Annual Report 2013–2014

Great state. Great opportunity.

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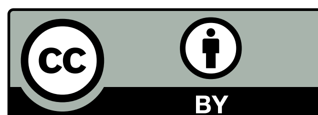

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Mackay Hospital & Health Service Annual Report 2013–2014

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Letter of compliance

The Honourable Lawrence Springborg MP
Minister for Health
Member for Southern Downs

Level 19, 147–163 Charlotte Street
Brisbane Qld 4000

3 September 2014

Dear Minister

I am pleased to present the Annual Report 2013–2014 and financial statements for Mackay 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*
- the detailed requirements set out in the Annual report requirements for Queensland Government agencies.

A checklist outlining the annual reporting requirements can be found on page 48–49 of this annual report.

Yours sincerely

Mr Colin Meng
Board Chair
Mackay Hospital & Health Service Board

Mackay Hospital

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Message from the Board Chair

I am pleased to present the Annual Report for the Mackay HHS for 2013/2014. This report presents our performance, highlights some of our major achievements, describes our challenges and gives an outlook for the year ahead.

I am very proud of the hard work and service improvements we have seen this year, right across our region in all delivery settings.

Our vision for Mackay HHS is to deliver national excellence in regional healthcare and I am very pleased with the journey we are on, the improvements we have delivered for our community and the position we are in to take us to the next level of excellence.

Many in our community will see the extraordinary transformation to the facilities, with new buildings and new infrastructure highly visible across the region. But it is not buildings that deliver great service and clinical excellence, it is our people. Having had the opportunity to tour many of the facilities and meet a range of staff and patients, I am truly grateful to our staff for their dedication to patient care and the enthusiasm and energy they bring to their workplaces.

Our Mackay HHS has made some significant achievements in the face of many challenges this year, highlighted by:

- A cardiac catheter laboratory, costing over $2.5 million commenced operation at the Mackay Base Hospital in February 2014. This service has enabled angiograms and will in time, allow insertion of pacemakers to be performed in Mackay for the first time. The service has already assisted 184 patients and reduced the need for Mackay residents to travel to Townsville or Brisbane for cardiac treatment.
- A Magnetic Resonance Imaging (MRI) suite at Mackay Base Hospital was completed in February at a cost of $1.5 million. This service has been provided to 492 patients in hospital since opening.
- Mackay HHS has maintained its outstanding record of no patients waiting longer than the recommended time for elective surgery. The quarterly check up on hospital performance placed Mackay Base Hospital as one of the best performers in Queensland. Mackay HHS achieved 100% of surgery patients seen on time, across all categories of surgery.
- Mackay HHS dental wait list was slashed this year, after more than 140,587 treatments were provided, representing a 17% increase over last year. The number of dental chairs at the Mackay Clinic has increased from six to 13 and Proserpine Clinic increased from one chair to four chairs. Our partnership with James Cook University (JCU) means nine final year Bachelor of Dental Science students are treating patients under supervision from a qualified dentist.
- Mackay Base Hospital's Emergency Department has 81% of people now admitted to hospital or treated and sent home within four hours.

I must acknowledge the Mackay HHS Board for their hard work and dedication in overseeing the direction and strategy into the future. I am privileged to work with highly credible and knowledgeable Board members who can apply their compassion and experience to the complexities of large scale health service delivery.

Kerry McGovern, Chief Executive retired this year after 46 years in Queensland Government. Kerry's knowledge and experience has proven invaluable for us. The executive management team have undertaken an incredible job this year to deliver great results, improve services and commence a range of new services. Their collective leadership and passion for excellence has certainly been a winning ingredient for our performance.

As a Board we look forward to a very positive year with confidence, as we undertake a range of initiatives to improve waiting lists in outpatients, improve our productivity, deliver more surgery locally for patients, embed a range of clinical redesign measures and reinvest our financial savings back into our local health services.

Mr Colin Meng
Chair, Mackay Hospital and Health Service Board

Message from the Chief Executive

This year has been one of progress and achievement.

During the second year of the independently, locally governed Mackay HHS, we have seen a focus on driving up quality, driving down waiting times, and improving our financial performance. In the context of our challenges, we have also delivered some exceptional new services. This focus aligns with the Blue Print for better health care in Queensland, released by the Queensland Government in February 2013.

I am proud that our staff have been able to wisely reinvest in our local community to introduce new MRI services, a new Cardiac Cath Lab and a new Renal Home Therapies service. These new services signify improved clinical maturity, and I am pleased that we can provide the community of Mackay with more services locally without having to travel away for more specialist care.

I am also particularly proud of the way we have continued to grow and develop our workforce. Mackay HHS is leading the way to train doctors to work in regional and rural areas. Mackay has 10 of Queensland's 46 Rural General Pathway interns – more than any other hospital. Another eight Junior House Officers and six Registrars on the Pathway are undertaking advanced skills training during the year. The Rural Generalist role is purpose designed for rural and remote communities. Not only do these communities get a general practitioner, but one who is credentialed to serve in a specialised medical discipline providing services where they are most needed.

In addition, we have seen a record 34 junior doctors, 37 post graduate nurses, and 4 graduate dentists chose to start their careers in the Mackay HHS. The clinical experience we are able to provide developing clinicians is of the highest quality and it has been encouraging that we have positively influenced the careers of our upcoming workforce.

This year, I made the difficult decision to retire after 46 years working for Queensland Government, with 36 of those years in Queensland Health.

I wish to sincerely thank my Executive team for their hard work throughout the year and the success of the past year. Their efforts have resulted in a positive financial position at the end of the financial year, whilst maintaining strong results on patient safety and quality indicators.

Executive Director of People & Culture, Raelene Burke resigned from Mackay HHS in October to take up a position in the Northern Territory. We are pleased to welcome Ms Leila Barrett to this role.

To the Chair, Colin Meng and members of the Board thank you for your continuing hard work and contributions.

I wish the new Chief Executive for Mackay HHS well, and I am sure the foundation which has been laid over the past 2 years provides a strong platform for continuing the upward trajectory of performance.

Mr Kerry McGovern
Chief Executive, Mackay Hospital and Health Service

Year at a glance

A $2.5 million Cardiac Catheter Laboratory opened in February 2014 to provide life-saving diagnostics and treatment to people with a range of heart conditions.

A $1.5 million MRI scanner opened in February 2014 and allows for more medical imaging on site.

A dedicated four-bed Stroke Unit opened at Mackay Base Hospital in July 2013 to help improve patient outcomes.

Six-bed Coronary Care Unit opened in February 2014 to provide specialist medical and nursing care.

A Home Therapies Renal Unit opened January 2014 to provide people with kidney disease the ability to care for themselves at home.

The first green light laser surgery to treat enlarged prostates was performed in May 2014. The new technique offers a faster recovery time and shorter hospital stays.

Patients with kidney stones can now be treated at Mackay Base Hospital thanks to the purchase of the Holmium Laser. The laser was commissioned in February 2014.

34 Junior Doctors, 37 Graduate Nurses and 4 Graduate Dentists commenced their careers with Mackay HHS.

There are no more long waits for Dental Care as Mackay HHS slashes waiting lists and delivers a record 140,587 dental treatments.

7,193
operations performed

83,307
people presented to our emergency departments

1,311
babies delivered

140,587
dental treatments were performed

2,712
telehealth consultations were conducted

203,048
outpatient appointments were provided

Our organisation

Bowen Hospital staff

The Mackay HHS is responsible for the delivery of public hospital and health services including medical, surgical, emergency, obstetrics, paediatrics, specialist outpatient clinics, mental health, critical care and clinical support services to a population of around 180,424[1] people residing in a geographical area from Bowen in the north to St Lawrence in the south and from the coast inland to Clermont in the west, Bowen in the north and Collinsville in the north-west. The Whitsunday Islands in the east are also included in this region and include Lindeman, Hamilton and Brampton Islands.

Mackay HHS also provides an integrated approach to service delivery across acute, primary health and other community based services including aged care assessment, Aboriginal and Torres Strait Islander (ATSI) programs. Primary Health services within the Mackay HHS cover a range of program areas including Integrated Mental Health; Integrated Oral Health; Home and Community Care; Mobile Women's Health; Alcohol Tobacco and Other Drugs; Sexual Health; Aged Care Assessment Team; and Breast Screen.

Mackay HHS provides a diverse range of services aimed at improving the health of the region's population. Preliminary census figures indicate that the area has grown by 13% since the 2006 census.

Mackay HHS encompasses an area of more than 90,360[2] sq km.

With over 333 beds and bed alternatives and 29 aged care beds across the district (as at June 2014), Mackay HHS is responsible for the direct management of the facilities within the Mackay HHS's geographical boundaries.

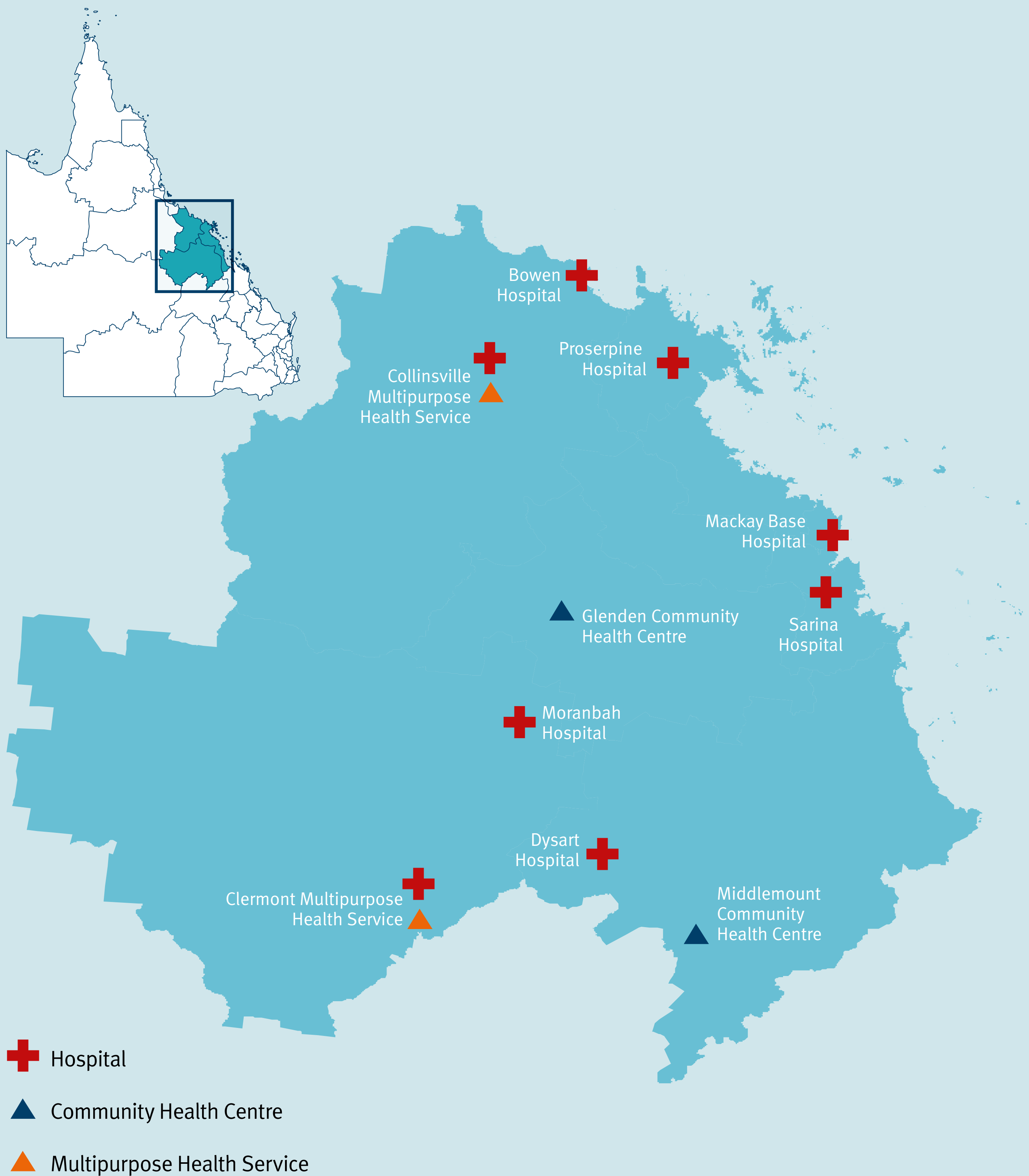
- Mackay Base Hospital
- Whitsunday Health Service comprising Proserpine Hospital and Primary Health Centre and Cannonvale Primary Health Centre
- Bowen Hospital and Primary Health Centre
- Sarina Health Service comprising Sarina Hospital and Primary Health Centre
- Dysart Health Service comprising Dysart Hospital, Primary Health Centre and Middlemount Primary Health Centre
- Moranbah Health Service comprising Moranbah Hospital, Primary Health Centre and Glenden Primary Health Centre
- Clermont Multipurpose Health Service (MPHS) comprising Montcler Nursing Home, Monash Lodge and the Clermont Hospital
- Collinsville Multipurpose Health Service.

The Indigenous population represents 3.9% of the overall Mackay regional population, higher than the 3.5% Queensland average. There is also a significant South Sea Islander community in this district.

Mackay HHS has a high level of self sufficiency, treating a majority of its residents locally. The majority of outflows from the Mackay HHS are primarily to The Townsville Hospital, followed by Brisbane Hospitals.

1. *Source: population projections (medium series) by Age and Sex for Health Service Districts (HHS), Queensland (based on 2006 census figures; ASGC 2011, released April 2012) & MHHS Service Agreement 2013/14–2015/16.*
2. *Source as per the MHHS Service Agreement 2013/14 – 2015/16.*

Our organisation



Our direction

The *Mackay Hospital and Health Service 2014–2018 Strategic Plan,* sets out a program of work to deliver on our vision of National Excellence in Regional Health Care.

Our strategic plan outlines six interrelated strategic directions that make up our continued focus on delivering safe, efficient and sustainable hospital and health services:

- Health services that focus on keeping people well.
- Ensure access to appropriate health services is simple, equitable and timely.
- Focus resources on models of care that are patient-centred, safe, effective, economically sustainable and responsive to community needs.
- Provide value in health services by maximising public investment through multi-sector partnerships in service delivery, health and medical research, infrastructure and assets.
- Foster a health service that is transparent, accountable and innovative.
- Cultivate a high quality health service through engagement with our community, workforce and health partners.

The Mackay Hospital and Health Service Strategic Plan 2014–18 is aligned with National Health Reform, the *Statement of Government objectives for the community, Statement of Government health priorities*, and the *Blueprint for better healthcare in Queensland*.

Mackay Hospital Redevelopment

Our Governance

Our Board

The Board is appointed by the Governor in Council on the recommendation of the Queensland Health Minister and is governed by the *Hospital and Health Board Act 2011*.

Mackay is served by the Hospital and Health Board, with direct control of local health strategy. On behalf of the residents, the Mackay Hospital and Health Board coordinates health services from a network of local health facilities.

Meeting the challenges of distance and diversity is essential to providing patient care across the Mackay HHS.

Devolved decision-making is a key part of the strategy to rebuild Queensland Health and the Mackay Hospital and Health Board is accountable for the performance, purchasing and provision of health services to meet the local priorities and national standards.

The Mackay Hospital and Health Board is enshrined in legislation, designed to promote local decision-making and accommodate national health reform.

Mr Colin Meng

Mr Colin Meng has extensive board and business experience in the Mackay region. Mr Meng has previously served as Mayor of Mackay Regional Council and President of the Mackay Chamber of Commerce.

Mr Darryl Camilleri

Mr Darryl Camilleri is the former Deputy Mayor of the Mackay Regional Council and has served as Chair for a number of community organisations. He is also a chartered accountant and has extensive experience in tax planning, finance and audits.

Mr David Aprile

Mr David Aprile is a founding partner of Mackay Day and Night Pharmacy Group. He has served on many local community and government based boards in Mackay and the surrounding area.

Mr Tom McMillan

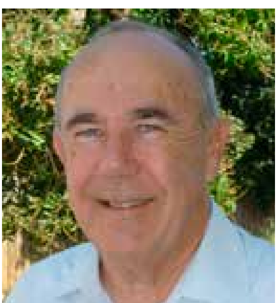
Mr Tom McMillan has dedicated much of his clinical career to the field of musculoskeletal physiotherapy in private practice. He has experience as a manager of several health services in the Mackay region.

Professor Richard Murray

Professor Richard Murray has more than 20 years experience in medicine, specialising in Aboriginal health, rural and remote medicine, public health, tropical medicine, health professional education and the needs of underserved populations.

Dr Helen Archibald

Dr Helen Archibald is a general practitioner at Plaza Medical Mackay as well as an associate senior lecturer at James Cook University's School of Medicine. In May 2012, she was appointed the General Practice Liaison Officer for Townsville Mackay Medicare Local.



Mr John Nugent

Mr John Nugent has a strong and extensive background in hospital and health care management with over 35 years experience in that field. He has been closely involved in local community organisations having lived in Mackay since 1988.

Ms Laura Veal

Ms Laura Veal has spent more than 25 years as a registered nurse in both the public and private sectors, within metropolitan and rural areas. She has a wealth of grass roots experience across Queensland.

Our Governance

Board Meetings

Ordinary meetings of the board are scheduled monthly in accordance with the Board Terms of Reference. A summary of attendance of board members at ordinary board meetings is set out in Table 1.

The Health Service Chief Executive, also attends meetings of the board in ex-officio capacities. From time-to-time the board considers matters out-of-session by flying minute.

Board committees

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

- Finance and Audit Committee
- Strategic & Service Planning Committee
- Risk Committee
- Patient Safety and Quality Committee.

Table 1: Board member attendance

Board Member	MHHB meetings	Finance and Audit Committee Meetings	Risk Committee meetings	Safety and Quality meeting	Strategic Service and Planning Committee meetings
Total meetings	12	13	5	5	4
Colin Meng	12	2	–	–	–
Darryl Camilleri	11	12	4	–	
David Aprile	8	12	5	–	–
Prof Richard Murray	9	–	–	2	4
Tom McMillan	11	–	–	5	4
Dr Helen Archibald	11	–	–	5	–
Laura Veal	12	–	–	5	4
John Nugent *(appointed 23 Aug 2013)*	10	1	4		

Joint Board/Executive meetings: 11 March and 1 May 2014: 7 Board members attended.

Our governance

Mackay Hospital and Health Board Committees

Membership
Chair: Darryl Camilleri

Members:
David Aprile

Executive Representative:
Chief Finance Officer
Chief Executive Officer

Meetings scheduled monthly.

Finance & Audit Committee

Purpose

Provide strategic advice and recommendations to the Board with regard to Finance & Audit.

Functions

Finance & Audit Committee contributes to the management and delivery of health services and undertakes to advise the Board and Health Service Chief Executive about the matters in relation to the Service's budgets, cash flow, financial and operating performance, financial systems, having regard to requirements and obligations under the *Financial Accountability Act 2009* and assessing Financial risks or concerns, as well as assessing the Mackay HHS service's complex or unusual financial transactions.

Further functions of the Finance & Audit Committee are to advise the appropriateness of the accounting practices used; compliance with prescribed accounting standards under the *Financial Accountability Act 2009*; external audits of the financial statements; and information provided about the accuracy and completeness of the financial statements.

The Committee monitors compliance with its obligation to establish and maintain an internal control structure and systems of management under the *Financial Accountability Act 2009*, including whether the service has appropriate policies and procedures in place and complying with the policies and procedures. The Committee also serves to monitor and advise the Mackay HHS about its internal audit function under the *Financial and Performance Management Standard 2009, part 2, division 5*.

The Committee liaises with the Queensland Audit Office in relation to assessing external audit reports and the adequacy of actions taken as a result of the reports. This Committee monitors the adequacy of the Mackay HHS's management of legal and compliance risks and internal compliance systems, including the effectiveness of the systems in monitoring compliance with relevant laws and government policies; and assesses the Mackay HHS's complex or unusual transactions or series of transactions, or any material deviation from the service's budget.

Our governance
Mackay Hospital and Health Board Committees

Membership
Chair: Mr Tom McMillan

Members:
Prof Richard Murray
Dr Helen Archibald

Executive Representatives:
Chief Operations Officer
Executive Director Clinical Services

Meetings held quarterly.

Strategic & Service Planning Committee

Purpose
Provide strategic advice and recommendations to the Board with regard to Strategic planning and service planning.

Functions
- To contribute to the management and delivery of health services the Strategic and Service Planning Committee undertakes to advise and make recommendations to the Board about matters, within the scope of the board's functions, referred by the Board to the committee and exercise powers delegated to it by the Board.
- Provide recommendations for planning strategies to ensure evidence based resource deployment and service delivery meets community health and wellbeing needs, congruent with State and National Health Reforms.
- Oversight of planning and service delivery models approved by the Board and develop, monitor and maintain an effective framework and report on Mackay Hospital and Health Board strategic and operational planning outcomes.

Membership
Chair: David Aprile

Members:
Darryl Camilleri
John Nugent

Executive Representatives:
Executive Director People & Culture
Chief Operations Officer

Meetings held quarterly.

Risk Committee

Purpose
Provide strategic advice and recommendations to the Board with regard to risk. The primary purpose of the Risk Committee is to oversee the Mackay HHS risk management framework and to ensure that appropriate risk management controls are implemented, monitored and regularly assessed. A secondary function of the Committee is to facilitate special reviews or investigations in relation to risk management as may be considered necessary.

Functions
- Promote a culture of proactive risk management throughout the organisation.
- Keep the Board informed of all significant risks, incidents and provide assurance that actions are being taken to address those that have occurred and to ensure measures have been implemented to mitigate future occurrence.
- Provide assistance and oversight of the Mackay HHS risk management framework, to ensure effective risk identification, management and compliance with internal guidelines and external requirements.
- Assist to determine the key risks to the organisation's services, manage those risks and monitor accordingly, by reviewing reports on the efficiency and effectiveness of risk management and associated internal compliance and control procedures.
- Assess reports from management concerning the risk implications of new and emerging risks, legislative or regulatory initiatives, organisational changes and major new business strategies.

