



# Final Report for the period 2013–2014

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Additional information to accompany this final report, including overseas travel, and consultancy expenditure can be accessed at [www.qld.gov.au/data](http://www.qld.gov.au/data)



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# Letter of Compliance

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30 June 2014

The Honourable Laurence Springborg MP

Minister for Health  
GPO Box 48  
Brisbane Q 4001

Dear Minister

I am pleased to present the Final Report and financial statements for Cape York Hospital and Health Service for the period 2013-2014.

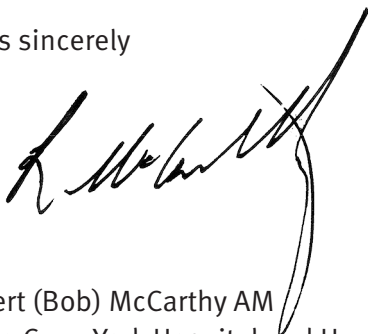
This will be the final Annual Report for Cape York HHS as the organisation will be amalgamating with the Torres Strait–Northern Peninsula HHS on 1 July 2014 to become the Torres and Cape Hospital and Health Service.

I certify that this Annual Report complies with:

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

A checklist outlining the annual reporting requirements is included at the end of this report or can be accessed at [www.health.qld.gov.au/torres-cape](http://www.health.qld.gov.au/torres-cape).

Yours sincerely



Robert (Bob) McCarthy AM  
Chair, Cape York Hospital and Health Board

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## Abbreviations / Glossary

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### 1. Abbreviations

Act	Hospital and Health Boards Act 2011
ARRs	Annual report requirements for Queensland Government agencies
ATODS	Alcohol, Tobacco and Other Drugs Service
Board	Cape York Hospital and Health Board
COAG	Council of Australian Governments
Department	Department of Health
FAA	Financial Accountability Act 2009
FPMS	Financial and Performance Management Standard 2009
FTE	Full-time Equivalent
HH	Hospital and Health
HHS	Hospital and Health Service
HSCE	Health Service Chief Executive
IHS	Integrated Health Service
KPI	Key Performance Indicator
MPHS	Multi-Purpose Health Service
PPH	Potentially Preventable Hospitalisations
Service	Cape York Hospital and Health Service
SLA	Statistical Local Area

# Welcome

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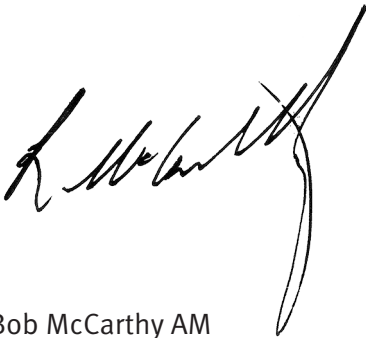
## 2. Welcome

Welcome to Cape York Hospital and Health Service's Final Report for the period 2013 to 2014. Cape York HHS covers an area of approximately 128 square kilometres, representing about 17% of the total area of North Queensland. The Service is responsible for the population health and community service obligation health services of over 14,400 people that are largely Indigenous and widely spread across cattle properties, outstations and remote communities.

The Service also supports a wide range of healthcare providers including outreach teams and visiting specialist services from other Health Services (mainly Cairns) and non-government providers such as Apunipima Cape York Health Council and the Royal Flying Doctor Service.

This annual report provides a comprehensive record of our financial and non-financial performance for 2013-14.

Cape York Hospital and Health Service (HHS) was established as a statutory body on 1 July 2012 under the Hospital and Health Boards Act 2011. This will be the final Annual Report for Cape York HHS as the organisation will be amalgamating with the Torres Strait-Northern Peninsula HHS on 1 July 2014 to become the Torres and Cape Hospital and Health Service.



Bob McCarthy AM  
Board Chair



Dr Jill Newland  
Acting Health Service Chief Executive

# General Information

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## 3. General Information

### 3.1 Introduction

The main function of Cape York Hospital and Health Service (HHS) is to deliver health services in the local government areas of Aurukun, Cook, Hope Vale, Kowanyama, Lockhart River, Mapoon, Napranum, Pormpuraaw and Wujal Wujal Shire Councils and the town of Weipa.

Cape York HHS's vision is to become a leading healthcare organisation - capable of improving health outcomes for all people of Cape York, Queensland.

Our purpose is to provide high quality remote area health care. Our objectives, which are in line with the Queensland Government objectives for the community, are to:

#### **Improve equity in access and health outcomes for Aboriginal and Torres Strait Islander people:**

- Services and programs will be responsive to the needs and wellbeing of Aboriginal and Torres Strait Islander people
- Cape York people and communities have the right to equitable access to services and health outcomes similar to other Australians
- Services will focus on the prevention of disease and maintenance of good health.

#### **Provide care that is person focused and family centred, appropriate, safe and effective:**

- Services will be focused on the individual, family and/or community
- Care and service delivery models will support holistic solutions and whole of person care
- Services should achieve positive results and meet community needs.

#### **Partner with other organisations to deliver effective, high quality services and improved health outcomes for Cape York residents:**

- Partnerships will be effective and deliver results for communities
- Services provided will be clinically effective
- Integration of services promotes improved patient care
- Integrated service planning and delivery will improve service quality, reduce service duplication and promote good use of resources.

# General Information

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## **Implement sustainable, responsible and innovative workforce solutions and use of resources:**

- A high standard of professional conduct
- Financial responsibility and performance accountability
- Evaluation and improvement of practice
- Transparency and integrity
- Organisational innovation.

### 3.2 Role and main functions

Cape York HHS was established in July 2012 as a statutory body, enacted under the *Hospital and Health Boards Act 2011* (the Act) which sets out the functions and powers of the HHS and the relationship with the Department of Health.

Cape York HHS is overseen by a Hospital and Health Board (Board) reporting to the Minister for Health and accountable to the Cape York community. The Board is responsible for providing strategic direction and leadership, and ensuring compliance with standards and legal requirements. Obligations are also imposed on the Board by the broader policy and administrative framework they operate within.

The Cape York Health Service Chief Executive (HSCE) is responsible for the operations of the HHS. The Executive Management Team, led by the HSCE, is accountable to the Board for making and implementing decisions about the HHS business within the strategic framework set by the Board.

The HSCE reports regularly to the Board and develops advice and recommendations on key strategic issues and risks for their consideration.

Cape York HHS is:

- the principal provider of public sector health services in Cape York
- accountable through the Hospital and Health Board Chair to the Minister for Health for local performance, delivering local priorities and meeting national standards
- subject to the Financial Accountability Act 2009 and the Statutory Bodies Financial Arrangements Act 1982
- a unit of public administration under the Crime and Misconduct Act 2001
- a body corporate representing the State and with the privileges and immunities of the State
- a legal entity that can sue and be sued in its corporate name.

Details of the HHS obligations are detailed within the:

- Service Agreement with the Department of Health
- Common Industrial Framework
- Directives issued by the Minister for Health
- Health Service Directives issued by the Director-General
- Applicable whole of government policies.



# General Information

## 3.3 Machinery of Government Changes

The Cape York HHS will be amalgamating with the Torres Strait–Northern Peninsula HHS on 1 July 2014 to become the Torres and Cape Hospital and Health Service. This amalgamation will result in a more efficient and capable administrative structure. Combining the two health services will reduce unnecessary duplication and allow the health service to put more focus on delivering quality healthcare. The combined entity will have one executive management team and a single board representing the whole region.

## 3.4 Plans and priorities for 2014-15

Priorities to be undertaken in 2014-15 include:

- There will be many opportunities in 2014-15 once they as part of the newly formed Torres and Cape HHS. Amalgamation will provide a more efficient and capable administrative structure to more effectively support clinical services. A priority for the coming financial year is to provide stronger governance and better integration of administrative services across the new HHS.
- An Integrated Electronic Health Record System Solution Project is being planned in conjunction with Cairns and Hinterland HHS.
- The introduction of birthing services to the Cooktown MPHS and the upgrade of maternity services across the HHS.
- The transfer of ownership of land and buildings to the HHS from Queensland Health will occur in 14/15 as the requirements of the Land and building project are completed.



In 2013 Cape York HHS successfully achieved three year accreditation with the National Safety and Quality Health Service Standards in the Australian Health Service Safety and Quality Scheme, and three year national accreditation with the Quality Improvement Council (QIC) Health and Community Standards. Above: Clinical and administration staff at the Weipa Integrated Health Service with a set of accreditation certificates.

# General Information

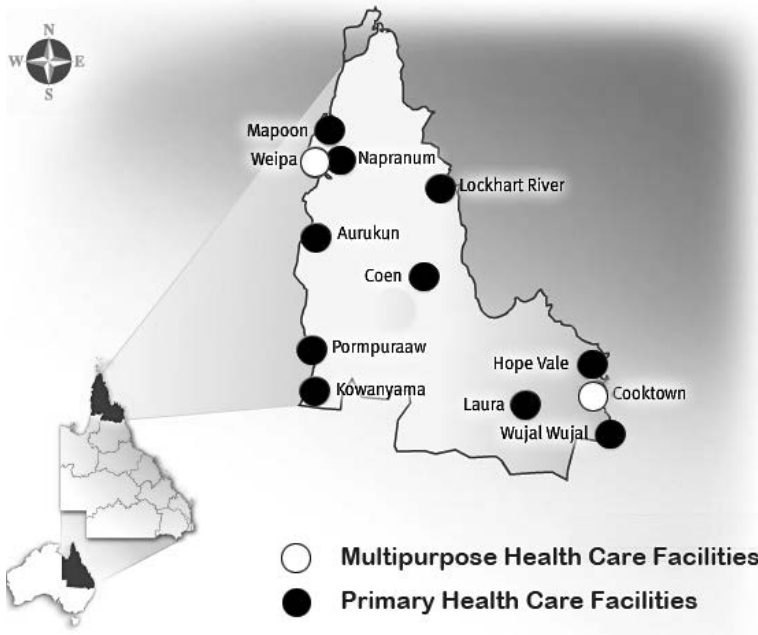


Figure 1: The catchment area serviced by Cape York HHS

Cape York HHS delivers a range of acute, non-acute, primary health care and public health services through the operations of two hospitals at Cooktown and Weipa, and 10 primary health care centres at:

- Napranum
- Pormpuraaw
- Mapoon
- Kowanyama
- Coen
- Hope Vale
- Aurukun
- Laura
- Lockhart River
- Wujal Wujal

Additionally, Cape York HHS maintains a regional hub office in Cairns where business, finance, human resources, patient safety, quality, performance and planning services are based. Some Cape York HHS clinical outreach services are also based in the Cairns hub office.

## 3.5 Operating environment

### 3.5.1. Statutory obligations and progress

Cape York HHS met its statutory obligations under sections 40 to 43 of the Act to develop and publish the following strategies:

- Consumer and Community Engagement Strategy – to promote consultation with health consumers and members of the community about the provision of health services by the HHS
- Clinician Engagement Strategy – to promote consultation with health professionals
- Protocol with the Far North Queensland Medicare Local to promote cooperation between the organisations in the planning and delivery of health services.

## General Information

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### 3.5.2. Nature and range of our operations

Cape York HHS is a major provider of staff and infrastructure for health service delivery throughout Cape York, and shares funding responsibility with the Queensland Department of Health, and with the Commonwealth Government which directly funds a range of initiatives. A Service Agreement between Cape York HHS and the Department identifies the services to be provided, the funding arrangements for those services, and the defined performance indicators and targets to ensure the outputs and outcomes are achieved.

The major townships within the HHS are Weipa and Cooktown. Weipa is the main service centre for three Aboriginal and Torres Strait communities; Napranum, Mapoon and Aurukun. Cooktown is a service centre for the small communities of Rossville, Laura, Lakeland, and the larger Indigenous communities of Hope Vale and Wujal Wujal.

The Cape York HHS provides comprehensive health services through a network of hospitals and primary health centres. Facilities include; two multi-purpose hospitals (Weipa Integrated Health Service and Cooktown Multi-Purpose Health Service), ten primary health care clinics at Aurukun, Coen, Hope Vale, Laura, Lockhart River, Kowanyama, Mapoon, Napranum, Pormpuraaw, Wujal Wujal, and a hub office located in Cairns.

Services include emergency, primary health and acute care, medical imaging, dental, maternity, aged care, allied health, palliative and respite services, and visiting specialist services.

The HHS has established significant, collaborative partnerships with the following key stakeholders:

- Apunipima Cape York Health Council
- Royal Flying Doctor Service (Queensland Section)
- Cairns and Hinterland HHS.

As part of the standing service agreements, Cape York HHS and its key partners agree to promote cooperation between providers in planning and delivery of health services to Cape York communities to collaborate wherever possible and practical on matters of common concern and interest – including joint clinician engagement.

To further improve collaborative service delivery, the HHS and Far North Queensland Medicare Local have jointly developed a *Medicare Local Protocol* that identifies that both the HHS and the Far North Queensland Medicare Local will collaborate on key clinical and service issues including:

- health service integration
- the protection and promotion of public health
- service planning and design
- local clinical governance arrangements
- monitoring and evaluation of service delivery.

## General Information

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Additionally, the HHS works in collaboration with other relevant agencies and service providers such as Mookai Rosie Bi-Bayan, a community controlled indigenous family health centre, and visiting specialists including paediatricians, ophthalmologists, renal specialists and surgeons who use the HHS facilities on a sessional basis and typically travel from Cairns.



Cape York HHS works closely with Apunipima Cape York Health Council and Royal Flying Doctor Service. Above: Apunipima and Cape York HHS staff take a break after completing a joint Adult Health Check program at Mapoon Primary Health Care Centre.

### Strategic Risks

Cape York HHS accepts a variety of strategic risks and opportunities.

#### Risks

- Limited internal capacity to manage policy, funding and reporting requirements.
- Workforce inflexibility, skills gaps, and difficulties with recruitment and retention to remote locations.
- Funding levels including missed revenue and the expected introduction of activity based funding with implications for small population rural and remote environments.
- Infrastructure inadequate to meet service needs.
- Inadequate health technology and data infrastructure with associated impacts on planning processes, staffing and service delivery.

# General Information

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## Opportunities

### *Amalgamation*

Cape York HHS will be amalgamating with the Torres Strait–Northern Peninsula HHS on 1 July 2014 with a healthy first year operating budget of \$171.7 million for 2014-15. This is an increase of \$2.2 million on the combined 2013-14 Cape York HHS and Torres Strait–Northern Peninsula HHS operating budgets.

### *Health investment strategy*

The Torres and Cape HHS has been allocated \$2.7 million to develop an Aboriginal and Torres Strait Islander health investment strategy to improve health outcomes for Indigenous residents.

### *Challenges*

- Implement evidenced-based service delivery models that will address the growing demand for health services.
- Introduce new health technologies, performance management and accountability reporting systems to improve the quality and effectiveness of health services.
- Build capacity and systems to improve business capability.
- Expand work with consumers, communities and governments to better meet their needs regarding the scope and performance of health services.

