2015-16 reporting period.

Total Asset Management Plan

West Moreton developed the inaugural Total Asset Management Plan (TAMP) following the transfer of land and building asset ownership from the Department of Health in 2014.

The TAMP informs West Moreton of the life-cycle planning and management requirements for land and building assets.

It also provides a medium-term view (10 years) of the operations, repairs, maintenance and capital (renewals, enhancement and growth) requirements.

The TAMP has been expanded to include a long-term (30 years) plan to align with asset class and age profiles to achieve sustainable health service delivery.

It will be updated annually to ensure it remains current and reflects West Moreton's priorities.

The Department of Health has praised the high quality of the West Moreton TAMP and will be using it to assist other hospital and health services.

Community-based Mental Health care

The Department of Health's mental health reform agenda has prioritised the funding of community-based care for consumers requiring long-term intensive treatment, rather than traditional Extended Treatment and Rehabilitation (ETR) units within stand-alone facilities like The Park – Centre for Mental Health, Treatment, Research and Education.

The Division of Mental Health and Specialised Services has been engaged in a decentralisation project, working toward transitioning consumers from long-term hospital-based care in the ETR to community-based treatment options.

So far, 21 consumers from the ETR unit have successfully transitioned. A further 12 consumers have been identified as requiring a longer transition period and continue to receive treatment in a temporary transitional unit while multi-departmental discharge planning is undertaken.

A new Community Care Unit at Gailes was completed in May 2015 and is one of six new community facilities across the State, funded under the Queensland Plan for Mental Health 2007-2017.

It is the first of its kind for West Moreton and provides medium-term care to adult mental health consumers who are in recovery but still need support and life skills to transition to independent community living.

Expansion of Surgical Services

In response to a growing demand for both elective and emergency surgeries, Ipswich Hospital opened its seventh surgical theatre in February 2015.

It will provide an all-day emergency theatre (preventing the interruption and cancellation of elective surgeries due to emergency surgery priorities) and reduce the frequency of emergency surgeries being performed after-hours.

To support the admission of simple surgical cases directly from the Emergency Department – and to provide surgical care to non-complex patients who require a stay of less than 72 hours – the Surgical Assessment Unit (the 23-hour ward) was also commissioned.

This has improved patient flow and ward occupancy levels. It has also enabled a greater focus on patient-centred care with the introduction of Criteria-Led Discharge, allowing patients to be discharged as soon as they are well enough, without reliance on surgeon availability.

Medical Imaging achieves 100%

In the past year, West Moreton has achieved 100% reporting on medical imaging examinations.

Prior to December 2014, the reporting of examinations was averaging about 80%.

With new operating models and processes now in place to ensure no future backlog occurs, and to ensure examinations are reported on in a timely manner, we have maintained 100% reporting on all medical imaging examinations.

Oral Health

West Moreton's Oral Health Service has been busy this financial year implementing a number of innovative technologies that provide a solid platform for future service improvements and expansion.

These new technologies allow for changes to clinical practice, some of which are a first for Queensland Health dental facilities.

In early 2015, the Ipswich Community Dental Clinic was the pilot site for electronic clinical dental records, allowing a patient's full clinical record to be accessed electronically anywhere across the State. This record system is now being rolled-out across the State and plans are in place to install it in all Community Dental Clinics within West Moreton by December 2015.

The Oral Health Service has also established two new surgeries at the Ipswich Community Dental Clinic to be used by graduates within the Voluntary Dental Graduate Year Program. These surgeries have been equipped with custom-built dental cabinetry – another first for West Moreton – and are fitted with dental chairs designed to enhance both patient and staff comfort.

The Central Sterilisation Department in the Ipswich Community Dental Clinic has been transformed with the purchase of state-of-the-art equipment to improve the sterilisation work flow. This decreases the risk of adverse events, increases patient safety, and has greatly increased the efficiency of the service.

ICT usage by staff and patients

West Moreton Hospital and Health Board endorsed its *Information, Communication & Technology Strategic Plan 2015-2025* in January 2015.

The plan outlines a strategic direction to achieve a digital community within five years, enabling patients and medical practitioners to access information about their healthcare journey electronically.

West Moreton became a leader in information, communication and technology initiatives for Queensland Health in 2014 by being the first hospital and health service to upgrade the underlying computer systems from Microsoft's XP to Windows 7.

The Service also invested in a wireless computer network for all clinical areas of the hospital, enabling more clinical services to be offered at the bedside, including mobile x-rays and mobile video conferencing with metropolitan specialists.

We were also the first Service to implement an electronic medical record for the Sexual Health Clinic, located at the Ipswich Community Health Plaza, enabling the first longitudinal record to be created for members of the public who use this service, thus strengthening safety and quality in our clinical services.

6. Maintain financial health

Key objectives and strategies

Build financial stewardship by:

- Developing and implementing an education and training program to enhance the capability and financial capacity of decision-makers.
- Reviewing and implementing an enhanced governance, risk management and financial reporting framework.

Maximise revenues by:

- Maximising own source revenue.
- Identifying innovative models to generate new sources of revenue.
- Developing a strategic investment plan to further improve health service performance.

Streamline systems to achieve operational efficiencies, providing value in health services by:

- Reducing waste and maximising efficiency through effective decision support and benchmarking.
- Delivering services with a focus on outcomes in line with the healthcare purchasing agreement.

For the 2014-2015 financial year, West Moreton produced a deficit operating position of $1.746 million.

The deficit result included operating expenditure of $10.543 million which was committed by the Board from the prior year's retained earnings to be spent in the current year to improve patient outcomes.

If the expenditure committed from retained earnings had not occurred, the result would have been an operating surplus of $8.800 million for the financial year.

As a statutory body, West Moreton operates within an activity-based funding model.

For the 2014-2015 financial year, actual Queensland Weighted Activity Units exceeded target by 0.9%.

West Moreton continues to focus on delivering clinical activity, performance management and decision-making, as well as accurate, timely and focused reporting to assist the operational management and strategic positioning of the organisation. These will remain key areas of focus for the coming year.

Strategies for maximising revenue were also implemented during the year and included, but were not limited to, increasing revenue from private patients by increasing conversions from public to private, and continuing to drive West Moreton's Own Source Revenue initiatives.

Training was also provided in December 2014 and January 2015 to develop the business skills of 173 health professionals, thus enhancing the capability of cost centre managers across West Moreton. This training was provided to staff with line management responsibilities.

A number of topics were covered, including fraud awareness, saving strategies, introduction to accounting, communication and managing teams, review of fundamentals of finance and performance reports, and the business planning framework overview.

Innovation Funding

The 2014-2015 Innovation Fund was allocated a total of $0.503 million in funding.

This was disbursed to more than 22 projects which directly aligned with West Moreton's strategic objective of "Excellence in healthcare delivered through innovation, research and lifelong learning".

The following projects have either been successfully completed or are nearing the final stages of completion:

- Teen Mental Health First Aid — resulting in a number of young people experiencing diagnosable mental health issues seeking assistance, particularly in the Boonah area.
- Connection to Community and Country — the development of 'talking posters' was originally tabled at the 2014 National Health Round Table Innovation Symposium. At the 2015 symposium, it was noted that five hospital and health services around Australia had tried to implement these, however, West Moreton was the only service to successfully establish the project. This was recognised as a significant achievement by symposium members.
- Palliative Care Digital Photo Frames — which received extremely positive feedback from families and friends.

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)	A management tool with the potential to enhance public accountability and drive technical efficiency in the delivery of health services by: ▪ Capturing consistent and detailed information on hospital sector activity and accurately measuring the costs of delivery. ▪ Creating a relationship between funds allocated and services provided. ▪ Strengthening management's focus on outputs, outcomes and quality. ▪ Encouraging clinicians and managers to identify variations in costs and practices so they can be managed at a local level in the context of improving efficiency and effectiveness. ▪ Providing mechanisms to reward good practice and support quality initiatives.
Acute	Having a short and relatively severe course.
Acute care	Care in which the clinical intent or treatment goal is to: ▪ manage labour (obstetric) ▪ cure illness or provide definitive treatment of injury ▪ perform surgery ▪ relieve symptoms of illness or injury (excluding palliative care) ▪ reduce severity of an illness or injury ▪ protect against exacerbation and/or complication of an illness and/or injury that could threaten life or normal function ▪ perform diagnostic or therapeutic procedures.
Admission	The process whereby a hospital accepts responsibility for a patient's care and/or treatment. It follows a clinical decision, based on specified criteria, that a patient requires same-day or overnight care or treatment, which can occur in hospital and/or in the patient's home (for hospital-in-the-home patients).
Allied Health Staff	Professional staff who meet mandatory qualifications and regulatory requirements in the following areas: audiology, clinical measurement sciences, dietetics and nutrition, exercise physiology, leisure therapy, medical imaging, music therapy, nuclear medicine technology, occupational therapy, orthoptics, pharmacy, physiotherapy, podiatry, prosthetics and orthotics, psychology, radiation therapy, sonography, speech pathology and social work.
Ambulatory	Care provided to patients who are not admitted to the hospital, such as patients of emergency departments, outpatient clinics and community based (non-hospital) healthcare services.
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.