Patient Safety & Governance Committee

Purpose

Provide strategic advice and recommendations to the Board with regard to Governance of Safety and Quality.

Functions

To contribute to the strategic management and delivery of health services the Patient Safety & Quality Sub Committee undertakes advising the Board on matters relating to the safety and quality provided by the health services, including strategies for the 10 National Standards, Health Quality Complaints Commission, Health Service Directives from System Manager as they relate to Safety and Quality.

Develop a comprehensive approach to the governance of matters through the development of policies and plans relevant to the safety and quality of health services and monitor compliance. Promote improvements in the safety and quality of health services.

Oversee and provide expert advice about governance of safety and quality. Ensure compliance with mandated management of Clinical incidents through collaboration with the department and other safety and quality committees.

Exercise powers delegated by the Board and direct action to promote improvement in patient safety and quality of health care and consider relevant information as appropriate. Monitor the implementation of a Patient Safety and Quality Plan.

Membership

Chair: Dr Helen Archibald

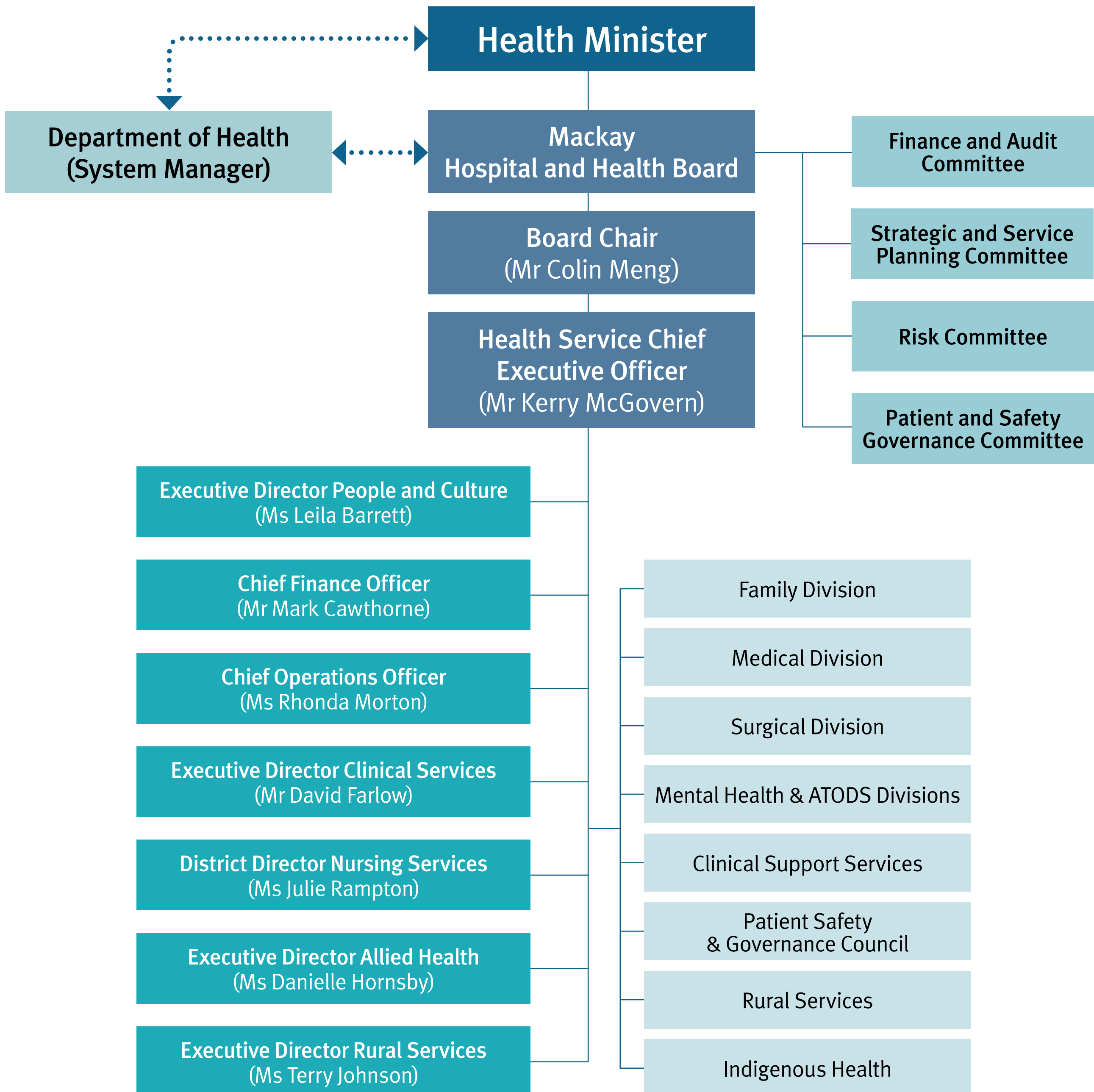
Members:
Mr Tom McMillan
Mrs Laura Veal
Prof Richard Murray

Executive Representatives:
Executive Director Clinical Services
District Director Nursing Services
Executive Director Rural Services

Meetings held bi-monthly.

Our governance

Mackay Hospital and Health Board Organisational Map



Our Executive Team

Mr Kerry McGovern

Health Service Chief Executive

Mr Kerry McGovern first joined the Queensland Government in 1968 and is now in his 46th year of service. Initially completing his studies in environmental health, he chose a career in health administration and was appointed as a Hospital Board Manager in 1983.

Kerry has served in senior executive roles ever since, having worked as a senior executive in Cairns, Townsville, Torres Strait, Innisfail, Tablelands, Mt Isa, and in his current position as Mackay Chief Executive since 2006. He was also appointed as a Hospital Inspector for a brief period and served as Assistant Northern Zone Manager for a number of years.

Kerry holds a tertiary qualification in Financial Accounting and sits as a member of several Corporate office Boards and Committees. He is currently the longest serving senior Hospital Health Service Executive in Queensland Health. Kerry has developed extensive experience in major capital hospital projects having been involved in major redevelopment projects in Cairns, Innisfail and Torres Strait and currently leads the Mackay hospital redevelopment.

Outside of work, Kerry enjoys being home with his family, travel and indulging in his passion for collecting and restoring early Japanese super bikes.

Kerry retired this year after 46 years in government service.

Ms Leila Barrett

Executive Director People & Culture

Leila joined the Mackay Health Service's Executive team in late 2013. She brings with her extensive executive experience having held senior positions charged with driving transformational change in large and complex organisations. Her portfolio of work covers a variety of global industries including corporate, professional services, mining, education, health, defence, education, banking, energy, telecommunications and not for profit sectors.

Working to enhance and drive organisational effectiveness, Leila has designed, led and executed large complex organisational cultural programs, restructures and redesign, business process improvements and cultural mergers to achieve current and future organisational goals. Leila has a Masters of Business and a degree in Psychology.

Ms Julie Rampton

District Director Nursing Services

Julie began her career with Queensland Health as a student nurse at Maryborough Base Hospital over 30 years ago and progressed to become Director of Nursing there.

Julie moved to Mackay in 2007 as Nursing Director Education and Research and after acting as District Director of Nursing for several years, was successful in gaining the position permanently in 2011.

Julie holds tertiary qualifications in Management and Nurse Education; and is a member of the Australian College of Nursing, Queensland Nurses Union and Association of Queensland Nurse Leaders.

Julie holds the Executive portfolio for Education and has a keen interest in education, recruitment and retention of nurses, and innovative models of care.

Ms Rhonda Morton

Chief Operations Officer

Rhonda Morton has held the position of Mackay HHS Chief Operations Officer since November 2009. Rhonda's career commenced in the private sector, where she worked for companies in resources and supply, followed by three years with Westpac Banking Corporation. Concurrently she managed the accounts for a business owned with her partner. She then spent five years at the Broome Shire Council managing various functions in payroll, property and finance.

After taking a sideways step into business management with Kimberley Health Region for twelve months, she moved to Queensland where she accepted a position as a Business Analyst for the then Mackay Health Service District Executive. After being seconded to the positions of Director Corporate Services and Manager Medical Administration, she transferred to Cairns where she was the Service Director for the Division of Surgery at Cairns Base Hospital.

Rhonda has particular interests in leadership development and effective health care/business systems and spends some of her personal time coaching staff. She is currently completing a Masters in Business externally through University of Southern Queensland.

Our governance

Our Executive Team

Ms Danielle Hornsby

Executive Director Allied Health

Danielle has held this position since 2007. Her clinical (speech pathology) and leadership career in Queensland Health spans 20+ years, across a variety of settings, roles and locations. She has multiple awards and career achievements including the Premier's award for Excellence in Public Sector Management in 2003, and President's Award Australian Institute of Project Management in 2006.

Danielle developed and led the developments of the Queensland Telehealth Network and has initiated many lasting service delivery innovations related to technology.

She has authored numerous publications and presentations in relation to rural and remote allied health practice issues and is an invited member of many state-wide committees and groups for allied health practice and for ICT systems delivery.

Dr David Farlow

Executive Director Clinical Services

While David has reduced his hands-on clinical practice over the last couple of years, his passion remains direct patient care.

He is a Fellow of the Australian College of Rural and Remote Medicine, Rural Generalist with Advanced Diploma in Obstetrics. Prior to undertaking his current role for Mackay HHS, David was the Director of Medical Services at Proserpine Hospital and Executive Officer of the Whitsunday Health Service.

His expertise and experience includes undertaking a range of investigations, service reviews and consultancies for Queensland Health. His community achievements include an Australia Day Shire Award in 2008 for his outstanding contribution to the community and a Queensland Health Leadership in Health Services Award in 2007.

Recently he was awarded an Adjunct Professorial role with James Cook University School of Medicine and Dentistry.

Mr Mark Cawthorne

Chief Finance Officer

Mark commenced with Mackay HHS in April 2013 as Chief Finance Officer (CFO) after 25 years in Health Management and financing in Australia and the Middle East. During this time he was Deputy Chief Executive Officer (CEO) of the Statewide Pathology Service, served as Chairman of the Board for a company providing GP services in Regional and Rural settings, was CEO of a country hospital and led the finance function in tertiary and specialist hospitals.

In the Middle East he was the health financing lead on the project to introduce a social health insurance scheme to the country of Qatar, as well working on that nation's national health strategy and leading the introduction of performance reporting systems for both the public and private sectors. He has also served on numerous state-wide and national committees with respect to industry, industrial and finance perspectives.

Mark holds tertiary qualifications in Law, Economics, Accounting and has a Masters degree in Business Administration. He has also completed the Advance Management Program at Harvard Business School, is a member of the Law Society of South Australia, a Fellow of CPA Australia and a Fellow of the College of Health Service Management.

Ms Terry Johnson

Executive Director Rural Services

Terry has extensive executive management and leadership experience within Queensland Health across a diverse range of service settings including large tertiary facilities, community services, mental health, aged care and rural health services.

Her health career began in her home town of Brisbane where she spent many years within the former Prince Charles and Royal Brisbane Hospital Districts. She accepted a secondment to Central Queensland in early 2000 where she developed a passion for rural health and has been working in rural settings ever since.

However, she subsequently undertook a Bachelor of Law through Queensland University of Technology, graduating with First Class Honours in 2002. Terry also holds a Practitioner's Certificate in Mediation and Conciliation through the Institute of Arbitrators and Mediators.

Our governance
Health Service Committees

Mackay Hospital and Health Service Executive Committee

This is the primary leadership and management committee of the Mackay HHS, with the capacity to delegate functions to specific committees, when appropriate.

- Provide high level advice to the Chief Executive and Hospital and Health Board
- Debate and plan strategic directions for the Health Service following planned reviews and/or changing needs of the community, in line with Hospital and Health budget
- Promote quality management activities that relate to Mackay Hospital and Health Board and Service plans
- Monitor and initiate changes on Mackay HHS progress against Service Agreement & Performance Indicators

Scope of the Agenda issues:

- Strategic issues
- Emerging issues with substantial impact
- High level resource allocation decisions
- Substantial matters spanning more than one service in the Mackay HHS.

Membership of the Mackay Hospital and Health Service consists of:

- Chief Executive Officer
- District Director Nursing Services
- Executive Director Clinical Services
- Chief Operations Officer
- Chief Finance Officer
- Executive Director Rural Services
- Executive Director Allied Health
- Executive Director People & Culture

Meetings held each month or more frequently as determined by the committee.

Our governance
Health Service Committees

Patient Safety & Governance Council

The Council is responsible for the development, implementation, maintenance, review and ongoing improvement of the clinical governance framework and Safety & Quality Plan in order to ensure the efficient, safe and effective delivery of clinical services by:

- Minimising preventable harm to patients and clients,
- Working to achieve best practice health outcomes,

Providing the governance structure to ensure the 10 National Standards from the Australian Commission on Safety & Quality in Health Care are met, together with the additional mandatory requirements of the accrediting agency.

Principles of Governance

- Governance for safety and quality is everyone's responsibility; not just the responsibility of executive, or of the "Patient Safety & Governance" team and it is not just the domain of clinical staff
- Leadership (both executive and clinical) is critical to success
- Line management responsibility and accountability for patient safety and quality
- The highest priority must be given to managing the highest level of risks to patients – 'first do no harm'
- Safety and quality processes must involve patients
- Measurement of outcomes and improving performance
- Minimum standards have a legitimate role in building a safety and quality culture
- A just and open approach will be utilised for managing adverse events
- Transparency and accountability
- Outcomes are more important than specific tactical approaches.

Objectives

- Monitor and report on progress of the Mackay HHS Safety & Quality Plan
- Provide leadership for the provision of health services through clinical governance and provide advice to the Mackay HHS on clinical and corporate related issues that may impact on all clinical service delivery
- Ensure an integrated approach to clinical and corporate governance
- Monitor and report measures of quality patient care including, but not limited to clinical indicators, clinical reviews and audits, patient mortality and morbidity, patient incidents, complaints and compliments and analysis of trends, through the ongoing review of data alerting the Mackay HHS of issues and emerging trends
- Review recommendations in relation to clinical standards from a range of sources including, but not limited to clinical reviews, medico-legal matters, root cause analyses and ensure implementation of endorsed actions and outcomes
- Monitor the investigation of issues relating to the provision of clinical care and the implementation of clinical and patient safety standards
- Monitoring and review of high level Clinical and Corporate Risks
- Monitor and approve Mackay HHS involvement in new clinical projects and programs ensuring education, resources and staff are available
- Support the innovation of contemporary safe models of care
- This council will receive SAC 1, Safety & Quality reports through the Clinical Care and Incident Review Committee to support its responsibilities for the management of patient safety initiatives and programs for the Mackay HHS *(As noted within the Hospital and Health Boards Act 2011, s106 (2))*. Sac 1 Quality and Quality Reports are Private and Confidential and as such are not for printing or release/dissemination outside of the Council.

Report to the Mackay HHS Executive Committee on all of the above activities.

To disseminate procedures / issues / outcomes of the PS&G council in accordance with the communication protocol.

Membership

- Executive Director Clinical Services
- Chief Operations Officer
- District Director Nursing
- Executive Director Allied Health
- Executive Director Rural Services
- Director Patient Safety & Governance

Meetings are held monthly.

Credentialing and Scope of Clinical Practice Committee

The Credentialing and Scope of Clinical Practice Committee (the 'committee') is responsible for reviewing an applicant's credentials for Medical Practitioners and Dentists.

The committee makes recommendations to the Mackay HHS Chief Executive regarding a defined Scope of Clinical Practice (SoCP) for staff-appointed senior level medical practitioners; dental practitioners and visiting or private medical/dental practitioners providing services within the Mackay HHS facilities.

The committee makes recommendations to the North Mackay Private Hospital Chief Executive Officer regarding a defined SoCP for identified Medical Practitioners providing clinical services at the North Mackay Private Hospital.

The committee reviews the granted defined SoCP for Nurse Practitioners providing services within the Mackay HHS's facilities.

Responsibilities

- The committee evaluates applications for new clinical interventions and procedures and considers the SoCP for relevant medical practitioners who will be performing the new clinical intervention or procedure.
- Review SoCP of existing employed medical, dental and nurse practitioners who provide health services or clinical supervision within a public health facility to ensure there is no administrative cause for a lapse in currency of a practitioner's SoCP and as soon as practicable on request.
- Ensure that the credentialing and defining the SoCP process is conducted in a fair, transparent, timely and legally robust manner.
- Provide recommendations to the Mackay HHS Chief Executive or delegate regarding a defined SoCP for medical practitioners and dental practitioners.
- At least one committee member is to be familiar with the requirements of the Queensland Health recruitment and selection process in accordance with the provisions of Human Resource Policy B1 (effective July 2010).
- Each Committee member will be asked to provide a written undertaking that they will abide by the Committee's protocols and procedures.

Membership of committee:

The Mackay HHS's Credentialing and Scope of Clinical Practice Committee is comprised of the following and are position-based appointments.

- Executive Director Clinical Services (or their nominee) sitting as Committee Chair
- District Director of Nursing (or delegate)
- Director, Obstetrics & Gynaecology (or delegate)
- Director, Emergency Medicine (or delegate)
- Director, Surgery (or delegate)
- Director, Anaesthetics (or delegate)
- Director, Intensive Care (or delegate)
- Director, Paediatrics (or delegate)
- Director, Psychiatry (or delegate)
- Director, Radiology (or delegate)
- Director, Medicine (or delegate)
- Director, Oral Health (or delegate)
- Director, Orthopaedics (or delegate)
- Director, Cardiology (or delegate)
- Mackay HHS representative to the District Nurse Practitioner Steering Committee (or delegate).

Meetings held monthly.

Our governance
Health Service Committees

Safe Practice & Environment Committee

Role

Governance of systems and procedures to ensure compliance with Australian Standard 4801 *Occupational Health and Safety Management Systems* and relevant *EQuIPNational Standards* to ensure the safety of all Mackay HHS employees and consumers.

Purpose

Core responsibilities of the committee are to:

- Ensure compliance with Australian Standard 4801 *Occupational Health and Safety Management Systems and EQuIPNational Standards* in scope.
- Ensure risks within scope are identified and mitigated.
- Escalate issues and recommendations for decision to the Mackay HHS executive.
- Inform stakeholders regarding required actions and outcomes.
- Respond to changes in statutory and policy requirements.
- Organisational documentation and communication in accordance with the SP&E communication protocol.
- Monitor the implementation of recommendations from ACHS accreditation surveys.

Membership

- Chief Operations Officer
- Executive Director, People and Culture
- Executive Director Rural Services
- Operations Director, Division Family Health
- Operations Director, Division Medicine
- Operations Director, Division Surgical Services
- Operations Director, Division Mental Health and ATODS
- Manager, Occupational Health and Safety
- Manager BEMS (Proxy is Manager Essential Services)
- Patient Safety & Governance Representative
- Clinical Nurse Consultant, Infection Control
- Manager Environmental Services
- Manager Food & Linen
- Allied Health Representative
- Nursing Director, Education and Research
- Manager Corporate Services.

Meetings are held bi-monthly.

Our governance
Audit and Risk Management

Mackay HHS operations are subject to regular scrutiny from external oversight bodies. These include Queensland Audit Office (QAO), Australian Council on Healthcare Standards, Health Quality and Complaints Commission, Post graduate Medical Education Council of Queensland, Medical Colleges, National Association of Testing Authorities and others.

Mackay HHS utilise services which are subject to the profession's strict rules and policies regarding auditor independence. The auditor will not undertake services that are compatible with their role as auditor, or that which could compromise their independence in any way.

External Financial Audit

The purpose of an audit is to provide a degree of confidence to intended users in the financial report. This is achieved by expressing an audit opinion on whether the financial report is prepared, in all material respects, in accordance with an applicable financial reporting framework.

In regard to general purpose frameworks, that opinion is on whether the financial report is presented fairly, in all material aspects and gives a true and fair view in accordance with the framework. An audit conducted in accordance with Australian Auditing Standards and relevant ethical requirements enables the auditor to form that opinion.

As the basis for the auditor's opinion, Australian Auditing Standards require the auditor to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error. Reasonable assurance is a high level of assurance.

Details of all misstatements and disclosure issues, except those that are clearly trivial, will be reported to management together with the effect of any uncorrected misstatements and disclosure considerations on the current audit opinion, and their effect in relation to the prior periods.

Internal Audit

Internal Audit is an integrated component of corporate governance, promoting efficient management and assisting in risk management. The function operates under the Board approved terms of reference.

Internal Audit is an independent and objective assurance activity designed to improve the governance of Mackay HHS. It assists Mackay HHS in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness and efficiency of the Mackay HHS's risk management, control, and governance processes, in accordance with the requirements of the International Internal Audit Standards.

Internal audit is also responsible for:

- Assisting the Board and Finance and Audit Committee to discharge its responsibilities
- Monitoring the implementation of agreed recommendations
- Disseminating across the entity better practice and lessons learnt arising from its audit activities, and
- Internal Audit maintains a system to monitor the implementation of audit recommendations.
- Preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Mackay HHS strongly support and encourage the reporting of Public Interest Disclosures, including fraud, corruption and mal-administration. All employees have a responsibility to disclose wrongdoing and to ensure any disclosure is in accordance with our ethical culture and in particular, acting with integrity.

Risk Management

Mackay HHS has established a Risk Management Framework (RMF) of responsibilities which is consistent with the recognised basic principles of sound risk management practice.

Mackay HHS is committed to managing risk in a proactive, integrated and accountable manner. The health services risk management practices recognise and manage risk and opportunities in a balanced manner. Risk Management activities are incorporated into strategic planning, governance reporting and operational processes.

Mackay HHS has a risk management policy and integrated risk management framework based upon the Australian/New Zealand ISO Standard 3100:2009 for risk management.

The risk management framework defines the processes for risk identification, recording, rating, key controls identification, determination of risk treatment required and regular monitoring and reporting of risks. Significant risks are reported to the Board and the Risk Committee on a regular basis.