## 3.6 Environmental factors impacting on service delivery

Cape York HHS delivers health services to a widely distributed population across 127,819 square kilometres. Access to services is difficult and expensive, particularly as road access is largely impossible during the three-month wet season. There are significant distances between communities and health services sites, and to the major referral hospital in Cairns. Many of the Statistical Local Areas (SLAs) that the HHS services are very remote indicating very little accessibility for goods, services and social interaction.

The population of Cape York was estimated to be 14,371 in 2012, and projected to increase to 16,933 (21.2%) by 2026. Fifty five per cent (6847) of Cape York's population identify as Aboriginal or Torres Strait Islander (Australian Census 2011), with most Indigenous residents living within discrete Aboriginal communities throughout Cape York. The majority of residents reside in the most disadvantaged quintile highlighting the relative social disadvantage of the region.

## General Information

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### 3.7 Cape York HHS initiatives 2013-14

During the 2013-2014 financial year, Cape York HHS completed or initiated the following significant initiatives:

#### **Accreditation**

In 2013 the HHS successfully achieved three year accreditation with the National Safety and Quality Health Service Standards in the Australian Health Service Safety and Quality Scheme, and three year national accreditation with the Quality Improvement Council (QIC) Health and Community Standards.

#### **New maternity services**

The new maternity and birthing service at Cooktown is being developed following the allocation of \$3.8 million as part of the 2014-15 budget. A maternity services plan for the new Torres and Cape HHS will be developed, including consideration of the feasibility of re-introducing birthing at Weipa.



Premier Campbell Newman announced \$3.8 Million in annual funding for Cooktown Multi-Purpose Health Service in May 2014. He is pictured with Telia Winton and baby Zoe (left) and Deirdre Murphy, Clinical Midwifery Consultant, at Cooktown MPHS.

Photo courtesy of Cooktown Local News

## General Information

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### **Integrated Information Management System**

The HHS continues to work to realise an integrated information management system to enable eHealth medical records are accessible from any location, easy to use and well supported. This will integrate with the broader national and state eHealth agenda and enable clinical data to be appropriately accessed by and/or exchanged with other systems and service providers. It is anticipated that the move towards an integrated information technology system will reduce the amount of paper records, will enhance the patient experience by providing more effective practice administration, improve networks and communication with other health providers, reduce duplication of services to the same patient and enable better monitoring and planning capabilities and, hence, improve the health of the whole community.

### **Highest vaccination rates in Queensland**

The HHS achieved the state's highest percentage (94.5%) of vaccination coverage for Indigenous children aged 12- 15 months in 2013. This result exceeds both the state average of 86% and the national average of 85.1%. In addition 96.2% of Indigenous children aged 60-63 months were fully vaccinated. This is well above the Queensland average of 92.7% for that age cohort.



Cape York HHS achieved the state's highest percentage (94.5%) of vaccination coverage for Indigenous children aged 12- 15 months in 2013. Baby Orlando is pictured with Senior Aboriginal and Torres Strait Islander Health Worker, Graeme Port, and Clinical Nurse Consultant, Julie Ross, at the Hope Vale Primary Health Care Centre.

# Strategic Direction

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## **Maternal and Child Health performance**

Cape York HHS services achieved above target performance for the Mums and Bubs election commitment which aims to enhance Maternal and Child Health Services by providing additional access to home visits and community clinics in the first 12 months following birth. In 2013-14, Cape York HHS exceeded its full-year target of 207 home visits by 51.7%.

## **3.8 Stakeholder Engagement**

Stakeholder engagement at the governance, executive and operational levels occurs in a wide range of forums and with a large number of organisations and people, including:

- Cape York Health Partnership Council
- Elected representatives
- Local Members of Federal and State governments
- Local Government Councils
- Universities
- Industry groups
- Non-government service providers including Mookai Rosie Bi-Bayan and Wuchopperen Health Service
- Traditional owners
- Community Advisory Networks - Cooktown MPHS and Weipa IHS
- Health Action Teams
- Members of the public
- Cape York HHS Clinicians and workforce.

Cape York HHS has a collaborative relationship with its key partners: Apunipima Cape York Health Council, the Royal Flying Doctor Service (Queensland Section), and the Cairns and Hinterland HHS. Integral to the success of Cape York HHS initiatives is that the health service partners commit to working together to improve health outcomes.

The Cape York HHS Communication and Engagement Strategies – for Consumers and Community, and for Clinicians and the Workforce – deliver guiding principles for consultation and participation in decision making processes to ensure all stakeholders have the opportunity to participate and ensure their views and ideas are considered in relation to provision of health services.



# Strategic Direction

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## 4. Strategic Direction

### 4.1 Government objectives for the community

Cape York HHS contributes to the achievement of the *Getting Queensland back on track* objectives to:

#### **Grow a four pillar economy by:**

- Working with resource and tourism sector partners to ensure health services meet the needs of the communities and visitors to Cape York.

#### **Lower the cost of living by:**

- Delivering government's commitment to improved Patient Transport Subsidy for patients who need to travel to health services.

#### **Invest in better infrastructure and better planning by:**

- Completion of the Asset management Capability Plan and Framework
- Reducing cross sector service duplication in primary health services.

#### **Revitalise front line services by:**

- Providing services closer to home by reintroducing birthing services at Cooktown.

#### **Restore accountability in government by:**

- Working closely with the Queensland Government to implement the *Health Priorities for Action*, and *Blueprint for better healthcare in Queensland* which sets four principle themes for the provision of health services in Queensland being:
  - » Health services focused on patients and people.
  - » Empowering the community and our workforce.
  - » Providing Queensland with value in health services.
  - » Investing, innovating and planning for the future.

### 4.2 Other whole-of-government plans/ specific initiatives

Cape York HHS has implemented a Performance Management Framework in alignment with *The National Health Reform Agreement (2011)* and the National Performance and Accountability Framework with standardised national indicators - designed to measure local health system performance and drive improved performance. Reflected within this Strategy are the principles of consumer involvement and engagement contained within the overarching directions of the Australian Charter of Healthcare Rights and the National Safety and Quality Health Service Standards.

Aboriginal and Torres Strait Islander participation in and control of primary health services, has been identified in state and national policy as an important action to improve health outcomes, and contribution to closing the gap in life expectancy, and health outcomes between Indigenous and non-indigenous people.

### 4.3 Cape York HHS objectives and performance indicators

In alignment with the directions of government, the *Cape York Hospital and Health Service Strategic Plan 2013-2017* reflects local priorities and a vision of becoming a leading healthcare organisation capable of improving health outcomes across Cape York. The service objectives are to:

- Improve equity in access and health outcomes for Aboriginal and Torres Strait Islander people
- Provide care that is person focused and family centred, appropriate, safe and effective
- Partner with other organisations to deliver effective, high quality services and improved health outcomes for Cape York residents
- Implement sustainable, responsible and innovative workforce solutions and use of resources.

HHS progress towards achieving its objectives are measured utilising principles of *The Queensland Government Performance Management Framework* – including the development of strategic and operational plans, and the publication of service results through the Service Delivery Statement and this Annual Report. Underpinned by the legislative frameworks (summarised in Figure 2) the Cape York HHS Service Agreement forms the primary vehicle through which the HHS performance is measured, reviewed and reported against defined performance indicators and targets to ensure outputs and outcomes are achieved.

Key Performance Indicators are used to monitor the extent to which the HHS is delivering the objectives set out in the Service Agreement cover key aspects of HHS performance across four areas (domains) of health service delivery:

- Effectiveness – safety and quality
- Equity and effectiveness – access
- Efficiency – efficiency and financial performance
- Effectiveness – patient experience.

### 4.4 Our service areas, service standards and other measures

During the reporting period the HHS measured its performance against its *Closing the Gap* targets and other health related performance indicators and initiatives included in the following Council of Australian Governments (COAG) Agreements, signed by the Queensland Government:

- the National Indigenous Reform Agreement
- the National Partnership Agreement on Closing the Gap in Indigenous Health Outcomes
- the National Partnership Agreement for Indigenous Early Childhood Development.

# Strategic Direction

Table 1: Performance Statement

Cape York HHS service standards	Notes	2013-14	2013-14	2013-14
		Target/ estimated	Estimated/actual	Actual
Total weighted activity units:				
▪ Acute inpatients		1,870.00	2,387.00	2,387.00
▪ Outpatients		929.00	606.00	606.00
▪ Sub-acute		227.00	194.00	194.00
▪ Emergency department		869.00	990.00	990.00
▪ Mental health		51.00	51.00	51.00
▪ Interventions and procedures		55.00	42.00	42.00
Number of in-home visits, families with newborns		207.00	378.00	378.00
Ambulatory mental health service contact duration	1	2,795.00	3,988.80	3,324.00

Note 1: Actual data reported to April 2014, estimate is projected to June 2014

In 2013-14 Cape York HHS achieved above target results for some of its Closing the Gap Indicators, and their associated key performance indicators (KPIs) including:

**1. A significant increase in the percentage of Aboriginal and Torres Strait Islander mothers receiving five or more antenatal visits during pregnancy.**

This KPI is a measure of Health Status and Outcomes. In 2011-12 Cape York HHS achieved a significant increase in the percentage of birthing indigenous mothers receiving five or more antenatal visits. The HHS achieved a result of 98.6%, higher in comparison to the state's non-indigenous result (93.8%) and significantly higher than the HHS target (93.8%).

**2. The number of separations for discharge against medical advice.**

In quarter one of 2013/14, Cape York HHS achieved a reduction (1.7% to 1.0%) for this KPI, and better than target (2%) result.

**3. Childhood immunisation rates**

Cape York HHS achieved the state's highest percentage (94.5%) of vaccination coverage for Indigenous children aged 12- 15 months in 2013. This result exceeds both the state average of 86% and the national average of 85.1%.

Cape York HHS has identified there are other indicators still requiring improvement including:

**1. Improving identification of Aboriginal and Torres Strait Islander origin in Queensland public hospital inpatient records.**

More accurate identification of Aboriginal and Torres Strait Islander patients in data collections assures the complete measurement of both Aboriginal and Torres Strait Islander health status and the effectiveness of intervention programs. In 2012-13 employment of Indigenous Liaison Officers was completed to improve the identification of Aboriginal and Torres Strait Islander status of health service clients to facilitate the engagement of appropriate services. In 2013-14, that work was expanded to include improved data collection and reporting.

**2. The number of women who smoked at any stage of pregnancy.**

Smoking during pregnancy is associated with poor health outcomes for the foetus including increased risk of perinatal mortality, low birth weight, and other health related issues. This indicator is a key indicator to measure progress towards the national commitment to halving child (<5 yrs of age) mortality within a decade.

## Strategic Direction

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Additionally the HHS is progressing work to continue improvement of Aboriginal and Torres Strait Islander Health indicators by:

- Employment of Aboriginal and Torres Strait Islander Health Workers to ensure that services are delivered in a culturally respectful and appropriate manner - this can be very much attributed to the achievements in the Closing the Gap indicators.
- Progression of person and family-centred care strategies to improve delivery of holistic and culturally-appropriate health care.
- Patients, families, and communities have access to a range of health and social services across the continuum.
- Continuity of patient care is coordinated through a central trusted point and a strong primary care relationship.
- Patient and family interaction may be with a range of medical, NGO and allied health professionals depending on need.
- There is better coordination of care across the continuum.
- Patients, families and communities have access and better understand the health services available to them, and more actively participate in decision making.
- Patient and families participate in feedback and quality improvement activities.
- There is effective interaction in communities and with community organisations.
- Population health information is recorded and made available to assist in the design and delivery of services based on needs.
- There is enhanced access to care, including more services being available, supported by new solutions such as case management and social networking.

# Governance - Management and Structure

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## 5. Governance - Management and Structure

### 5.1 Organisational Structure

The organisational structure of the Board, Health Service Chief Executive and Executive Leadership Team as at June 30 2014 is illustrated in Figure 2.

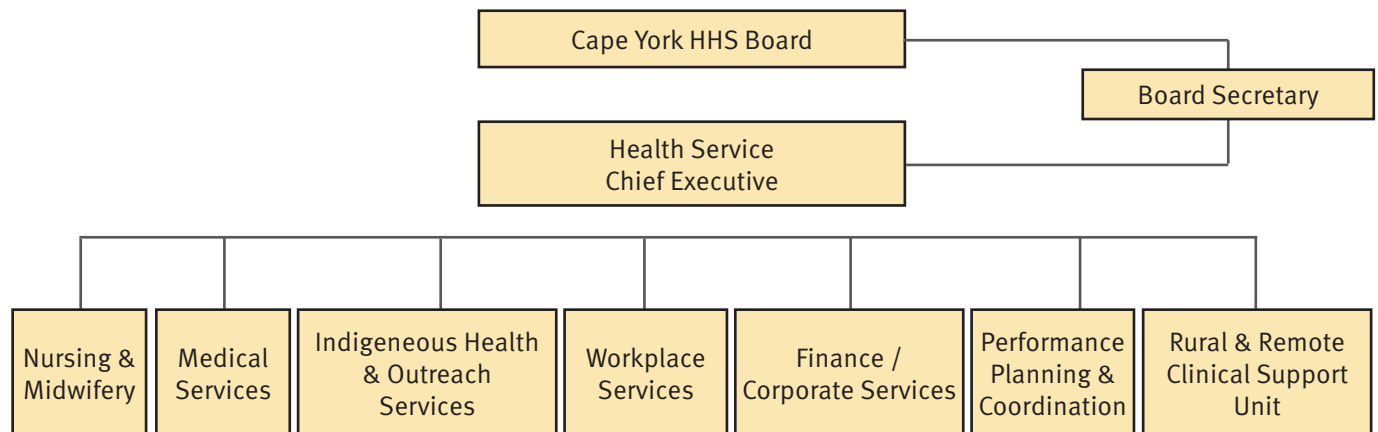


Figure 2: Cape York HHS Managerial Structure as at 30 June 2014

# Governance - Management and Structure

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## 5.2 Executive Management

Cape York HHS's senior management group is the Executive Leadership Team, comprising:

- Health Service Chief Executive (Chair)
- Chief Finance Officer/Director of Corporate Services
- Executive Director Indigenous Health and Outreach Services
- Executive Director of Nursing and Midwifery
- Executive Director of Medical Services
- Executive Director Workplace Services
- Executive Director of Rural and Remote Clinical Support
- Executive Director Performance, Planning and Coordination
- Board Secretary
- Manager Health Worker Services.

The Executive Leadership Team meets monthly on strategic agenda and fortnightly on operational agenda. Under its Terms of Reference the purpose and role of this group is to support the Health Service Chief Executive including:

- Making recommendations on the strategic direction, priorities and objectives of the HHS and reviewing and endorsing operational and business plans and actions to achieve these objectives
- Monitoring and reviewing HHS performance against service agreements and Key Performance Indicators and making recommendations for corrective action or improvements
- Reviewing organisational risks and compliance with relevant regulatory requirements, standards, policies and procedures.