Term	Meaning
Emergency Department waiting time	Time elapsed for each patient from presentation to the Emergency Department to start of services by the treating clinician. It is calculated by deducting the date and time the patient presents from the date and time of the service event.
Full-Time Equivalent (FTE)	Refers to full-time equivalent staff currently working in a position.
GP	General Practitioner
Health outcome	Change in the health of an individual, group of people or population attributable to an intervention or series of interventions.
Health reform	Response to the *National Health and Hospitals Reform Commission Report (2009)* that outlined recommendations for transforming the Australian health system, the National Health and Hospitals Network Agreement (NHHNA) signed by the Commonwealth and states and territories (other than Western Australia) in April 2010 and the National Health Reform Heads of Agreement signed in February 2010 by the Commonwealth and all states and territories amending the NHHNA.
Hospital	Healthcare facility established under Commonwealth, State or Territory legislation as a hospital or a free-standing day procedure unit and authorised to provide treatment and/or care to patients.
Hospital and Health Board	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.
Medicare Local	Established by the Commonwealth to co-ordinate primary healthcare services across all providers in a geographic area. Works closely with hospital and health services to identify and address local health needs.
Medical practitioner	A person who is registered with the Medical Board of Australia to practice medicine in Australia, including general and specialist practitioners.
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.
NEAT	National Emergency Access Target
NEST	National Elective Surgery Target
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.

Term	Meaning
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	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 for improved health outcomes for patients.
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.
Productive Series	Also known as the Releasing Time to Care Program, is a suite of products developed to release time away from non-value added activities, allowing staff to focus more on what improves quality, safety and efficiency of the service delivered. The Department of Health purchased the license in June 2011 for use across hospital and health services.
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	Delivery of health-related services and information via telecommunication technologies, including: ▪ Live, audio and/or video inter-active links for clinical consultations and educational purposes. ▪ Store and forward Telehealth, including digital images, video, audio and clinical (stored) on a client computer, then transmitted securely (forward) to a clinic at another location where they are studied by relevant specialists. ▪ Teleradiology for remote reporting and clinical advice for diagnostic images. ▪ Telehealth services and equipment to monitor people's health in their home.
Triage category	Urgency of a patient's need for medical and nursing care.
Visiting medical officer	A medical practitioner who is employed as an independent contractor or an employee to provide services on a part-time, sessional basis.
Weighted Activity Unit 17	A single standard unit used to measure all activity consistently. Phase 17 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	4
Accessibility	Table of contents	ARRs - section 10.1	5
	Glossary	ARRs - section 10.1	43-45
	Public availability	ARRs - section 10.2	2
	Interpreter service statement	*Queensland Government Language Services Policy* ARRs - section 10.3	2
	Copyright notice	*Copyright Act 1968* ARRs - section 10.4	2
	Information Licensing	*QGEA - Information Licensing* ARRs - section 10.5	2
General information	Introductory information	ARRs - section 11.1	6-7
	Agency role and main functions	ARRs - section 11.2	8-9
	Operating environment	ARRs - section 11.3	8-9
	Machinery of government changes	ARRs - section 11.4	Not applicable
Non-financial performance	Government's objectives for the community	ARRs - section 12.1	8-9, 29-42
	Other whole-of-government plans/specific initiatives	ARRs - section 12.2	8-9, 29-42
	Agency objectives and performance indicators	ARRs - section 12.3	6-9
	Agency service areas, and service standards	ARRs - section 12.4	8-9, 24-28
Financial performance	Summary of financial performance	ARRs - section 13.1	24-28, 48-88
Governance - management and structure	Organisational structure	ARRs - section 14.1	22-23
	Executive management	ARRs - section 14.2	10-14
	Government bodies (statutory bodies and other entities)	ARRs - section 14.3	Not applicable
	Public Sector Ethics Act 1994	*Public Sector Ethics Act 1994* ARRs - section 14.4	36

Summary of requirements		Basis for requirements	Annual report reference
Governance - risk management and accountability	Risk management	ARRs - section 15.1	15-16, 35, 37, 42
	External scrutiny	ARRs - section 15.2	17-20
	Audit committee	ARRs - section 15.3	14, 15-16
	Internal audit	ARRs - section 15.4	16-17
	Information systems and recordkeeping	ARRs - section 15.5	20, 30-34, 41
Governance - human resources	Workforce planning and performance	ARRs - section 16.1	8-9, 24, 29-42
	Early retirement, redundancy and retrenchment	*Directive No.11/12 Early Retirement, Redundancy and Retrenchment* ARRs - section 16.2	28
Open data	Consultancies	ARRs - section 17 ARRs - section 34.1	Can be found at: http://data.qld.gov.au
	Overseas travel	ARRs - section 17 ARRs - section 34.2	
	Queensland Language Services Policy	ARRs - section 17 ARRs - section 34.3	
	Government bodies	ARRs - section 17 ARRs - section 34.4	
Financial statements	Certification of financial statements	FAA - section 62 FPMS - sections 42, 43 and 50 ARRs - section 18.1	89
	Independent Auditor's Report	FAA - section 62 FPMS - section 50 ARRs - section 18.2	90
	Remuneration disclosures	*Financial Reporting Requirements for Queensland Government Agencies* ARRs - section 18.3	76-82

Note:

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

8. Financial Statements 2014-15

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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
- Visit the West Moreton website at: www.westmoreton.health.qld.gov.au

Statement of Comprehensive Income
For the year ended 30 June 2015

	Notes	2015 $'000	2014 $'000
Income			
User charges	2	444,822	434,274
Grants and other contributions	3	4,097	4,832
Other revenue	4	3,527	8,488
Total revenue		**452,446**	**447,594**
Other income	5	5	5
Total income		**452,451**	**447,599**
Expenses			
Employee expenses	6	311,323	1,292
Health service employee expenses	7	-	295,993
Other supplies and services	8	116,650	98,274
Grants and subsidies	9	459	335
Depreciation	16	16,410	13,502
Amortisation	15	48	31
Impairment losses	10	1,761	1,421
Other expenses	11	7,546	7,010
Total expenses		**454,197**	**417,858**
Operating result for the year		(1,746)	29,741
Other comprehensive income			
Items that will not be subsequently reclassified to operating result:			
Increase in asset revaluation surplus	20	1, 546	16, 473
Total other comprehensive income		**1, 546**	**16, 473**
Total comprehensive income		**(200)**	**46,214**

The accompanying notes form part of these statements.

Statement of Financial Position
As at 30 June 2015

	Notes	2015 $'000	2014 $'000
Current assets			
Cash and cash equivalents	12	44,640	57,197
Receivables	13	10,605	6,633
Inventories		3,140	2,389
Other assets	14	9,504	205
Total current assets		**67,889**	**66,424**
Non-current assets			
Intangible assets	15	113	53
Property, plant and equipment	16	279,424	276,613
Total non-current assets		**279,537**	**276,666**
Total assets		**347,426**	**343,090**
Current liabilities			
Payables	17	30,390	32,883
Accrued employee benefits		9,678	46
Provisions	18	470	620
Unearned revenue		25	40
Total current liabilities		**40,563**	**33,589**
Total liabilities		**40,563**	**33,589**
Net assets		**306,863**	**309,501**
Equity			
Contributed equity	19	248,595	251,033
Accumulated surplus		35,411	37,157
Asset revaluation surplus	20	22,857	21,311
Total equity		**306,863**	**309,501**

The accompanying notes form part of these statements.