Our governance

Information Systems and Recordkeeping

The management of health records and clinical information is the responsibility of our Health Information Unit, covering our entire organisation including both acute and community based services.

Patient clinical records are managed through strict procedures including our health records documentation standards, health records management and tracking, health record transportation, security and procedures for accessing health records for research and clinical audits.

Health record documentation standard audits are conducted regularly with the criteria based on the standards procedure.

All employees are made aware of their responsibilities regarding security, confidentiality and that management of medical records is undertaken appropriately. Training is provided to all relevant administration officers to ensure staff are able to meet record management requirements. Relevant information packs and electronic resources are made available to assist in records management.

Release 1 of the Statewide iEMR (integrated electronic medical record) was implemented on 29 January 2014 at the Mackay Base Hospital. The implementation was highly successful, measured through a range of metrics throughout the 'go live' period.

The iEMR involves the scanning of patient records into a core system, which then allows clinicians to view clinical information from any networked computers in the hospital. This has drastically changed the way that medical records are managed and provides the ability to share records with other participating hospitals across the State.

Release 2 is scheduled for August 2014 and will provide improved functions for clinicians, such as order entry, results reporting (pathology and radiology), alerts and allergies and direct entry of some clinical notes. Our clinical staff are highly engaged in the planning for Release 2.

Administrative filing supports the scanning of completed paper records through Recfind. This system is only in use at the Mackay Base Hospital. Back up systems are in place and maintained to ensure records can be located and delivered.

Mackay HHS facilities adhere to the *Queensland State Archives Health Sector (Clinical Records) Retention and Disposal Schedule 2012*. There is ongoing culling and destruction processes in place. Mackay HHS is compliant with *Queensland Government Information Standard 31:Retention and Disposal*.

In line with the government's commitment to open data, Queensland Health services publish information, where suitable to do so, through the Queensland Government Open Data website **http://www/qld/gov.au/data.**

Business Classification Scheme (BCS)

The BCS is a records management tool used to categorise information resources in a consistent and organised manner. It is comprised of a hierarchy of terms that describe the broad business functions of the department and the activities and transactions that enable those functions to be delivered. This assists with creating, accessing, and transferring files.

Principle 7 of Information Standard 40: Recordkeeping (IS40) includes a requirement for public authorities to *'classify records in accordance with a Business Classification Scheme based on an analysis of the public authority's functions and activities.'*

Under s47 of the *Hospital and Health Boards Act 2011* the Chief Executive of the Department of Health has issued a Health Service Directive to classify records in accordance with the BCS v2 and subsequent versions (QH-HSD-018:2012).

Mackay HHS adhere to the BCS and the *General Retention and Disposal Schedule for Administrative Records*.

Our performance

Service Delivery Statements – 2013–14 Performance Statement

Mackay Hospital and Health Service – Service Standards	Notes*	2012–13 Actual	2013–14 Target	2013–14 Actual
Percentage of patients attending emergency departments seen within recommended timeframes				
Category 1 (within 2 minutes)		100%	100%	100%
Category 2 (within 10 minutes)		74.59%	80%	79.65%
Category 3 (within 30 minutes)		68.82%	75%	76.29%
Category 4 (within 60 minutes)		74.02%	70%	81.46%
Category 5 (within 120 minutes)		95.02%	70%	92.93%
Percentage of emergency department attendances who depart within four hours of their arrival in the department	1	78.54%	–	81.86%
Median wait time for treatment in emergency departments (minutes)		18 minutes		16 minutes
Median wait time for elective surgery (days)		–	–	35 days
Percentage of elective surgery patients treated within clinically recommended times:				
Category 1 (30 days)		93.88%	–	100%
Category 2 (90 days)		62.46%	–	100%
Category 3 (365 days)		88.19%	–	100%
Total weighted activity units:				
Acute Inpatients		23,864	24,522	23,825
Outpatients		9,202	6,459	7,866
Sub acute		1,347	2,335	1,350
Emergency Department		8,367	7,855	8,376
Mental Health		2,138	1,707	1,806
Interventions and Procedures	2	–	3,619	3,011
Average cost per weighted activity unit for Activity Based Funding facilities		4,894	4,660	4,792
Rate of healthcare associated Staphylococcus aureus (including MRSA) bloodstream (SAB) infections/10,000 acute public hospital patient days	3	0.44		
Number of in-home visits, families with newborns	4	–	3,231	3045
Rate of community follow-up within 1–7 days following discharge from an acute mental health inpatient unit		75.6%	60%	73%
Proportion of readmissions to an acute mental health inpatient unit within 28 days of discharge		14.1%	12.00%	11.03%

**Please refer to notes page for further details*

Notes for Service Delivery Statement – 2013–14 Performance Statement:

1. *2013–14 finance year target is the average of calendar year targets for 2014 (70 per cent) and 2014 (77 per cent).*
2. *The existing 'Total Weighted Activity Units' (WAUs) measure has been amended to reflect the continued refinement of the Activity Based Funding (ABF) model and implantation of the national ABF model. WAUs relating to Interventions and Procedures have been added; these include services which may be delivered in inpatient or outpatient settings, for example chemotherapy, dialysis and endoscopies.*
3. *Staphylococcus aureus are bacteria commonly found on around 30% of people's skin and noses and often cause no adverse effects. Infections with this organism can be serious, particularly so when they infect the bloodstream. The data reported for this service standard are for bloodstream infections with Staphylococcus aureus (including MRSA) and are reported as a rate of infection per 10,000 patient days aggregated to MHHS level.*
4. *The 2013–14 Actual is based on preliminary data sets using comparable data collections from the previous four years and an increase in home visiting numbers with the implementation of the Queensland 'Mums and Bubs' election commitment.*

Our performance

Service Delivery Statement

Surgical Services

Key Achievements

- The Mackay HHS continued to achieve strong results in 2013/14, with 7,193 patients receiving surgery in our operating theatres including 2,017 Category 1, 2 and 3 elective Surgery patients. 7,404 patients were surgical inpatients in our hospitals, and 23,211 surgical outpatient appointments were provided.
- The Mackay HHS achieved targets against Key Performance Indicators (KPIs) for treating patients within clinically recommended timeframes on a monthly basis across all three Elective Surgery Categories. 66% of patients are treated in the order that they were placed on the list – first on, first off – exceeding the 60% 'Treat-in-turn' model of care target for waiting list management.
- Several Clinical Surgical Departments have been recognised by their respective Colleges when assessed using rigorous accreditation programs. The Orthopaedic Department successfully passed Accreditation for the first time and is now endorsed by the Royal Australasian College of Surgeons and the Australian Orthopaedic Association. The endorsement officially recognises the Orthopaedic Department as providing a high standard and quality of care to all patients.
- The Anaesthetic Department was re-accredited by the Australian and New Zealand College of Anaesthetists and the General Surgery Department achieved re-accreditation by the Royal Australasian College of Surgeons and General Surgeons Australia.
- The Mackay HHS introduced the Holmium Laser to treat urinary system calculi (stones) and the Green Light laser to treat hyperplasia of the prostate (enlarged prostate). Both treatments improve the patient experience, reduce recovery time and length of stay, and avoid unnecessary travel for patients.

Family Health Services

Key Achievements

- The electronic referral system is now fully operational and this solution provides General Practitioners (GPs) with the ability to send a patient's referral electronically to Mackay Base Hospital rather than by facsimile or mail.
- Mackay HHS have also implemented a Centralised Referral System for the Specialist Outpatient Department, providing a single point of access and information for specialist services in Mackay HHS. This 'hub' provides a patient-centred, dynamic and sustainable multidisciplinary service to improve access to the right service, at the right time; using an integrated partnership approach between community, primary, and secondary care.
- To supplement these systems, the Mackay Base Hospital Specialist Outpatients Referral Guide for General Practitioners was implemented to be utilised as a reference of available specialties and pre-requisite tests required. This has improved information for decision making on referral categorisation and ensures allocation to the most suitable clinic and a reduction in duplication of tests and imaging.
- A "Joint Review" clinic for knee and hip arthroplasty is performed by a physiotherapist, saving time for the patient and freeing up the Orthopaedic Surgeon to deliver more care.
- A nurse led "Ortho Suture" clinic where patients requiring routine suture removal following orthopaedic surgery are seen by a nurse, the orthopaedic consultant will review the patient if the nurse identifies the patient is not meeting criteria.
- A visiting Urogynaecology service from Townsville commenced, improving service for Mackay residents and saving on patient travel costs and time.

Medical Services

Key Achievements

- The Cardiac Catheter Laboratory commenced service in February 2014, with 184 procedures completed by the end of June. The successful implementation of this service means less patient travel to Townsville and reduced waiting list for angiography.
- The Renal Home Therapies Unit was opened in January 2014 for training patients who are able to manage their own peritoneal dialysis and haemodialysis at home. Implementation of this service has alleviated pressure on inpatient dialysis services. All stable renal patients will be managed via this model in future as it is anticipated that renal dialysis demand will increase with the growth in chronic disease.
- Renal Home Therapies have successfully trained 21 peritoneal dialysis patients and 4 Haemodialysis patients for home therapy.
- Mackay Emergency Department was identified as being one of the top ten Emergency Departments in their peer group nationally for meeting the National Emergency Access Target (NEAT) target in 2013.
- Commencement of a public private partnership in the area of Irritable Bowel Syndrome which will provide appropriate management of chronic illness for this group of patients and reduce the amount of travel required to other facilities.
- Recruitment has been successful with employment of senior staff to several key positions within the departments of Medicine, Cardiology and Emergency Medicine.
- Successful Accreditation and Quality review of Home and Community Care (HACC) & other services funded through the Department of Communities.
- The Mackay Base Hospital has attained College accreditation of Departments of Medicine, Emergency Medicine and Cardiology. This Level two accreditation allows for training of advanced trainee specialists within these services.
- Department of Emergency Medicine now holds accreditation with three specialist colleges: Australasian College of Emergency Medicine (ACEM); Royal Australasian College of General Practitioners (RACGP) and Australian College of Rural & Remote Medicine (ACRRM).

Mental Health, Alcohol and other Drugs Services

Key Achievements

- Mackay HHS won GOLD in the "Health of the Nation Outcomes Score" (HONOS) Challenge 2013, for our Older Persons Mental Health Service. The HONOS Challenge is an annual event, inviting teams across the state to participate in HONOS scoring on set scenarios.
- The Mackay HHS has achieved 100% in the "National Emergency Admission Target" (NEAT) for mental health consumers who present to the Emergency Department, are either admitted or treated and sent home within four hours
- Young clients with eating disorders are having fewer admissions and shorter hospital stays following the introduction of the Maudsley Family Based Treatment for paediatric anorexia nervosa. Evaluation data shows a 77% reduction in bed days, a 37% reduction in the number of patients being admitted for anorexia and a 62% reduction in the average length of stay.
- A Cognitive Behaviour Therapy Group for individuals living with anxiety and depression has been implemented. The model comprises of 10 sessions with evaluation of the effectiveness of each group. Continuous quality improvements will strongly incorporate consumer feedback, outcomes measures and relevant new research.
- Housing And Support Packages (HASP), and the new Transitional Recovery Service (TRS) have been successfully implemented, meeting a gap in the community and increasing options for clients of our services.
- A Consumer Perception of Care Survey (CPOC) was conducted with mental health consumers of our community services. The collated results of this survey identified that there was an overall high level of satisfaction with the care provided to them, with an overall score of 8.2 out of 10.

Our performance
Service Delivery Statement

Clinical Support Services

Key achievements

- Mackay HHS opened the refurbished Proserpine Dental Clinic in April 2014 which saw the existing clinic redesigned and rebuilt resulting in increased service delivery.
- The Dental Wait List continues to have a zero waitlist which means patients are not waiting longer than the recommended time of two years.
- The Mackay HHS "flying squad" initiative was implemented, whereby nursing home residents eligible for public dental services but find it difficult to attend clinical appointment, are seen in the nursing home.
- The Orthopaedic Physiotherapy Screening Clinic continues to provide allied health services at the front end of the orthopaedic waiting list and has demonstrated the capacity to reduce orthopaedic referrals by 64%, treating patients with non-surgical interventions. About 80% of these patients never require an appointment with a surgeon.
- Implementation of a new Physiotherapy led, Joint Review Clinic in the Specialist Outpatients Department, which helps to address the orthopaedics waiting list.
- A High Risk Foot Service has commenced that provides services to both inpatient and outpatient services and focuses on reducing the avoidable lower limb amputations and improve rehabilitation outcomes in relation to foot and lower limb pathology.
- Release 1 of the state-wide iEMR was implemented on 29 January 2014. Mackay Base Hospital is the second hospital in the State to implement and proving highly successful. Mackay is now the showcase for further implementations in larger centres.
- A large scale flagship research project into allied health skill sharing was completed. It involved a Randomised Control Trial (n=152) to investigate the clinical effectiveness of allied health skill-sharing across disciplines to deliver care, compared with usual care; a health economic evaluation into the effectiveness of the model, including outcome measures of admission rates; health system contacts; ED presentations; and a qualitative study of patient experience of the healthcare system and staff perceptions of the model. The skill sharing model of care has been selectively implemented at Mackay Base Hospital and allows allied health professionals to undertake tasks from other disciplines in order to reduce the number of health practitioners involved in client's care, improving patient experience and providing a more efficient model of care. This is the first clinical effectiveness study of this model of care in the world.

Aboriginal and Torres Strait Islander Health Services

Key achievements:

- 7.6% of patients identified as Aboriginal or Torres Strait Islander (3032 patients)
- This is an increase of 277 patients from the previous year.
- 19% of patients were recorded as Not Stated / Unknown (78 patients)
- This is a decrease from the previous year and has met the KPI of <1%
- 31 Aboriginal & Torres Strait Islander patients Discharged Against Medical Advice. This is 1% of the Aboriginal and Torres Strait islander patients and 8% of all patients that Discharged Against Medical Advice.
- 13,683 outpatient appointments delivered to patients who identified as Aboriginal or Torres Strait Islander.
- Additional Health Workers in Child Health and Early Childhood Development. Roles include follow up future appointments in outpatient areas, particularly for the KPI of 5 or more antenatal visits, smoking cessation during pregnancy admissions and avoidable admissions.
- There was also an increase of Hospital Liaison officers (HLO) for Mackay Base Hospital. There are now two male and two female HLO's, meeting the KPI to have the gender balance within the Hospital Liaison service.
- The capture rate for Indigenous status is 0.19% for patient admissions and 0.54% for outpatient presentations. This increase in data capture means that we can target Aboriginal & Torres Strait Islander patients within our service.
- Mackay HHS, through the Hospital Liaison service and the Community Health Worker teams work in collaboration with both the Townsville Mackay Medicare Local (TMML) and the Aboriginal &Torres Strait Islander Community Health Service.
- This has allowed a clear referral pathway between the services and joint case management of Aboriginal and Torres Strait Islander clients and patients across the continuum of care. Linkages have also been made providing support, home visits, and advocacy between the Home Dialysis unit in Community Health and Aboriginal & Torres Strait Islander health workers.

Bowen Hospital

Rural Health Services

There are 11 facilities within the Mackay HHS including Bowen, Proserpine, Sarina, Moranbah and Dysart Hospitals, Collinsville and Clermont Multi Purpose Health Services, Middlemount, Glenden and Cannonvale Community/Primary Health Centres and Monash Lodge which caters for aged care.

A diverse range of services are provided across the Mackay HHS including emergency care, acute and non-acute care, peri-operative, community health, allied health, maternity services, child health, mental health, oral health and aged care services.

Community and Stakeholder engagement remains a key priority for the rural area. The various Community Advisory and Network Committees across the division have again provided an invaluable medium for information sharing and partnering with other local service providers to enhance local service delivery and meet the community needs.

There has been a strong focus on remedial backlog maintenance work across the rural sites this financial year resulting in significant upgrade to building infrastructure.

Bowen Hospital

An Oncology/Short Stay Treatment area was opened in July 2013, in partnership with the local Lion's Club who facilitated fundraising by the local community. A Low Risk Oncology Telehealth service now operates one day per week with supervision and support provided through Mackay and Townsville Oncology Teams.

Other notable achievements in 2013/14 were:

- Commencement of a Rural Generalist Trainee;
- Accreditation for Australian College of Rural and Remote Medicine (ACRRM) Fellowship training;
- Commencement of orthopaedic specialist clinics; and
- Commencement of a Multidisciplinary Cardiac Rehabilitation Program.

Our performance

Service Delivery Statement

Collinsville Hospital

Proserpine Hospital

Collinsville Multi Purpose Health Service

A new program called *'Bubsville'* has provided a supported learning environment for new mothers with guest speakers presenting on various topics throughout the year. It has also served as an excellent social network for new mothers and has received positive feedback from all participants.

The new gym established last year has been a great success. There have been regular exercise programs provided throughout the year focusing on keeping fit including *Stay on Your Feet, Get Active* and targeted programs conducted by an exercise physiologist.

Proserpine Hospital and Cannonvale Community Health Centre

It has been an exciting year for Proserpine Hospital with the implementation of Activity Based Funding Model. Various systems and processes have evolved throughout the year to enhance data collection and activity reporting. The implementation of Operating Room Management Information System (ORMIS) into the Operating Theatre has assisted in effectively managing and maintaining operational efficiency of the theatre.

The trial of the new Maternity Model of Care (MOC) was successfully completed this year and has now been embedded into the existing maternity model. A review of the trial demonstrated positive outcomes and is strongly supported by consumers and local midwives.

This year has also seen a significant redevelopment of the dental clinic located within the Proserpine Hospital. The project was facilitated by James Cook University and funded through Health Workforce Australia. The upgrade has allowed for an additional two dental chairs to facilitate increased student placement and reduce dental waiting times.

Sarina Hospital

Moranbah Hospital

Sarina Hospital

Sarina Hospital has undergone a redevelopment this year through the *Rural and Remote Infrastructure Rectification Works Program (RRIRW)*. The rectification works have included significant upgrade to electrical, mechanical, fire safety and building infrastructure to ensure compliance with relevant legislative requirements.

This year has also seen the upgrade and replacement of the information and communication technology infrastructure at Sarina Hospital. The project included enhanced data cabling, network reconfiguration and implementation of wireless LAN. This upgrade will facilitate improved access to information technology across the site.

The outreach palliative care service for Sarina has been boosted this year through the kind donations from both Cancer Council and a local family. These funds have contributed to the purchase of additional equipment to support palliative care patients both within the hospital setting and within the community.

Moranbah Hospital

There has been various building and infrastructure projects undertaken at Moranbah Hospital this year including upgrade to patient bathrooms and the installation of a new nurse call system.

Moranbah Hospital's strong commitment to community/consumer engagement has continued throughout the year and funds raised have been utilised to purchase various pieces of equipment to enhance patient comfort. This year saw the return of Clayton Cup which has been an annual fundraising event in the form of a mock race day. The day was a great success and the organising Committee are to be commended for their efforts in raising in excess of $20,000.

Our performance

Service Delivery Statement

Dysart Hospital

Clermont Hospital

Dysart Hospital

Dysart Hospital has received building and infrastructure upgrades this year including the installation of external security lighting in the main car park, driveway resurfacing, widening and construction of an all-weather cover for the Ambulance entrance.

Dysart Hospital has continued to work in partnership with Isaac Regional Council, BMA, Central Queensland Rural Division of General Practice and Dysart Medical Practice for the development of a new Medical Centre within the grounds of the Dysart Hospital. It is anticipated that construction of the building will commence late 2014. The project which is being substantially funded through Royalties for the Regions Resource Community Building Fund, will be a valuable asset in recruiting and retaining medical officers to the local community.

This year has seen a significant increase in the use of telehealth services at Dysart Hospital, particularly in the areas of paediatric, psychiatry and neurology. The increased use of telehealth has facilitated improved access to specialist services for local community members and reduced the need for patients to travel long distances to access these services.

Clermont Multi Purpose Health Service (MPHS) and Monash Lodge

This year has seen the end of an era at Clermont with the removal of the original hospital building which was opened in 1865. There has also been other significant maintenance works undertaken across the campus this year, including upgrade to nurse call system and refurbishment of staff accommodation.

Another major project which commenced this year at both Clermont MPHS and Monash Lodge has been a fire safety upgrade. The project includes the upgrade and installation of new fire systems, smoke hazard management systems, early warning systems etc to ensure compliance with new Fire Safety Standards for residential care buildings.

Community engagement has continued to be a strong focus for Clermont and the management team continues to work closely with the Community Advisory Network to ensure the community needs are being addressed.

Corporate Services

Key Achievements

- Introduction of the Integrated Electronic Medical Record (ieMR) in January 2014 had significant impact on the Health Information Unit's core business. Mackay was a pilot site for Release 1 of ieMR and a scanning unit was established to transition to paperless medical records. Patient records are scanned and available for viewing generally within 24 hours. This has significantly reduced demand for hard copy historical charts. Mackay Base Hospital is one of only five sites in Queensland using this technology.
- A positive and open relationship with the media is maintained to ensure issues are presented in an accurate and balanced manner. The Mackay HHS's media profile is strong and an analysis of media coverage shows coverage is overwhelmingly positive. Stories that focus on staff achievement and public health messages were well received. Mackay HHS also has increased engagement with community through social media channels such as Facebook and Twitter.
- A Special Operations Clean Team was formed to clean patient rooms after discharge. This initiative has achieved higher standards of infection control and importantly has freed up clinical staff for patient care.
- Linen services were expanded in 2014 to provide commercial services to a local private hospital. This public-private partnership has capitalised on Mackay Base Hospital's state-of-the-art laundry.
- Waste reduction has been targeted to run a greener and more cost effective waste management program. Significant work was done to ensure the Mackay HHS makes best use of waste facilities, with close monitoring to ensure receptacles are correctly used and the centralised management of services to all Mackay HHS facilities. This has reduced expenditure on waste management and achieved usage targets.
- The Daniels Workload Management System has proved a valuable tool for the on-going review of cleaning resources within the new hospital. Further efficiencies were achieved by new equipment and a review of cleaning techniques and products. Regular cleaning audits are scheduled via the new TopCat management system, resulting in superior cleaning services.
- Mackay Base Hospital's fresh cook kitchen produced 189,300 meals and mid meals this year. Patients indicate a high level of satisfaction in a patient satisfaction survey. Patients were asked about the taste, variety and presentation of food and its temperature. An impressive 94% said there was enough variety and 93% thought it was well presented and arrived at a convenient time.
- Mackay Base Hospital washed 664,997kilograms of linen this year. Every day about 1800kg of sheets, towels, blankets, gowns and other items are washed. The millionth kilo of general linen was washed in August 2013. This figure does not include theatre linen which is processed in a different machine. The laundry supplies linen to the Base Hospital, Community Health, Sarina Hospital and Red Cross rooms.