## Governance - Management and Structure

The executive management team as at 30 June 2014 is outlined in Table 2:

Table 2: Executive Management Team

Division and Title	Incumbent	Key responsibilities
Health Service Chief Executive	Jill Newland	Overall management of Cape York HHS through major functional areas to ensure the delivery of key government objectives in improving the health and wellbeing of Cape York population.
Executive Director of Medical Services	Wally Smith	Providing strategic leadership and advice in the efficient and effective management of clinical services and medical staff across the Cape York HHS.
Executive Director of Nursing and Midwifery	Brenda Close	Providing strategic leadership and advice in the efficient and effective management of Cape York HHS nursing and promoting learning development.
Executive Director Indigenous Health and Outreach Services	Karl Briscoe	Directing, coordinating and leading the management of all outreach primary health care services within Cape York HHS.
Executive Director Workplace Services	Allyson Paull	Providing strategic leadership and advice in the efficient and effective management of Cape York HHS human resources and promoting learning development.
Chief Finance Officer/Director of Corporate Services	David Hepper	Leading the finance function across the Cape York HHS, formulating financial strategies, developing annual budgets, reporting HHS performance and designing policies to guide the efficient, effective and economic use of resources.
Executive Director Performance, Planning and Coordination	Vacant	Managing all aspects of health service strategy development, integrated service planning, performance management systems and reporting, including analysis and advice on decision support system information for the organisation and contract management.
Executive Director Rural and Remote Clinical Support Unit	Peter McCormack	Supporting, monitoring, managing and implementing clinical practice processes within Rural and Remote Health, providing leadership for the primary healthcare functions and providing advice on clinical governance.
Board Secretary	Ian Pressley	Providing strategic advice and governance support to the Cape York HH Board, its Committees and the Health Service Chief Executive to fulfil their functions under the Act.



# Governance - Management and Structure

## 5.3 Hospital and Health Management Committees

The Board, Board Committees, Health Service Chief Executive and Executive Leadership Team are supported by the work of three key management committees:

Table 3: Management Committees

Committee	Purpose and role	Frequency	Membership
Clinical Governance Committee	Reviews and makes recommendations on issues of quality and safety of health care across the HHS, including clinical effectiveness, education and training, clinical audit, continuous quality improvement, research and development, and clinical risk management	Monthly	<ul style="list-style-type: none"> <li>• Executive Director of Medical Services (Chair)</li> <li>• Executive Director of Nursing and Midwifery</li> <li>• Executive Director Indigenous Health &amp; Outreach Services</li> <li>• Executive Director Rural &amp; Remote Clinical Support Unit</li> <li>• Patient Safety / Quality Coordinator</li> <li>• Multipurpose Health Care Centre Facility representative</li> <li>• Senior Medical Officer</li> <li>• Outreach Pharmacist</li> <li>• Health Worker Service</li> <li>• HHS Learning and Development Coordinator</li> <li>• Primary Health Care Clinician</li> <li>• Allied Health Clinician</li> <li>• Mental Health and ATODS</li> <li>• Consumer representative</li> <li>• Representatives of service delivery partners</li> </ul>
Occupational Health and Safety Committee	Provides a strategic approach to ensuring a safe environment for patients, other clients, staff and visitors and developing safer ways of working and a culture of safety at work.	Bi-monthly	<ul style="list-style-type: none"> <li>• Occupational Health &amp; Safety Manager (Chair)</li> <li>• Director of Corporate Services</li> <li>• Executive Director of Nursing &amp; Midwifery</li> <li>• Patient Safety &amp; Quality Manager</li> <li>• Manager Buildings Engineering &amp; Maintenance Services</li> <li>• Executive Director Workplace Services</li> <li>• Business Managers (3)</li> <li>• Workplace Health &amp; Safety representatives (several)</li> </ul>

## Governance - Management and Structure

Table 3: Management Committees (cont)

Committee	Purpose and role	Frequency	Membership
Business Services Management Committee	Reviews and makes recommendations on business services issues, risks, controls or activities or functions across the HHS.	Monthly	<ul style="list-style-type: none"> <li>• Chief Finance Officer (Chair)</li> <li>• Executive Director Workplace Services</li> <li>• Occupational Health and Safety Manager</li> <li>• Finance Manager</li> <li>• Manager Buildings Engineering and Maintenance Services</li> <li>• Business Managers (3)</li> <li>• Manager Business Support</li> <li>• Learning and Development Coordinator</li> <li>• Senior Human Resources Advisor</li> <li>• Board Secretary</li> </ul>

### 5.4 Cape York Hospital and Health Board

Accountability for overall performance of the Service is vested in the Cape York Hospital and Health Board comprising a Chair, Deputy Chair and four other members. All members are appointed by the Governor in Council for specific terms and are accountable to Parliament through the local community and the Minister for Health. The Board operates within its Board Charter to ensure statutory compliance. The following members were appointed for the terms shown in Table 4:

Table 4: Cape York Hospital and Health Board

Name	Term(s)
Robert (Bob) Michael McCARTHY	Chair 18/05/2013 to 30/06/2014
Louise Michelle PEARCE	Deputy Chair 29/06/2012 to 04/10/2012; Acting Chair 5/10/2012 to 17/5/2013; and Deputy Chair 18/05/2013 to 30/06/2014
Tracey Del JIA	29/06/2012 to 17/05/2013; and 18/05/2013 to 30/06/2014
Associate Professor Dr Ruth Alison STEWART	29/06/2012 to 17/05/2013; and 18/05/2013 to 30/06/2014
Darryl HILL	29/06/2012 to 17/05/2013; and 18/05/2013 to 30/06/2014
Kevin Francis QUIRK	18/05/2013 to 30/06/2014

## Governance - Management and Structure

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Members of the Board contribute a solid mix of skills, knowledge and experience, including primary healthcare, health management, clinical expertise, legal expertise, financial management and business experience. All members reside in and/or have substantial community and business connections with the various Cape York communities and have a first-hand knowledge of the health consumer and community issues of Cape York.

The Board ensures appropriate policies, procedures and systems are in place to optimise service performance, maintain high standards of ethical behaviour and, together with the Health Service Chief Executive, provide leadership to the Service's staff.

### 5.4.1. Board Performance

The Board meets monthly and as required to perform the work of the Board in determining strategy, monitoring performance and making decisions. During 2013-14 there were 11 Board meetings held using a mix of face to face, videoconferencing and teleconferencing, with an overall members' attendance rate of 85%. The Board is committed to community engagement conducting Board meetings in various communities throughout Cape York.

Board decision-making is supported by Board briefing papers and presentations by senior managers that inform the Board members of current and forthcoming strategic issues and operational performance, including service delivery, finances, human resources and risk management.

Between Board meetings, the Board has delegated authority to the Chair to act on behalf of the Board in appropriate circumstances. There is continuing and extensive contact between the Chair and the Health Service Chief Executive to discuss major policy and operational matters, especially when these have, or likely to have, strategic implications for the Board.

As part of its commitment to achieving best practice corporate governance, the Board has implemented a formal and transparent process for assessing and evaluating the performance of the Board, including individual members.

## Governance - Management and Structure

### 5.4.2. Board Committees

To enable the Board to concentrate on substantial strategy and performance management matters, other supplementary Board work has been divested to four Board committees under the Hospital and Health Boards Act 2011, as shown in Table 5.

Table 5: Cape York Hospital and Health Board Committees

Name	Frequency	No. Board Members	No. External Non-Board Members	Role in supporting the Board includes, for example:	No. meetings 2013-14
Executive Committee	Monthly	3		Monitoring Service's overall performance and working with Service's Chief Executive in responding to critical emergent issues	10
Safety and Quality Committee	Quarterly	3		Monitoring Service's governance relating to safety and quality of health services	4
Finance and Investment Committee	Quarterly*	3	1	Monitoring financial budgets and performance	9
Audit and Risk Committee	Quarterly*	3	1	Monitoring Service's internal controls, external audits and risk management	7

\*Out of session meetings were held where required.

The Board has approved each Committee's specific Terms of Reference and Business Rules and receives the minutes of all Committee meetings.

# Governance - Management and Structure

## 5.4.3. Audit and Risk Committee's statutory disclosures

The Board's Audit and Risk Committee comes within the ambit of an 'audit committee' under the Financial and Performance Management Standard 2009 and the information required to be disclosed is in Table 6 below:

**Table 6: Cape York HHS Board Audit and Risk Committee Disclosure**

Name	Period on Committee	Role on Audit and Risk Committee	Remuneration
Louise Pearce	01/07/13 to 30/06/14	Committee Chair	See Note 31 to Financial Statements
Darryl Hill	01/07/13 to 30/06/14	Committee member	See Note 31 to Financial Statements
Dr. Ruth Stewart	01/07/13 to 30/06/14	Committee member	See Note 31 to Financial Statements
Ian Jessup FCPA	01/07/13 to 30/06/14	External non-Board member on Committee	Nil; pro bono

The Committee has observed the terms of its charter and had due regard to Queensland Treasury's *Audit Committee Guidelines*. The Audit and Risk Committee's role, functions and responsibilities are:

### Risk Management

- Develop and recommend improvements to risk management policies and practices in line with international best practices.
- Oversight the effectiveness of risk management and practices including those relating to compliance and legal risk.
- Examine strategic and major risk and advise the Board on risk mitigation.
- Review the effectiveness of the system for monitoring the agency's compliance in regard to relevant laws, regulations and government policies.
- Review the findings of any examinations by regulatory agencies, and any audit observations.

### Financial statements

- Review the appropriateness of accounting policies.
- Review the appropriateness of significant assumptions made by management in preparing the financial statements.
- Review the financial statements for compliance with prescribed accounting and other requirements.
- Review, with management and the internal and external auditors, the results of the external audit and any significant issues identified.
- Ensure that assurance with respect to the accuracy and completeness of the financial statements is given by management.

# Governance - Management and Structure

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## Internal control

- Review the adequacy of the internal control structure and systems, including information technology security and control.
- Review whether relevant internal control policies and procedures are in place and are effective, and the adequacy of compliance.
- Assess the Service's complex or unusual transactions or series of transactions, or any material deviation from the Service's budget.
- Consult with Queensland Audit Office regarding proposed audit strategies.

## Internal audit

- Review the adequacy of the budget and resources for the internal audit function, having regard for the HHS's risk profile, and internal audit performance.
- Review and approve the internal audit strategic and annual plans and any variations to these, ensuring suitable coverage and focus on key risks.
- Receive internal audit reports and monitor action taken.
- Review the level of management cooperation with internal audit and coordination with the external auditor.

## External audit

- Consult with external audit on the function's proposed audit strategy, audit plan and audit fees for the year.
- Review the findings and recommendations of external audit, the response to them by management, and monitor progress in implementing corrective action.
- Assessing the extent of reliance placed by the external auditor on internal audit work.

During the year, issues addressed by the Audit and Risk Committee and reported to the Board included:

- regular review of the Service's risk management framework, policies and procedures and reporting, particularly the escalation of risks at all levels including to the Board
- monitoring the preparation of annual financial statements and external audit by Queensland Audit Office
- developing a comprehensive Committee work plan for approval by the Board
- monitoring the progress of implementation of the finance system, SAP Assets, Procurement and Finance Information Resources (SAPFIR)
- monitoring the development of the Internal Audit function and plan for the Service and recommending to the Board specific internal audit projects
- making representations to the Department on key strategic audit and risk matters
- reviewing the Service's compliance framework, policies and procedures and reporting, including fraud control
- reviewing and recommending to the Board the Cape York HHS Finance Management Practice Manual.

# Governance - Management and Structure

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## Related entities

Cape York HHS has not formed or acquired any related entities.

## Internal audit function

Cape York HHS has established an internal audit function and operates in accordance with the HHS's approved Internal Audit Charter so as to provide independent, impartial and professional advice to the Board and executive management. The Charter is consistent with relevant audit and ethical standards. In addition, the Cape York HHS internal audit function has had due regard to Queensland Treasury's Audit Committee Guidelines.

Internal Audit reports are communicated functionally directly to the Board's Audit and Risk Committee and administratively to the Health Service Chief Executive.

The role and function of the internal audit is to be independent of all operational and functional management and undertake internal auditing activities that add value to the whole HHS by evaluating, benchmarking and recommending improvements to the effectiveness and efficiency of the HHS's governance, controls and risk management processes. The work of the internal audit function is also independent from the work of the external auditors.

Internal audit has no limitation on its access to all HHS staff, administrative records, or other information it may require to perform its audit activities in accordance with the Annual Audit Plan which is reviewed and recommended by the Board's Audit and Risk Committee and approved by the Health Service Chief Executive.

## 5.5 Public Sector Ethics Act 1994

Cape York HHS is a prescribed public service agency under sec. 2 of the *Public Sector Ethics Regulation* 2010. Since its establishment on 1 July 2012, Cape York HHS has been committed to implementing and maintaining the values and standards of conduct outlined in the 'Code of Conduct for the Queensland Public Service' under the *Public Sector Ethics Act 1994*.

All persons working for the HHS, whether on the Board, committees, management, clinicians, support staff, administrative staff or contractors are provided with education and training on the Code of Conduct and workplace ethics, conduct and behaviour policies. Line managers are required to incorporate ethics priorities and statutory requirements in all employee performance agreements, assessments and feedback.

In addition to education and training at the point of recruitment, the HHS website provides all persons access to appropriate on-line education and training about public sector ethics, including their obligations under the Code and policies. It is a requirement by the HHS Chief Executive that all line managers ensure that staff regularly, at least once in every year, are given access to appropriate education and training about public sector ethics during their employment.

When breaches of the Code of Conduct were identified in 2013-14 appropriate performance management or other action was taken to ensure continuing compliance with the Code. Where the breaches involved suspected unlawful conduct, the matter was referred to the department's Ethical Standards Unit or other appropriate agency for any further action.

# Governance - Risk Management and Accountability

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In the development of the HHS Strategic Plan 2013-2017, the Board and executive management ensured that the values inherent in the Strategic Plan were congruent with the public sector ethics principles and the Code of Conduct.

All HHS administrative procedures and management practices have proper regard to the ethics principles and values, and the approved code of conduct. The HHS undertook an extensive review during 2013-14 of its human resources policies, procedures and practices to ensure that they comply with all statutory requirements.

## 6. Governance - Risk Management and Accountability

### 6.1 Risk management

Cape York HHS follows a risk management policy based on AS/NZS ISO 31000:2009 *Risk Management – Principles and Guidelines* which involves the establishment of an appropriate infrastructure and culture designed to systematically identify, analyse, treat, monitor and communicate key operational and financial risks associated with HHS activities.