Statement of Changes in Equity
For the year ended 30 June 2015

	Accumulated surplus	Asset revaluation surplus (note 20)	Contributed equity (note 19)	Total
	$'000	$'000	$'000	$'000
Balance as at 1 July 2013	**7,416**	**4,838**	**184,283**	**196,537**
Operating result for the year	29,741	-	-	29,741
Total other comprehensive income				
Increase in asset revaluation surplus	-	16,473	-	16,473
Transactions with owners				
Non-appropriated equity injections	-	-	6,006	6,006
Non-appropriated equity withdrawals	-	-	(13,885)	(13,885)
Non-appropriated equity asset transfers	-	-	74,629	74,629
Balance as at 30 June 2014	**37,157**	**21,311**	**251,033**	**309,501**
Balance as at 1 July 2014	**37,157**	**21,311**	**251,033**	**309,501**
Operating result for the year	(1,746)	-	-	(1,746)
Total other comprehensive income				
Increase in asset revaluation surplus	-	1,546	-	1,546
Transactions with owners				
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
Balance as at 30 June 2015	**35,411**	**22,857**	**248,595**	**306,863**

The accompanying notes form part of these statements.

Statement of Cash Flows
For the year ended 30 June 2015

	Notes	2015 $'000	2014 $'000
Cash flows from operating activities			
Inflows:			
User charges		422,740	433,405
Grants and other contributions		4,097	4,832
Interest received		26	30
GST collected from patients/consumers		570	754
GST input tax credits		7,488	5,526
Other		3,061	8,273
Outflows:			
Employee expenses		(310,892)	(1,292)
Health service employee expenses		-	(297,741)
Supplies and services		(119,969)	(89,787)
Grants and subsidies		(459)	(335)
Insurance		(5,597)	(5,645)
GST paid to suppliers		(7,611)	(5,763)
GST remitted		(555)	(712)
Other		(1,599)	(1,050)
Net cash (used)/provided by operating activities	21	(8,700)	50,495
Cash flows from investing activities			
Inflows:			
Sales of property, plant and equipment		5	5
Outflows:			
Payments for property, plant and equipment		(12,453)	(10,292)
Net cash used in investing activities		**(12,448)**	**(10,287)**
Cash flows from financing activities			
Inflows:			
Equity injections		8,591	6,006
Net cash provided by financing activities		**8,591**	**6,006**
Net increase in cash and cash equivalents		(12,557)	46,214
Cash and cash equivalents at beginning of the financial year		57,197	10,983
Cash and cash equivalents at end of the financial year	12	**44,640**	**57,197**

The accompanying notes form part of these statements.

Notes to Financial Statements
For the year ended 30 June 2015

Note 1	Summary of significant accounting policies
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Note 1. Summary of significant accounting policies

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

(a) Statement of compliance

These financial statements have been prepared in compliance with section 62(1) of the *Financial Accountability Act 2009* and section 43 of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements. These have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities as West Moreton Hospital and Health Service (West Moreton) is a not-for-profit entity. In addition, these financial statements comply with Queensland Treasury and Trade's Minimum Reporting Requirements for the year ended 30 June 2015, and other authoritative pronouncements. Except where stated, the historical cost convention is used.

(b) The reporting entity

West Moreton prepares individual financial statements, which include all its revenues, expenses, assets and liabilities. West Moreton does not have any controlled entities.

(c) Trust transactions and balances

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. Although patient funds are not controlled by West Moreton, trust activities are included in the audit performed annually by the Auditor-General of Queensland. Note 25 provides additional information on the balances held in patient trust accounts.

(d) User charges

User charges primarily comprise Department of Health funding, hospital fees, reimbursement of pharmaceutical benefits and sales of goods and services.

Funding is provided to West Moreton in accordance with a service agreement between West Moreton and the Department of Health. The Department of Health receives its revenue for funding from the Queensland Government (majority of funding) and the Commonwealth. Hospital and Health Services are funded for eligible services through block funding; activity based funding; or a combination of both. 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 funding from Department of Health is provided predominantly for specific public health services purchased by the Department from West Moreton in accordance with a service agreement between the Department and West Moreton. The service agreement is reviewed periodically and updated for changes in activities and prices of services delivered by West Moreton.

The service agreement specifies the public hospital, health and other services to be delivered by West Moreton and the funding to be provided by the Department of Health to West Moreton for the provision of these services. The current service agreement covers the period from 1 July 2013 to 30 June 2016.

The funding from the Department of Health is received fortnightly in advance. At the end of the financial year, a financial adjustment may be required where the level of services provided is above or below the agreed level.

Revenue recognition for other user charges and fees is based on either invoicing for related goods, services and/or the recognition of accrued revenue.

(e) Grants and other contributions

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

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

(f) Recoveries

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

(g) Special payments

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

(h) Cash and cash equivalents

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

(i) Trade and other receivables

Trade receivables

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

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that West Moreton will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

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

(j) Inventories

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

(k) Intangible assets

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

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

(l) Property, plant and equipment

Control of land and buildings used by West Moreton was transferred to West Moreton via a deed of lease arrangement on 1 July 2012. Legal ownership of the majority of land and buildings transferred on 30 November 2014 via a transfer notice pursuant to the *Hospital and Health Boards Act 2011*.

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

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

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

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 any impairment in accordance with Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector*.

Land and buildings revaluations

Independent revaluations are performed at least every five years or earlier if there is reason to believe there has been a significant change in the carrying amount. The valuation is based on the highest and best use for each asset and reflects the likely exit price in the principal market for an asset of this type.

The fair values reported by West Moreton are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs (refer note 1 (o)).

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. 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.

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

In determining the depreciated replacement cost of each building, the independent valuers applied a method of a financial simulation in lieu of 'market value or income approach' which also reflects the likely 'exit price' of any transaction in the principal market for assets of this nature. 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.

Assets have been valued on the basis that the value is the estimated replacement cost of the asset, or the likely cost of construction including fees and on costs if tendered on the valuation date. No allowance has been made for cost escalation during documentation and construction.

The estimate is based on the assumption that the asset to be replaced will be of the same function and area of the original building but is dependent upon the asset being fully utilised. If the asset has a history of underutilisation the estimate will be based upon the value of the portion of the asset that is utilised. It is also assumed that if the building is replaced that it will be replaced with one that meets current design standards (but within existing floor area).

The costs are at Brisbane prices and published location indices are used to adjust the pricing to suit local market conditions. This is accepted practice within the Quantity Surveying profession and is also used extensively by the Queensland Department of Public Works. The 'Cost to Bring to Current Standards' is the estimated cost of refurbishing the asset to bring it to current standards and a new condition. For each of the five condition ratings the estimate is based on professional opinion as well as having regard to historical project costs.

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

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

The rating system adopted is from the International Infrastructure Management Manual which is co-authored by AECOM. Davis Langdon is part of the AECOM group.

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

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

- hospital and health service sites, and
- to residential, on-site accommodation at hospital sites.

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

charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that asset class.

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.

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

(m) Amortisation and depreciation of intangibles and property, plant and equipment

Property, plant and equipment

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

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

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

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

Class	Depreciation rates
Buildings and land improvements	2.5 - 3.33%
Plant and equipment	5.0 - 20.0%

Intangibles

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%.

(n) Impairment of assets

All non-current and intangible assets are assessed for indicators of impairment on an annual basis in accordance with AASB 136 *Impairment of Assets*. If an indicator of impairment exists, 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.

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

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

(o) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets or liabilities being valued. Observable inputs used by West Moreton include, but are not limited to, published sales data for land and general buildings.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristic of the assets or liabilities being valued. Significant unobservable inputs used by West Moreton include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of West Moreton's assets/liabilities, internal records of recent construction costs (and/or estimates of such costs) for assets' characteristics and functionality, and assessments of physical condition and remaining useful life. Unobservable inputs are

used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets or liabilities.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities of West Moreton for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- 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.
- 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.

More specific fair value information about West Moreton's property, plant and equipment is outlined in note 16.

(p) Leases

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

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

Lease income from operating leases where West Moreton is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the statement of financial position based on their nature.

(q) Trade and other 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 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(r) Provisions

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

(s) Financial instruments

Recognition

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

Financial assets and financial liabilities are recognised in the statement of financial position when West Moreton becomes party to the contractual provisions of the financial instrument.

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

Classification

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

Impairment

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

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of comprehensive income.

All other disclosures relating to the measurement and financial risk management of other financial instruments are included in note 26.

(t) Employee benefits

Prescribed employer

On 1 July 2014 West Moreton became a prescribed employer and as such employees are employed directly by West Moreton from this date. West Moreton treats these payments as employee expenses in the financial statements.

Prior to this date the provision of employee services from the Department of Health was negotiated under the service agreement between West Moreton and the Department of Health.