Table 2: Health information statistics

Health Information Unit	Number of Requests
Medico-legal – Requests for Patient Information *(Releasing patient information through multiple legislative mechanism)*	6,103
Medico-legal – Secure Web Transfer System (STS) (Patient information release with encryption)	27,359
RTI / IP Applications Received (annual)	129
RTI / IP Applications Released in Full	42
RTI / IP Applications Partially Released	8
RTI / IP Applications Denied in Full	0
RTI / IP Applications Cancelled	22
No. of charts coded (Sarina and MBH) (annual)	30,605
No. of chart movements (annual)	435,846
Daily Average chart movements	1,362
No. of Powercharts (ieMR)	21,021
No. of Letters Transcribed	16,448
No. incoming Operator Calls	296,233

Our performance
Service Delivery Statement

Redevelopment Progress

Mackay Base Hospital is in the final stage of its $408 million redevelopment with the end date of March 2015 clearly in sight. Staff are anticipating the end of the project and already many are experiencing the benefits of delivering a higher standard of care to patients in a state-of-the-art health care facility.

The Redevelopment Team's function is to liaise with the managing contractors, project managers and consultants to ensure the finished product meets the needs of the Mackay HHS. The team also invests time supporting staff to move into their new areas and consulting about workspace requirements. Change management workshops were held to ensure good communication about the project with staff. An open plan environment is new for many and staff are looking forward to working in a modern workplace with a sophisticated design.

Project focus for 2013/14 has been firmly on construction of A Block, the new main hospital building on Bridge Rd that serves as the front entry. In conjunction with this, the neighbouring B Block has been completely refurbished. Clinical and administration services are scheduled to move into A and B Blocks in September 2014, marking the completion of all inpatient areas in the project.

A Block began to take shape in June 2013 following demolition of the old hospital and ground works. By December the site was a hive of activity with 160 workers on site working across 20 trades. Major machinery on site included two tower cranes, mobile cranes, scissor lifts, bobcats and forklifts.

Allied Health returned to its original area in August 2013 after a refurbishment of C Block. The original building was expanded and given a fresh new look that matches other new clinical areas. Additional treatment rooms, observation and consultation rooms, write-up areas, therapy rooms and interview rooms, equipment wash areas and multi-purpose rooms were built.

In September 2013 the refurbished Dental Block was handed over. The expanded clinic has gone from six to 13 dental chairs allowing a significant expansion of services. Construction included eight additional surgeries, a general purpose room, storage area and new reception.

The Child and Adolescent Health Unit, Clinics and Frangipani House were also on the move to a temporary home in the new hospital G Block Level 0 in September 2013. The move put all inpatient services in the new hospital, something appreciated by staff and patients. Their move allowed for B Block to be refurbished. The new-look B Block has increased capacity and more purpose designed rooms.

Contractors, Hutchinson Builders moved on site in September 2013 to start construction of the multi-million dollar Cardiac Catheter Laboratory and MRI scanner. Building works and commissioning of equipment was completed in January 2014.

Separable Portion 4 of the project will begin in September 2014 with refurbishment of K Block and establishing it as a Medical Education Centre. The Staff Development Unit, the Skills Centre and the library will join the Medical Education Unit and James Cook University. Construction of additional carparks and removal of the contractors' demountable buildings will complete the project. When completed, the new Mackay Base Hospital will have increased capability to ensure the health needs of the Mackay HHS is met to 2020 and beyond.

Our performance

Financial Highlights

Mackay HHS has achieved a financial surplus of $35.7 million for the year ending 30 June 2014.

The result contains $21.74 million of one-off gains from services and a further $0.7 million of timing issues relating to funds that will be spent in subsequent years. There was a $21.5 million contribution to the asset revaluation reserve.

Removing these distortions, it shows that the underlying financial operating result for Mackay HHS remains challenging in a constrained funding environment. However the result is extremely pleasing given the large amount of savings initiatives that Mackay HHS successfully delivered to respond to the required productivity and efficiency targets contained in the health service's funding agreement.

It is also important to note that the financial result was achieved while Mackay HHS confronted growing demands on its service. These demand pressures arise from increasing chronic conditions (such as diabetes, respiratory and cardiovascular disease) and from a growing and ageing population base.

Mackay HHS achieved its budgetary target whilst being slightly under the and activity targets. This was achieved whilst undergoing significant change as the building project was integrated into the service delivery model. This demonstrates the value the health service is providing to its local community.

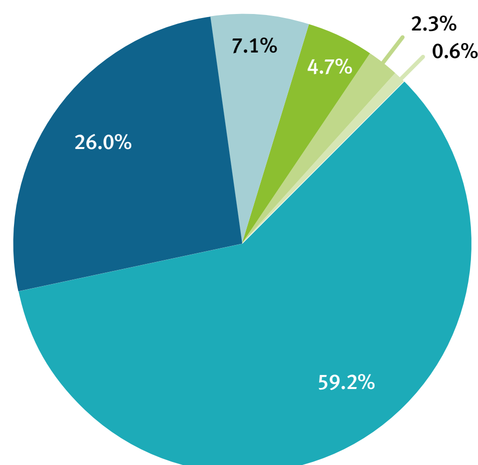
Income

Mackay HHS's income includes operating revenue, which is sourced from three major areas

- State government grants
- Commonwealth government grants
- Own source revenue

The chart in Fig 1 details the extent of these funding sources for 2013-2014. Mackay HHS total income was $331.27 million. The Activity Based Funding (ABF) for hospital services was 59.2 percent or $196.23million, Non-ABF funding was 26 percent or $86.0 million, User Charges comprising Patient & Non-Patient funding was 7.1 percent or $23.6 million for health services, Australian Government Grants funding was 2.3 percent or $7.6 million, Other Grants was 0.6 percent or $2.1 million, and Other Revenue was 4.7 percent or $15.7 million.

Fig 1. 2013–14 Revenue by Funding Type



Dept Funding – *ABF (Activity Based Funding)*	59.2%
Dept Funding – *Non ABF Funding*	26.0%
User Charges – *Patient & Non Patient*	7.1%
Other Revenue	4.7%
Australian Government Grants	2.3%
Other Grants	0.6%

Expenses

The total expenses were $295.5m at an average at $0.89 million a day for providing health services.

Labour costs within Mackay HHS make up almost 70% of our expenditure with the remaining 30% being Non Labour costs such as Supplies and Services. These services include clinical supplies, electricity, pathology services, prosthetics, repairs & maintenance, communications, patient travel costs, and drugs. Fig 2 show the allocations to services within the Mackay HHS.

Fig 2. 2013–14 Expenses

Where the money goes	
Mackay Hospital – Patient Services	53%
Rural Health Services	20%
Mental Health	5%
HHS Support Functions	9%
HHS Corporate Services	12%
Other Support Services	1%

Our People

The Mackay HHS employs more than 1300 health professionals and 800 support services employees[3]. Our medical, nursing, clinical and non-clinical support staff, along with our volunteers, are working together to deliver quality care and service to the community.

Workforce planning, development and engagement will all be important factors in considering the right capability mix to meet current and future demands. The Mackay HHS is committed to lead the way to promote, restore and maintain the health of our communities to which we provide services. We aim to achieve this integrating the following three objectives:

- **one focus** – for improving patient care and health outcomes for our customers
- **one team** – with unity and a passion for innovation, collaboration that build on our strengths and expertise to deliver services in a culture where all staff are valued for their contribution
- **one service** – to deliver efficient and effective health services within a framework of quality improvement, focusing on customers' needs and responding to current and changing requirements.

To support these three objectives the Workforce Optimisation Strategy 2013–2016 has been developed. The purpose of this strategy is to provide a targeted organisation wide approach to ensure structures and processes are in place to support and enhance the end-to-end employee cycle.

The Workforce Optimisation Strategy recognises that workforce planning is a key component of service and organisational planning. The Strategy is a commitment to developing our workforce so we are responsive and relevant in providing support to improve the health of our communities.

The Mackay HHS Workforce Optimisation Strategy 2013–2016 is based on five main components:

Plan	Future business direction and workforce needs to meet organisational goals and build service capability
Identify	Through an understanding of current supply and demand for specific skills within the internal and external workforce
Recruit	Using effective and contemporary recruitment processes which support workforce optimisation strategies
Grow	Well-developed capability across key skills areas through ongoing development programs which align with strategic direction
Retain	Talented and skilled staff and continue effective performance through succession planning and professional development

3. Based on headcount – Mackay HHS Monthly Workforce Profile June 2014

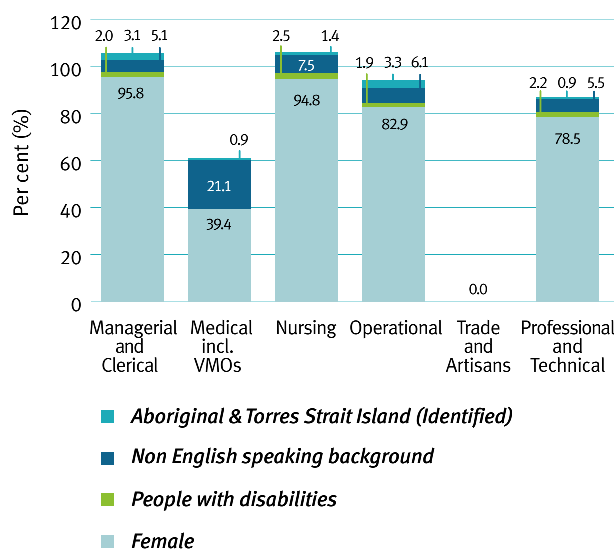
Mackay HHS Employee Profile

FTE per Stream as at 30 June 2014[4]

Classification Stream	Permanent	Temporary	Casual
Managerial and Clerical	258.51	69.66	9.23
Medical(including Visiting Medical Officers	62.87	132.76	0.08
Nursing	624.46	85.30	19.15
Operational	255.16	38.05	30.30
TradeandArtisans	4.00	0.58	0.00
Health Professional and Technical Officers	164.20	39.78	0.79
All paypoints	1369.20	366.13	59.55

Equal Employment Opportunity[5]

EEO Census Data MHHS % Staff – as at 30 June 2014



The Mackay HHS permanent retention rate for 2013/2014 was 81.05 % and the permanent separation rate for 2013/2014 was 18.95%[6].

Key Performance Indicators

Sick Leave (paid and unpaid) hours vs. occupied FTE – 3.43% of occupied FTE[7].

WorkCover hours lost vs. occupied FTE for 2013–14 – 0.35[8].

Early retirement, redundancy and retrenchment

During the period, one employee received a redundancy package at a cost of $103,507.00. 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.

4. *Mackay HHS Monthly Workforce profile June 2014*
5. *Mackay HHS Monthly Workforce profile June 2014/Policy and Clinician Engagement | Health Service and Clinical Innovation Division provided 15 July 201*
6. *DSS Turnover Report as at 16 July 2014*
7. *DSS Report as at 13 July 2014*
8. *DSS Report as at 16 July 2014*

Our People

Investing in Our People

Induction

The Mackay HHS' *On-Boarding* program has been developed to engage with new employees from their commencement to ensure all new employees feel welcomed and supported within the organisation. Three key components support this process:

- orientation which delivers information about our organisation and a meet and greet with Executive and Managers
- mandatory training for the requisite skills to work area, role and induction into the work area. The program's web pages guide line managers and employees through the process by providing links to online modules and additional, relevant, information
- checklists to guide and ensure all required training and induction is undertaken to support a new employee through a smooth transition through recruitment to feeling well established within Mackay HHS.

Talent Management

In order to attract and retain talent with the right capabilities, it is important that the Mackay HHS listen to its employees and provide them with opportunity for feedback. In 2014 the Mackay HHS encouraged participation in the *Working for Queensland Employee Opinion Survey*.

The 2014 Survey provides the Mackay HHS with the opportunity to gauge employee morale and identify 'on the ground' issues. This enables the Mackay HHS to appropriately respond in order to improve workplace culture.

Survey outcomes is used to monitor our leadership capability and performance as part of the Queensland Public Service.

Flexible working arrangements

The Mackay HHS is committed to the provision of flexible work arrangements such as part time work.

Given the changing nature of the workforce, it is necessary to identify opportunities to sustain flexible working arrangements for employees. In recognition of this, the Mackay HHS adopted a 'Part-time Preferred Model' to deliver a consistent approach in the management of part-time working arrangements. The Model is designed to ensure employee requests are considered in a fair and equitable manner.

Employee Development

The Mackay HHS continues to provide leadership and culture workshops designed to develop the skills of our people. These workshops assist our people to better equip themselves to achieve high performance. The aim of ongoing development is to align our capability to strategic direction to provide better services to our communities.

The Mackay HHS also supports its people develop through facilitation of Queensland Health and externally provided training. These are listed in the table below:

Clermont Hospital Staff

Queensland Health Funded				
Source	**Year**	**Allocation**	**Approved**	**Comments**
OO3/4 Incentives	2012–13	4	4	Additional Allocation MHHS OO/Training recurrent budget.
OO3/4 Incentives	2013–14	4	7	
AO3/4Incentives	2012–13	3	8	Additional allocation from non – utilised funding held Corporate.
AO3/4Incentives	2013–14	4	20	
APP	2013	n/a	4	Cunningham Centre funded Administrative Professionals Program, Certificates and Diplomas in Government.

External Funding			
Source	**Year**	**Allocation**	**Comments**
ACWVET	2013	12	Training for Aged Care Service Providers to complete range of qualifications for Certificate III to Diploma relevant to roles for Aged Care service provision.
IIE	2013	13	Federally funded program for staff over 50 to gain qualifications relevant to role.
WELL Program	2013	50 staff 200 hrs. training	Australian Government Skills Connect Initiative funding for Workplace English, Language and Literacy (WELL) Program.

Traineeships			
Source	**Year**	**Allocation**	**Comments**
Operational Officers	2013	26	Existing Worker Traineeships for staff to complete fully funded qualification. Certificate III Aged Care contextualised to Acute Care. OO3 employees also completing Certificate IV Mental Health for dual qualification, gap training funded through OO3/4 Incentives. Dental Assistant.
Operational Officers	2013	7	Cert. III Health Support Services with Food or Cleaning Services Skill Set.
Home & Community (HACC) Workers	2013	5	Cert. III Aged Care/HACC dual qualification.
Administration Officers	2013	6	Cert. IV Frontline Management, Cert. IV OHS.

Our People

In addition Mackay HHS has provided a range of initiatives targeted at the development of the nursing workforce, including:

- Increased post graduate Registered Nurse intake from 29 to 37 in 2013/14.
- Eleven (11) of the post graduate Registered Nurses have been placed in Rural sites
- A program of rapid up-skilling for Rural post graduate Registered Nurses
- A rural rotation program to cover leave in rural sites
- Twenty-six (26) Mental Health trained Registered Nurses are participating in a Credentialing program
- Ninety-eight (98) new starters across all Nursing designations in Mackay HHS, with an average of nine (9) per month.

This year a record 34 junior doctors started their careers in the Mackay HHS. The interns are Australian university trained with the majority from the University of Queensland and James Cook University. 30 of these positions were funded by the State Government and four placements at the Mater Hospital were funded by the Federal Government. These interns will do five rotations in the year including core stints in medical, surgical and emergency. Other two areas are elective and are chosen from specialties such as orthopaedic, paediatric and rural. This means 47% of our interns will have experience in a rural hospital and 50% will have experience in a private hospital.

Performance Management

Performance is more than a Performance and Development (PaD) plan. It is about coaching, mentoring and understanding what motivates individuals and teams. At the centre of the performance process is a structured PaD methodology that emphasises Key Performance Indicators. Materials to support line managers and employees is available through the Mackay HHS intranet site.

Checklists implemented for the Mackay HHS' On Boarding program have been designed to complement and support the PaD process. This ensures that line managers and employees discuss required components as well as record additional opportunities for professional development.

A quarterly certification process to monitor adherence with undertaking PaDs has been embedded into the Mackay HHS' systems. An on-line system for submission by line manager to capture relevant information on a quarterly basis has been developed and implemented.

Leveraging Our Culture

The Mackay HHS is progressing toward Prescribed Employer status as at 1 July 2015.

In preparation toward Prescribed Employer a high level strategic plan is being developed to align and transform.

Industrial and Employee Relations Framework

Queensland's industrial relations framework is being modernised to support the delivery of high quality services. The changes are contained in amendments to the *Industrial Relations Act 1999*, effective from 1 December 2013. These changes apply to all State and local government employees.

We continue to respect and value our relationships with local unions. To demonstrate this we work in partnership with the industrial representatives to facilitate a series of regular consultative forums. These are:

- Health & Hospital Service Consultative Forum
- Local Consultative forums
- Nursing and midwifery consultative forum
- Union Reference Group (redevelopment).

In preparation for prescribed employer status the Prescribed Employer Local Consultative Forum (PELCF) has been established. The aim of this forum is to provide a regular vehicle on a monthly basis for timely information sharing with unions regarding the transition of the Mackay HHS to prescribed employer status.

Strengthening Our Culture

Employee Wellness

The Mackay HHS strives to achieve best practice in the management and performance of our Health & Safety Systems. Coupled with this, it is our intent to proactively promote a holistic approach to Health and Safety through a range of employee wellness programs.

Unplanned Absences

As part of continuing the work from the unplanned leave a suite of management tools including fact sheets have been prepared and distributed to assist line managers and promote the well-being of our employees.

Unplanned Absences 1 July 2013 to 30 June 2014 total 161,738 hours taken in unplanned leave (includes carer's leave) – of which sick leave totalled 143,860 hours (88.95%)[9].

Employee Safety

Key activities during 2013/2014 include:

- The Workplace Health & Safety Checklist Program is completed on an annual basis for 67 work areas across the Mackay HHS to evaluate compliance with legislative requirements and review identification and management of workplace risks. As at 30 June 2014 100% of work areas have completed the checklist.
- Training sessions were delivered in areas including patient/ manual handling, occupational violence, fire safety, occupational health and safety orientation, driver safety.
- Audit and inspections were conducted across work areas including hazardous chemicals; healthcare ergonomics; emergency planning; fire and safety; and healthy lifestyles.
- Risk assessments across areas of occupational violence, patient and manual handling undertaken.
- Fire and evacuation plans, fire signs and diagrams have been reviewed across all work areas.

There is a continuous review process in place to assess the performance and implementation of preventative strategies for the management of workplace injuries and return to work programs to reduce costs and duration of injuries.

9. DSS Report as at 16 July 2014

Acts and subordinate legislation

Mental Health Review Tribunal Rule 2009

Occupational Therapists Registration Act 2001

Occupational Therapists Registration Regulation 2001

Pest Management Act 2001

Pest Management Regulation 2003

Pharmacy Business Ownership Act 2001

Private Health Facilities Act 1999

Private Health Facilities Regulation 2000

Private Health Facilities (Standards) Notice 2000

Public Health Act 2005

Public Health Regulation 2005

Public Health (Infection Control for Personal

Appearance Services) Act 2003

Public Health Infection Control for Personal Appearance Services Regulation 2003

Queensland Institute of Medical Research Act 1945 Radiation Safety Act 1999

Radiation Safety Regulation 2010

Radiation Safety (Radiation Safety Standards) Notice 2010

Research Involving Human Embryos and Prohibition of Human Cloning For Reproduction Act 2003

Research Involving Human Embryos and Prohibition of Human Cloning Regulation 2003

Speech Pathologists Registration Act 2001

Speech Pathologists Registration Regulation 2001

Tobacco and Other Smoking Products Act 1998 Tobacco and Other Smoking Products Regulation 2010

Transplantation and Anatomy Act 1979 Transplantation and Anatomy Regulation 2004

Water Fluoridation Act 2008

Water Fluoridation Regulation 2008

Dental Technicians Registration Act 2001

Dental Technicians Registration Regulation 2002 Food Act 2006

Food Regulation 2006

Health Act 1937

Health Regulation 1996

Health (Drugs and Poisons) Regulation 1996 Hospital and Health Boards Act 2011

Hospital and Health Board Regulations 2012

Health Practitioner Registration Boards (Administration) Act 1999

Health Practitioner Regulation National Law Act 2009

Health Practitioner Regulation National Law Regulation

Health Practitioner Regulation National Law (Transitional) Regulation 2010

Health Practitioners (Professional Standards) Act 1999

Health Practitioners (Professional Standards) Regulation 2010

Health Practitioners (Special Events Exemption) Act 1998

Health Practitioners (Special Events Exemption) Regulation 2009

Health Quality and Complaints Commission Act 2006

Health Services Act 1991

Health Services Regulation 2002

Hospitals Foundations Act 1982

Hospitals Foundations Regulation 2005

Mater Public Health Services Act 2008

Medical Radiation Technologist Registration Act 2001

Medical Radiation Technologists Registration Regulation 2002

Mental Health Act 2000

Mental Health Regulation 2002

Glossary of terms

Accessible Accessible healthcare is characterised by the ability of people to obtain appropriate healthcare at the right place and right time, irrespective of income, cultural background or geography.

Activity based funding (ABF) A management tool with the potential to enhance public accountability and drive technical efficiency in the delivery of health services by:

- capturing consistent and detailed information on hospital sector activity and accurately measuring the costs of delivery
- creating an explicit relationship between funds allocated and services provided
- strengthening management's focus on outputs, outcomes and quality
- encouraging clinicians and managers to identify variations in costs and practices so they can be managed at a local level in the context of improving efficiency and effectiveness
- providing mechanisms to reward good practice and support quality initiatives

Acute Having a short and relatively severe course.