Cape York HHS has implemented a risk management framework and procedure to identify and manage operational and financial risks in a proactive, integrated and accountable manner. This ensures that risks are identified, analysed, prioritised and managed through continuous improvement and performance strategies. Risk management is an agenda item for all team, management and Board meetings.

Risks are identified at the system, district-wide or local sites, as appropriate, by way of risk audits, staff feedback, clinical or workplace incidents, or reviews. Using the HHS's Integrated Risk Management Assessment Matrix every risk is assigned a risk rating and appropriately treated, managed and/or escalated in accordance with the procedure by executive governance committees based on whether the risk is a clinical, occupational health and safety related finance or business risk. A risk register is maintained for regular review, monitoring and reporting. Risks assessed as strategic and extreme and unable to be treated are escalated to the Board.

During 2013-14 the Cape York Hospital and Health Board approved the engagement of an external accounting firm, with specialist experience in internal audit, to undertake six key internal audit projects across the HHS covering:

- Risk fraud management
- Risk assessment
- Financial delegation authorities
- Setting of fees and charges
- Own source revenue
- Month end reporting procedure and associated internal controls.



# Governance - Risk Management and Accountability

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## 6.2 External scrutiny

For the 2013-14 financial year, Cape York HHS was subject to the external audit by Queensland Audit Office. As the delegate of the Auditor-General of Queensland, Grant Thornton have issued an unqualified audit report for Cape York HHS's financial statements for the 2013-14 year.

There are no other significant findings or issues identified by an external reviewer on the operations or performance of the HHS.

## 6.3 Public Sector Renewal Program

Cape York HHS has been progressing well towards improving services according to the Queensland Government Public Sector Renewal Program and the Queensland Commission of Audit Recommendations. Progress includes:

### **Driving down dental waiting lists**

Oral services across the Cape York HHS have performed exceedingly well in the draft Weighted Occasion of Service report for 2013/14. Oral Health Weighted Occasions of Service (WOoS) are a measure of the type and complexity of care provided to oral health clients. Cape achieved 98% of their targets (baseline and Northern Peninsula Area combined).

### **Better healthcare for mothers and babies**

The Mums and Bubs programs in Cape York HHS beat the targets set by the Queensland Government providing additional home visits and community clinics for women and their new babies in their first 12 months. In 2013-14, Cape York recorded 378 home visits which was an 83% better outcome than anticipated. The results are a testament to the hard work and dedication of our health staff to improving health outcomes for Aboriginal and Torres Strait Islander people. The program is designed to ensure all Queensland families get the best possible start to life by providing at least two home visits in the first month of a baby's life.

### **Exceeding immunisation targets**

Immunisation rates for Aboriginal and Torres Strait Islander children on Cape York were among the highest in the state and nation in 2013. At 94.5%, Cape York had Queensland's highest rate of immunisation for Aboriginal and Torres Strait Islander children aged 12-15 months in 2013 – well above the state average of 86 per cent and the national average of 85.1%. On Cape York, 96.2% of five-year-old Indigenous children were fully vaccinated. The vaccination rates for five-year-old Indigenous children in 2013 exceeded both the State average of 92.7 per cent and the national average of 92.1 % for that age group.

# Governance - Human Resources

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## 6.4 Information systems and recordkeeping

Cape York HHS creates, receives and keeps clinical and business records to support legal, community, stakeholder and business requirements. Records include plans, reports, minutes, correspondence, publications, financial transactions, policy and procedures.

The HHS's Strategic Records Manager is driving a strategy to transform how the Service captures, uses and manages its information and records within the ICT Queensland Government Enterprise Architecture framework. The HHS plans to develop a ICT governance framework to manage ongoing investment and priorities in information management and technology solutions.

As part of the HHS commitment to continuous improvement in information systems and recordkeeping, consideration is being given to the transition to an electronic document and records management system in 2014-15 for administrative and functional records in the new Torres and Cape HHS.

## 7. Governance - Human Resources

### 7.1 Workforce planning, attraction and retention and performance

The 2012-2014 Workforce Plan for Cape York HHS identifies a key objective to assess, acquire, develop and align talent with business objectives while significantly reducing process costs, improving quality of recruitment, reducing retention risks and achieving higher levels of performance.

The workforce profile as at June 2014 is: Full-time Equivalent (FTE) staff establishment is 311 (298.43 FTE for permanent and 395.42 FTE in total) permanent employees, which includes both full-time employees and part-time employees, (reflecting Minimum Obligatory Human Resources Information (MOHRI)).

Cape York HHS had 442.60 staff at 30 June 2014 including:

Medical	14.8
Nursing	156.3
HP, Professional & Technical	26.0
Clinical Streams	197.1
Managerial and Clerical	109.5
Operational	132.0
Trades, Artisans & General	4.0
Non Clinical Streams	245.5

## Governance - Human Resources

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The permanent separation rate for 2013-2014 was 13.17%, which is reflective of the organisational change resulting from the restructure which occurred in 2012-2013 and staff turnover.

The strategies in place to attract and retain staff, and manage performance during the period were:

### Marketing

- Building up and promoting the Cape York HHS brand to attract and retain staff to Cape York HHS.
- Utilising a range of communication media (including the internet presence) to promote the Cape York HHS brand to potential staff. This includes the development of a CYHHS sub portal from Queensland Health's WorkForUs (WFU) site that provides information about employment opportunities and facility profiles for the areas within the Cape York HHS.
- Analysis of entry and exit interview data, workplace survey data and occupational health and safety (OH&S) data to inform branding and associated marketing activities.

### Recruitment

The current recruitment strategy is to create a greater awareness of the opportunities and benefits of employment within Cape York HHS as an organisation and within a rural and remote setting. This is in addition to attracting and retaining staff as a result of the benefits associated to the specific positions.

There is an emphasis on the need for recruitment activities to be tailored to the needs of the Cape York HHS and its facilities rather than random or ad-hoc recruitment activities being conducted. The HHS has focused on identification and consideration of alternative and non-standard recruitment approaches, including collaborative approaches with other organisations or industry stakeholders.

Cape York HHS is continually working with line managers to upskill them on best practice recruitment processes/techniques as well as an efficient transition for new employees through the on-boarding process. The Cape York HHS is conducting annual recruitment and selection training for line managers to take part in to assist with this endeavour.

### 7.2 Orientation

The Cape York HHS has implemented an Orientation to Organisation program for all new employees to attend in addition to their site base induction and on-boarding procedures. It is considered important to ensure all employees receive information that is appropriate to their community needs and rural and remote settings, and creating an environment that welcomes employees as valued new staff members.

# Governance - Human Resources

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## 7.3 Performance management

The purpose of the performance management process is to enhance work performance and career development of employees by:

- Detailing, confirming and applying performance expectations of employees in their respective roles
- Ensuring employees received regular and constructive feedback in their endeavours to meet the expectations of their roles
- Ensuring the employees are aware of their contribution to the wider goals and plans for the Cape York HHS
- Facilitating professional development and succession planning.

Critical elements of the performance management strategy include ensuring performance management systems and reporting abilities are in place and maintained in a timely way for all staff. Performance and Development (PAD) recording and reporting has been reviewed to ensure line managers are receiving accurate data on a regular basis to manage compliance within their organisational units.

## 7.4 Learning and development

The Cape York HHS is committed to the professional development of all employees to develop confident people who work together for the future. We aim to ensure we have the capabilities to achieve our strategic directions and priorities to improve performance and service delivery.

In September 2013, the CYHHS employed a new Learning and Development Coordinator. On commencement, the coordinator established a Learning and Development (L&D) Leaders Group which comprised of key stakeholders from across the organisation.

The L&D Leaders Group developed a strategy and implementation plan to outline the best practice learning and development governance, principles and standards to build cultural capability and develop a two-way learning culture in the CYHHS. The group established a comprehensive suite of tools along a learning pathway to orient and induct staff effectively, ensure mandatory training compliance, provide career opportunities and evaluate activities with the goal of continuous improvement.

The Cape York HHS L&D programs support the implementation of the patient and family centred model of care and facilitate CYHHS to become a learning organisation to ensure CYHHS has the right skills, competencies and capabilities to effectively and successfully deliver services throughout Cape York communities.

# Governance - Human Resources

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## 7.5 Workplace culture

Motivation, productivity, quality work and retention are the results of a positive workplace culture. Cape York HHS aims to support and sustain a workplace environment reflective of:

- fair and equal treatment of employees
- achievements recognised and rewarded
- open and honest communication
- transparent decision making
- two way feedback
- strategic directions and plans
- learning and development opportunities
- career pathways.

An assessment of the workplace culture is achieved via a Workplace Survey to determine how the organisational culture works to support or impede the organisation's goals. Based on the outcomes of the survey, Cape York HHS is able to implement strategies for improvement.

### **Flexible working arrangements and worklife balance**

Cape York HHS recognises the contribution of workers with family responsibilities and aims to create a work environment where their needs are recognised and providing the development of flexible working arrangements and conditions to allow employees to balance working and family responsibilities.

Cape York HHS promotes work-life balance and supports this through a number of initiatives including:

- Flexible working arrangements
- Part-time employment opportunities
- 9 day fortnight
- Rostered day off accrual opportunities

### **Reward and recognition**

To motivate and instil dedication among employees, Cape York HHS features staff and service achievements in newsletters and other relevant media. Employee length of service achievements are also celebrated and communicated throughout the organisation.

### **Leadership**

The development of leadership capabilities through mentoring is a strategy that has been adopted in order to achieve engagement of the team in business strategy and to portray a united front as a leadership team. It also aims to achieve consistency in the delivery of the management function that fits with organisational culture.

### Industrial relations

A full-time Senior Industrial Relations Advisor provides a dedicated resource for employees, the Executive and management teams. This position was created as part of the organisational re-structure with the primary purpose of providing policy interpretation, advice and consultancy and the management of complex employee relations and human resource matters.

The Cape York HHS Consultative Forum meets monthly and oversees any industrial issues that arise. The intent of the forum is to provide a forum for staff, managers and unions to meet regularly to work through any issues at a local level.

### 7.6 Early retirement, redundancy and retrenchment

During the period, 5 employees received redundancy packages at a cost of \$587,267. 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.

### 7.7 Occupational Health and Safety

Occupational Health and Safety has improved its overall performance this year. There has been an ongoing steady trend for work cover absenteeism which resulted in an overall improvement of 45.3%.

The improvement in sick leave absenteeism is up 6.2% compared to the figures from 2012-2013. There were twelve new statutory claims in 2013-2014 (against an industry comparison of 14). There has been one new Common Law claim in this period.

The Lost Time Injury Frequency Rate (LTIFR) equals 9.72 against a HHS average of 9.84. Cape York HHS has seen no new or outstanding regulatory infringement notices.

The Occupational Health and Safety Strategic and Operational plan has been endorsed by the Executive and the Board and is now in the process of implementation.

Deloitte undertook an internal audit to assess whether Cape York HHS has implemented the Qld Health Occupational Health and Safety Management System (OHSMS) in accordance with the standards in AS/NZ4804:2001 and the prescribed Queensland Government "Whole of Government elements". The audit results confirmed the overall Cape York HHS commitment to OHS with a compliance level of 78%.

# Summary of Financial Performance

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## 8. Summary of financial performance

Cape York HHS's core financial goal was to maintain a fully funded financial position which allows us to operate sustainable service that can provide high quality patient care at the most efficient cost. This financial goal underpins the sustainable delivery of high quality health services to Cape York communities into the future. Achieving this goal in 2013-14 year, its second year of operations, has required close and careful management of expenditure within budget to ensure the operations of the Service are carried out efficiently, effectively and achieving optimum value-for-money in accordance with the Queensland Government purchasing policy.

The operating deficit for the 2013-14 year was \$0.053 million

Total expenses for 2013-14 year were \$82.557 million, of which employee expenses were \$45.139 million (54.67%) the majority of which was for staff involved in front line servicing.

Total revenues for the 2013-14 year were \$82.503 million, of which \$80.659 million (97.76%) was government grants.

At 30 June 2014, the HHS assets totalled \$107.49 million and total liabilities were \$10.217 million.

The HHS is committed to continuously driving its strategies to increase revenues and further improve cost efficiencies and further develop its financial strength. To operate a sustainable service the HHS is required to ensure management of costs within budget and value-for-money expenditure in accordance with the State Government purchasing policy. This will be a continued area of focus and the HHS will also be working closely with the Contestability branch on this.

Challenges that could affect the 2014-15 financial performance and position include:

- uncertainty in attracting and retaining a skilled medical, nursing and health worker workforce, given the remoteness of the HHS's services resulting in increased costs
- responsibility of long term management of land and building
- poor condition of buildings, requiring capital funding for new or upgraded facilities
- continued Commonwealth and State grants investment in Cape York to provide population health and community service obligation health services to over 14,400 people, dispersed across a large geographical area and includes cattle properties, outstations, rural and remote communities.

See Attachment 1 for Financial Statements 2013-14

# Compliance Checklist

## 9. Compliance Checklist

Table 7: Compliance Checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister	ARRs – section 8	p.1
Accessibility	Table of contents Glossary	ARRs – section 10.1	p. 2-3
	Public availability	ARRs – section 10.2	p.i
	Interpreter service statement	<i>Queensland Government Language Services Policy</i> ARRs – section 10.3	p.i
	Copyright notice	<i>Copyright Act 1968</i> ARRs – section 10.4	p.i
	Information Licensing	<i>QGEA – Information Licensing</i> ARRs – section 10.5	p.i
General information	Introductory Information	ARRs – section 11.1	p.5
	Agency role and main functions	ARRs – section 11.2	p.6
	Operating environment	ARRs – section 11.3	p.8
	Machinery of government changes	ARRs – section 11.4	p.7
Non-financial performance	Government's objectives for the community	ARRs – section 12.1	p.15
	Other whole-of-government plans / specific initiatives	ARRs – section 12.2	p.15
	Agency objectives and performance indicators	ARRs – section 12.3	p.16
	Agency service areas, and service standards	ARRs – section 12.4	p.16
Financial performance	Summary of financial performance	ARRs – section 13.1	p.37
Governance – management and structure	Organisational structure	ARRs – section 14.1	p.20
	Executive management	ARRs – section 14.2	p.21
	Related entities	ARRs – section 14.3	p.29
	Government bodies	ARRs – section 14.4	n/a
	<i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> (section 23 and Schedule) ARRs – section 14.5	p.29
Governance – risk management and accountability	Risk management	ARRs – section 15.1	p.30
	External scrutiny	ARRs – section 15.2	p.31
	Audit committee	ARRs – section 15.3	p.26
	Internal audit	ARRs – section 15.4	p.28
	Public Sector Renewal	ARRs – section 15.5	p.31
	Information systems and recordkeeping	ARRs – section 15.6	p.32



# Compliance Checklist

Table 7: Compliance Checklist (cont)

Summary of requirement		Basis for requirement	Annual report reference
Governance – human resources	Workforce planning, attraction and retention, and performance	ARRs – section 16.1	p.32
	Early retirement, redundancy and retrenchment	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 16.2	p.36
Open Data	Open Data	ARRs – section 17	p.i
Financial statements	Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 & 50 ARRs – section 18.1	Attach. 1
	Independent Auditors Report	FAA – section 62 FPMS – section 50 ARRs – section 18.2	Attach. 1
	Remuneration disclosures	<i>Financial Reporting Requirements for Queensland Government Agencies</i> ARRs – section 18.3	Attach. 1

*FAA Financial Accountability Act 2009*

*FPMS Financial and Performance Management Standard 2009*

*ARRs Annual report requirements for Queensland Government agencies*

# Feedback

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## 10. Feedback Survey

Cape York HHS is interested in hearing your feedback on its Annual Report 2013-14. Please help us by taking a few minutes to complete this survey so that we can continue to improve the quality of our Annual Report.