Under this service agreement:

- The Department of Health provided Department of Health employees to perform work for West Moreton and the Department of Health acknowledged and accepted its obligations as the employer of the Department of Health employees;
- West Moreton was responsible for the day-to-day workforce management;
- West Moreton reimbursed the Department of Health for the salaries and on-costs of these Department of Health employees.

West Moreton treated the reimbursements to the Department of Health for these Department of Health employees in the prior year as health service employee expenses.

Wages, salaries and sick leave

Wages and salaries due but unpaid at reporting date are recognised in the statement of financial position at the current salary rates.

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

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

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

Annual and long service leave

Under the Queensland Government's Annual Leave Central Scheme (established on 30 June 2008) and Long Service Leave Central Scheme (established on 1 July 1999), levies are payable by the Department of Health to cover the cost of employees' annual leave (including leave loading and on-costs) and long service leave. 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 of the consolidated entity to make the payments.

(u) Insurance

Property and general losses above a $10,000 threshold are insured through the Queensland Government Insurance Fund (QGIF). Health litigation payments above a $20,000 threshold and associated legal fees are also insured through QGIF. Premiums are calculated by QGIF on a risk assessed basis. West Morton pays premiums to WorkCover Queensland in respect of its obligations for employee compensation (in 2013-14 the Department of Health paid the premiums and then expensed to West Moreton).

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

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

For example, West Moreton receives corporate services support from the Department of Health

for no cost. Corporate services received include payroll services, accounts payable services, finance transactional services, taxation services, supply services and information technology services. As the fair value of these services is unable to be estimated reliably, no associated revenue and expense is recognised in the statement of comprehensive income.

(w) Contributed equity

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

(x) 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.

(y) Goods and services tax

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. The GST transactions with the Australian Tax Office are lodged and managed via the Department of Health.

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.

(z) Issuance of financial statements

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

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

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

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

(i) Land valuation

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.

(ii) 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 method of applying an indexation supplied by an external registered valuer. 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.

(iii) Depreciation

Management estimates the useful lives and residual values of property, plant and equipment based on the expected period of time over which economic benefits from use of the asset will be derived. Management reviews useful life assumptions on an annual basis having given consideration to variables including historical and forecast usage rates, technological advancements and changes in legal and economic conditions. Refer to note 1(m) for details of current depreciation rates used.

(iv) Impairment of receivables

Management reviews collectability of trade receivables on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that West Moreton will not be able to collect all amounts due

according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

(bb) Rounding and comparatives

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

Comparative information has been restated where necessary to be consistent with disclosures in the current period.

(cc) New and revised accounting standards

West Moreton did not voluntarily change any of its accounting policies during the year beginning 1 July 2014. The Australian Accounting Standard applicable for the first time for the financial year beginning 1 July 2014 that had the most significant impact on West Moreton financial statements is AASB 1055 *Budget Reporting*.

AASB 1055 became effective for reporting periods beginning on or after 1 July 2014. In response to this new standard, West Moreton has included in these financial statements a comprehensive new note 'Budgetary Reporting' (note 30). This note discloses West Moreton's original published budget figures for 2014-15 compared to actual results, with explanations of major variances, in respect of West Moreton's statement of comprehensive income, statement of financial position and statement of cash flows.

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2015 reporting period. West Moreton's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 15 *Revenue from Contracts and Customers* and AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15* [effective 1 January 2017]

AASB 15 requires entities to recognise 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).

Once operative, this standard will supersede AASB 111 *Construction Contracts* and AASB 118 *Revenue*.

The standard is not applicable until 1 January 2017 and West Moreton is yet to assess its full impact. West Moreton does not expect to adopt the new standard before its operative date. It would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2018.

(ii) AASB 2015-6 *Extending Related Parties disclosures to Not-for-Profit Public Sector Entities* [effective 1 July 2016]

AASB 2015-6 requires a range of disclosures about the remuneration of key management personnel, transactions with related parties/entities, and relationships between parent and controlled entities.

West Moreton already discloses information about the remuneration expenses for key management personnel (note 27) in compliance with requirements from Queensland Treasury. Therefore, the most significant implications of AASB 124 for West Moreton's financial statements will be the disclosures to be made about transactions with related parties, including transactions with key management personnel or close members of their families.

The standard is not applicable until 1 July 2016 and West Moreton does not expect to adopt the new standard before its operative date. It would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2017.

(iii) AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities* [AASB 13] [effective 1 July 2016]

AASB 2015-7 makes amendments to AASB 13 *Fair Value Measurement* to exempt not-for-profit public sector entities from certain requirements of the standard.

The standard is not applicable until 1 July 2016 and Queensland Treasury and Trade specifically stated that early adoption is not permitted to ensure consistency of reporting across all agencies in respect of AASB 13 disclosures.

Application of the amendments will result in reduced disclosures for property, plant and equipment within level 3 of the fair value hierarchy.

(iv) AASB 9 *Financial Instruments* and AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9* [December 2014]

AASB 9 and AASB 2014-7 will become effective from reporting periods beginning on or after 1 January 2018. The main impacts of these standards are that they will change the requirements for the classification, measurement, impairment and disclosures associated with financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

The classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, Queensland Treasury's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions that West Moreton

enters into, all of the health service's financial assets are expected to be required to be measured at fair value (instead of the measurement classifications presently used in notes 1(l) and 16). In the case of the health service's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value. Changes in the fair value of those assets will be reflected in West Moreton's operating result.

Another impact of AASB 9 relates to calculating impairment losses for the health services' receivables. Assuming no substantial change in the nature of the health service's receivables, the most likely ongoing disclosure impacts are expected to relate to the credit risk of financial assets subject to impairment.

On initial adoption of AASB 9, West Moreton will need to determine the expected credit losses for its receivables by comparing the credit risk at that time to the credit risk that existed when those receivables were initially recognised.

As the standard is not applicable until 1 January 2018, West Moreton is yet to assess its full impact. West Moreton does not expect to adopt the new standard before its operative date. It would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2019.

Note 2. User charges

	2015 $'000	2014 $'000
ABF funding		
Commonwealth	98,403	97,722
State	174,257	144,298
Block funding		
Commonwealth	37,724	40,099
State	71,647	68,584
System manager funding		
State	23,356	51,395
Depreciation funding	16,458	13,885
Teacher training funding	9,168	2,523
Hospital fees	9,700	9,908
Sale of goods and services	3,677	5,546
Rental income	432	314
	444,822	**434,274**

Note 3. Grants and other contributions

	2015 $'000	2014 $'000
Commonwealth grants		
Transition care	2,477	2,323
Home and community care	-	711
Specialist training program	398	246
	2,875	3,280
State funding		
Other	1,157	1,428
Donations	65	124
	4,097	**4,832**

Note 4. Other revenue

	2015 $'000	2014 $'000
Interest	26	30
Recoveries	541	8,088
Commissions	4	4
Other	2,956	366
	3,527	**8,488**

Note 5. Other income

	2015 $'000	2014 $'000
Gain on sale of property, plant and equipment	5	5

Note 6. Employee expenses

	2015 $'000	2014 $'000
Employee benefits		
Wages and salaries	249,626	1,045
Employer superannuation contributions	26,149	76
Annual leave levy/ expense	29,544	88
Long service leave levy/ expense	5,337	50
Termination expense	632	-
Employee related expenses		
Other employee related expenses	35	33
	311,323	**1,292**

Employee expenses represent the cost of engaging employees directly by West Moreton (refer note 7).

Number of MOHRI* Full Time Equivalent Employees (FTE)	30 June 2015	30 June 2014
West Moreton employees	2,857	13
Health service employees provided to West Moreton	-	2,628
Total FTE	**2,857**	**2,641**

**Minimum Obligatory Human Resource Information*

Note 7. Health service employee expenses

	2015 $'000	2014 $'000
Health service employee expenses	-	295,993

On 1 July 2014 West Moreton became a prescribed employer and as such employees are employed directly by West Moreton from this date. West Moreton treats these payments as employee expenses (refer note 6).

Prior to this date the provision of employee services (except for the Board and Chief Executive) from the Department of Health was negotiated under the service agreement between West Moreton and the Department of Health.

Health service employee expenses represent the cost of the Department of Health employees contracted to West Moreton to provide public health services. As established under the *Hospital and Health Boards Act 2011*, the Department of Health is the employer for all health service employees.

Refer note 6 for the number of health service employees provided to West Moreton.