Acute care Care in which the clinical intent or treatment goal is to:

- manage labour (obstetric)
- cure illness or provide definitive treatment of injury
- perform surgery
- relieve symptoms of illness or injury (excluding palliative care)
- reduce severity of an illness or injury
- protect against exacerbation and/or complication of an illness and/or injury that could threaten life or normal function

Acute hospital Is generally a recognised hospital that provides acute care and excludes dental and psychiatric hospitals.

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).

Admitted patient A patient who undergoes a hospital's formal admission process as an overnight-stay patient or a same-day patient.

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.

Benchmarking Involves collecting performance information to undertake comparisons of performance with similar organisations

Best practice Cooperative way in which organisations and their employees undertake business activities in all key processes, and use benchmarking that can be expected to lead to sustainable world class positive outcomes

Clinical governance A framework by which health organisations are accountable for continuously improving the quality of their services and safeguarding high standards of care by creating an environment in which excellence in clinical care will flourish

Clinical practice Professional activity undertaken by health professionals to investigate patient symptoms and prevent and/or manage illness, together with associated professional activities for patient care.

Clinical workforce Staff who are or who support health professionals working in clinical practice, have healthcare specific knowledge/ experience, and provide clinical services to health consumers, either directly and/or indirectly, through services that have a direct impact on clinical outcomes.

Decision support system (DSS) Consolidates data suitable for finance, human resources, pharmacy and pathology related information for decision-support purposes.

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

Full-time Equivalent (FTE) Refers to full-time equivalent staff currently working in a position.

Health outcome Change in the health of an individual, group of people or population attributable to an intervention or series of interventions.

Glossary of terms

Health reform Response to the National Health and Hospitals Reform Commission Report (2009) that outlined recommendations for transforming the Australian health system, the National Health and Hospitals Network Agreement (NHHNA) signed by the Commonwealth and states and territories, other than Western Australia, in April 2010 and the National Health Reform Heads of Agreement (HoA) signed in February 2010 by the Commonwealth and all states and territories amending the NHHNA.

Hospital Healthcare facility established under Commonwealth, state or territory legislation as a hospital or a free-standing day-procedure unit and authorised to provide treatment and/or care to patients.

Hospital and Health Boards The Hospital and Health Boards are made up of a mix of members with expert skills and knowledge relevant to managing a complex health care organisation.

Hospital and Health Service Hospital and Health Service (HHS) is a separate legal entity established by Queensland Government to deliver public hospital services. The first HHSs will commence on 1 July 2012. Queensland's 17 HHSs will replace existing health service districts.

Hospital-in-the-home Provision of care to hospital-admitted patients in their place of residence, as a substitute for hospital accommodation.

Immunisation Process of inducing immunity to an infectious agency by administering a vaccine

Incidence Number of new cases of a condition occurring within a given population, over a certain period of time

Indigenous health worker An Aboriginal and/or Torres Strait Islander person who holds the specified qualification and works within a primary healthcare framework to improve health outcomes for Indigenous Australians.

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 Locals Established by the Commonwealth to coordinate primary health care services across all providers in a geographic area. Will work closely with HHSs to identify and address local health needs. Funded by the Commonwealth.

Medical practitioner A person who is registered with the Medical Board of Australia to practice medicine in Australia, including general and specialist practitioners.

Non-admitted patient A patient who does not undergo a hospital's formal admission process

Non-admitted patient services An examination, consultation, treatment or other service provided to a non-admitted patient in a functional unit of a health service facility

Non-acute Not serious

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.

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.

Population Health Promotion of health lifestyles, prevention or early detection of illness or disease, prevention of injury and protection of health through organized population based programs and strategies.

Private hospital A private hospital or free standing day hospital and either a hospital owned by a for-profit company or a non-profit organization and privately funded through payment for medical services by patients or insurers patients admitted to private hospitals are treated by a doctor of their choice.

Public Patient A public patient is one who elects to be treated as a public patient, so cannot choose the doctor who treats them, or is receiving treatment in a private hospital under a contract arrangement with a public hospital or health authority.

Public hospital Public hospitals offer free diagnostic services, treatment, care and accommodation to eligible patients.

Registered nurse An individual registered under national law to practice in the nursing profession as a nurse, other than as a student

Statutory bodies A non-department government body, established under an Act of Parliament. Statutory bodies can include corporations, regulatory authorities and advisory committees/councils

Sustainable A health system that provides infrastructure, such as workforce, facilities and equipment and is innovative and responsive to emerging needs, for example, research and monitoring within available resources.

Sub-Acute Somewhat acute; between acute and chronic

Telehealth Delivery of health-related services and information via telecommunication technologies, including:

- Live, audit and/or video inter-active links for clinical consultations and educational purposes
- Store and forward Telehealth, including digital images, video, audio and clinical (stored) on a client computer, then transmitted securely (forwarded) to a clinic at another location where they are studied by relevant specialists
- Teleradiology for remote reporting and clinical advice for diagnostic images
- Telehealth services and equipment to monitor people's health in their home.

Triage category Urgency of a patient's need for medical and nursing care

Wayfinding Signs, maps and other graphic or audible methods used to convey locations and directions.

Glossary of acronyms

ABF	Activity based funding
ACEM	Australasian College of Emergency Medicine
ACHS	Australian Council on Healthcare Standards
ACRRM	Australian College of Rural & Remote Medicine
ACWVET	Aged Care Workforce Vocational Education and Training
AH	Allied Health
AHMAC	Australian Health Ministers Advisory Council
AIDET	Acknowledge, Introduce, duration, explanation, thank you
AO	Administration Officer
APA	Australian Physiotherapy Association
APCC	Acute Primary Care Clinic
APHRA	Australian Health Practitioner Regulation Agency
APP	Administrative Professional Program
ARP	Acute Resuscitation Plan
ATODS	Alcohol, Tobacco and Other Drugs
ATSI	Aboriginal and Torres Strait Islander
BCS	Business Classification Standards
BPF	Business Planning Framework
CAF	Clinical Academic Fellowship
CALD	Culturally and Linguistically diverse
CaSS	Clinical and Statewide Services
CCTV	Closed Circuit Television
CCU	Coronary Care Unit
CEPS	Clinical Educator Preparation and Support
CFO	Chief Finance Officer
CHO	Chief Health Officer
CPoC	Consumer Perceptions of Care
CQU	Central Queensland University
CTG	Closing the Gap
DAMA	Discharge themselves against medical advice
DoH	Department of Health
DRG	Diagnosis Related Group
ED	Emergency Department
ERCP	Endoscopic Retrograde Cholangio Pancreatography
FACEM	Fellow, Australasian College for Emergency Medicine
FACRRM	Fellowship of Australian College of Rural and Remote Medicine
FTE	Full Time Employee
GP's	General Practitioners
HACC	Home and Community Care
HBCIS	Hospital Based Corporate Information System
HHS	Hospital and Health Service
HLO	Hospital Liaison Officer
HSCE	Health Service Chief Executive
MDMH&A	Mackay Division of Mental Health and ATODS
MHHB	Mackay Hospital & Health Board
Mackay HHS	Mackay Hospital & Health Service
MOHRI	Minimum Obligatory Human Resource Information
MPHS	Multi-Purpose Health Service
MRI	Magnetic Resonance Imaging
NA	Not applicable
NEAT	National Emergency Access Target
NEST	National Elective Surgery Target
NHS	National Health Standard
NPA	National Partnership Agreement
OO	Operational Officer
OPD	Out Patients Department
ORMIS	Operating Room Management Information System
PACS	Picture Archiving & Communications system
PaD	Performance and Development
PELCF	Prescribed Employer Local Consultative Forum
PrOMPT	Practical Obstetric Multi-Professional Training
QH	Queensland Health
RACGP	Royal Australian College of General Practitioners
RANZOG	Royal Australian and New Zealand College of Obstetricians and Gynaecologists
RMF	Risk Management Framework
RTI/IP	Right to Information/Information Privacy
RTW	Return to Work
SBAR	Situation, background, assessment, Recommendation
SMS	Short Message Service
SOPD	Specialist Out Patients Department
TMML	Townsville Mackay Medicare Local
TTH	The Townsville Hospital
USOAP	Urban Specialist Outreach Assistance Program
VMO	Visiting Medical Officer
WAU	Weighted Activity Unit
WC	Work cover
WELL	Workplace English, Language and Literacy Program
YIRS	Youth Information Referral Service
YTD	Year to Date

Compliance Checklist

The characteristics of a quality report are that it:

- Complies with statutory and policy requirements
- Presents information in a concise manner
- Is written in plain English
- Provides a balanced account of performance – the good and not so good.

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirements for Queensland Government agencies*

Summary of requirement	Basis for requirement	Annual Report reference
Letter of Compliance		
A letter of compliance from the accountable officer or statutory body to the relevant Minister	ARRs – section 8	Page 1
Accessibility		
Table of contents Glossary	ARRs – section 10.1	Page 3 Page 46
Public availability	ARRs – section 10.2	Inside front cover
Interpreter service statement	*Queensland Multicultural Policy* ARRs – section 10.3	Inside front cover
Copyright notice	*Copyright Act 1968* ARRs – section 10.4	Inside front cover
Government Information Licensing Framework (GLIF) Licence	*Government Information Licensing Framework (GLIF) QGEA Policy* ARRs – section 10.5	Inside front cover
General Information		
Introductory information	ARRs – section 11.1	Pages 6,7,9
Agency role and main functions	ARRs – section 11.2	Pages 7,8,9
Operating Environment	ARRs – section 11.3	Pages 25–37
Machinery of Government changes	ARRs – section 11.4	n/a
Non –financial performance		
Government objectives for the community	ARRs – section 12.1	Pages 4,5,9
Other whole-of-government plans/specific initiative	ARRs – section 12.2	Pages 26–34
Agency objectives and performance indicators	ARRs – section 12.3	Pages 9,25
Agency service areas, service standards and other measures	ARRs – section 12.4	Page 8
Financial performance		
Summary of financial performance	ARRs – section 13.1	Page 35
Chief Finance Officer (CFO) statement	ARRS – section 13.2	

Compliance Checklist

Summary of requirement	Basis for requirement	Annual Report reference
Governance – management and structure		
Organisational structure	ARRS – section 14.1	Page 16
Executive management	ARRs – section 14.2	Pages 17–18
Related entities	ARRs – section 14.3	n/a
Boards and Committees	ARRs – section 14.4	Page 10,15
Public Sector Ethics Act 1994	*Public Sector Ethics Act 1994 (section 23 and Schedule)* ARRs – section 14.5	Page 5
Governance – risk management and accountability		
Risk Management	ARRs – section 15.1	Page 23
External Scrutiny	ARRs – section 15.2	Page 23
Audit committee	ARRs – section 15.3	Page 23
Internal Audit	ARRs – section 15.4	Page 23
Public Sector Renewal Program	ARRs – section 15.5	Page 5
Information systems and recordkeeping	ARRs – section 15.7	Page 24
Governance – human resources		
Workforce planning, attraction and retention and performance	ARRs – section 16.1	Pages 36–41
Early retirement, redundancy and retrenchment	ARRs – section 16.2 Directive No 11/12 Early Retirement, Redundancy and Retrenchment	Page 37
Open Data		
Open Data Additional information to be reported online	ARRs – Section 17	Inside front cover
Financial Statements		
Certification of financial statements	FAA – section 62 FPMS – sections 42,43,& 50 ARRs – section 18.1	

Mackay Hospital and Health Service

ABN 8742 789 6923

Financial Year 2013–2014

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General Information

The Mackay Hospital and Health Service was established on 1st July 2012 as a statutory body under the *Hospital and Health Boards Act 2011.*

The Hospital and Health Service is controlled by the State of Queensland which is the ultimate parent.

The head office and principal place of business of MHHS is:

Mackay Base Hospital
475 Bridge Road
MACKAY QLD 4740

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

For information in relation to the Hospital and Health Service's financial statement please visit the website www.health.qld.gov.au/mackay.

Amounts shown in these financial statements may not add to the correct sub-totals or totals due to rounding.

Statement of Comprehensive Income
for the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000
Income from Continuing Operations			
User charges	3	22,697	18,147
Funding public health services*	4	282,221	270,577
Grants and other contributions	5	9,742	8,609
Interest	6	58	63
Other revenue	6	16,549	7,544
Total revenue		331,267	304,941
Total Income from Continuing Operations		**331,267**	**304,941**
Expenses from Continuing Operations			
Employee expenses	7	1,733	731
Health service employee expenses	8	196,115	188,817
Supplies and services	9	77,370	70,776
Grants and subsidies	10	-	14
Depreciation and amortisation	11	15,208	14,004
Impairment losses	12	372	416
Revaluation decrement	13	-	10,872
Other expenses	14	4,732	4,093
Total Expenses from Continuing Operations		**295,530**	**289,724**
Operating Results from Continuing Operations		**35,737**	**15,217**
Other Comprehensive Income			
Items that will not be reclassified subsequently to Operating Result			
Increase/(decrease) in Asset Revaluation Surplus	23	21,537	918
Total items that will not be reclassified subsequently to Operating Result		21,537	918
Total Other Comprehensive Income		21,537	918
Total Comprehensive Income		**57,274**	**16,135**

* Comparatives have been adjusted to enhance disclosures of funding of public health services previously included in receipt of grants and other contributions. Refer Note 2 (ae).

The accompanying notes form part of these statements

Mackay Hospital and Health Service

Statement of Financial Position
as at 30 June 2014

	Notes	2014 $'000	2013 $'000
Current Assets			
Cash and cash equivalents	15	66,073	37,906
Receivables	16	5,558	3,305
Inventories	17	1,645	1,692
Other	18	349	540
		73,625	43,443
Total Current Assets		**73,625**	**43,443**
Non-Current Assets			
Property, plant and equipment	19	360,159	325,914
Total Non-Current Assets		**360,159**	**325,914**
Total Assets		**433,784**	**369,357**
Current Liabilities			
Payables	20	21,368	15,391
Accrued employee benefits	21	25	37
Unearned revenue	22	58	-
Total Current Liabilities		**21,450**	**15,427**
Total Liabilities		**21,450**	**15,427**
Net Assets		**412,333**	**353,929**
Equity			
Contributed equity		338,924	337,794
Accumulated surplus/(deficit)		50,955	15,218
Asset revaluation surplus	23	22,455	918
Total Equity		**412,333**	**353,929**

The accompanying notes form part of these statements

Statement of Changes in Equity
for the year ended 30 June 2014

	Accumulated Surplus	Asset Revaluation Surplus (Note 23)	Contributed Equity	TOTAL
	$'000	$'000	$'000	$'000
Balance as at 1 July 2012	-	-	-	-
Operating Result from Continuing Operations	15,217	-	-	15,217
Other Comprehensive Income				
Increase in Asset Revaluation Surplus	-	918	-	918
Total Comprehensive Income for the year	-	918	-	16,135
Transactions with Owners as Owners:				
Net assets received (transferred during year via machinery-of-Government change) Note 2 (h)			189,132	189,132
Net assets received (transferred under Administrative Arrangement Note 2 (h) at 1 July 2012)	-	-	154,347	154,347
Non appropriated equity injections (Minor Capital works) Note 2 (e)			8,358	8,358
Non appropriated equity withdrawals (Depreciation funding) Note 2 (e)	-	-	(14,043)	(14,043)
Total changes to contributed equity	-	-	337,794	337,794
Balance as at 30 June 2013	15,217	918	337,794	353,929
	$'000	$'000	$'000	$'000
Balance as at 1 July 2013	15,217	918	337,794	353,929
Operating Result from Continuing Operations	35,737	-	-	35,737
Other Comprehensive Income				
Increase in Asset Revaluation Surplus	-	21,537	-	21,537
Total Comprehensive Income for the Year	35,737	21,537	-	57,274
Transactions with Owners as Owners:				
Net assets received (transferred during year via machinery-of-Government change) Note 2 (h)			9,574	9,574
Equity injections (Minor Capital works) Note 2 (e)			6,759	6,759
Equity withdrawals (Depreciation funding) Note 2 (e)	-	-	(15,202)	(15,202)
Net Transactions with Owners as Owners	-	-	1,130	1,130
Balance as at 30 June 2014	50,954	22,455	338,924	412,333

The accompanying notes form part of these statements

Statement of Cash Flows
for the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000
Cash flows from operating activities			
Inflows:			
User Charges		21,104	19,956
Funding public health services*		266,338	256,534
Grants and other contributions		9,323	8,610
Interest receipts		58	62
GST input tax credits from ATO		3,753	3,388
GST collected from customers		347	157
Other receipts		5,641	7,482
		306,564	**296,188**
Outflows:			
Employee expenses		(1,746)	(693)
Health service employee expenses		(193,473)	(183,130)
Supplies and services		(73,956)	(68,076)
Grants and subsidies		(5)	(476)
GST paid to suppliers		(3,914)	(3,689)
GST remitted to ATO		(320)	(112)
Other		(4,512)	(3,966)
		(277,926)	**(260,142)**
Net cash provided by (used in) operating activities	24	**28,638**	**36,046**
Cash flows from investing activities			
Inflows:			
Sales of property, plant and equipment		33	12
Outflows:			
Payments for property, plant and equipment		(7,262)	(7,807)
Net cash provided by (used in) investing activities		**(7,230)**	**(7,795)**
Cash flows from financing activities			
Inflows:			
Cash transferred in under administrative arrangement		-	1,297
Equity Injections		6,759	8,358
Net cash provided by (used in) financing activities		**6,759**	**9,655**
Net increase/(decreased) in cash and cash equivalents		**28,167**	**37,906**
Cash and cash equivalents at the beginning of the financial year		37,906	-
Cash and cash equivalents at the end of the financial year		**66,073**	**37,906**

* Comparatives have been adjusted to enhance disclosures of funding of public health services previously included in receipt of grants and other contributions. Refer Note 2(ac).

The accompanying notes form part of these statements

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1. Objectives and Principal Activities of the Hospital and Health Service

Mackay Hospital and Health Service (MHHS) was established on 1 July 2012, as a not-for-profit statutory body under the *Hospital and Health Boards Act 2011.*

The HHS is responsible for providing primary health, community and public health services in the area assigned under the *Hospital and Health Boards Regulation 2012* . The Mackay HHS covers an area of 90,360 square kilometres in regional Queensland, extending from St. Lawrence in the south, inland to Clermont and north along the coast to Bowen, and services a resident population of approximately 180,424 which is culturally diverse and dispersed over a wide and largely rural geographical area.

This includes responsibility for the direct management of following:

- Mackay Base Hospital
- Proserpine Hospital
- Sarina Hospital
- Bowen Hospital
- Including outpatient and Primary Care clinics.
- Collinsville Multi Purpose Health Service
- Moranbah Hospital
- Dysart Hospital
- Clermont Multi Purpose Health Service

Mackay Base Hospital is the main referral hospital, providing secondary level care, with referral to Brisbane and Townsville for tertiary services.

Funding is obtained predominately through the purchase of health services by the Department of Health (DoH) on behalf of both the State and Australian Governments. In addition, health services are provided on a fee for service basis mainly for private patient care.

MHHS provides services and outcomes as defined in a publicly available service agreement with the Department of Health (as manager of the public hospital system).

2. Summary of Significant Accounting Policies

(a) Statement of Compliance

The Hospital and Health Service has prepared these financial statements 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, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury and Trade's *Minimum Reporting Requirements for* the year ending 30 June 2014, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, as the Hospital and Health Service is a not-for-profit statutory body it has applied those requirements applicable to not-for-profit entities. Except where stated, the historical cost convention is used.

(b) The Reporting Entity

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of Mackay Hospital and Health Service.

(c) Trust Transactions and Balances

The Hospital and Health Service acts in a fiduciary trust capacity in relation to patient trust accounts. Consequently, these transactions and balances are not recognised in the financial statements. Although patient funds are not controlled by HHS, trust activities are included in the audit performed annually by the Auditor-General of Queensland. Note 29 provides additional information on the balances held in patient trust accounts.

(d) User Charges and Fines

User charges and fees are recognised as revenues when earned and can be measured reliably with a sufficient degree of certainty. This involves either invoicing for related goods/services and/or the recognition of accrued revenue. Revenue in this category primarily consists of hospital fees (private patients), reimbursements of pharmaceutical benefits, and sales of goods and services.

(e) Funding for Provision of Public Health Services

Funding is received in accordance with Service Agreements with the Department of Health. The Department purchases delivery of health services based on nationally set funding and efficient pricing models determined by the Independent Hospital Pricing Authority (IHPA). The majority of services are funded on an activity unit basis. The service agreement is reviewed periodically and updated for changes in activities and prices of services delivered by MHHS. Funding 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. State funding is also provided for depreciation and minor capital works. There has been a change in the recognition of Department of Health funding from Grants and Other contributions in 2012-13 to Funding of Public Health Services this year, refer Note 2 (ae) for details.

IHPA was established to develop and specify national classifications for activity in public hospitals for the purposes of Activity Based Funding. It determines the national efficient price for services provided, on an activity basis, in public hospitals and develops data and coding standards to support uniform provision of data. In addition to this, IHPA determines block funded criteria and what other public hospital services are eligible for Commonwealth funding.

The Australian and State government contributions for activity based funding is pooled and allocated transparently via a National Health Funding Pool. The Australian and State government contributions for block funding and training, teaching and research funds is pooled and allocated transparently via a State Managed Fund. Public Health funding from the Australian government is managed by the Department of Health. The National Health Funding Body and National Health Funding Pool have complete transparency in reporting and accounting for contributions into and out of pool accounts. The Administrator is an independent statutory office holder, distinct from Federal and State departments.

Depreciation funding

MHHS received $15.2 million funding in 2014 (2013: $14 million) from the Department of Health to account for the cost of depreciation. However as depreciation is a non-cash expenditure item, the Health Minister has approved a withdrawal of equity by the State for the same amount, resulting in a non-cash revenue and non-cash equity withdrawal.