*Please select the appropriate response.*

1. The level of detail in the Annual Report was:

too high      appropriate      not enough

2. The writing style and language used in the Annual Report was:

too complex      just right      too simple

3. Overall, I found the presentation of the Annual Report to be:

excellent      good      average      poor

4. Overall, how do you rate the value of the information in the Annual Report:

highly valuable      valuable      of some value      of no value

5. Overall I found the Annual Report to be:

of low quality      of average quality      of high quality

6. What category of user of this Annual Report are you?

health professional      elected official      academia      student

government employee     

other (please specify)     

7. Please add any other comments or feedback

An electronic version of this survey is available on at <http://www.health.qld.gov.au/torres-cape>  
Alternatively, please return the completed survey to: [TCHHS-Board-Chair@health.qld.gov.au](mailto:TCHHS-Board-Chair@health.qld.gov.au)

## ATTACHMENT 1

Financial Statements 30 June 2014

Cape York Hospital and Health Service  
ABN 99 754 543 771

**Cape York Hospital and Health Service  
Financial Statements 2013-2014**

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## General Information

Cape York Hospital and Health Service was a Queensland Government statutory body established under the Hospital and Health Boards Act 2011 and its registered trading name was Cape York Hospital and Health Service. These financial statements cover Cape York Hospital and Health Service as an individual entity. Pursuant to the Hospital and Health Boards Amendment Regulation (No1) 2014, the Cape York Hospital and Health Service was abolished on 30 June 2014. Accordingly, this is the final financial report of the Cape York Hospital and Health Service.

Cape York Hospital and Health Service was controlled by the State of Queensland which was the ultimate parent.

The head office and principal place of business of the Cape York Hospital and Health Service was:

WEIPA INTEGRATED HEALTH SERVICES  
Lot 407 John Evans Drive  
WEIPA QLD 4874

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

For information in relation to Cape York Hospital and Health Service's financial statements, email MD21-CapeYork-HSD@health.qld.gov.au or visit the Cape York Hospital and Health Service website at [www.health.qld.gov.au/capeyork](http://www.health.qld.gov.au/capeyork).

Cape York Hospital and Health Service  
**Statement of Comprehensive Income**  
For the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
<b>Revenue</b>			
User charges and fees	4	76,359	76,318
Grants and other contributions	5	5,703	5,799
Other revenue	6	423	670
<b>Total revenue</b>		<u>82,485</u>	<u>82,787</u>
Gains on disposal of assets	7	18	3
<b>Total income from continuing operations</b>		<u>82,503</u>	<u>82,790</u>
<b>Expenses</b>			
Employee expenses	8	672	507
Health service employee expenses	9	44,467	44,144
Supplies and services	10	31,795	25,338
Grants and subsidies	11	56	6,249
Depreciation and amortisation	12	5,185	4,530
Impairment losses	13	(127)	146
Other expenses	14	509	983
<b>Total expenses from continuing operations</b>		<u>82,557</u>	<u>81,897</u>
<b>Operating result for the year</b>		<u>(53)</u>	<u>893</u>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to operating result</i>			
Increase in Asset Revaluation Surplus	24	-	7,846
<b>Total other comprehensive income</b>		<u>-</u>	<u>7,846</u>
<b>Total comprehensive income</b>		<u>(53)</u>	<u>8,739</u>

The accompanying notes form part of these statements.

Cape York Hospital and Health Service  
**Statement of Financial Position**  
As at 30 June 2014

	Notes	2014 \$'000	2013 \$'000
<b>Current assets</b>			
Cash and cash equivalents	15	9,988	5,629
Receivables	16	1,105	2,978
Inventories	17	240	240
Other current assets	18	42	31
<b>Total current assets</b>		<b>11,375</b>	<b>8,878</b>
<b>Non-current assets</b>			
Property, plant and equipment	19	96,124	98,783
<b>Total non-current assets</b>		<b>96,124</b>	<b>98,783</b>
<b>Total assets</b>		<b>107,499</b>	<b>107,661</b>
<b>Current liabilities</b>			
Payables	20	10,030	7,068
Provisions	21	-	292
Accrued employee benefits	22	17	26
Other current liabilities	23	170	-
<b>Total current liabilities</b>		<b>10,217</b>	<b>7,386</b>
<b>Total liabilities</b>		<b>10,217</b>	<b>7,386</b>
<b>Net assets</b>		<b>97,282</b>	<b>100,275</b>
<b>Equity</b>			
Contributed equity		88,596	91,536
Accumulated surplus		840	893
Asset revaluation surplus	24	7,846	7,846
<b>Total equity</b>		<b>97,282</b>	<b>100,275</b>

The accompanying notes form part of these statements.

Cape York Hospital and Health Service  
**Statement of Changes in Equity**  
For the year ended 30 June 2014

	Notes	Accumulated surplus/(deficit) \$'000	Asset revaluation surplus \$'000	Contributed equity \$'000	Total equity \$'000
<b>Balance at 1 July 2012</b>		-	-	-	-
Operating result		893	-	-	893
<i>Other comprehensive income</i>					
Increase in asset revaluation surplus	24	-	7,846	-	7,846
Total comprehensive income for the year		893	7,846	-	8,739
<i>Transactions with owners as owners</i>					
Net assets received on 1 July 2012		-	-	93,797	93,797
Equity injections	34	-	-	2,230	2,230
Equity withdrawals	34	-	-	(4,491)	(4,491)
Net transactions with owners as owners		-	-	91,536	91,536
<b>Balance as at 30 June 2013</b>		893	7,846	91,536	100,275
<b>Balance at 1 July 2013</b>		893	7,846	91,536	100,275
Operating result		(53)	-	-	(53)
<i>Other comprehensive income</i>					
Increase in asset revaluation surplus	24	-	-	-	-
Total comprehensive income for the year		(53)	-	-	(53)
<i>Transactions with owners as owners</i>					
Equity injections	34	-	-	2,239	2,239
Equity withdrawals	34	-	-	(5,179)	(5,179)
Net transactions with owners as owners		-	-	(2,940)	(2,940)
<b>Balance as at 30 June 2014</b>		840	7,846	88,596	97,282

The accompanying notes form part of these statements.



Cape York Hospital and Health Service  
**Statement of Cash Flows**  
For the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
<b>Cash flows from operating activities</b>			
<b>Inflows:</b>			
User charges and fees		71,187	71,259
Grants and other contributions		8,022	3,181
Interest received		2	2
GST input tax credits from ATO		1,560	1,585
GST collected from customers		259	396
Other		410	909
		<u>81,440</u>	<u>77,332</u>
<b>Outflows:</b>			
Employee expenses		(672)	(507)
Health service employee expenses		(42,899)	(41,921)
Supplies and services		(30,952)	(20,467)
Grants and subsidies		-	(6,249)
GST paid to suppliers		(1,754)	(1,664)
GST remitted to ATO		(241)	(351)
Other		(317)	(1,071)
		<u>(76,835)</u>	<u>(72,230)</u>
<b>Net cash provided by operating activities</b>	25	<u>4,605</u>	<u>5,102</u>
<b>Cash flows from investing activities</b>			
<b>Inflows:</b>			
Sales of property, plant and equipment		35	3
<b>Outflows:</b>			
Payments for property, plant and equipment		(1,555)	(1,131)
<b>Net cash used in investing activities</b>		<u>(1,520)</u>	<u>(1,128)</u>
<b>Cash flows from financing activities</b>			
<b>Inflows:</b>			
Equity Injections		1,274	1,655
<b>Net cash provided by financing activities</b>		<u>1,274</u>	<u>1,655</u>
<b>Net increase in cash and cash equivalents</b>		<u>4,359</u>	<u>5,629</u>
Cash and cash equivalents at the beginning of the financial year		5,629	-
<b>Cash and cash equivalents at the end of the financial year</b>	15	<u>9,988</u>	<u>5,629</u>

The accompanying notes form part of these statements.

Cape York Hospital and Health Service  
**Notes to the Financial Statements**  
For the year ended 30 June 2014

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- Note 2 Summary of significant accounting policies
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**Note 1 Objectives and strategic priorities of Cape York Hospital and Health Service**

Cape York Hospital and Health Service was established on 1 July 2012 as a not-for-profit statutory body under the Hospital and Health Boards Act 2011 (refer Note 3).

Cape York Hospital and Health Service's objective during the 2013-14 financial year was to provide high quality remote area care. To achieve this, it is essential that services are well planned and organised and that they evolve and change in line with changing practices and community needs. This is reflected in the following four strategic priorities:

- Improve equity in access and health outcomes for Aboriginal and Torres Strait Islander people.
- Care is person focused and family centred, appropriate, safe and effective.
- Partnerships deliver effective, high quality services and improved health outcomes for Cape York Peninsula residents.
- Sustainable, responsible and innovative workforce solutions and use of resources.

Cape York Hospital and Health Service was predominantly funded for the major services it delivers by the Queensland and Commonwealth Governments.

**Note 2 Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below.

**(a) Statement of compliance**

The Hospital and Health Boards Amendment Regulation (No. 1) 2014, made by Governor in Council on 24 April 2014, amended the Hospital and Health Boards Regulation 2012 to establish a new Torres and Cape Hospital and Health Service commencing on 1 July 2014.

The Cape York Hospital and Health Service and the Torres Strait-Northern Peninsula Hospital and Health Service were amalgamated to form this new Torres and Cape Hospital and Health Service.

The Cape York Hospital and Health Service and the Torres Strait-Northern Peninsula Hospital and Health Service were abolished on 30 June 2014 and the assets of the two abolished Services, other than non-operational housing assets, became the assets of the new Service and the liabilities were assumed by the new Service on that date. Non-operational housing assets transferred to the Department of Housing and Public Works on 1 July 2014 (Note 36(b)).

As a result of the amendment Regulation abolishing Cape York Hospital and Health Service (HHS), the HHS is no longer considered a going concern. While it is not a going concern, these final financial statements have been prepared consistent with the going concern basis as Cape York Hospital and Health Service's functions and services will continue to be delivered by the new Torres and Cape Hospital and Health Service. The values of assets and liabilities reported in these financial statements represent their carrying amounts immediately prior to the transfers to the new Torres and Cape Hospital and Health Service and the Department of Housing and Public Works (non-operational housing assets).

The financial statements have been prepared in compliance with 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 ended 30 June 2014, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, as the HHS 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 income, expenses, assets, liabilities and equity of Cape York Hospital and Health Service. Cape York Hospital and Health Service does not have any controlled entities. Cape York Hospital and Health Service provided comprehensive primary health care, acute care, visiting specialist and sub-acute services through a network of two multipurpose hospitals (Weipa and Cooktown) and ten primary health care clinics (Aurukun, Coen, Hopevale, Laura, Lockhart River, Kowanyama, Mapoon, Napranum, Pormpuraaw and Wujal Wujal).

**Note 2 Summary of significant accounting policies (continued)**

**(c) Functional and presentation currency**

The financial statements are presented in Australian dollars which is Cape York Hospital and Health Service's functional currency.

**(d) Trust and Cape York Hospital and Health Service transactions and balances**

**Patient Fiduciary Fund transactions**

Cape York Hospital and Health Service acted in a fiduciary trust capacity in relation to patient trust accounts and undertook certain trustee transactions with regards to purchasing items on behalf of patients for their personal use. As Cape York Hospital and Health Service acted only in a custodial role in respect of these transactions and balances, they are not recognised in the financial statements. Trust activities are included in the annual audit performed by the Auditor-General of Queensland. Note 29 provides additional financial information in respect of trust transactions and balances.

**(e) User charges and fees**

User charges and fees primarily comprises Department of Health (the Department) funding, hospital fees, reimbursement of pharmaceutical benefits and sales of goods and services. There has been a change in the recognition of Department of Health funding from grants and other contributions in 2012-13 to user charges and fees this year, refer Note 4 for details.

User charges and fees controlled by Cape York Hospital and Health Service are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. User charges and fees are controlled by Cape York Hospital and Health Service where they can be deployed for the achievement of Cape York Hospital and Health Service's objectives.

The funding from Department of Health is provided predominantly for specific public health services purchased by the Department from Cape York Hospital and Health Service in accordance with a service agreement between the Department and Cape York Hospital and Health Service. The service agreement is reviewed periodically and updated for changes in activities and prices of services delivered by Cape York Hospital and Health Service. Refer Note 3 for more information on this funding arrangement.

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

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

**(f) Grants and other contributions**

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

Contributed assets are recognised at their fair value. Contributions of services are recognised only if the services would be purchased if they had not been donated and a fair value can be determined reliably.

**(g) Other revenue**

Other revenue consists mainly of interest received and contract staff recoveries.

**(h) Special payments**

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

**Note 2 Summary of significant accounting policies (continued)**

**(i) Cash and cash equivalents**

Cash and cash equivalents include all cash and cheques received but not banked at 30 June.

In accordance with 31(2) of the Statutory Bodies Financial Arrangements Act 1982, Cape York Hospital and Health Service obtained approval by Queensland Treasury and Trade for a bank overdraft facility on its main operating bank account. This arrangement is forming part of the whole-of-government banking arrangements with the Commonwealth Bank of Australia and allows Cape York Hospital and Health Service access to the whole-of-government debit facility up to its approved limit. Refer to Note 30(d).

**(j) Receivables**

Trade debtors are recognised at the amounts due at the time of sale or service delivery. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts are written off when identified. Increases in the allowance for impairment are based on loss events disclosed in Note 30(c).

Other receivables are recognised at carrying value less any impairment losses.

**(k) Inventories**

Inventories consist of drugs and pharmaceutical supplies held for distribution to the hospitals and primary health care centres. Inventories are measured at cost. Unless material, inventories do not include supplies held for ready use in the wards throughout the hospital and health care facilities and are expensed on issue from Cape York Hospital and Health Service's main store room.

**(l) Property, plant and equipment**

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.