Note 8. Other supplies and services

	2015 $'000	2014 $'000
Consultants and contractors	27,398	19,837
Electricity and other energy	2,555	2,714
Patient travel	828	970
Other travel	348	380
Water	655	699
Building services	568	484
Computer services	2,067	1,855
Motor vehicles	272	326
Communications	4,314	3,286
Repairs and maintenance	9,757	7,632
Operating lease rentals	2,294	2,546
Drugs	9,777	9,242
Clinical supplies and services	30,615	24,913
Pathology	8,298	7,875
Catering and domestic supplies	8,551	8,387
Other	8,353	7,128
	116,650	**98,274**

Note 9. Grants and subsidies

	2015 $'000	2014 $'000
Medical research programs	349	285
Other	110	50
	459	**335**

Note 10. Impairement losses

	2015 $'000	2014 $'000
Impairement losses on receivables*	-	741
Bad debts written-off	1,761	680
	1,761	**1,421**

** Refer to notes 13 and 26(a)*

Note 11. Other expenses

	2015 $'000	2014 $'000
External audit fees*	179	181
Bank fees	7	8
Insurance	5,597	5,645
Loss on sale of property, plant and equipment	333	25
Inventory written-off	68	64
Special payments		
Ex-gratia payments**	88	213
Other legal costs	199	282
Journals and subscriptions	298	132
Advertising	303	33
Interpreter fees	310	290
Other	164	137
	7,546	**7,010**

** Total audit fees paid or payable to Queensland Audit Office relating to the 2014-15 financial year were $181,000 (2014: $181,000). There are no non-audit services included in this amount.*
*** Ex-gratia payments relate to legal settlements and include excess payments made to Queensland Government Insurance Fund.*

Note 12. Cash and cash equivalents

	2015 $'000	2014 $'000
Cash on hand	6	6
Cash at bank	44,241	56,810
Cash on deposit	393	381
	44,640	**57,197**

Cash on deposit represents cash contributions from external entities and other benefactors in the form of gifts, donations and bequests for specific purposes. These funds are retained in the Queensland Treasury Corporation Cash Fund and set aside for specific purposes underlying the contribution. Cash on deposit is at call and is subject to floating interest rates. The weighted average effective interest rate is 3.28% (2014: 3.42%).

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 3.16% (2014: 2.99%).

Cash on hand is non-interest bearing.

Note 13. Receivables

	2015 $'000	2014 $'000
Current		
Trade receivables	11,499	7,640
Less: Allowance for impairement	(1,787)	(1,792)
	9,712	5,848
GST input tax credits receivable	1,011	888
GST payable	(118)	(103)
Net receivable	893	785
	10,605	**6,633**

(a) Impaired trade receivables

At the end of each reporting period, West Moreton assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes financial difficulties of the debtor, changes in debtor credit ratings and current outstanding accounts over 90 days.

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

As at 30 June 2015 current trade receivables of West Moreton with a nominal value of $1,787,000 (2014: $1,792,000) were impaired. The amount of the provision was $1,787,000 (2014: $1,792,000). The individually impaired receivables mainly relate to long-stay residential patients at The Park.

The aging of these receivables is as follows:

	2015 $'000	2014 $'000
Less than 30 days	57	38
30-60 days	49	69
61-90 days	4	96
More than 90 days	1,677	1,589
	1,787	**1,792**

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

	2015 $'000	2014 $'000
Balance at the beginning of the financial year	**1,792**	**1,029**
Amounts written-off during the year	(1,650)	(402)
Amounts recovered during the year	(163)	(178)
Increase in allowance recognised in operating result	1,808	1,343
Balance at the end of the financial year	**1,787**	**1,792**

(b) Past due but not impaired

As at 30 June 2015, trade receivables of $2,698,000 (2014: $2,152,000) were past due but not impaired. These relate to a number of independent customers for whom there is no history of default.

The aging of these receivables is as follows:

	2015 $'000	2014 $'000
30-60 days	696	728
61-90 days	448	319
More than 90 days	1,554	1,105
	2,698	**2,152**

(c) Other receivables

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

(d) Fair value and credit risk

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

Note 14. Other assets

	2015 $'000	2014 $'000
Current		
Prepayments	304	205
Advance - salary and wages	9,200	-
	9,504	**205**

Note 15. Intangible assets

	$'000
Software purchased	
At 30 June 2013	
At cost	144
Accumulated amortisation	(30)
	114
Year ended 30 June 2014	
Opening net book amount	114
Disposals	(30)
Amortisation charge for the year	(31)
Carrying amount at 30 June 2014	**53**
At 30 June 2014	
At cost	103
Accumulated amortisation	(50)
	53
Year ended 30 June 2015	
Opening net book amount	53
Acquisitions	108
Amortisation charge for the year	(48)
Carrying amount at 30 June 2015	**113**
At 30 June 2015	
At cost	238
Accumulated amortisation	(125)
	113

NB: Adjustments have been made to accumulated amortisation to recognise assets transferred in and out of West Moreton. West Moreton does not have any fully amortised intangible assets that are still in use. West Moreton does not have any significant intangible assets not recognised as assets because they do not meet the criteria of AASB 138 *Intangible Assets*.

Note 16. 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
At 30 June 2013					
At cost/fair value	32,242	312,935	42,391	2,090	389,658
Accumulated depreciation	-	(181,359)	(19,773)	-	(201,132)
	32,242	**131,576**	**22,618**	**2,090**	**188,526**
Year ended 30 June 2014					
Opening net book value	32,242	131,576	22,618	2,090	188,526
Acquisitions	-	247	6,115	4,152	10,514
Disposals	-	-	(26)	-	(26)
Transfers between classes	-	(391)	391	-	-
Transfers in/(out)	(231)	77,712	1,662	(4,514)	74,629
Revaluation increments	2,500	13,972	-	-	16,472
Depreciation charge for the year	-	(8,302)	(5,200)	-	(13,502)
Carrying amount at 30 June 2014	**34,511**	**214,814**	**25,560**	**1,728**	**276,613**
At 30 June 2014					
At cost/fair value	34,511	404,471	49,375	1,728	490,085
Accumulated depreciation	-	(189,657)	(23,815)	-	(213,472)
	34,511	**214,814**	**25,560**	**1,728**	**276,613**
Year ended 30 June 2015					
Opening net book value	34,511	214,814	25,560	1,728	276,613
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)
Carrying amount at 30 June 2015	**34,028**	**213,994**	**25,532**	**5,870**	**279,424**
At 30 June 2015					
At cost/fair value	34,028	413,967	52,726	5,870	506,591
Accumulated depreciation	-	(199,973)	(27,194)	-	(227,167)
	34,028	**213,994**	**25,532**	**5,870**	**279,424**

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

Land

In 2014-15 the State Valuation Service completed valuations of nil% (2014: 100%) of the gross value of the land portfolio.

In 2014-15 land was indexed using the appropriate indices sourced from the State Valuation Service. These indices are based on actual market movements for the relevant location and asset category.

The current year revaluation program resulted in a $nil increment (2014: $2,500,000) to the carrying amount of land.

Buildings

An independent revaluation of 1.47% (2014: 100%) of the gross value of the building portfolio was performed during 2014-15. For all other buildings, an indexation was applied to bring the asset to its fair value. Refer note 1(l).

The buildings revaluation program resulted in a net increment to West Moreton's building portfolio of $1,546,000 (2014: $13,972,000). This is an increase of 0.73% (2014: 6.96%) to the building portfolio as at 30 June 2015.

West Moreton has plant and equipment with an original cost of $152,000 (2014: $360,000) or 0.03% (2014: 0.07%) of total property, plant and equipment gross value and a written down value of zero still being used in the provision of services.

(a) Fair value hierarchy

The following table details the fair value hierarchy for land and buildings at the end of the financial year:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2014				
Land	-	34,511	-	34,511
Buildings	-	1,210	213,604	214,814
Fair value at 30 June 2014	-	35,721	213,604	249,325
2015				
Land	-	34,028	-	34,028
Buildings	-	450	213,544	213,994
Fair value at 30 June 2015	-	34,478	213,544	248,022

(b) Valuation method for level 2 and 3 fair values

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.