Minor capital works

Purchases of equipment, furniture and fittings associated with capital works projects are managed by MHHS. In 2014 MHHS received $6.7 million (2013: $8.3 million) funding from the State as equity injections throughout the year. These outlays are paid by the Department of Health on behalf of the State.

A review of the nature of service payments made to third parties and their subsequent disclosure was undertaken during 2013-14. As a consequence of this review, and to ensure consistency in classification between the Department of Health and MHHS, funding received from the Department has been reclassified from grant revenue to funding public health services revenue. Comparatives have been restated to improve transparency across the years.

2. Significant accounting policies continued

(f) Grants and Contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the Hospital and Health Service obtains control over them. Where grants are received that are reciprocal in nature, revenue is progressively recognised as it is earned, according to the terms of the funding arrangements.

Contributed assets are recognised at their fair 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. Where this is the case, an equal amount is recognised as revenue and an expense.

MHHS receives corporate services support from the Department of Health for no cost. Corporate services received include payroll services, accounts payable services, accounts receivable 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.

(g) Other Revenue

Other revenue primarily reflects recoveries of payments for contracted staff from third parties such as universities and other government agencies as well as recoveries of insurance claims from the Queensland Government Insurance Scheme.

(h) Administrative Arrangements

In 2012-13, certain balances were transferred from the Department of Health to Hospital and Health Services. This was effected via a transfer notice signed by the Minister for Health, designating that the transfer be recognised as a contribution by owners through equity. The transfer notices were approved by the Director-General of the Department of Health and the Chairman and Chief Executive Officer of each Hospital and Health Board.

The value of assets and liabilities transferred to the Mackay Hospital and Health Service were as follows:

	2013
	$'000
Cash and cash equivalents	1,297
Receivables	5,132
Inventories	1,688
Other	352
Property, plant and equipment	153,057
Payables	(7,179)
Other financial liabilities	-
Contributed equity	154,347

MHHS has the full right of use, managerial control of land and building assets and is responsible for maintenance. The Department generates no economic benefits from these assets. In accordance with the definition of control under Australian Accounting Standards, each Hospital and Health Service must recognise the value of these assets on their Statement of Financial Position.

(h) Administrative Arrangements continued

Transfer of assets between Hospital and Health Services and the Department of Health

In 2014, the Minister for Health signed an enduring designation of transfer for property, plant and equipment between Hospital & Health Services (HHS) and the Department of Health, this is also recognised under a Deed of Lease. This transfer is recognised through equity when the Chief Finance Officers of both entities agree in writing to the transfer. During this year a number of assets have been transferred under this arrangement.

	2014	*2013*
	$'000	*$'000*
Transfer in - practical completion of projects from the Department *	10,399	189,132
Net transfer of property plant and equipment "from/to" the Department	(750)	-
Net transfers equipment between HHSs	(75)	-
	9,574	189,132

*Construction of major health infrastructure continues to be managed and funded by the Department of Health. Upon practical completion of a project, assets are transferred from the Department to MHHS.

(i) Special payments

Special payments include ex gratia expenditure and other expenditure that the HHS is not contractually or legally obligated to make to other parties. In compliance with the *Financial and Performance Management Standard 2009* , the HHS maintains a register setting out details of all special payments exceeding $5,000. The total of all special payments (including those of $5,000 or less) is disclosed separately within Other expenses (Note 14). However, descriptions of the nature of special payments are only provided for special payments greater than $5,000.

(j) Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions and cash debit facility. MHHS operational bank accounts form part of the Whole-of-Government banking arrangement with the Commonwealth Bank of Australia.

Debit facility

Hospital and Health Service has access to the Whole-of-Government debit facility with limits approved by Queensland Treasury and Trade. Note.30(d) Pg.5-36.

(k) Receivables

Trade debtors are recognised at their carrying value less any impairment. The recoverability of trade debtors is reviewed on an ongoing basis at an operating unit level. Trade receivables are generally settled within 120 days, while other receivables may take longer than twelve months.

Impairment of financial assets

Throughout the year, MHHS 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 120 days. The allowance for impairment reflects MHHS's assessment of the credit risk associated with receivables balances and is determined based on historical rates of bad debts (by category) over the past three years and management judgement. Increases in the allowance for impairment are based on loss events as disclosed in Note 30 (c). All known bad debts are written off when identified.

2. Significant accounting policies continued

(l) Inventories

Inventories consist mainly of medical supplies held for distribution in hospitals and are provided to public admitted patients free of charge except for pharmaceuticals which are provided at a subsidised rate. Inventories are valued at the lower of cost and net realisable value. Cost is assigned on a weighted average cost, adjusted where applicable, for any loss of service potential.

(m) Other non-financial assets

Other non-financial assets primarily represent prepayments by MHHS. These include payments for rental and maintenance agreements, deposits and other payments of a general nature made in advance.

(n) Non Current Assets classified as held for sale

Assets held for sale consist of those assets that management has determined are available for immediate sale (highly probable within the next twelve months) in their present condition rather than through continuing use.

In accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* , when an asset is classified as held for sale, its value is measured at the lower of the asset's carrying amount and fair value less costs to sell. Any restatement of the asset's value to fair value less costs to sell (in compliance with AASB 5) is a non-recurring valuation. Such assets are no longer amortised or depreciated upon being classified as held for sale.

As outlined in Note 2 (h) land and buildings under the operational control of MHHS were transferred from the Department of Health under a Deed of Lease. As the Department continues to be the registered owner, MHHS has a legal impediment to selling these assets. Where land and buildings are identified as held for sale by MHHS, the Deed of Lease is partially "surrendered" and the assets are returned to the Department for sale. MHHS, under the partial leasing arrangement is required to effectively maintain and operate these assets until their disposal.

(o) Property, Plant and Equipment

Acquisition of Assets

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees. However, any training costs are expensed as incurred . Items or components that form an integral part of an asset are recognised as a single (functional) asset.

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

Mackay Hospital and Health Service holds property, plant and equipment in order to meet its core objective of providing quality healthcare that Queenslanders value.

Items of property, plant and equipment 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

Land improvements undertaken by MHHS are included with buildings.

On 1 July 2012, the Minister for Health approved the transfer of land and buildings via a three year concurrent lease (representing its right to use the assets) to the HHS from the Department of Health. Under the terms of the lease no consideration in the form of a lease or residual payment by the HHS is required.

While the Department of Health retains legal ownership, effective control of these assets was transferred to the MHHS. Under the terms of the lease the HHS has full exposure to the risks and rewards of asset ownership however proceeds from the sale of major infrastructure assets cannot be retained by MHHS, with funds to be returned to Consolidated Fund (the State).

MHHS has the full right of use, managerial control of land and building assets and is responsible for maintenance. The Department generates no economic benefits from these assets. In accordance with the definition of control under Australian Accounting Standards, each Hospital and Health Service must recognise the value of these assets on their Statement of Financial Position.

AASB 117 *Leases* is not applicable to land and buildings, as no consideration in the form of lease payments are required under the agreement and accordingly fails to meet the definition of a lease as set out in this standard.

(p) Revaluations of non-current physical assets

Land and buildings are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment*, AASB *13 Fair Value Measurement and Queensland Treasury and Trade's Non-Current Asset Policies for the Queensland* Public Sector. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and impairment losses where applicable.

In respect of the abovementioned asset classes, the cost of items acquired during the financial year has been judged by management to materially represent their fair value at the end of the reporting period.

Plant and equipment, is measured at cost in accordance with the *Non-Current Asset Policies*. The carrying amounts for plant and equipment at cost should not materially differ from their fair value.

Land and building classes measured at fair value, are revalued on an annual basis either by comprehensive valuations or by the use of appropriate and relevant indices undertaken by independent professional valuers/quantity surveyors. Comprehensive revaluations are undertaken at least once every five years. However if a particular asset class experiences significant and volatile changes in fair value (i.e. where indicators suggest that the value of the class has changed by 20% or more since the previous reporting period), that class is subject to specific appraisal in the reporting period, where practical, regardless of the timing of the last specific appraisal.

2. Significant accounting policies continued

(p) Revaluations of non-current physical assets continued

For financial reporting purposes, the revaluation process for MHHS is jointly managed by the Finance Unit with input from the CFO. The appointment of the independent valuer was undertaken following pre-approval through a Department of Health process. The Building, Engineering, Maintenance Service (BEMS) Unit provides assistance to the quantity surveyors.

The fair values reported by MHHS are based on appropriate valuation techniques that maximises the use of available and relevant observable inputs and minimise the use of unobservable inputs (refer to Note 2 (q)).

Land is measured at fair value each year using either independent revaluations, desktop market revaluations or indexation by the State Valuation Service (SVS) within the Department of Natural Resources and Mines. Reflecting the specialised nature of health service buildings and on hospital-site residential facilities, fair value is determined using depreciated replacement cost methodology. Depreciated replacement cost is determined as the replacement cost less the cost to bring an asset to current standards. Buildings are measured at fair value by applying either, a revised estimates of individual asset's depreciated replacement cost, or an interim index which approximates movement in market prices for labour and other key resource inputs, as well as changes in design standards as at reporting date. These estimates are developed by independent quantity surveyors.

Land Indices are based on actual market movements for each local government area issued by the Valuer-General. An individual factor change per property has been developed from review of market transactions, and has been endorsed by the Queensland Audit Office. The State Valuation Service ("SVS") undertakes investigation and research into each factor provided for the interim land indexation. All local government property market movements are reviewed annually by market surveys to determine any material change in values. Ongoing market investigations undertaken by SVS assists in providing an accurate assessment of the prevailing market conditions and detail the specific market movement applicable to each property. These fair values are categorised at Level.2.

Indices used are also tested for reasonableness by applying the indices to a sample of assets, comparing the results to similar assets that have been valued by an independent professional valuer or quantity surveyor, and analysing the trend of changes in values over time. Through this process, which is undertaken annually, management assesses and confirms the relevance and suitability of indices provided based on MHHS's own particular circumstances.

Early in the reporting period, the HHS reviewed all fair value methodologies in light of the new principles in AASB 13. Some minor adjustments were made to methodologies to take into account the more exit-oriented approach to fair value under AASB 13, as well as the availability of more observable data for certain assets (e.g. Land and general purpose buildings). Such adjustments - in themselves - did not result in a material impact on the values for the affected property, plant and equipment classes.

Any revaluation increment arising on the revaluation of an asset is 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.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Materiality concepts under AASB 1031 *Materiality* are considered in determining whether the difference between the carrying amount and the fair value of an asset is material.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

(q) 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/liabilities being valued, and include, but are not limited to, published sales data for land and residual dwellings.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by MHHS include, but are not limited to, subjective adjustments made to observable data to take account of the specialised nature of health service buildings and on hospital-site residential facilities, including historical and current construction contracts (and/or estimates of such costs), 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/liabilities.

Subjective adjustments are also made to observable data for land classified as reserve (by the Minister for a community purpose). Reserve land parcels are not sold and therefore there are no directly observable inputs. This land can only be sold when un-gazetted and converted to freehold by the State.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit 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 the HHS 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 in level 1) that are observable, either directly or indirectly; and
* level 3 - represents fair value measurements that are substantially derived from unobservable inputs.

None of MHHS's valuations of assets or liabilities are eligible for categorisation into level 1 of the fair value hierarchy. As 2013-14 is the first year of application of AASB 13 by MHHS, there were no transfers of assets between fair value hierarchy levels during the period.

More specific fair value information about the HHS's property, plant and equipment is outlined in Note 19.

(r) Depreciation

Property, plant and equipment are depreciated on a straight-line basis. Annual depreciation is based on fair values and MHHS's assessments of the useful remaining life of individual assets. Land is not depreciated as it has an unlimited useful life.

Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes within property plant and equipment.

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

Useful lives for assets revalued are amended progressively as assets are inspected by the valuers.

2. Significant accounting policies continued

(r) Depreciation continued

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset. 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
Building and improvements	2.5% - 3.33%
Plant and equipment	5.0% - 20.0%

Leased property, plant and equipment

Operating lease payments, being representative of benefits derived from the leased assets, are recognised as an expense of the period in which they are incurred. AASB 117 *Leases* is not applicable to land and buildings, currently under a Deed of Lease with the Department of Health, as no consideration in the form of lease payments are required under the agreement. MHHS has no other assets subject to finance lease.

(s) *Impairment of non-current 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 possible impairment exists, MHHS 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. Refer also Note 2 (p).

(t) Payables

Payables are recognised for amounts to be paid in the future for goods and services received. Trade creditors are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. The amounts are unsecured and normally settled within 30 - 60 days.

(u) Financial instruments

Recognition

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

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

Mackay Hospital and Health Service does not enter into transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents, the HHS holds no financial assets classified at fair value through profit and loss. All other disclosures relating to the measurement and financial risk management of financial instruments held by MHHS are include in Note 29.

(v) Employee benefits and Health Service labour expenses

Under section 20 of the *Hospital and Health Boards Act 2011* (HHB Act) - a Hospital and Health Services can employ health executives, and (where regulation has been passed for the HHS to become a prescribed service) a person employed previously in the department, as a health service employee. Where a HHS has not received the status of a "prescribed service", non executive staff working in a HHS legally remain employees of the Department of Health.

(i) Health Service employee expenses

In 2013-14 the Mackay Hospital and Health Service was not a prescribed service and accordingly all non-executive staff were employed by the department. Provisions in the HHB Act enable HHS to perform functions and exercise powers to ensure the delivery of its operational plan.

Under this arrangement:

- The department provides employees to perform work for the HHS, and acknowledges and accepts its obligations as the employer of these employees.
- The HHS is responsible for the day to day management of these departmental employees.
- The HHS reimburses the department for the salaries and on-costs of these employees.

As a result of this arrangement, the Hospital and Health Service treats the reimbursements to the Department of Health for departmental employees in these financial statements as health service labour expenses and detailed in Note 8.

In addition to the employees contracted from the Department of Health, the Hospital and Health Service has engaged employees directly. The information detailed below relates specifically to the directly engaged employees.

(ii) Hospital and Health Service's directly engaged employees

MHHS classifies salaries and wages, rostered days-off, sick leave, annual leave and long service leave levies and employer superannuation contributions as employee benefits in accordance with AASB 119 *Employee Benefits* (Note 7). Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at current salary rates. As MHHS expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

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 this leave as it is taken.

Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

2. Significant accounting policies continued

(v) Employee benefits and Health Service labour expenses continued

Annual leave

The Queensland Government's Annual Leave Central Scheme (ALCS) became operational on 30 June 2008 for departments, commercial business units, shared service providers and selected not for profit statutory bodies. MHHS was admitted into this arrangement effective 1 July 2012. Under this scheme, a levy is made on MHHS to cover the cost of employee's annual leave (including leave loading and on-costs).

The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave are claimed from the scheme quarterly in arrears. The Department of Health centrally manages the levy and reimbursement process on behalf of all HHS. No provision for annual leave is recognised in MHHS' financial statements as the 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.*

Long Service Leave

Under the Queensland Government's Long Service Leave Scheme, a levy is made on MHHS to cover the cost of employees' long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears. The Department of Health centrally manages the levy and reimbursement process on behalf of the HHS. No provision for long service leave is recognised in the HHS' financial statements as the 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.*

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 MHHS'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.*

Board members and Visiting Medical Officers are offered a choice of superannuation funds and MHHS pays superannuation contributions into a complying superannuation fund. Contributions are expensed in the period in which they are paid or payable. MHHS's obligation is limited to its contribution to the superannuation fund. Therefore no liability is recognised for accruing superannuation benefits in the Hospital and Health Service's financial statements.

Key management personnel and remuneration

Key management personnel and remuneration disclosures are made in accordance with section 5 of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury and Trade. Refer to Note 31 for the disclosures on key executive management personnel and remuneration.

(w) Unearned revenue

Monies received in advance primarily for rental income and fees for services yet to be provided are represented as unearned revenue.

(x) Insurance

The Department of Health insures property and general losses above a $10,000 threshold through the Queensland Government Insurance Fund (QGIF). Health litigation payments above a $20,000 threshold and associated legal fees are also insured through QGIF. QGIF collects from insured agencies an annual premium intended to cover the cost of claims occurring in the premium year.

(x) Insurance continued

The Insurance Arrangements for Public Health Entities Health Service Directive (directive number QH-HSD-011:2012) enables Hospital and Health Services to be named insured parties under the department's policy. For the 2013-14 policy year, the premium was allocated to each HHS according to the underlying risk of an individual insured party. The Hospital and Health Service premiums cover claims from 1 July 2012, pre 1 July 2012 claims remain the responsibility of the department, however MHHS must pay the $20,000 excess payment on these claims.

Queensland Health pays premiums to WorkCover Queensland on behalf of all Hospital and Health Services in respect of its obligations for employee compensation. These costs are reimbursed to the department.

(y) Contributed equity

Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland Government 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.*

(z) Federal taxation charges

MHHS 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). The Australian Taxation Office has recognised the Department of Health and the seventeen Hospital and Health Services as a single taxation entity for reporting purposes.

All FBT and GST reporting to the Commonwealth is managed centrally by the department, with payments/ receipts made on behalf of the MHHS reimbursed to/from the department on a monthly basis. GST credits receivable from, and GST payable to the ATO, are recognised on this basis. Refer to Note 16.

(aa) Issuance of Financial Statements

The financial statements are authorised for issue by the Chairman of the Hospital and Health Service, the Chief Executive and the Chief Financial Officer at the date of signing the Management Certificate.

(ab) 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 that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year . Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. historical experience and other factors that are considered to be relevant, and are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods as relevant.

Estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

- Property, plant and equipment – Note 19
- Contingencies – Note 27

2. Significant accounting policies continued

(ac) Rounding and comparatives

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

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period. In particular, separate disclosure of funding for public health services (Note 4), previously part of Note 5 Grants and other contributions has resulted in comparative figures being restated.

(ad) New and revised accounting standards

Mackay Hospital and Health Service did not voluntarily change any of its accounting policies during 2013-14,except for the change outlined in Note 2(ae).The only Australian Accounting Standard changes applicable for the first time as from 2013-14 that have had a significant impact on the HHS's financial statements are those arising from AASB 13 *Fair Value Measurement* ,as explained below.

AASB 13 *Fair Value Measurement* became effective from reporting periods beginning on or after 1 January 2013. AASB 13 sets out a new definition of 'fair value' as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements apply to all of the HHS's assets and liabilities (excluding leases) that are measured and/or disclosed at fair value or another measurement based on fair value. The impact of AASB 13 relate to the fair value measurement methodologies used and financial statement disclosures made in respect of such assets and liabilities.

MHHS reviewed its fair value methodologies (including instructions to valuers, data used and assumptions made) for land and buildings measured as fair value to assess whether those methodologies comply with AASB13. To the extent that the methodologies didn't comply, changes were made and applied to the valuations. None of the changes to valuation methodologies resulted in material differences from the previous methodologies.

AASB13 has required an increased amount of information to be disclosed in relation to fair value measurements for both assets and liabilities. For those fair value measurements of assets or liabilities that substantially are based on data that is not 'observable' (i.e. accessible outside the HHS), the amount of information disclosed has significantly increased. Note 2 (q) explains some of the principles underpinning the additional fair value information disclosed. Most of this additional information is set out in Note 18 Property Plant and Equipment.

A revised version of AASB 119 *Employee Benefits* became effective for reporting periods beginning on or after 1 January 2013 with the majority of changes to be applied retrospectively. Given MHHS's circumstances, the only implication for the HHS were the revised concept of 'termination benefits' and the revised recognition criteria for termination benefit liabilities. If termination benefits meet the timeframe criterion for 'short-term employee benefits' they will be measured according to the AASB119 requirements for "short-term employee benefits'. Otherwise, termination benefits need to be measured according to the AASB 119 requirements for 'other long-term employee benefits'. Under the revised standard, the recognition and measurement of employer obligations for 'other long-term employee benefits' will need to be accounted for according to most of the requirements for defined benefit plans.

The revised AASB 119 includes changed criteria for accounting for employee benefits as 'short-term employee benefits'. However, as the HHS is a member of the Queensland Government central schemes for annual leave and long service leave this change in criteria has no impact on the HHS's financial statements as the employer liability is held by the central scheme. The revised standard also includes changed requirements for the measurement of employer liabilities/assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities and assets. MHHS makes employer superannuation contributions only to the QSuper defined benefit plan, and the corresponding QSuper employer benefit obligation is held by the State. Therefore, those changes to AASB119 will have no impact on the HHS.

(ad) New and revised accounting standards continued

AASB 1053 *Application of Tiers of Australian Accounting Standards* became effective for reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two Tiers of reporting requirements - Australian Accounting Standards (commonly referred to as 'Tier 1'), and Australian Accounting Standards - Reduced Disclosure Requirements (commonly referred to as 'Tier 2'). Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between the Tier 1 and Tier 2 requirements is that Tier 2 requires fewer disclosures than Tier 1.

Pursuant to AASB 1053, public sector entities like MHHS may adopt Tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledges the power of a regulator to require application of the Tier 1 requirements. In the case of MHHS, Queensland Treasury and Trade is the regulator. Queensland Treasury and Trade has advised that it is its policy decision to require adoption of Tier 1 reporting by all Queensland government departments and statutory bodies (including MHHS) that are consolidated into the whole-of-Government financial statements. Therefore, the release of AASB 1053 and associated amending standards has had no impact on MHHS.

Mackay Hospital and Health Service is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from Queensland Treasury and Trade. Consequently, the MHHS has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. MHHS applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, the following new or amended Australian Accounting Standards are expected to impact on the Mackay Hospital and Health Service in future periods. The potential effect of the revised Standards and Interpretations on the Hospital and Health Service's financial statements is not expected to be significant but a full review has not yet been completed.

Standards effective for annual periods beginning on or after 1 July 2014:

- AASB 1055 *Budgetary Reporting* applies to reporting periods beginning on or after 1 July 2014. MHHS will need to include in its 2014-15 financial statements the original budgeted figures from the Income Statement, Balance Sheet, Statement of Changes in Equity, and Cash Flow Statement as published in the 2014-15 Queensland Government's Service Delivery Statements. The budgeted figures will need to be presented consistently with the corresponding (actual) financial statements, and will be accompanied by explanations of major variances between the actual amounts and the corresponding original budgeted figures.