Buildings (includes land improvements)	\$10,000
Land	\$1
Plant and equipment	\$5,000

Property, plant and equipment are initially recorded at actual cost. 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 architect's fees and engineering design fees but excluding training costs which are expensed as incurred. Items or components that form an integral part of an asset are recognised as a single (functional) asset.

Work in progress is not transferred to fixed assets until ready for use.

Where assets are received for no consideration 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 initially recognised at their fair value at the date of acquisition in accordance with AASB 116 Property, Plant and Equipment and Queensland Treasury's non-current asset policies for the Queensland Public Sector.

*Revaluations of property, plant and equipment*

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 of Cape York Hospital and Health Service to materially represent their fair value at the end of the reporting period.

**Note 2 Summary of significant accounting policies (continued)**

Plant and equipment is measured at cost in accordance with Queensland Treasury and Trade's non-current asset policies for the Queensland Public Sector. The carrying amounts for plant and equipment at cost should not materially differ from their fair value.

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

In 2013-14 Cape York Hospital and Health Service engaged the State Valuation Service to provide indices for all land holdings at 30 June 2014. 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, having regard to the review of land values undertaken for each local government area. SVS provides assurance of the robustness of the indices, validity and appropriateness for application to the relevant asset.

Buildings are measured at fair value by applying either a revised estimate of the individual asset's depreciated replacement cost or interim indices which approximate movements in market prices for labour and other key resource inputs as well as changes in design standards at the reporting date. These estimates are developed by independent quantity surveyors.

The fair values reported by Cape York Hospital and Health Service are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs. Refer Note 2(o) Fair value measurement.

Where assets have not been specifically appraised in the reporting period, their previous revaluations are materially kept up-to-date via the application of relevant indices and /or assessment by Davis Langdon Australia Pty Ltd (Davis Langdon) confirming their fair value at balance date. Where there are assets valued by an independent valuer and by indices they are also tested for reasonableness by comparing the results of assets valued by indices to the results of similar assets valued by independent valuation and also analysing the trend of changes in values over time.

Assets under construction are not revalued until they are ready for use. Construction of major health infrastructure is managed by the Department of Health. Upon practical completion of a project, assets under construction are assessed for their fair value by the Department of Health engaging an independent valuer prior to the transfer of those assets to the HHS. Refer Note 19 for more details.

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. The methodology applied by the valuer is a financial simulation in lieu of 'market value' as these assets cannot be bought and sold on the open market.

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 historical and current construction contracts. Assets are priced using Brisbane rates with published industry benchmark location indices. Revaluations are then compared and assessed against current construction contracts for reasonableness. The valuation assumes that a replacement building will replace the current function of the building with a building of the same form (size and shape) but built to meet current design standards. The key measurement quantities used in the determination of the replacement cost were:

- Asset type
- Gross floor area
- Number of floors
- Girth of the building
- Height of the building
- Number of lifts and staircases
- Location

Estimates of area were obtained by measuring floor areas from Project Services e-Plan room or drawings from Cape York Hospital and Health Service. Refurbishment costs have been derived from specific projects and are therefore indicative of actual costs.

**Note 2 Summary of significant accounting policies (continued)**

The 'cost to bring to current standards' is the estimated cost of refurbishing the asset to bring it to current standards and a new condition. This estimated cost is linked to the condition assessment rating of the building evaluated by the quantity surveyor during site inspection. The condition rating is also determined using asset condition data provided by Cape York Hospital and Health Service, information from asset managers and previous reports and inspection photographs (where available) to show the change in condition over time.

The following table outlines the condition assessment rating applied to each building which assists the valuer in determining the current depreciated replacement cost.

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

These condition ratings are linked to the cost to bring to current standards.

The standard life of a health facility is generally 30 years and is adjusted for those assets in extreme climatic conditions that have historically shorter lives, or where assets such as residences generally have longer lives.

Estimates of remaining life are based on the assumption that the asset remains in its current function and will be maintained. No allowance has been provided for significant refurbishment works in the estimate of remaining life as any refurbishment should extend the life of the asset. Buildings have been valued on the basis that there is no residual value.

Revaluation increments are credited to the asset revaluation surplus of the appropriate class, except to the extent they reverse 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 estimated remaining useful life.

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

*Depreciation*

Land is not depreciated as it has an unlimited useful life.

Buildings and plant and equipment are depreciated on a straight-line basis. Annual depreciation is based on fair values and Cape York Hospital and Health Service's assessments of the remaining useful life of individual assets.

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.

**Note 2 Summary of significant accounting policies (continued)**

Any expenditure that increases the capacity or service potential of an asset is capitalised and depreciated over the remaining useful life of the asset. Major spares purchased specifically for particular assets are capitalised and depreciated on the same basis as the asset to which they relate. The depreciable amount of improvements to or on leasehold property 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 the leases includes any option period where exercise of the option is probable.

The estimated useful lives of the assets are reviewed annually and where necessary, are adjusted to better reflect the pattern of consumption of the asset. In reviewing the useful life of each asset factors such as asset usage and the rate of technical obsolescence are considered.

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

<u>Class</u>	<u>Depreciation rates</u>
Buildings	2.5% - 3.33%
Plant and equipment	5.0% - 20.0%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to Cape York Hospital and Health Service. Gains and losses between the carrying amount and the disposal proceeds are taken to the statement of comprehensive income.

*Leased property, plant and equipment*

Operating lease payments, being representative of the pattern of benefits derived from the leased assets are expensed in the period in which they are incurred. Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

AASB 17 Leased Assets is not applicable to land and buildings, currently under deed of lease with the Department of Health, as no consideration in the form of lease payments is required under the agreement.

Cape York Hospital and Health Service had no assets subject to finance lease at the reporting date.

**(m) Deed of Grant in Trust land**

Cape York Hospital and Health Service is located on land assigned to it under a Deed of Grant in Trust (DOGIT) under Section 341 of the Land Act 1994.

*Land Held at \$1*

Land parcels which are located in reserve areas and which cannot be bought or sold are recorded in the land assets for a nominal value of \$1 as there is no active and liquid market for these land sections.

*Land not recognised in the financial statements*

Cape York Hospital and Health Service has constructed buildings as health care centres in DOGIT areas on both freehold and reserve land. While the buildings are recorded as assets in the financial statements, the land is not as the Hospital and Health Service does not control the land element of these properties. The land element is recorded in the Government Land Register as improvements only.

**(n) Impairment of non-current assets**

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, Cape York Hospital and Health Service determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

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



**Note 2 Summary of significant accounting policies (continued)**

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

**(o) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (ie. an exit price) regardless of whether the 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 residential 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 Cape York Hospital and Health Service 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.

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 Cape York Hospital and Health Service 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 Cape York Hospital and Health Service's valuations of assets or liability are eligible for categorisation into level 1 of the fair value hierarchy.

**(p) Payables**

Trade payables are recognised upon receipt of the goods or services provided to Cape York Hospital and Health Service prior to the end of the financial year which are unpaid. Due to their short-term nature they are measured at the agreed contract or purchase price and are generally settled in accordance with the vendors' terms and conditions typically within 30 days.

**(q) Financial instruments**

*Recognition*

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised in the Statement of Financial Position when Cape York Hospital and Health Service becomes party to the contractual provisions of the financial instrument.

**Note 2 Summary of significant accounting policies (continued)**

*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.

Financial assets, other than those held at fair value through the Statement of Comprehensive Income, are assessed for indicators of impairment at the end of each reporting period. For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are additionally assessed for impairment on a collective basis.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Cape York Hospital and Health Service does not enter into transactions for speculative purposes, or hedging. Apart from cash and cash equivalents, Cape York Hospital and Health Service holds no financial assets classified at fair value through the profit or loss.

Other disclosures relating to the measurement and financial risk management of other financial instruments are included in Note 30.

**(r) Employee benefits**

In accordance with the Hospital and Health Boards Act 2011 (HHBA) section 67, the employees of the Department of Health are referred to as health service employees. Pursuant to section 80 of the HHBA they remain employees of the Department of Health and are taken to be employed by Cape York Hospital and Health Service on the same terms, conditions and entitlements.

Under this arrangement:

- The health service employees remain as Department of Health employees.
- Cape York Hospital and Health Service is responsible for the day to day management of these Department of Health employees.
- Cape York Hospital and Health Service reimburses the Department of Health for the salaries, on-costs and other employee related expenses (payroll tax and workers' compensation premium) relating to these Department of Health employees.

These reimbursements are shown under Note 9.

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

*Wages, salaries, and sick leave*

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates. As Cape York Hospital and Health Service 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.

**Note 2 Summary of significant accounting policies (continued)**

*Annual leave and long service 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. Cape York Hospital and Health Service was admitted into this arrangement effective 1 July 2012.

Under the Queensland Government's Annual Leave Central Scheme and Long Service Leave Central Scheme, levies are payable by Cape York Hospital and Health Service to cover the cost of employees' annual leave (including leave loading and on-costs) and long service leave. These levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave and long service leave are claimed from the schemes quarterly in arrears which is currently facilitated by the Department of Health.

No provision for annual leave or long service leave is recognised in Cape York Hospital and Health Service's financial statements, as the liability for these schemes 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.

*Rostered days off*

No provision for rostered days off is recognised in Cape York Hospital and Health Service's financial statements, as the liability for this item is held by the Department of Health and reported in those financial statements.

*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 payable and Cape York Hospital and Health Service'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.

Cape York Hospital and Health Service complies with The Superannuation Guarantee (Administration Act) 1992 (Superannuation Guarantee) which requires Cape York Hospital and Health Service to provide a minimum superannuation cover for all eligible employees. The minimum level of superannuation cover under the Superannuation Guarantee is 9.25 per cent (2013: 9 per cent) of each eligible employee's earnings base. Contributions are expensed in the period in which they are paid or payable. Cape York Hospital and Health Service obligation is limited to its contribution to the superannuation fund. Therefore no liability is recognised for accruing superannuation benefits in Cape York Hospital and Health Service financial statements.

*Key executive 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 management personnel and remuneration.

**(s) Provisions**

Provisions are recognised when Cape York Hospital and Health Service has a present (legal or constructive) obligation as a result of a past event, it is probable Cape York Hospital and Health Service will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

**Note 2 Summary of significant accounting policies (continued)**

**(t) Insurance**

Cape York Hospital and Health Service is covered by the Department of Health insurance policy with Queensland Government Insurance Fund (QGIF) and pays a fee to the Department of Health as a fee for service arrangement.

QGIF covers property and general losses above a \$10,000 threshold and health litigation payments above a \$20,000 threshold and associated legal fees. Premiums are calculated by QGIF on a risk assessment basis.

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

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

Cape York Hospital and Health Service 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.

**(v) Contributed equity**

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

Transactions with owners as owners include equity injections for non-current asset acquisitions and non-cash equity withdrawals to offset non-cash depreciation funding received under the service agreement with the Department of Health.

**(w) Taxation**

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

Cape York Hospital and Health Service and the Department of Health with other hospital and health services, form a "group" for GST purposes under Division 149 of the GST Act. This means that any transactions between the members of the "group" do not attract GST. However, all entities are responsible for the payment or receipt of any GST for their own transactions. As such, GST credits receivable from and payable to the Australian Taxation Office (ATO) are recognised and accrued.

**(x) Issuance of financial statements**

The financial statements are authorised for issue by the former Chair of Cape York Hospital and Health Service Board and the former Chief Finance Officer at the date of signing the Management Certificate.

**(y) Accounting estimates and judgements**

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 amount of assets and liabilities in the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

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

- Receivables – Note 2(j), Note 16 and Note 30(c)
- Property, plant and equipment – Note 2(l)(n)(o) and Note 19

**Note 2 Summary of significant accounting policies (continued)**

**(z) 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.

**(aa) Voluntary change in accounting policy**

Cape York Hospital and Health Service has made a voluntary change in accounting policy for the recognition of funding provided by the Department of Health (the Department) under a service agreement between the Department and Cape York Hospital and Health Service. The service agreement specifies those public health services purchased by the Department from Cape York Hospital and Health Service.

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, Cape York Hospital and Health Service now recognises the 2013-14 funding of \$76,358,867 as user charges and fees revenue for 2013-14 rather than as grants revenue which occurred in 2012-13. The main affect is that the revenue is now recognised under the criteria detailed in AASB 118 Revenue for 2013-14, rather than under AASB 1004 Contributions in 2012-13. The revenue recognition criteria is described in Note 2(e) User charges and fees 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 \$75,190,404 and user charges and fees revenue has increased by the same amount.

**(bb) New and revised accounting standards**

Cape York Hospital and Health Service did not voluntarily change any of its accounting policies during 2013-14 other than as described in Note 2(aa) above.

The only Australian Accounting Standard changes applicable for the first time as from 2013-14 that have had a significant impact on Cape York Hospital and Health Service financial statements are those arising from AASB 13 Fair Value Measurement, explained as follows.

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 Cape York Hospital and Health Service's assets and liabilities that are measured and disclosed at fair value and/or another measurement based on fair value. The impacts of AASB13 relate to the fair value measurement methodologies used and financial statement disclosure made in respect of assets and liabilities.

Cape York Hospital and Health Service reviewed its fair value methodologies (including instructions to valuers, data used and assumptions made) for all items of property, plant and equipment measured at fair value to assess whether those methodologies comply with AASB 13. 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.

AASB 13 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 and liabilities that substantially are based on data that is not 'observable' (ie. accessible outside Cape York Hospital and Health Service), the amount of information disclosed has significantly increased. Note 2(o) Fair value policy note explains some of the principles underpinning the additional fair value information disclosed. Most of this additional information is set out in Note 19 Property, plant and equipment and Note 2(l).

**Note 2 Summary of significant accounting policies (continued)**

A revised version of AASB 119 Employee Benefits became effective for reporting periods beginning on or after 1 January 2013. Given Cape York Hospital and Health Service's circumstances, the only implications for Cape York Hospital and Health Service were the revised concept of 'termination benefits' and the revised recognition criteria for termination benefit liabilities. If termination benefits meet the timeframe criteria for 'short term employee benefits' they will be measured in accordance with AASB 119 requirements for "short term employee benefits". Otherwise termination benefits need to be measured in accordance with 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' are 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 Cape York Hospital and Health Service is a member of the Queensland Government central schemes for annual leave and long service leave this change in criteria has no impact on Cape York Hospital and Health Service'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. Cape York Hospital and Health Service 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 Cape York Hospital and Health Service.

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 Tier 1 and Tier 2 requirements is that Tier 2 requires fewer disclosures than Tier 1.

Pursuant to AASB 1053 public sector entities like Cape York Hospital and Health Service 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 Cape York Hospital and Health Service, 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 Cape York Hospital and Health Service) 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 Cape York Hospital and Health Service.