(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:

	Buildings $'000	Total $'000
	131,191	**131,191**
Transfers between levels		
Transfers out	(391)	(391)
Total gains or losses recognised in other comprehensive income		
Increase in asset revaluation reserve	13,119	13,119
Additions	247	247
Transfers in (Department of Health)	73,812	73,812
Transfers in (work-in-progress)	3,900	3,900
Depreciation	(8,274)	(8,274)
Fair value at 30 June 2014	**213,604**	**213,604**
Fair value at 1 July 2014	**213,604**	**213,604**
Total gains or losses recognised in other comprehensive income		
Increase in asset revaluation reserve	1,543	1,543
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)
Fair value at 30 June 2015	**213,544**	**213,544**

(e) Level 3 significant valuation inputs and relationship to fair value

The fair value of health service site buildings is computed by quantity surveyors. The method is known as the depreciated replacement cost valuation technique. The following table highlights the key unobservable inputs assessed during the valuation process and the relationship to fair value.

Description	Significant unobservable inputs	Unobservable inputs quantitative measures Ranges used in valuations	Relationship of unobservable inputs to fair value
Buildings - Health service delivery Fair value -$213,544,000	Replacement cost estimates	Hospitals $2,885,000 to $77,243,000 Other buildings $32,000 to $52,746,000	Replacement cost is based on tender pricing and historical building cost data. An increase in the estimated replacement cost would increase the fair value of the assets. A decrease in the estimated replacement cost would reduce the fair value of the assets.
	Remaining lives estimates	5 to 37 years	The remaining useful lives are based on industry benchmarks. An increase in the estimated remaining useful lives would increase the fair value of the assets. A decrease in the estimated remaining useful lives would reduce the fair value of the assets.
	Costs to bring to current standards	Hospitals $nil to $16,327,000 Other buildings $5,000 to $20,683,000	Costs to bring to current standards are based on tender pricing and historical building cost data. An increase in the estimated costs to bring to current standards would reduce the fair value of the assets. A decrease in the estimated costs to bring to current standards would increase the fair value of the assets.
	Condition rating	1 - 4	The condition rating is based on the physical state of the assets. An improvement in the condition rating (possible high of 1) would increase the fair value of the assets. A decline in the condition rating (possible low of 5) would reduce the fair value of the assets

Usage of alternative level 3 inputs (as per the above table) that are reasonable in the circumstances as at the revaluation date would not result in material changes in the reported fair value.

The conditions rating of an asset is used as a mechanism to determine the cost to bring to current standards and also to estimate the remaining life. For further information on condition ratings refer note 1(l).

There are no other direct or significant relationships between unobservable inputs that materially impact fair value.

(f) 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.

Note 17. Payables

	2015 $'000	2014 $'000
Trade creditors and accruals	21,671	19,514
Accruals	8,719	13,369
	30,390	**32,883**

Note 18. Provisions

	2015 $'000	2014 $'000
Current		
Provision for insurance claims	470	620
	470	**620**
Movement in provision for insurance claims		
Carrying amount at the beginning of the financial year	**620**	**630**
Charged to operating result		
Additional provision recognised	300	280
Unused amounts reversed	(260)	(280)
Amounts used during the year	(190)	(10)
Carrying amount at the end of the financial year	**470**	**620**

Note 19. Contributed equity

	2015 $'000	2014 $'000
Opening balance at beginning of year	**251,033**	**184,283**
Non-appropriated equity injections		
Minor capital funding	8,591	6,006
Non-appropriated equity withdrawals		
Non-cash depreciation funding returned to Department of Health as a contribution towards capital works program	(16,458)	(13,885)
Non-appropriated equity asset transfers		
Ipswich Hospital expansion	-	65,804
BreastScreen	17	904
Offender Health	-	145
Land	(483)	(231)
Emergency Department	-	5,947
Extended Forensic Treatment Rehabilitation Unit	125	1,867
High Dependency Unit	-	150
Ipswich Hospital car park	-	43
Buildings	(258)	-
Gailes Community Care Unit	6,104	-
Other	(76)	-
	5,429	74,629
Balance at the end of the financial year	**248,595**	**251,033**

Note 20. Asset revaluation surplus by class

	2015 $'000	2014 $'000
Land		
Balance at the beginning of the financial year	2,500	-
Revaluation increments	-	2,500
	2,500	2,500
Buildings		
Balance at the beginning of the financial year	18,811	4,838
Revaluation increments	1,546	13,973
	20,357	18,811
Balance at the end of the financial year	**22,857**	**21,311**

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

Note 21. Reconciliation of operating surplus to net cash flows from operating activities

	2015 $'000	2014 $'000
Operating result from continuing operations	(1,746)	29,741
Non-cash items		
Depreciation expense	16,410	13,502
Amortisation expense	48	31
Net gains on realisation of property, plant and equipment	95	(170)
Other non-cash supplies	(16,459)	(13,885)
Changes in assets and liabilities		
(Increase)/decrease in receivables	(3,972)	14,238
(Increase)/decrease in inventories	(750)	(98)
(Increase)/decrease in other assets	(9,300)	(36)
Increase/(decrease) in payables	(2,493)	7,254
Increase/(decrease) in accrued employee benefits	9,632	(102)
Increase/(decrease) in provisions	(150)	(10)
Increase/(decrease) in unearned revenue	(15)	30
Net cash from operating activities	**(8,700)**	**50,495**

Note 22. 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 refer to page 51.

Note 23. Commitments for expenditure

(a) Non-cancellable operating leases

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:

	2015 $'000	2014 $'000
Within one year	1,205	1,620
Later than one year but not later than five years	1,870	3,179
Later than five years	15	15
	3,090	**4,814**

(b) Expenditure and other commitments

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

	2015 $'000	2014 $'000
Capital works	438	272
Supplies	3,362	-
Repairs and maintence	1,989	1,489
Other	2,398	-
	8,187	**1,761**

Within one year	6,968	1,067
Later than one year but not later than five years	1,219	694
	8,187	**1,761**

(c) Grants and other contributions

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

	2015 $'000	2014 $'000
Within one year	**416**	**375**

Note 24. 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.

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 following a concentrated and focused process for managing the transition of individual patients from the care of Barrett Adolescent Centre to alternative options.

The Honourable Margaret Wilson QC has been appointed as commissioner for the inquiry, which will commence on 14 September 2015. West Moreton will be participating in the inquiry. The estimated costs of participating in the inquiry are unable to be determined at this time.

Note 25. Off balance sheet transactions and balances

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

	2015 $'000	2014 $'000
Patient fiduciary funds		
Receipts		
Patient fund receipts	1,710	1,629
Total receipts	**1,710**	**1,629**
Payments		
Patient fund related payments	1,720	1,564
Total payments	**1,720**	**1,564**
Cash at beginning of financial year	228	163
Increase/(decrease) in net patient fund assets	(10)	65
Fiduciary fund assets		
Current assets		
Cash		
Patient fund deposits	218	228
Total current assets	**218**	**228**

Note 26. Financial risk management

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

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

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

West Moreton holds the following financial instruments by category:

	2015 $'000	2014 $'000
Financial assets		
Cash and cash equivalents	44,640	57,197
Receivables*	10,605	6,633
	55,245	**63,830**
Financial liabilities		
Payables	30,390	32,883
	30,390	**32,883**

**excludes prepayments*

(a) Credit risk

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

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

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

There are no significant concentrations of credit risk. An amount of $5,780,000 relates to government funding which is expected to be received upon the endorsement of the 2015-16 service agreement (2014: $570,000). The remaining receivables relate to health providers and ineligible patients.

Aging of past due but not impaired as well as impaired financial assets are disclosed in note 13.

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

(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 (2014: $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:

	2015	2014
	$'000	$'000
Floating rate		
Expiring beyond one year	4,000	4,000
	4,000	**4,000**

(ii) Maturities of financial liabilities

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

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises: foreign exchange risk; interest rate risk; and other price risk. West Moreton has interest rate exposure on the cash at bank and cash on deposit. 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.

West Moreton does not trade in foreign currency and is not materially exposed to commodity price changes. 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 and manages its risk as per the liquidity risk management strategy articulated in West Moreton's *Financial Management Practice Manual*.

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.