The following new and revised standards apply as from reporting periods beginning on or after 1 January 2014:

- *AASB 10 Consolidated Financial Statements;*
- *AASB 11 Joint Arrangements;*
- *AASB 12 Disclosure of Interests in Other Entities;*
- *AASB 127 (revised) Separate Financial Statements;*
- *AASB 128 (revised) Investments in Associates and Joint Ventures;*
- *AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 1023 & 1038 and Interpretations 5, 9, 16 & 17];* and
- *AASB 2013-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for* Not-for-Profit Entities - Control and Structured Entities.

AASB 10 redefines and clarifies the concept of control of another entity, and is the basis for determining which entities should be consolidated into an entity's financial statements. AASB 2013-8 applies the various principles in AASB 10 for determining whether a not-for-profit entity controls another entity. On the basis on those accounting standards, MHHS has reviewed the nature of its relationships with entities that the HHS is connected with to determine the impact of AASB 2013-8. Currently MHHS does not have control over any other entities.

2. Significant accounting policies continued

(ad) New and revised accounting standards *continued*

AASB 11 deals with the concept of joint control and sets out new principles for determining the type of joint arrangement that exist, which in turn dictates the accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement. MHHS has assessed its arrangements with other entities to determine whether a joint arrangement exists in terms of AASB 11. Based on present arrangements, no joint arrangements exist. However, if a joint arrangement does arise in the future, MHHS will need to follow the relevant accounting treatment specified in either AASB 11 or the revised AASB 128, depending on the nature of the joint arrangement.

AASB 9 *Financial Instruments* and AASB 2010-7 *Amendments to Australian Accounting Standards* arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12,19 & 127] will become effective for reporting periods beginning on or after 1 January 2017.

The main impacts of these standards on MHHS are that they will change the requirements for the classification, measurement and disclosures associated with MHHS's financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. The only financial asset currently disclosed at amortised cost is receivables and as they are short term in nature, the carrying amount is expected to be a reasonable approximation of fair value so the impact of this standard is minimal. For financial liabilities which are designated as at fair value through profit or loss, the amount of change in fair value that is attributable to changes in the liability's credit risk will be recognised in other comprehensive income.

All other Australian accounting standards and interpretations with new or future commencement dates are either not applicable to MHHS's activities, or have no material impact on the MHHS.

(ae) Voluntary change in accounting policy

MHHS has made a voluntary change in accounting policy for the recognition of funding provided by the Department of Health under a service agreement between the Department and Mackay HHS.The service agreement specifies those public health services purchased by the Department from Mackay HHS.

In 2012-13 the Department of Health provided this funding as grant payments but for 2013-14 has determined that the payment is not of a grants nature but rather is procurement of public health services. Specific public health services are received by the Department under a service agreement and the Department has determined that it receives approximately equal value for the payment provided, and directly receives an intended benefit.

To align with this basis of funding provided by the Department of Health under a service agreement, Mackay HHS now recognises the 2013-14 funding of $ 282 million as User Charges and Fees revenue for 2013-14 rather than as grants revenue which occurred in 2012-13. The main effect is that the revenue is now recognised under the criteria detailed in AASB 118 *Revenue* for 2013-14, rather than AASB 1004 *Contributions* in 2012-13. The revenue criteria is described in Note 2 (e) Funding Public Health Services and Note 2 (f) Grants and Other Contributions.

This change in accounting policy has been applied retrospectively with the effect that grants and other contributions revenue for 2012-13 has reduced by $271 million and funding public health services has increased by the same amount.

A review of the balance of funding revenue (3%) currently classified as Grants and Other Contributions will be undertaken in 2014-15. see Note: 4 and 5.

(af) Other events

Payroll system

Whilst employees are currently paid under a service arrangement using the Department of Health's payroll system, the responsibility for the efficiency and effectiveness of this system remains with the department.

(ag) Subsequent events

Transfer of prescribed employer functions
As established under the Hospital and Health Boards Act 2011 (Act), the Department of Health is currently the employer of all health service employees (except for chief executives and health executive service employees) and recovers all employee expenses and associated on-costs from the Hospital and Health Service(HHS).

Although the Act allows a HHS to be the employer of health service employees, for this to occur the Minister for Health required HHSs to demonstrate their capacity and capability to be the prescribed employer of health service employees, with the HHS holding all authorities and accountabilities for HR functions. HHSs developed a prescribed employer assessment frameworkto demonstrate their capacity and capability.

On 23 June 2014, the Minister for Health announced that the employment of existing and future staff would become the responsibility of each HHS and that existing employment conditions,including pay arrangements, would remain unchanged.The Department of Health will remain responsible for setting state-wide terms and conditions of employment, including remuneration and classification structures and for negotiating enterprise agreements.

The approxmate date for the Mackay HHS to be a prescibed employer is 1 July 2015. There is no material impact for the financial statements as health employee costs are currently recognised by the HHS.

Senior Medical Officer and Visiting Medical Officer Contracts
Effective 4 August 2014, Senior Medical Officers and Visiting Medical Officers will transition to individual employment contracts. Individual contracts mean senior doctors will have a direct employment relationship with their HHS and employment terms and conditions tailored to individual or medical specialty circumstances (within a consistent state-wide framework).

As a direct employment relationship will be established between contracted medical officers and their HHS, employee-related costs for contracted Senior Medical Officers and Visiting Medical Officers will be recognised by the employing HHS (not the Department of Health) from the date the contracts are effective. Non-contracted Senior Medical Officers and Visiting Medical Officers will remain employed under current award arrangements and will continue to be employed by the Department of Health until the HHS atains prescribed employer status.

Transfer of legal ownership of health service land and buildings to HHSs
The control of health services land and buildings transferred to each Hospital and Health Service (HHS) at no cost to the HHS through deed of lease arrangements when HHSs were established on 1 July 2012. The Department of Health retained legal ownership of the health services land and buildings, however the intention was for legal title of the assets to eventually transfer to each HHS.

Due to effective control of the assets transferring to HHSs, these assets are recognised within the financial statements. On 23 June 2014, the Minister for Health announced that the Queensland Government had approved the transfer of legal ownership of health services land and buildings to HHSs in a staged process over the next 12 months.

The transfer of legal ownership of land and buildings to Mackay HHS will approximately occur sometime in the 2014-15 year financial year. There is no material impact for the financial statements as these assets are already controlled and recognised by and recognised by the HHS.

Transfer of general purpose housing to the Department of Housing and Public Works
As part of a whole-of-Government initiative, management of all employee housing assets transitioned to the Department of Housing and Public Works (DHPW) on 1 January 2014. Legal ownership of housing assets was transferred to the DHPW on 1 July 2014.

At 30 June 2014, MHHS held housing assets with a total net book value of $1.06 million under a Deed of Lease arrangement with the Department of Health. Effective 1 July 2014, the Deed of Lease arrangement in respect of these assets will cease, and the assets will be transferred for no consideration to the Department of Health at their net book value, prior to there transfer to DHPW.

As this transfer will be designated as a Transaction with Owners, the transfer will be undertaken through Mackay HHS's Equity account during 2014-15. Therefore, this transaction will have no impact on the Statement of Comprensive Income in the 2014-15 Financial Year.

3. User charges

	2014 $'000	2013 $'000
Pharmaceutical Benefit Scheme	6,675	3,150
Sales of goods and services	1,045	973
Hospital fees	14,976	14,024
	22,697	**18,147**

4. Funding public health services

	2014 $'000	2013 $'000
National Health Reform*		
Activity based funding	196,229	157,281
Block funding	36,144	69,049
Teacher Training funding	1,835	7,162
General purpose funding	48,013	37,086
Total National Health Reform funding	**282,221**	**270,577**

* - refer Note 2 (e). The Australian Government pays it share of National Health funding directly to the Department of Health, for on forwarding to the Hospital and Health Service.

5. Grants and other contributions

	2014 $'000	2013 $'000
Australian Government grants		
Home and community care grants*	3,448	3,507
Specific purpose payments ^	4,963	4,901
Total Australian Government grants	8,411	8,408
Other		
Other grants	1,332	201
	9,742	**8,609**

*As an approved provider of aged care services, MHHS received funding from the Australian Government under the *Aged Care Act 1997.* This funding is dependent on the number of approved places and clients,with subsidies determined in accordance with Aged Care Funding Instruments (ACFI) administered by Medicare.

^MHHS received subsidies for a number of rural community multipurpose health centres under a jointly funded program between the State and Commonwealth Government's.The Commonwealth Government's contribution is paid in the form of a flexible care subsidy as determined under section 52-1 of the *Aged Care Act 1997* and is paid in accordance with the *Flexible Care Subsidy Principles 1997.*

6. Other revenue

	2014 $'000	2013 $'000
Sale proceeds for assets	40	13
Licences and registration charges	25	23
Revaluation Increment*	10,872	-
Recoveries	5,560	7,362
Interest	58	63
Other	52	147
	16,607	**7,607**

*The asset revaluation increment aggregating $10.87 million recorded, reflects the reversal of the revaluation decrements for the buildings recognise in 30 June 2013. The accounting treatment is in accordance with *AASB 116* in relation to revaluation increments for a class of assets which requires that the net revaluations increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the net revaluations increase shall be recognised in profit or loss to the extent that it reverses a net revaluation decrease of the same class of assets previously recognised in profit or loss.

7. Employee expenses

	2014 $'000	2013 $'000
Employee benefits		
Wages and Salaries	1,384	606
Annual leave levy*	149	26
Employer superannuation contributions*	141	65
Long service leave levy*	22	7
Employee related expenses		
Workers compensation premium	4	-
Payroll tax	28	27
Other employee related expense	5	-
*	**1,733**	**731**

Employee expenses represent the cost of engaging board members and the employment of Health Executives who are employed directly by the HHS.

The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis (reflecting Minimum Obligatory Human Resource Information (MOHRI)) is:

	2014	2013
Number of Employees*	**5**	**5**

* Refer to Note 2(v).

Note: That in 2012-13 financial year, 4 of the 5 employees of MHHS had their Wages and Salaries etc, recognised against the Health service employee expenses, this has since been changed to Employee related expenses in 2013-14.

Key executive management and personnel are reported in Note 31.

8. Health service employee expenses

	2014 $'000	2013 $'000
Department of Health - health service employees	**196,115**	**188,817**

The Hospital and Health Service through service arrangements with the Department of Health has engaged 1,753 full-time equivalent persons. Refer to Note 2 (v) (i) for further details on the contractual arrangements.

9. Supplies and services

	2014	2013
Consultants and contractors	5,178	5,939
Electricity and other energy	4,328	3,900
Patient travel#	9,541	8,504
Other travel	648	504
Building services	1,513	1,486
Computer services	1,350	998
Motor vehicles	248	234
Communications	1,936	1,820
Repairs and maintenance	6,776	3,085
Minor works including plant and equipment	790	1,106
Operating lease rentals	2,083	1,832
Inventories consumed		
Drugs	16,320	13,675
Clinical supplies and services	14,092	12,760
Catering and domestic supplies	1,776	1,618
Pathology, blood and parts	8,308	7,728
Other	2,483	5,588
	77,370	**70,776**

Includes payments for aeromedical services provided by Royal Flying Doctors and ambulance fees.

10. Grants and subsidies

	2014	2013
Public Health	-	4
Mental Health	-	10
	-	**14**

11. Depreciation and amortisation

		2014 $'000	2013 $'000
Depreciation and amortisation expenses for the financial year were charged in respect of:			
Buildings and land improvements		11,008	10,295
Plant and equipment		4,201	3,709
	*	**15,208**	**14,004**

* Refer Note 19

12. Impairment losses

	2014 $'000	2013 $'000
Impairment losses on inventories	159	141
Impairment losses on trade receivables*	213	275
	372	**416**

* Refer Note 16.

13. Revaluation decrement

	2014 $'000	2013 $'000
Revaluation decrement	-	10,872
	-	**10,872**

The decrement, not being a reversal of a previous revaluation increment in respect of the same class of assets, has been recognised as an expense in the Statement of Comprehensive Income.

14. Other expenses

	2014 $'000	2013 $'000
External audit fees*	166	162
Bank fees	7	8
Insurance**	3,782	3,641
Insurance premiums - Other	158	33
Losses from the disposal of non-current assets	219	126
Special payments - ex-gratia payments		
Ex-gratia payments	14	15
Other legal costs	9	21
Advertising	59	19
Interpreter fees	16	18
Other	302	50
	4,732	**4,093**

*Total audit fees paid to the Queensland Audit Office relating to the 2013-14 financial year are estimated to be $166 thousand (2013: $162 thousand) including out of pocket expenses. There are no non-audit services included in this amount.

** Includes payments to Department of Health representing share of the departments QGIF premium. Certain losses of public property and health litigation costs are insured with the Queensland Government Insurance Fund refer Note 2 (x). Upon notification by QGIF of the acceptance of claims, revenue is recognised for the agreed settlement amount.

15. Cash and cash equivalents

	2014 $'000	2013 $'000
Imprest accounts	7	7
Cash at bank*	64,822	36,695
QTC cash funds*	1,244	1,203
	66,073	**37,906**

MHHS's operating bank accounts are grouped as part of a Whole-of-Government (WoG) banking arrangement with Queensland Treasury Corporation, and does not earn interest on surplus funds nor is it charged interest or fees for accessing its approved cash debit facility. Any interest earned on the WoG fund accrues to the Consolidated Fund.

General trust bank and term deposits do not form part of the WoG banking arrangement and incur fees as well as earn interest. Cash deposited with Queensland Treasury Corporation earns interest, calculated on a daily basis reflecting market movements in cash funds. Rates achieved throughout the year range between 3.2% to 4.1% (2013: 3.5% to 5%).

*MHHS receives cash contributions primarily from private practice clinicians and external entities to provide for education, study and research in clinical areas. Contributions are also received from benefactors in the form of gifts, donations and bequests for stipulated purposes. At 30 June 2014, amounts of $1.7 million (2013:$1.33 million) in General Trust, $847 thousand (2013:$609 thousand) for excess earnings under Right of Private Practice option B, were set aside for the specified purposes underlying the contribution.

16. Receivables

	2014 $'000	2013 $'000
Trade debtors	4,805	3,366
Payroll receivables	1	-
Less: Allowance for impairment	(319)	(317)
Sub total	4,487	3,048
GST receivable	462	301
GST payable	(72)	(45)
Sub total	390	256
Funding public health services	682	-
Total	**5,558**	**3,305**

Movements in the allowance for impairment loss

	2014 $'000	2013 $'000
Balance at beginning of the year	317	-
Balance transferred in on establishment of HHS	-	166
Amounts written off during the year	(211)	(124)
Increase/(decrease) in allowance recognised in operating result	213	275
Balance at the end of the year	**319**	**317**

Trade debtors includes receivables of $1.6 million (2013: $1.5 million) from health funds (reimbursement of patient fees), $912 thousand (2013: $347 thousand) from Department of Health (recovery of costs) and $105 thousand (2013: $139 thousand) External debtors/health funds

17. Inventories

	2014 $'000	2013 $'000
Inventories held for distribution - at cost		
Medical supplies and equipment	1,578	1,631
Catering and domestic	67	61
	1,645	**1,692**

18. Other

	2014 $'000	2013 $'000
Prepayments	349	540
	349	**540**

19. Property, plant and equipment

	2014 $'000	2013 $'000
Land*		
At fair value	18,926	20,385
Buildings*		
At fair value	378,001	344,017
Less: Accumulated depreciation	(61,376)	(60,427)
	316,625	283,591
Plant and equipment		
At cost	44,729	38,235
Less: Accumulated depreciation	(20,633)	(17,680)
	24,096	20,555
Capital works in progress		
At cost	512	1,383
Total property, plant and equipment	**360,159**	**325,914**

* Refer Note 2 (p).

Land

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

In financial year of 2013-14 MHHS engaged the services of the State Valuation Service (SVS) to undertake a provision of indices to result in a valid estimation of the asset's fair value at reporting date, taking into account the most recent valuations.

In 2011, the Department of Health engaged SVS to comprehensively revalue land holdings.
Indices provided by SVS have been subsequently applied each year to approximate market movement and are based on actual market movements for each local government area issued by the Valuer-General.

The fair value of land was based on publicly available data on sales of similar land in nearby localities in the six months prior to the date of the revaluation. In determining the values, adjustments were made to the sales data to take into account the location of MHHS's land, its size, street/road frontage and access, and any significant restrictions. The extent of the adjustments made varies in significance for each parcel of land - refer to the reconciliation table later in this note for information about the fair value classification of the HHS's land.

The revaluation program resulted in a decrement of $658 thousand (2013: $918 thousand increment) to the carrying amount of land.

19. **Property, plant and equipment** continued

Building

Reflecting the specialised nature of health service buildings and on hospital-site residential facilities, fair value is determined using depreciated replacement cost methodology, due to there not being an active market for such facilities. Depreciated replacement cost is determined as the replacement cost less the cost to bring an asset to current standards. Buildings are measured at fair value by applying either, a revised estimates of individual asset's depreciated replacement cost, or an interim index which approximates movement in price and design standards as at reporting date. These estimates are developed by independent quantity surveyors.

In determining the replacement cost of each building, the estimated replacement cost of the asset, or the likely cost of construction including fees and on costs if tendered on the valuation date is assessed. This is based on internal records of the original cost, adjusted for more contemporary design/construction approaches and current construction contracts. Assets are priced using Brisbane rates with published industry benchmark location indices applied. Revaluations are then compared and assessed against current construction contracts for reasonableness. The valuation assumes a replacement building will provide the same service function and form (shape and size) as the original building but built consistent with current building standards. Area estimates were compiled by measuring floor areas of Project Services e-plan room or drawings obtained from MHHS . Refurbishment costs were derived from specific projects and are therefore indicative of actual costs.

Significant judgement is also used to assess the remaining service potential of the facility, given local climatic and environmental conditions and records of the current condition of the facility.

The 'cost to bring to current standards' is the estimated cost of refurbishing the asset to bring it to current design standards and in an "as" new condition. This estimated cost is linked to the condition factor of the building assessed by the quantity surveyor. It is also representative of the deemed remaining useful life of the building. The condition of the building is based on visual inspection, asset condition data, guidance from asset managers and previous reports.

In assessing the condition of a building the following ratings (International Infrastructure Management Manual) were applied:

Category	Condition
1	Very good condition - only normal maintenance required. Generally newly constructed assets that have no backlog maintenance issues
2	Minor defects only - minor maintenance required or the asset is not built to the same standard as equivalent new assets (such as IT cabling, complying with new regulation's such as the Disability Discrimination Act). Refurbishment is approximately 5% of replacement cost.
3	Largely still in good operational state however maintenance required to return to acceptable level of service - Significant maintenance required up to 50% of capital replacement cost
4	Requires renewal - complete renewal of internal fitout and engineering services required (up to 70% of capital replace cost)
5	Asset unserviceable - complete asset replacement required. Asset's value is nil.

19. Property, plant and equipment continued

Valuations assume a nil residual value. Significant capital works, such as a refurbishment across multiple floors of a building, will result in an improved condition assessment and higher depreciated replacement values. This increase is typically less than the original capitalised cost of the refurbishment, resulting in a small write down. Presently all major refurbishments are funded by the Department of Health.

In 2014, MHHS engaged independent quantity surveyors, Davis Langdon Australia Pty Ltd (Davis Langdon) to comprehensively revalue all buildings exceeding a predetermined materiality threshold and calculate relevant indices for all other assets.

In determining the values reported in the accounts for the MHHS buildings we have relied on the information provided by the independent valuers and quantity surveyors.

The balance of assets (previously comprehensively revalued by the Department of Health) have had indices applied, approximating movement in market prices for labour and other key resource inputs, as well as changes in design standards as at reporting date. Refer Note 2 (p) & (q) for further details on the revaluation methodology applied.

Property, Plant and Equipment Reconciliation	Land $'000	Buildings $'000	Plant & equipment $'000	Work in progress $'000	Total $'000
Carrying amount at 1 July 2012	-	-	-	-	-
Acquisitions through restructuring (Note 2 h)	19,467	116,149	16,116	1,325	153,057
Acquisition major infrastructure transfers	-	188,169	1,195	(228)	189,136
Acquisitions	-	440	7,081	286	7,807
Disposals	-		(128)	-	(128)
Net revaluation increments/(decrements)	918	(10,872)	-	-	(9,954)
Depreciation charge	-	(10,295)	(3,709)	-	(14,004)
Carrying amount at 30 June 2013	**20,385**	**283,591**	**20,555**	**1,383**	**325,914**

Property, Plant and Equipment Reconciliation	Land $'000	Buildings $'000	Plant & equipment $'000	Work in progress $'000	Total $'000
Carrying amount at 1 July 2013	20,385	283,591	20,555	1,383	325,914
Acquisition major infrastructure transfers	-	10,399	-	-	10,399
Transfers in from other Queensland Government entities	-	-	734	-	734
Acquisitions	-	329	6,934	-	7,262
Donated assets	-	-	419	-	419
Disposals	-	-	(243)	-	(243)
Transfers out to other Queensland Government entities	(725)	(758)	(75)	-	(1,558)
Transfer between classes	(76)	975	(28)	(871)	(0)
Reversal Impairment losses recognised in operating surplus/(deficit)	-	31	-	-	31
Net revaluation increments/(decrements)	(658)		-	-	(658)
Revaluation increment in the op surplus		10,872			10,872
Other net revaluations recognised val reserve		22,195			22,195
Depreciation charge	-	(11,008)	(4,201)	-	(15,208)
Carrying amount at 30 June 2014	**18,926**	**316,625**	**24,096**	**512**	**360,159**

* Revaluation decrements and revaluation increments are shown as separate line items in the Statement of Comprehensive Income, or notes there to.