Cape York 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, Cape York Hospital and Health Service has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. Cape York Hospital and Health Service applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, the "expected impacts" of new or amended Australian Accounting Standards with future commencement dates are as set out below. The "expected impacts" are set out for information purposes only as the hospital and health service was abolished on 30 June 2014 and consequently, any impacts will affect the new Torres and Cape Hospital and Health Service (see Note 2(a)).

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

**Note 2 Summary of significant accounting policies (continued)**

The following new and revised Australian Accounting 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, Cape York Hospital and Health Service has reviewed the nature of its relationships with entities that Cape York Hospital and Health Service is connected with to determine the impact of AASB 2013-8. Currently Cape York Hospital and Health Service does not have control over any other entities.

AASB 11 deals with the concept of joint control and sets out new principles for determining the type of joint arrangement that exists, 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. Cape York Hospital and Health Service 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.

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 2018. The main impacts of these standards on Cape York Hospital and Health Service are that they would change the requirements for the classification, measurement and disclosures associated with Cape York Hospital and Health Service'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 approximate 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 Cape York Hospital and Health Service's activities, or have no material impact on the Cape York Hospital and Health Service.

**Note 3 Major activities and services**

**Major activities**

**Administrative arrangements under the National Health Reform**

*Health reform*

On 2 August 2011, Queensland, as a member of the Council of Australian Governments signed the National Health Reform Agreement, committing to major changes in the way that health services in Australia are funded and governed. These changes took effect from 1 July 2012 and include moving to a purchaser-provider model, with health service delivery to be purchased from legally independent hospital networks (statutory bodies known as Hospital and Health Services in Queensland).

*Health services funding*

Funding was provided to Cape York Hospital and Health Service in accordance with a service agreement between Cape York Hospital and Health Service and the Department of Health. The service agreement specifies the public hospital, health and other services to be delivered by the HHS and the funding to be provided by the Department of Health to the HHS for the provision of these services.

The Department of Health receives its revenue for hospital and health service funding from the Queensland government (majority of funding) and the Commonwealth. Hospital and health services are funded for eligible services through block funding; activity based funding; or a combination of both. Activity based funding is based on an agreed number of activities, per the service agreement and a state-wide price by which relevant activities are funded. Block funding is not based on levels of public health care activity.

*Depreciation funding*

Cape York Hospital and Health Service received funding from the Department of Health to cover depreciation and amortisation costs. 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.

**Other administrative arrangements**

*Transfer of net asset balances*

In 2012-13, certain balances were transferred from the Department of Health to Cape York Hospital and Health Service. Pursuant to section 4 of the transfer notice - Designation of Transfer or Other dealing (section 307(2) (a) of the Hospital and Health Services Act 2011), certain assets and liabilities were transferred from the Department of Health to the hospital and health service and were designated as a contribution by/distribution to owners of a wholly owned government entity and as such were accounted for as contributed equity.

The Department of Health retains legal ownership of all land and building assets. Control of these assets was transferred to the hospital and health service, representing its right to use the assets, under the concurrent lease contained in the Transfer Notice, signed by the Minister for Health on 18 June 2012. In accordance with the definition of control under Australian Accounting Standards, the hospital and health service recognised the value of these assets on its statement of financial position. The values transferred were the carrying values of the items recorded in the Department of Health financial statements at 30 June 2012 and comprise the net assets received by Cape York Hospital and Health Service as at 1 July 2012.

**Major services**

Cape York Hospital and Health Service had five major departmental services. These reflect the Cape York Hospital and Health Service's services profile as articulated in the Cape York 2013-14 service agreement. The identity and purpose of each major service undertaken by the Cape York Hospital and Health Service during the reporting period is summarised as follows:

*Clinical services*

Cape York Hospital and Health Service delivered primary health, non-acute and sub-acute care services through its facilities. Cape York Hospital and Health Service also supported a wide range of services delivered by outreach teams, including visiting specialist services from other hospital and health services (mainly Cairns) and non-government providers such as Apunipima Cape York Health Council Limited and the Royal Flying Doctors Service of Australia Limited.



**Note 3 Major activities and services (continued)**

*Prevention, promotion, protection*

Cape York Hospital and Health Service aims were to prevent illness or injury, promote and protect good health and well-being of the population and reduce the health status gap between the most and least advantaged in the community.

*Residential and aged care facilities*

Cape York Hospital and Health Service operated the following residential facilities:

- Sunbird Cottage Residential Aged Care Facility (Cooktown Multi-Purpose Health Service)
- Weipa Residential Aged Care Facility (Weipa Integrated Health Service).

*Mental health facilities and services*

Cape York Hospital and Health Service continuously delivered specialised mental health and alcohol and other drug treatment services as specified in the Cape York 2013-14 service agreement.

*Teaching, training and research*

Cape York Hospital and Health Service provided teaching, training and research programs for which funding is identified in the Cape York 2013-14 service agreement. The four principles of sustainability, consistency, efficiency and collaboration underpin the provision of teaching (generally referred to as clinical education and training) and research within and across hospitals and health services.

Cape York Hospital and Health Service  
**Notes to the Financial Statements**  
For the year ended 30 June 2014

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 4</b>		
<b>User charges and fees</b>		
<b>State Government funding</b>		
Block funding	75,246	75,190
	<u>75,246</u>	<u>75,190</u>
<b>Other</b>		
Hospital fees	139	182
Multi purpose nursing fees received	350	328
Inter-hospital and health service recoveries	505	-
Training fees received	104	12
Other fees received	26	364
Rental income	(11)	242
	<u>1,113</u>	<u>1,128</u>
	<u>76,359</u>	<u>76,318</u>
<b>Note 5</b>		
<b>Grants and other contributions</b>		
Government grants	5,413	5,645
Other grants	260	140
Donations and gifts	30	14
	<u>5,703</u>	<u>5,799</u>
<b>Note 6</b>		
<b>Other revenue</b>		
Interest	2	2
Other	421	668
	<u>423</u>	<u>670</u>
<b>Note 7</b>		
<b>Gains on disposal of assets</b>		
Gain on sale of property, plant and equipment	<u>18</u>	<u>3</u>
<b>Note 8</b>		
<b>Employee expenses</b>		
Wages and salaries	380	446
Employer superannuation contributions	27	34
Annual leave expenses	13	17
Employee related expenses (workcover, payroll tax)	27	10
Termination benefits	225	-
	<u>672</u>	<u>507</u>

The health services Chief Executive position was unoccupied for part of the financial year due to termination.

The number of employees includes 1 full-time and 6 part-time employees measured on a full-time equivalent basis reflecting Minimum Obligatory Human Resource Information (MOHRI).

Cape York Hospital and Health Service  
**Notes to the Financial Statements**  
For the year ended 30 June 2014

**2014**                      **2013**  
**\$'000**                      **\$'000**

**Note 9                      Health service employee expenses**

Health service employee expenses for Department of Health employees

Health service employee related expenses

43,944	43,936	
<u>523</u>	<u>208</u>	
<b><u>44,467</u></b>	<b><u>44,144</u></b>	

The above expense includes \$843,203 for voluntary redundancy payments.

Number of health service employees in 2014: 443 (2013: 368)

The number of employees as at 30 June 2014 includes both full-time employees and part-time employees, measured on a full-time equivalent basis (reflecting Minimum Obligatory Human resource Information (MOHRI)).

**Note 10                      Supplies and services**

Consultants and contractors

Electricity and other utilities

Patient travel

Other travel

Freight

Water

Building services

Computer services

Motor vehicles running costs

Communications

Repairs and maintenance

Expenses relating to capital works

Operating lease rentals

Drugs and pharmaceutical supplies

Clinical supplies and services

Catering and domestic supplies

Pathology

Other

5,798	3,211	
1,321	1,011	
5,713	4,370	
2,042	2,140	
317	325	
68	67	
429	331	
390	337	
248	242	
690	757	
2,474	1,946	
250	318	
2,869	2,813	
2,248	2,254	
2,417	990	
623	494	
678	502	
<u>3,220</u>	<u>3,230</u>	
<b><u>31,795</u></b>	<b><u>25,338</u></b>	

**Note 11                      Grants and subsidies**

Home, community care and rural health services

Other

56	1,285	
<u>-</u>	<u>4,964</u>	
<b><u>56</u></b>	<b><u>6,249</u></b>	

**Note 12                      Depreciation and amortisation**

Buildings and land improvements

Plant and equipment

4,385	3,744	
<u>800</u>	<u>786</u>	
<b><u>5,185</u></b>	<b><u>4,530</u></b>	

Cape York Hospital and Health Service  
**Notes to the Financial Statements**  
For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
<b>Note 13</b>		
<b>Impairment losses</b>		
Impairment losses on receivables	(136)	92
Bad debts written off	9	54
	<u>(127)</u>	<u>146</u>

The 2012-13 impairment was written back in the 2013-14 financial year in line with revenue write back relating to an agreement that did not proceed.

<b>Note 14</b>		
<b>Other expenses</b>		
Audit fees	200	138
Bank fees	1	1
Insurance	189	328
Inventory written off	-	203
Losses from the disposal of non-current assets	7	28
Special payments - donations/gifts	-	1
Special payments - ex-gratia payments	20	27
Other legal costs	57	34
Journals and subscriptions	11	8
Advertising	35	18
Interpreter fees	-	1
Other	(11)	196
	<u>509</u>	<u>983</u>

<b>Note 15</b>		
<b>Cash and cash equivalents</b>		
Cash at bank and on hand	9,988	5,629
	<u>9,988</u>	<u>5,629</u>

Cape York Hospital and Health Service's bank accounts are grouped within the whole-of-government set-off arrangement with Queensland Treasury Corporation. Cape York Hospital and Health Service does not earn interest on surplus funds and is not charged interest or fees for accessing its approved cash debit facility as it is part of the whole-of-government banking arrangements. Interest earned on the aggregate set-off arrangement balance accrues to the state consolidated fund.

Cape York Hospital and Health Service  
**Notes to the Financial Statements**  
For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
<b>Note 16</b>		
<b>Receivables</b>		
<b>Current</b>		
Trade debtors	940	3,090
Grants receivable	-	-
Loans and advances	-	-
Payroll receivables	4	5
Less: Allowance for impairment loss	<u>(16)</u>	<u>(151)</u>
	<u>928</u>	<u>2,944</u>
GST input tax credits receivable	194	79
GST payable	<u>(17)</u>	<u>(45)</u>
	<u>177</u>	<u>34</u>
	<u>1,105</u>	<u>2,978</u>
<b>Movements in the allowance for impairment loss</b>		
Balance at 1 July	151	-
Decrease in allowance recognised	(142)	
Increase in allowance recognised in operating result	16	151
Amounts written off during the year	<u>(9)</u>	<u>-</u>
Balance as at 30 June	<u>16</u>	<u>151</u>

The impairment was written back in the 2013-14 financial year in line with revenue written back relating to an agreement that did not proceed.

**Note 17**      **Inventories**

Drugs and pharmaceutical supplies	<u>240</u>	<u>240</u>
	<u>240</u>	<u>240</u>

**Note 18**      **Other current assets**

Prepayments	<u>42</u>	<u>31</u>
	<u>42</u>	<u>31</u>

Cape York Hospital and Health Service  
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	2014 \$'000	2013 \$'000
<b>Note 19</b>		
<b>Property, plant and equipment</b>		
Land : at fair value		
Gross	7,671	7,671
	<u>7,671</u>	<u>7,671</u>
Buildings : at fair value		
Gross	130,972	129,162
Less: Accumulated depreciation	(47,304)	(42,918)
	<u>83,668</u>	<u>86,244</u>
Plant and equipment : at fair value		
Gross	8,496	8,318
Less: Accumulated depreciation	(4,395)	(4,006)
	<u>4,101</u>	<u>4,312</u>
Capital works in progress : at fair value		
Gross	684	556
	<u>684</u>	<u>556</u>
<b>Total property, plant and equipment</b>	<b><u>96,124</u></b>	<b><u>98,783</u></b>

**Reconciliations**

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Work in progress \$'000	Total \$'000
Net assets received at 1 July 2012	7,671	81,708	4,070	349	93,798
Additions	-	114	1,065	527	1,706
Disposals	-	-	(37)	-	(37)
Revaluation increments	-	7,846	-	-	7,846
Transfers in/(out)	-	320	-	(320)	-
Depreciation expense	-	(3,744)	(786)	-	(4,530)
Balance at 30 June 2013	<u>7,671</u>	<u>86,244</u>	<u>4,312</u>	<u>556</u>	<u>98,783</u>

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Work in progress \$'000	Total \$'000
Net assets received at 1 July 2013	7,671	86,245	4,312	556	98,784
Additions	-	269	602	684	1,555
Disposals	-	-	(13)	-	(13)
Revaluation increments	-	-	-	-	-
Transfers in from other Queensland Government entities	-	983	-	-	983
Transfers in/(out)	-	557	-	(557)	-
Depreciation expense	-	(4,385)	(800)	-	(5,185)
Balance at 30 June 2014	<u>7,671</u>	<u>83,669</u>	<u>4,101</u>	<u>683</u>	<u>96,124</u>

**Note 19 Property, plant and equipment (continued)**

**Land**

Land is measured at fair value using independent revaluations, desk top market valuations or indexation by State Valuation Service (SVS) within the Department of Natural Resources and Mines.

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 revaluation. In determining the values, adjustments were made to the sales data to take into account the location of Cape York Hospital and Health Service'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 Cape York Hospital and Health Service's land.

The land valuations for 2013-14 resulted in a net increment/decrement of \$nil (2013: net increment/decrement of \$nil) to the carrying amount of land.

**Buildings**

An independent revaluation of 80 per cent of the gross value of the building portfolio was performed during 2013-14. For buildings not subject to independent revaluation during 2013-14, the Department of Public Works Building Price Index was assessed as 0.5 per cent for the year and a Health Design Factor of nil was applied on all specialised buildings. The buildings valuations for 2013-14 resulted in no increments or decrements to the Cape York Hospital and Health Service building portfolio.

**(a) Fair value hierarchy**

The following table details the fair value hierarchy for land and buildings at 30 June 2014:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Land	-	7,671	-	7,671
Buildings	-	-	83,669	83,669
Fair value at 30 June 2014	<u>-</u>	<u>7,671</u>	<u>83,669</u>	<u>91,340</u>

**(b) Transfers of assets between fair value hierarchy levels**

As 2013-14 is the first year application of AASB 113 by Cape York Hospital and Health Service, there were no transfers of assets between fair value hierarchy levels during the period.

**Note 19 Property, plant and equipment (continued)**  
**(c) Level 3 significant valuation inputs and relationship to fair value**

The fair value of health service site buildings is computed by quantity surveyors. The methodology 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 quantitative measures Ranges used in valuations	Unobservable inputs - general effect on fair value measurement
Buildings – health service sites (fair value \$84M)	Estimated replacement cost of HHS facilities	\$800,000 to \$47,000,000	Replacement cost is based on tender pricing and historical building cost data. An increase in the estimated replacement cost would increase the fair value of the assets. A decrease in the estimated replacement cost would reduce the fair value of the assets.
	Estimated remaining useful	4 years to 34 years	The remaining useful lives are based on industry benchmarks. An increase in the estimated remaining useful lives would increase the fair value of the assets. A decrease in the estimated remaining useful lives would reduce the fair value of the assets.
	Costs to bring to current standards	\$33,000 to \$5,940,000	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	2 to 3	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(l).