Note 27. Key management personnel

(a) Key executive management personnel

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

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

(i) Board

Name	Position
Dr Mary Corbett	Chair – Non-executive Board member
Paul Casos	Non-executive Board member
Dr Robert McGregor	Non-executive Board member
Melinda Parcell	Non-executive Board member
Professor Julie Cotter	Non-executive Board member (resigned 1 April 2015)
Gary Edwards	Non-executive Board member (retired 17 May 2015)
Professor Sonj Hall	Non-executive Board member (retired 17 May 2015, reappointed 26 June 2015)
Susan Johnson	Non-executive Board member (from 26 June 2015)

(ii) Other key management personnel

Name	Position	Contract classification/ appointment authority
Lesley Dwyer	Chief Executive (until 12 April 2015)	Individual contract/*Hospital and Health Boards Act 2011*
Ian Wright	Executive Director Finance and Business Services (until 5 June 2015)	HES 2H/*Hospital and Health Boards Act 2011*
Lynette Gill	Acting Executive Director Finance and Business Services (from 9 June 2015)	Relieving/higher duties arrangement
Sharon Kelly	Executive Director Mental Health and Specialised Services Acting Chief Executive (from 13 April 2015 to 30 June 2015)	HES 2H/*Hospital and Health Boards Act 2011*
Dr Leanne Geppert	Acting Executive Director Mental Health and Specialised Services (from 27 April 2015)	Relieving/higher duties arrangement
Michelle Giles	Acting Executive Director Mental Health and Specialised Services (from 13 April 2015 to 26 April 2015)	Relieving/higher duties arrangement
Helen Chalmers	Acting Executive Director Clinical Services (from 23 March 2015)	Relieving/higher duties arrangement
Linda Hardy	Executive Director Clinical Services (until 20 March 2015)	HES 2H/*Hospital and Health Boards Act 2011*
Dr Mary Seddon	Executive Director Clinical Governance, Education and Research (from 4 August 2014)	MMoI2:3 Level 27
Dr John Gallichio	Acting Executive Director Clinical Governance, Education and Research (from 1 July 2014 to 3 August 2014)	Relieving/higher duties arrangement
Alan Millward	Executive Director Workforce	HES 2L/*Hospital and Health Boards Act 2011*
Jacqueline Keller	General Counsel and Secretary (1 July 2014 to 10 May 2015) Acting Executive Director Governance, Risk and Legal (from 11 May 2015)	Relieving/higher duties arrangement
Chris Thorburn	Executive Director Corporate Governance and Strategy (until 10 April 2015)	HES 2L/*Hospital and Health Boards Act 2011*

(b) Position descriptions

Chief Executive	Responsible for the overall management of West Moreton through major functional areas to ensure the delivery of key government objectives in improving the health and well-being of Queenslanders.
Executive Director Finance and Business Services	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.
Executive Director Mental Health and Specialised Services	Responsible for the operational leadership and management of mental health and specialised services throughout West Moreton.
Executive Director Clinical Services	Responsible for the operational leadership and management of Ipswich Hospital and provides leadership for medical services throughout West Moreton.
Executive Director Clinical Governance, Education and Research	Responsible for developing, implementing, managing and monitoring the clinical governance framework, research and education of West Moreton.
Executive Director Workforce	Responsible for providing strategic leadership in relation to all human resource functions, including industrial relations, throughout West Moreton.
Executive Director Governance, Risk and Legal	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.
Executive Director Corporate Governance and Strategy	Lead and manage the functions relating to accountability and governance across West Moreton. Responsible for developing governance, strategic planning and performance management frameworks.

(c) Compensation terms

(i) Board

In accordance with the *Hospital and Health Boards Act 2011*, the Governor in Council appoints Board members, on the recommendation of the Minister, for a period not exceeding 4 years. In appointing a Board member the Governor in Council must have regard to the person's ability to make a contribution to 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 Members of Government Boards" (previously "Remuneration of Part-time Chairs and Board Members of Government Boards, Committees and Statutory Authorities").

Under the revised 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. The Governor in Council approves the remuneration arrangements for Hospital and Health Board chairs, deputy chairs and members.

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

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

Pre 18 May 2014		Effective 18 May 2014		
Special assignment fee Full Day	Annualised Chair 5-day fortnight Member 3-day fortnight	Special assignment fee Full Day	Annualised Chair 5-day fortnight Member 3-day fortnight	Annualised Sub-committee fees
Chair: $553	Chair: $60,830 Per month: $5,069.17	Chair: $682	Chair: $75,000 Per month: $6,250.00	Chair: $4,000
Member: $453	Member: $29,898 Per month: $2,491.50	Member: $606	Member: $40,000 Per month: $3,333.33	Member: $3,000

A Board member may resign by giving notice in writing.

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

Name	Term	Expiry date
Dr Mary Corbett	3 years	17 May 2016
Paul Casos	3 years	17 May 2016
Dr Robert McGregor	3 years	17 May 2016
Melinda Parcell	4 years	17 May 2018
Professor Sonj Hall	3 years	17 May 2018
Susan Johnson	1 year	17 May 2016

(ii) Other key management personnel

Chief Executive

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

Health Executive Service

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

Other key management personnel

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

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 2014-15 financial year (2014: $nil).
- Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee benefits and post-employment benefits.

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

Position	Term	Expiry date
Sharon Kelly	3 years	12 September 2016
Lynette Gill	N/A	N/A
Helen Chalmers	Short-term contract	17 July 2015
Dr Mary Seddon	N/A	N/A
Dr Leanne Geppert	N/A	N/A
Alan Millward	3 years	8 December 2016
Jacqueline Keller	N/A	N/A

Details of the compensation of each key management personnel are:

(i) Board

	Short-term benefits		Long-term benefits	Post-employment benefits	Termination benefits	Total remuneration
2015	Base	Non-monetary benefits				
Name	$'000	$'000	$'000	$'000	$'000	$'000
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	-	-	-	-	-	-

	Short-term benefits		Long-term benefits	Post-employment benefits	Termination benefits	Total remuneration
2014	Base	Non-monetary benefits				
Name	$'000	$'000	$'000	$'000	$'000	$'000
Dr Mary Corbett	68	-	-	6	-	74
Paul Casos	30	-	-	3	-	33
Dr Robert McGregor*	180	25	-	27	-	232
Melinda Parcell*	136	9	-	24	-	169
Professor Julie Cotter	32	-	-	3	-	35
Gary Edwards	-	-	-	-	-	-
Professor Sonj Hall	-	-	-	-	-	-
Tim Eltham	28	-	-	3	-	31
Alan Fry	31	-	-	3	-	34

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

(ii) Other key management personnel

	Short-term benefits		Long-term benefits	Post-employment benefits	Termination benefits	Total remuneration
2015	**Base**	**Non-monetary benefits**				
Name	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
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
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

	Short-term benefits		Long-term benefits	Post-employment benefits	Termination benefits	Total remuneration
2014	**Base**	**Non-monetary benefits**				
Name	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Lesley Dwyer	279	-	-	26	-	305
Ian Wright	190	9	-	32	-	231
Linda Hardy	200	-	-	31	-	231
Dr Mark Mattiussi	241	6	-	25	-	272
Dr Mark Waters	67	11	-	14	-	92
John Christie	26	-	-	3	-	29
Sharon Kelly	152	4	-	27	-	183
Alan Millward	149	16	-	26	-	191
Chris Thorburn	149	11	-	25	-	185

Note 28. Economic dependency

West Moreton is dependent on funding provided by the Department of Health under a service agreement pursuant to the requirements of the *Hospital and Health Boards Act 2011*.

The services agreement outlines the services that the Department of Health will purchase from West Moreton during the year. For the year ending 30 June 2015 the approved funding for services was $454,282,167 (2014: $442,277,000). The service agreement for 2015-16 currently provides for approved funding for services of $469,313,966.

The service agreement details:

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

West Moreton's ability to continue viable operations is dependent on this funding. At the date of this report, management has no reason to believe that this financial support will not continue, particularly as the current service agreement covers the period from 1 July 2013 to 30 June 2016.

Note 29. Events after the reporting period

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 following a concentrated and focused process for managing the transition of individual patients from the care of Barrett Adolescent Centre to alternative options.

The Honourable Margaret Wilson QC has been appointed as commissioner for the inquiry, which will commence on 14 September 2015. West Moreton will be participating in the inquiry. The estimated costs of participating in the inquiry are unable to be determined at this time.

Disposal recommendation for surplus Wolston Park Mental Health Campus (The Park) property

West Moreton has received notification of the proposed disposal of four land lots which are in the vicinity of the Wolston Park Mental Health Campus (The Park). West Moreton does not currently have legal title for the land lots as it was not transferred, therefore the land lots are currently owned by the Department of Health however they are included in property, plant and equipment on West Moreton's balance sheet at 30 June 2015. If the recommended proposal is approved this would reduce property, plant and equipment by $10,751,576 (including infrastructure) based on values at the 30 June 2015.

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.

Note 30. Budgetary reporting

NB: A budget versus actual comparison and explanation of major variances has not been included for the statement of changes in equity, as major variances relating to that statement have been addressed in explanation of major variances in the other statements.