Level 3 significant valuation inputs and relationship to fair value

The fair value of health service site buildings is computed by quantity surveyors, Davis Langdon.The methodolgy is known as the Depreciated Replacement Cost valuation technique.The following table highlights the key unobservable (Level 3) inputs assessed during the valuation process and the relationship to the estimated fair value.

Description	Significant unobservable inputs	Unobservable inputs quantitive measures Ranges used in valuations	
Buildings- health service sites (fair value $201M)	Replacement cost estimates	Hospitals $235,000 to $104,540,000 Other buildings $75,000 to $3,035,000	Replacement cost 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 estimate	6 years to 32 years	The remaining useful lives are based on industry benchmarks. An increase or decrease in the estimated remaining useful lives would have no impact on the fair value of the assets. However, such changes would impact on the depreciation.
	Cost to bring to current standards	Hospitals $ 75,000 to $ 6,030,000 Other buildings $ 8,000 to $ 1,080,000	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 to 5	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.

For further information on Condition Ratings refer to Note 2 Significant Accounting Policies (p) Property,plant and equipment. See Note:2 (p) and (q).

The condition 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.

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

All land (18.9 m) is categorised as Level 2 in the fair value hierarchy as the indices applied are based on publicly available market information .

All buildings (and land improvements) have historically been valued using depreciated replacement cost methodology given the specialised nature of health service buildings and on hospital-site residential facilities. These facilities are considered to already be used at highest and best use, taking into consideration the tests of physically possible, financially feasible and legally permissible.

20. Payables

	2014 *$'000*	*2013* *$'000*
Trade creditors	9,260	5,924
Accrued health service labour - Department of Health*	12,098	9,456
Other	9	10
	21,368	**15,391**

* Refer Note 2 (v) (ii)

21. Accrued employee benefits

	2014	2013
Salaries and wages accrued	17	32
Other employee entitlements payable	7	4
	25	**37**

22. Unearned revenue

	2014	2013
Revenue received in advance	58	-
	58	-

23. Asset revaluation surplus by class

	2014	2013
Land		
Balance at the beginning of the financial year	918	-
Revaluation increment/(decrement)	(658)	918
Impairment gain through equity	-	-
Balance at the end of the financial year	260	918
Buildings		
Balance at the beginning of the financial year	-	-
Revaluation increment/(decrement)	22,195	-
Balance at the end of the financial year	22,195	-
Total	**22,455**	**-**

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

24. Cash flows

Reconciliation of operating result to net cash flows from operating activities

Operating Result	35,737	15,217
Non-cash movements :		
Depreciation and amortisation	15,208	14,004
Depreciation grant funding	(15,202)	(14,043)
Revaluation decrement	(10,872)	10,872
Net (gain)/loss on disposal/revaluation of non-current assets	210	117
Reveral impairment loss on plant and equipment	(31)	
Impairment losses	372	416
Donated assets	(419)	-
Change in assets and liabilities after adjustment for transfers in form restructure*:		
(Increase)/decrease in receivables	(1,651)	1,812
(Increase)/decrease in funding receivables	(682)	-
(Increase)/decrease in GST receivables	(161)	(301)
(Increase)/decrease in inventories	(111)	(145)
(Increase)/decrease in prepayments	192	(189)
Increase/(decrease) in accounts payable	3,333	2,523
Increase/(decrease) in accrued contract labour	2,642	5,681
Increase/(decrease) in unearned revenue	58	-
Increase/(decrease) in accrued employee benefits	(12)	37
Increase/(decrease) in GST payable	27	45
Total non-cash movements	(7,100)	20,828
Cash flows from operating activities	**28,638**	**36,046**

* Refer Note 2 (g).

25. Non-cash financing and investing activities

Assets and liabilities received or transferred by the Hospital and Health Service are set out in the Statement of Changes in Equity and Note 2 (h).

26. Expenditure commitments

(a) Non-cancellable operating leases

Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:

	2014 $'000	*2013 $'000*
Not later than one year	249	363
Later than one year and not later than five years	287	484
Total	**536**	**847**

MHHS has non-cancellable operating leases relating predominantly to office and residential accommodation. 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.

(b) Capital expenditure commitments

Material classes of capital expenditure commitments inclusive of anticipated GST, contracted for at reporting date but not recognised in the accounts are payable as follows:

	2014 $'000 Plant and Equipment	*2013* $'000 Plant and Equipment
Not later than 1 year	592	324
	592	**324**

27. Contingent assets and liabilities

(a) Litigation in progress

As at 30 June 2014, the following cases were filed in the courts naming the State of Queensland acting through the Mackay Hospital and Health Service as defendant:

	2014	2013
	Number of cases	Number of
Supreme Court	0	0
Magistrates Court	0	0
Tribunals, commissions and boards	2	6
	2	6

Health litigation is underwritten by the Queensland Government Insurance Fund (QGIF). MHHS's liability in this area is limited to an excess per insurance event of $20,000 - refer Note 2(x). As at 30 June 2014, MHHS has 9 claims currently managed by QGIF, some of which may never be litigated or result in payments to claims (excluding initial notices under Personal Injuries Proceedings Act). Tribunals, commissions and board figures represent the matters that have been referred to QGIF for management. Mackay HHS's legal advisers and management believe it would be misleading to estimate the final amounts payable (if any) in respect of the litigation before the courts at this time.

b) Native Title

As at 30 June 2014, the Mackay Hospital and Health Services does not have legal title to properties under its control, refer Note 2 (o). The Department of Health remains the legal owner of health service properties. Currently none of these properties are subject to a Deed of Grant in Trust (land is held by traditional owners).

28. Right of private practice

Under the right of private practice scheme, Senior Medical Officers (SMOs) employed in the public health system are permitted to treat individuals who elect to be treated as private patients. In order to do so, the SMOs receive a private practice allowance and in return assign any private practice revenue to the Hospital (Option A). A variation of this model allows the SMOs to pay a facility charge and administration fee to the Hospital and to retain a proportion of the private practice revenue (Option B). The remaining revenue is deposited into a trust account to fund research and education of all staff. Receipts and payments relating to right of private practice (Option A & B) during the financial year were as follows:

	2014	*2013*
	$'000	$'000
Opening Private Practice Balance	609	609
Receipts		
Option A Receipts	4,824	-
Option B Receipts	2,541	1,249
Interest	11	-
	7,376	1,249
Payments		
Payments to Doctors	55	1,249
Transfer to Revenue -Opt A receipts, facility & admin fee	6,933	-
Transfer to Trust - Excess and interest	327	-
Bank Transaction Fees	-	-
	7,315	1,249
Closing Private Practice Bank Balance	670	609

29. Fiduciary trust transactions and balances

MHHS 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. The activities of trust accounts are audited by the Queensland Audit Office (QAO) on an annual basis.

	2014	*2013*
Patient Trust receipts and payments	$'000	$'000
Receipts		
Patient trust receipts	7	11
Total receipts	7	11
Payments		
Patient trust related payments	10	25
Total payments	10	25
Increase/ in net patient trust assets	(3)	(14)
Patient trust assets opening balance 1 July 2013	3	17
	-	**3**
Patient trust assets		
Current assets		
Cash at bank and on hand	-	2
Patient trust and refundable deposits	-	1
Total current assets	**-**	**3**

30. Financial Instruments

(a) Categorisation of financial instruments

MHHS has the following categories of financial assets and financial liabilities:

Category	***Note***	***2014***	***2013***
		$'000	***$'000***
Financial assets			
Cash and cash equivalents	15.	66,073	37,906
Receivables	16.	5,558	3,305
Total		**71,631**	**41,210**
Financial liabilities			
Financial liabilities measured at amortised cost:			
Payables	20.	21,368	15,391
Total		**21,368**	**15,391**

30. Financial Instruments continued

(b) Financial risk management

MHHS's activities expose it to a variety of financial risks - credit risk, liquidity risk and market risk. Financial risk management is implemented pursuant to Government and MHHS's policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of MHHS.

MHHS measures risk exposure using a variety of methods as follows:

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

(c) Credit risk exposure

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 represents the maximum exposure to credit risk. As such, receivables are not included in the disclosure below. Refer Note 13 for further information.

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

Maximum exposure to credit risk	***Note***	***2014 $'000***	***2013 $'000***
Trade and other Receivables	16	5,558	3,305

No collateral is held as security and no credit enhancements relate to financial assets held by MHHS.

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

MHHS manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that the MHHS invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

Through out the year, MHHS 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 120 days. The allowance for impairment reflects MHHS's assessment of the credit risk associated with receivables balances and is determined based on historical rates of bad debts (by category) over the past three years and management judgement.

The allowance for impairment reflects the occurrence of loss events. If no loss events have arisen in respect of a particular debtor, or group of debtors, no allowance for impairment is made in respect of that debt/group of debtors. If MHHS determines that an amount owing by such a debtor does become uncollectible (after appropriate range of debt recovery actions), that amount is recognised as a bad debt expense and written-off directly against receivables. In other cases where a debt becomes uncollectible but the uncollectible amounts exceeds the amount already allowed for impairment of that debt, the excess is recognised directly as a bad debt expense and written-off directly against receivables.

Impairment loss expense for the current year regarding receivables is $213 thousand (2013: $275 thousand).

30. **Financial Instruments** continued

Ageing of past due but not impaired as well as impaired financial assets are disclosed in the following tables:

Financial assets past due but not impaired 2014

	Not overdue $'000	Overdue $'000				
		Less than 30 days	*30-60 days*	*61-90 days*	*More than 90 days*	*Total*
Receivables	789	3,431	817	129	392	5,558
Total	**789**	**3,431**	**817**	**129**	**392**	**5,558**

Financial assets past due but not impaired 2013

	Not overdue $'000	Overdue $'000				
		Less than 30 days	*30-60 days*	*61-90 days*	*More than 90 days*	*Total*
Receivables	102	2,196	487	146	374	3,305
Total	**102**	**2,196**	**487**	**146**	**374**	**3,305**

** Mackay HHS does not individually impair receivables. Refer Note 2 (k)*

(d) Liquidity risk

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

MHHS is exposed to liquidity risk through its trading in the normal course of business and aims to reduce the exposure to liquidity risk by ensuring that sufficient funds are available to meet employee and supplier obligations at all times. An approved debt facility of $3.0 million under Whole-of-Government banking arrangements to manage any short term cash shortfalls has been established. No funds had been withdrawn against this debt facility as at 30 June 2014.

All financial liabilities are current in nature and will be due and payable within twelve months. As such no

30. **Financial Instruments** continued

(e) 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.

MHHS does not trade in foreign currency and is not materially exposed to commodity price changes.

MHHS has interest rate exposure on the 24 hour call deposits, however there is no significant market risk on its cash deposits. The HHS does not undertake any hedging in relation to interest rate risk.

(f) Interest rate sensitivity analysis

Changes in interest rate have a minimal effect on the operating result of MHHS. This is demonstrated in the interest rate sensitivity analysis below:

		2014 Interest rate risk			
	Carrying	*-1%*		*1%*	
Financial instrument	*amount*	*Profit*	*Equity*	*Profit*	*Equity*
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Cash and cash equivalents	1,244	(12)	-	12	-
Potential impact		*(12)*	-	*12* -	-

		2013 Interest rate risk			
	Carrying	*-1%*		*1%*	
Financial instrument	*amount*	*Profit*	*Equity*	*Profit*	*Equity*
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Cash and cash equivalents	1,203	(12)	-	12	-
Potential impact		*(12)*	-	*12*	-

With all other variables held constant, MHHS would have a surplus and equity increase/(decrease) of $12 thousand (2013: $12 thousand).

(g) Fair value

MHHS does not recognise any financial assets or liabilities at fair value. The fair value of trade receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

31. Key executive management personnel and remuneration

(a) Key executive management personnel

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of MHHS during 2013-14. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities	*Current Incumbents*	
		Contract classification and appointment authority	*Date appointed to position (date resigned from position)*
Health Service Chief Executive - Mr.Kerry McGovern	Responsible for the overall leadership and management of the Mackay Hospital and Health Service to ensure that MHHS meets its strategic and operational objectives. This position is the single point of accountability for ensuring patient safety through the effective executive leadership and management of all hospital and health services. This position is accountable to the Hospital and Health Board for ensuring that the HHS achieves a balance between efficient service delivery and high quality health outcomes.	*s24 & s70 Appointed by Board under Hospital and Health Board Act 2011 (Section 7 (3)).*	1 July 2013 to 30 June 2014.
A/Health Service Chief Executive - Ms.Danielle Hornsby			23 May 2014.
Chief Operations Officer-Ms.Rhonda Morton	Responsible the the Chief Executive for the strategic and operational management of the service divisions within Mackay, and corporate services functions of the MHHS.	HES 2 Appointed by Chief Executive	1 July 2013.
Chief Finance Officer - Mr Mark Cawthorne	Responsible to the Chief Exectuive to ensure the financial and fiscal responsibilities of the HHS are met. Provides governance arrangements to meet financial performance targets and imperatives. Provides strategic and financial advice in all aspects of finance management and activity performance.	HES 2 Appointed by Chief Executive	1 July 2013.
Executive Director Clinical Services -Dr David Farlow	Responsible to the Chief Executive for clinical governance and leadership and direction of clinical services across the HHS. Provides executive leadership, strategic focus, authorative counsel and expert advice on a wide range of professionaland policy issues that meet safe clinical practice standards.	MMOI1-MMOI2 Appointed by Chief Executive	17 September 2009.
District Director Nursing Services - Ms Julie Rampton	Responsible to the Chief Executive for strategic and professional leadership of nursing workforce across MHHS.	NRG11 Appointed by Chief Executive	30 May 2011.
Executive Director Allied Health-Ms Danielle Hornsby	Responsible to the Chief Executive for strategic and professional leadership of the health practiioner workforce across MHHS. Responsible for operational management of Clinical Support Functions across MHHS.	DHSEA-HP	1 July 2012 to 26 May 2014.
A/Executive Director Allied Health-Ms Clare Badenhorst			26 May 2014.
Executive Director Rural Services - MsTerry Johnson	Responsible to the Chief Executive for the leadership and operational management of the rural facilitites within the MHHS.	HES 2 Appointed by Chief Executive	1 July 2013.
Executive Director, People and Culture - Ms Raelene Burke	Responsible to the Chief Executive for the management of people and cultural issues within the MHHS. Provides strategic development and strategies to acheive maximum employee engagement, safety and productivity and to ensure the HHS's capacity to attract and retain the skilled resources required.	HES 2 Appointed by Chief Executive	1 July 2013 to 25 October 2013.
Executive Director, People and Culture - Ms Leila Barrett			21 Oct 2013.

31. Key executive management personnel and remuneration continued

(b) Remuneration

Section 74 of the *Hospital and Health Board Act 2011* provides the contract of employment for health executive staff must state the term of employment, the person's functions and any performance criteria as well as the person's classification level and remuneration package. Section 76 of the Act provides the Chief Executive authority to fix the remuneration packages for health executives, classification levels and terms and conditions having regard to remuneration packages for public sector employees in Queensland or other States and remuneration arrangements for employees employed privately in Queensland.

Remuneration policy for the Service's key executive management personnel is set by direct engagement common law employment contracts. The remuneration and other terms of employment for the key executive management personnel are also addressed by these common law employment contracts. The contracts provide for other benefits including motor vehicles and expense payments such as rental or loan repayments.

Remuneration packages for key executive management personnel comprise 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 and expense payments 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.
- Performance bonuses are not paid under the contracts in place.

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.

31. **Key executive management personnel and remuneration** continued.

1 July 2012 - 30 June 2013

Name and Position	*Short Term Employee Benefits*		*Long Term Employee Benefits*	*Post Employment Benefits*	*Termination Benefits*	*Total Remuneration*
	Base $'000	*Non-Monetary Benefits $'000*	*$'000*	*$'000*	*$'000*	*$'000*
Health Service Chief Executive - Mr Kerry McGovern	242	3	5	27	-	277
Chief Operations Officer - Ms Rhonda Morton	150	1	3	16	-	170
Chief Finance Officer - Mr Mark Cawthorne	23	-	-	2	-	25
Executive District Director of Clinical Services - Dr David Farlow	437	5	4	33	-	479
District Director, Nursing - Ms Julie Rampton	126	17	3	17	-	163
Executive Director Rural Services - Ms Terry Johnson	17	1	-	2	-	20
Executive Director, People and Culture - Ms Raelene Burke	138	11	3	14	-	166
Director Allied Health MK - Ms Danielle Hornsby	122	-	3	16	-	141
Executive Director Rural Services - Mr Hamish Jeffery	79	-	-	8	23	103
Chief Finance Officer - Mr Ken Bissett	110	10	3	14	264	401

31. **Key executive management personnel and remuneration** continued.

(b) Remuneration continued.

1 July 2013 - 30 June 2014

Position (date resigned if applicable)	*Short Term Employee Benefits*		*Long Term Employee Benefits*	*Post Emp. Benefits*	*Termination Benefits*	*Total Remuneration*
	Base $'000	*Non-Monetary Benefits $'000*	*$'000*	*$'000*	*$'000*	*$'000*
Health Service Chief Executive - Mr.Kerry McGovern	300	18	6	32		356
A/Health Service Chief Executive - Ms.Danielle Hornsby	21	0	0	3		24
Chief Operations Officer-Ms.Rhonda Morton	148	0	4	19	-	171
Chief Finance Officer - Mr Mark Cawthorne	163	17	4	19		203
Executive Director Clinical Services -Dr David Farlow	454	19	5	41		519
District Director Nursing Services - Ms Julie Rampton	163	17	4	18		202
Executive Director Allied Health-Ms Danielle Hornsby	126		3	17		146
A/Executive Director Allied Health-Ms Clare Badenhorst	17	2	0	2		21
Executive Director Rural Services - MsTerry Johnson	142	13	4	18		177
Executive Director, People and Culture - Ms Raelene Burke	73	13	-7	5	2	86
Executive Director, People and Culture - Ms Leila Barrett	114		3	10		127

31. Key executive management personnel and remuneration continued

(c) Board remuneration

The Mackay Hospital and Health Service is independently and locally controlled by the Hospital and Health Board (Board). The Board appoints the health service chief executive and exercises significant responsibilities at a local level, including controlling (a) the financial management of the Service and the management of the Service's land and buildings (section 7 Hospital and Health Board Act 2011).

Board member	Position	Date of appointment	Resignation
Mr. Colin Meng	Chairperson	29 May 2012	
Mr.Darryl Camilleri	Deputy Chair Board member	29 June 2012	
Mr.David Aprile	Board member	29 June 2012	
Mr.Tom McMillian	Board member	29 June 2012	
Professor Richard Murray	Board member	29 June 2012	
Dr.Judith(Helen) Archibald	Board member	10 September 2012	
Dr.Ysanne Chapman	Board member	10 September 2012	30 June 2013
Ms Laura Veal	Board member	10 September 2012	
Mr. John Nugent	Board member	23 August 2013	

Remuneration paid or owing to board members during 2013-14 was as follows:

Board Member	*Short Term Employee Benefits*		*Post Emp. Benefits*	*Total Remuneration*
	Base $'000	*Non-Monetary Benefits $'000*	*$'000*	*$'000*
Mr. Colin Meng	66			66
Mr.Darryl Camilleri	34			34
Mr.David Aprile	33			33
Mr.Tom McMillian	33			33
Professor Richard Murray	33		3	36
Dr.Judith(Helen) Archibald	33		3	36
MS Laura Veal	35		3	38
Mr. John Nugent	28		2	30

*Board members who are employed by either the HHS or the Department of Health are not paid board fees.

Remuneration paid or owing to board members during 2012-13 was as follows:

Board Member	*Short Term Employee Benefits*		*Post Emp. Benefits*	*Total Remuneration*
	Base $'000	*Non-Monetary Benefits*	*$'000*	*$'000*
Mr. Colin Meng	70			70
Mr.Darryl Camilleri	31			31
Mr.David Aprile	31			31
Mr.Tom McMillian	31			31
Professor Richard Murray	30		3	33
Dr.Judith(Helen) Archibald	25		2	27
Ms.Laura Veal	36		2	38
Dr.Ysanne Chapman	25		2	27

*Board members who are employed by either the HHS or the Department of Health are not paid board fees.

32. Auditors remuneration disclosure

During the financial year the following fees were paid or payable for services provided by Queensland Audit Office, the auditor of Mackay HHS:

	2014	2013
	$	$
Audit services - Queensland Audit Office		
Audit of financial Statements	166,000	162,000

33 Related party transactions

Parent entity

Mackay Hospital and Health Service is controlled by the State of Queensland which is the ultimate parent entity.

Key Management personnel

Disclosures relating to key management personnel are set in Note.31

Transactions with related parties

There were no transactions with related parties during the financial year

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the reporting date.

Loans to/from related parties

There were no loans to or from related parties at the reporting date.

Certificate of Mackay Hospital and Health Service

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

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

b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Mackay Hospital and Health Service for the financial year ended 30 June 2014 and of the financial position of the Hospital and Health Service at the end of that year.

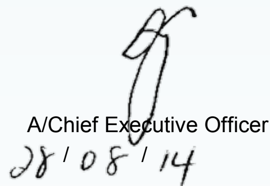
c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.

Chairperson, Mr Colin Meng GAICD and FAIM

Chair, MHH Board

28/08/14

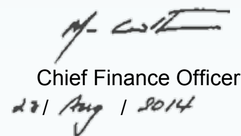
Danielle Hornsby B.Sp.Thy,MBA



A/Chief Executive Officer

28/08/14

Mr Mark Cawthorne MBA,LLBwith Hons,BEc,Dip Acc,GDLP,FCPA,FACHSM



Chief Finance Officer

28/Aug/2014

To the Board of Mackay Hospital and Health Service

Report on the Financial Report

I have audited the accompanying financial report of Mackay Hospital and Health Service, which comprises the statement of financial position as at 30 June 2014, 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 Chairperson, Acting Chief Executive and Chief Finance Officer.

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

(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

  (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Mackay Hospital and Health Service for the financial year 1 July 2013 to 30 June 2014 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.

B R Steel CPA
as Delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane

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September 2014