Statement of Comprehensive Income

	Note	Actual 2015 $'000	Budget 2015 $'000	Variance $'000	Variance %
Income					
User charges		444,822	437,014	7,808	2
Grants and other contributions		4,097	4,800	(703)	(15)
Other revenue		3,527	5,430	(1,903)	(35)
Total revenue		**452,446**	**447,244**	**5,202**	**1**
Other income		5	-	5	-
Total income		**452,451**	**447,244**	**5,207**	**1**
Expenses					
Employee expenses	(a)	311,323	1,377	(309,946)	(22,509)
Health service employee expenses	(a)	-	323,693	323,693	100
Supplies and services		116,650	113,730	(2,920)	(3)
Grants and subsidies		459	365	(94)	(26)
Depreciation and amortisation		16,458	15,642	(816)	(5)
Impairment losses		1,761	-	(1,761)	-
Other expenses		7,546	2,337	(5,209)	(223)
Total expenses		**454,197**	**457,144**	**2,947**	**1**
Operating result*		**(1,746)**	**9,900**	**8,154**	**82**
Other comprehensive income					
Items that will not be subsequently reclassified to operating result:					
Increase in asset revaluation surplus	(b)	1,546	16,473	(14,927)	(91)
Total other comprehensive income		**1,546**	**16,473**	**(14,927)**	**(91)**
Total comprehensive income		**(200)**	**6,573**	**(6,773)**	**(103)**

*For the 2014-15 financial year, West Moreton produced a deficit operating position of $1.746M. The deficit result included operating expenditure of $10.543M which was committed by the Board from the prior year's retained earnings to be spent in the current year to improve patient outcomes. If the expenditure committed from retained earnings had not occurred, the result would have been an operating surplus of $8.800M for the financial year.

The re-investment of retained earnings has resulted in positive outcomes for service delivery for West Moreton's programs, including:

- the Hospital at Night program to increase hospital safety during non-standard hours
- establishing the Adult Short Stay Unit, allowing easy access for transporting patients
- increasing oncology access by adding a third clinic day to improve capacity and enable better local access to treatment
- enhancing nursing hours per patient day to address increased patient acuity and volume through the investment in nursing resources to match demand
- reducing specialist outpatient long waits
- establishing a Surgical Assessment Unit (23-hour Ward) to meet the increased surgical need to provide safe and effective patient care by clinicians skilled in managing short-stay patients of more complex day procedures.

Statement of Financial Position

	Note	Actual 2015 $'000	Budget 2015 $'000	Variance $'000	Variance %
Current assets					
Cash and cash equivalents	(c)	44,640	25,134	19,506	78
Receivables	(d)	10,605	5,224	5,381	103
Inventories		3,140	2,337	803	34
Other assets	(e)	9,504	476	9,028	1,897
Total current assets		**67,889**	**33,171**	**34,718**	**105**
Non-current assets					
Intangible assets		113	66	47	71
Property, plant and equipment		279,424	278,697	727	-
Total non-current assets		**279,537**	**278,763**	**774**	**-**
Total assets		**347,426**	**311,934**	**35,492**	**11**
Current liabilities					
Payables	(a), (f)	30,390	24,447	(5,943)	(24)
Accrued employee benefits	(a)	9,678	114	(9,564)	(8,389)
Provisions		470	630	160	25
Unearned revenue		25	11	(14)	(127)
Total current liabilities		**40,563**	**25,202**	**(15,361)**	**(61)**
Total liabilities		**40,563**	**25,202**	**(15,361)**	**(61)**
Net assets		**306,863**	**286,732**	**20,131**	**7**
Equity					
Contributed equity		248,595	262,172	(13,577)	(5)
Accumulated surplus		35,411	7,416	27,995	377
Asset revaluation surplus		22,857	17,144	5,713	33
Total equity		**306,863**	**286,732**	**20,131**	**7**

Statement of Cash Flows

	Note	Actual 2015 $'000	Budget 2015 $'000	Variance $'000	Variance %
Cash flows from operating activities					
Inflows:					
User charges		422,740	436,209	(13,469)	(3)
Grants and other contributions		4,097	4,800	(703)	(15)
Interest received		26	30	(4)	(13)
GST collected from patients/consumers		570	-	570	-
GST input tax credits		7,488	-	7,488	-
Other		3,061	14,862	(11,801)	(79)
Outflows:					
Employee expenses	(a)	(310,892)	(1,372)	(309,520)	(22,560)
Health service employee expenses	(a)	-	(330,215)	330,215	100
Supplies and services		(119,969)	(116,021)	(3,948)	(3)
Grants and subsidies		(459)	(365)	(94)	(26)
Insurance		(5,597)	-	(5,597)	-
GST paid to suppliers		(7,611)	-	(7,611)	-
GST remitted		(555)	-	(555)	-
Other		(1,599)	(1,494)	(105)	(7)
Net cash provided by operating activities		**(8,700)**	**6,434**	**(15,135)**	**(235)**
Cash flows from investing activities					
Inflows:					
Sales of property, plant and equipment		5	(32)	37	116
Outflows:					
Payments for property, plant and equipment	(g)	(12,453)	(3,563)	(8,890)	(250)
Net cash used by investing activities		**(12,448)**	**(3,595)**	**(8,853)**	**(246)**
Cash flows from financing activities					
Inflows:					
Equity injections	(h)	8,591	3,563	5,028	141
Outflows:					
Equity withdrawals	(i)	-	(15,642)	15,642	100
Net cash provided by financing activities		**8,591**	**(12,079)**	**20,670**	**171**
Net increase in cash and cash equivalents held		(12,557)	(9,240)	(3,317)	(36)
Cash and cash equivalents at beginning of the financial year		57,197	34,374	22,823	66
Cash and cash equivalents at end of the financial year		**44,640**	**25,134**	**19,506**	**78**

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:

(a) West Moreton transitioned to a prescribed employer on 1 July 2014 and became the employer of its workforce. Prior to this date, health service employees were contracted under the service agreement as health service employees. The budget was prepared prior to this change. This resulted in $311.323M of health service employee expenses being re-classified as employee expenses and $9.678M of payables being re-classified as accrued employee benefits in the statement of comprehensive income and statement of financial position respectively. Similarly, cash outflows of $310.892M were re-classified from health service employee expenses to employee expenses in the statement of cash flows.

(b) The decrease in expected asset revaluation surplus of $14.972M is due to the 2014-15 budgeted increase in asset revaluation surplus of $16.473M being based on 2013-14 actuals which included significant revaluation increments due to a full stocktake and revaluation of land and buildings transferred to West Moreton from the Department of Health. In 2014-15, indexation and valuation of land and buildings indicated that there had been little movement in land and building values resulting in a minor revaluation of $1.546M.

(c) The increase in cash and cash equivalents of $19.506M is due to the variance between budget and actual results in a range of other balances that impacted cash during the year. These included an increase in user charges ($7.808M), decrease in overall employee costs ($13.747M), increase in receivables ($5.381M), increase in other current assets ($9.028M), increase in payables ($5.943M) and increase in accrued employee benefits ($9.564M).

(d) The increase of $5.381M in receivables relates to accrued revenue for 2014-15 Window 3 service agreement amendments of $5.780M.

(e) The increase of $9.028M in other assets is due to the required advance for fortnightly salary and wages of $9.200M relating to June 2015.

(f) The increase of $5.943M in payables is due to the increase in general accrued expenditure due to timing differences on receipt of invoices.

(g) The increase of $8.890M in cash outflows for payments for property, plant and equipment relates to the acquisition of non-current assets including Information Communication Technology projects of $4.256M, enhancement of facilities of $4.069M and general purchases of medical equipment. Refer also, note (h) below.

(h) The increase of $5.028M in equity injection inflows is due to transfers of revenue funding to capital funding in 2014-15 of $3.278M and reimbursements of capital purchases through the Health Infrastructure Branch of $2.025M.

(i) The decrease in equity withdrawals of $15.642M is due to a re-classification as the budget of $15.642M relates to depreciation funding which is a non-cash transfer. Actual depreciation for the year was $16.458M.

Management Certificate

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 2015 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.*

Dr Mary Corbett BSc PhD FAICD

Chair

28 August 2015

Susan McKee RN BSc MBA

Chief Executive

28 August 2015

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 *2014* to 30 June *2015* and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

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

QUEENSLAND
31 AUG 2015
AUDIT OFFICE

D OLIVE CPA
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane

West Moreton Hospital and Health Service
www.westmoreton.qld.gov.au