Whilst there is some minor correlation between costs to bring to current standards and condition rating, either measure in isolation does not directly and materially affect the other.

Usage of alternative quantitative values (higher or lower) for each unobservable input that are reasonable in the circumstances as at the revaluation date would not result in material changes in the reported fair value.

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 significant inter-relationships between unobservable inputs that materially impact fair value.

**Highest and best use**

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



Cape York Hospital and Health Service  
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	2014 \$'000	2013 \$'000
<b>Note 20</b>		
<b>Payables</b>		
Trade creditors	2,199	314
Accrued expenses	7,775	6,754
Other creditors	56	-
	<u>10,030</u>	<u>7,068</u>

<b>Note 21</b>		
<b>Provisions</b>		
Restructure:		
Carrying amount at the start of the year	292	-
Additional provisions recognised/(realised)	(292)	292
Carrying amount at the end of the year	<u>-</u>	<u>292</u>

**Restructuring**

The provision for restructuring was released in the 2013-14 financial year. No further provisions have been recognised during the financial year ended 30 June 2014.

<b>Note 22</b>		
<b>Accrued employee benefits</b>		
Salaries and wages accrued	17	26
	<u>17</u>	<u>26</u>

<b>Note 23</b>		
<b>Other current and non-current liabilities</b>		
<i>Current</i>		
Unearned other revenue	170	-
	<u>170</u>	<u>-</u>

In the 2013-14 financial year Cape York Hospital and Health Service received funding for specific projects for which agreed project milestones will be achieved and funds expended in the 2014-15 financial year.

<b>Note 24</b>		
<b>Asset revaluation surplus by class</b>		
<b>Buildings</b>		
Balance at the beginning of the financial year	7,846	-
Revaluation increment	-	7,846
<b>Balance at the end of the financial year</b>	<u>7,846</u>	<u>7,846</u>

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

Cape York Hospital and Health Service  
**Notes to the Financial Statements**  
For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
<b>Note 25</b>		
<b>Cash flows – reconciliation of operating position to net cash from operating activities</b>		
Operating result	(53)	893
<i>Non-cash items:</i>		
Depreciation funding	(5,179)	(4,491)
Depreciation expense	5,185	4,530
Assets written (on)/off	7	37
Net loss/(gain) on sale of non-current assets	(18)	(3)
Donated assets received	(30)	-
<i>Change in assets and liabilities:</i>		
Decrease/(increase) in trade and other receivables	1,873	(2,978)
Decrease/(increase) in inventories	-	(240)
Decrease/(increase) in prepayments	(11)	(31)
Increase/(decrease) in payables	2,963	7,067
Increase/(decrease) in other current liabilities	170	-
Increase/(decrease) in accrued employee benefits	(10)	26
Increase/(decrease) in provisions	(292)	292
<b>Net cash generated by operating activities</b>	<u>4,605</u>	<u>5,102</u>

**Note 26**      **Non-cash financing and investing activities**

Assets and liabilities received or transferred by Cape York Hospital and Health Service and recognised as revenue and expenses are set out in the Statement of Changes in Equity.

**Note 27**      **Commitments**

**(a) Non-cancellable operating leases**

As at 30 June 2014 Cape York Hospital and Health Service has not entered into any non-cancellable operating leases or other forms of commitments.

**(b) Capital expenditure and other expenditure commitments**

As at 30 June 2014 Cape York Hospital and Health Service has expenditure commitments of \$1.176 million in relation to annual maintenance and backlog expenditure and \$0.936 million in relation to the minor capital acquisition program.

	2014 \$'000	2013 \$'000
Not later than one year	2,112	-
Later than one year and not later than five years	-	-
	<u>2,112</u>	<u>-</u>

**Note 28 Contingent liabilities**

**(a) Litigation in progress**

	2014 Number of cases	2013 Number of cases
Cases have been filed with the courts as follows:		
Supreme Court	-	-
District Court	-	-
Magistrates Court	-	-
Tribunals, commissions and boards	-	-
Total	-	-

Health litigation is underwritten by the Queensland Government Insurance Fund (QGIF). Cape York Hospital and Health Service's liability in this area is limited to an excess per insurance event.

As of 30 June 2014, there was one claim (2013: no claims) managed by QGIF, which may never be litigated or result in payments to claim. The maximum exposure to Cape York Hospital and Health Service under this policy is up to \$20,000 for each insurable event. There is currently one (2013: nil) complaint being managed by Cape York Hospital and Health Service solicitors.

There are currently two claims underway with Workcover. The first is for \$1.5 million and the second is for \$2.3 million. These are estimates, and are at the maximum level of cost. It is not possible to give a clear indication of the final financial outcome due to the nature of the claims and the set processes that will follow.

There are potential claims in the community which are yet to be referred to Cape York Hospital and Health Service solicitors. Cape York Hospital and Health Service liability for these claims will be limited to \$20,000 for each insurable event under QGIF policy.

**(b) Native Title claims over Departmental land**

As of 30 June 2014, Cape York Hospital and Health Service does not have legal title to properties under its control. Refer to Note 3 regarding the Health Reform information. The Department of Health remains the legal owner of health service properties.

The Queensland Government Native Title Work Procedures were designed to ensure that native title issues are considered in all land and natural resource management activities. All activities pertaining to land held by or on behalf of the Department of Health must take native title into account before proceeding. Such activities include disposal, acquisition, development, redevelopment, clearing, fencing including the granting of leases, licenses or permits. Real property dealings may proceed on department owned land where native title continues to exist, provided native title holders or claimants receive the necessary procedural rights.

The Department of Health undertakes native title assessments over real property when required and is currently negotiating a number of Indigenous Land Use Agreements (ILUA) with native title holders. These ILUAs will provide trustee leases to validate the tenure of current and future health facilities. There are no native title claims reported by the National Title Tribunal that would impact on the land reported by Cape York Hospital and Health Service.

**Note 28 Contingent liabilities (continued)**  
**(c) Backlog maintenance**

The following liabilities are contingent upon future Government and management decisions:

Property maintenance backlog represents the total cost of repairs and maintenance and assets due for replacement over a four year period. The total value of the future liability is dependent on future negotiation with the Department of Health under the Backlog Maintenance Remediation Program. Cape York Hospital and Health Service's estimated backlog maintenance is as follows.

	2014 \$'000	2013 \$'000
Not later than one year	1,258	-
Later than one year and not later than five years	2,234	-
	<u>3,492</u>	<u>-</u>

**Note 29 Trust transactions and balances**

Cape York Hospital and Health Service acts in a fiduciary trust capacity in relation to patient trust accounts. As such, they are not recognised in the financial statements, but are disclosed below for information purposes.

**Fiduciary trust transactions**

	Note	2014 \$'000	2013 \$'000
<b>Fiduciary trust receipts and payments</b>			
Receipts		8	9
Payments		(5)	(7)
<b>Increase/(decrease) in net patient trust assets</b>		<u>3</u>	<u>2</u>
Increase in net refundable deposits		<u>3</u>	<u>2</u>
<b>Fiduciary trust assets</b>			
Cash assets			
Patient trust funds		8	5
<b>Total cash assets</b>		<u>8</u>	<u>5</u>
		<u>8</u>	<u>5</u>

2014  
\$'000                      2013  
\$'000

**Note 30                      Financial instruments**

**(a)                      Categorisation of financial instruments**

Cape York Hospital and Health Service has the following categories of financial assets and financial liabilities:

**Financial assets**

Cash and cash equivalents	15	9,988	5,629
Receivables	16	<u>1,105</u>	<u>2,978</u>
		<u>11,093</u>	<u>8,607</u>

**Financial liabilities**

Payables	20	<u>10,030</u>	<u>7,068</u>
		<u>10,030</u>	<u>7,068</u>

**(b)                      Financial risk management**

Cape York Hospital and Health Service is exposed to a variety of financial risks – credit risk, liquidity risk and market risk.

Financial risk is managed in accordance with Queensland Government and Cape York Hospital and Health Service policies. Cape York Hospital and Health Service's policies provide written principles for overall risk management and aim to minimise potential adverse effects of risk events on the financial performance of Cape York Hospital and Health Service.

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 cash and cash equivalents and receivables represents the maximum exposure to credit risk.

The following table represents the maximum exposure to credit risk based on the carrying amounts of financial assets at the end of the reporting period:

**Maximum exposure to credit risk**

Cash		9,988	5,629
Receivables		<u>1,105</u>	<u>2,978</u>
		<u>11,093</u>	<u>8,607</u>

No collateral is held as security and no credit enhancements relate to financial assets held by Cape York Hospital and Health Service.

*Cash and cash equivalents*

Cape York Hospital and Health Service may be exposed to credit risk through its cash and cash equivalents which are comprised predominantly of its investment in the QTC Cash Fund and accounts with the Commonwealth Bank of Australia Limited. The QTC Cash Fund is an asset management portfolio that invests with a wide range of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed therefore the likelihood of the counterparties having capacity to meet their financial commitments is strong.

**Note 30 Financial instruments (continued)**

*Trade and other receivables*

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

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

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 is made in respect of that debt/group of debtors. If Cape York Hospital and Health Service determines that an amount owing by such a debtor does become uncollectable (after appropriate 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.

**Note 30 Financial instruments (continued)**

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

**Financial assets past due but not impaired 2013-14**

	Not past due Less than 30 days \$'000	30-60 days \$'000	Past due 61-90 days \$'000	More than 90 days \$'000	Total \$'000
Receivables	1,034	1	5	65	1,105

**Individually impaired financial assets 2013-14**

	Not past due Less than 30 days \$'000	30-60 days \$'000	Past due 61-90 days \$'000	More than 90 days \$'000	Total \$'000
Receivables	-	-	-	16	16
Allowance for impairment	-	-	-	(16)	(16)
<b>Carrying amount</b>	-	-	-	-	-

**Financial assets past due but not impaired 2012-13**

	Not past due Less than 30 days \$'000	30-60 days \$'000	Past due 61-90 days \$'000	More than 90 days \$'000	Total \$'000
Receivables	2,754	208	2	14	2,978

**Individually impaired financial assets 2012-13**

	Not past due Less than 30 days \$'000	30-60 days \$'000	Past due 61-90 days \$'000	More than 90 days \$'000	Total \$'000
Receivables	96	-	-	55	151
Allowance for impairment	(96)	-	-	(55)	(151)
<b>Carrying amount</b>	-	-	-	-	-

**(d) Liquidity risk**

Liquidity risk is the risk that Cape York Hospital and Health Service will not have the resources required at a particular time to meet its obligations to settle its financial liabilities.

Cape York Hospital and Health Service is exposed to liquidity risk through its trading in the normal course of business. Cape York Hospital and Health Service aims to reduce the exposure to liquidity risk by ensuring that sufficient funds are available to meet employee and supplier obligations at all times. Cape York Hospital and Health Service has an approved overdraft facility of \$1 million under whole-of-government banking arrangements to manage any short term cash shortfalls.

This facility remains unutilised at 30 June 2014.

**Note 30 Financial instruments (continued)**

The following table sets out the liquidity risk of financial liabilities held by Cape York Hospital and Health Service. It represents the contractual maturity of liabilities, calculated based on the undiscounted cash flows relating to the liabilities at reporting date.

	1 year or less	2014 Payable 1 to 5 years	More than 5 years	Total
	\$'000	\$'000	\$'000	\$'000
<b>Financial liabilities</b>				
Payables	10,030	-	-	10,030

	1 year or less	2013 Payable 1 to 5 years	More than 5 years	Total
	\$'000	\$'000	\$'000	\$'000
<b>Financial liabilities</b>				
Payables	7,068	-	-	7,068

**(e) Market risk**

Cape York Hospital and Health Service does not trade in foreign currency and is not materially exposed to commodity price changes.

**(f) Interest rate sensitivity analysis**

Cape York Hospital and Health Service is not exposed to interest rate risk as it does not hold any finance leases, borrowings from Queensland Treasury Corporation or cash deposited in interest bearing accounts. Cape York Hospital and Health Service does not undertake any hedging in relation to interest rate risk and manages its risk as per the liquidity risk management strategy articulated in Cape York Hospital and Health Service's Financial Management Practice Manual.

**(g) Fair value**

The fair value of receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.



**Note 31 Key management personnel and remuneration expenses**

**(a) Key management personnel**

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of Cape York Hospital and Health Service 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.

As indicated in Note 2(a), the Cape York Hospital and Health Service was abolished on 30 June 2014. Accordingly, all Key management personnel positions terminated at that date unless otherwise noted.

**Board members**

Position	Responsibilities	Contract classification and appointment authority	Name	Term of appointment
Chair	The Chair of the Board leads and directs the activities of the board. Responsibilities of the Chair include setting the board agenda, facilitating the flow of information and discussion, conducting Board meetings and other business, ensuring the Board operates effectively, liaise with and report to the Minister, review Board and organisational performance and induct and support Board members.	S25 Hospital and Health Board Act 2011 by Governor in Council.	Robert (Bob) Michael McCarthy	1 July 2013 to 30 June 2014
Member	Members of the Board are required to familiarise themselves with the work of the Board, including their legal and statutory obligations. They must take reasonable steps to ensure that they are knowledgeable about the business of the Board and can make informed decisions. Individual Board members are responsible collectively for, and should support and adhere to, all Board decisions. Members however can exercise a dissenting view on particular decisions which should be appropriately minuted.	S23 Hospital and Health Board Act 2011	Louise Michelle Pearce	
			Associate Professor Dr Ruth Stewart	
			Kevin Francis Quirk	
			Darryl Hill	
			Tracey Del Jia	

**Key management personnel**

Position	Responsibilities	Contract classification and appointment authority	Name	Date appointed to position (date resigned from position)
Health Service Chief Executive	To manage the operations of Cape York Hospital and Health Service within agreed budget parameters to ensure optimal levels of patient care are delivered and current and future local health service needs are met.	S33 Hospital and Health Board Act 2011	Susan Turner	1 July 2012 (4 April 2014)
Chief Operating Officer	Lead and maximise the HHS operational performance, achieving a high level of customer service, productivity and efficiency by providing strategic direction, expert advice and leadership to optimise quality health care and business outcomes.	DSO2 Public Service Act 2008	Ian Pressley	1 April 2014
Executive Director Rural and Remote Clinical Support	To provide clinical support and clinical governance advice to the Chief Executives (CEs) of Cape York, Torres Strait-Northern Peninsula, Central West, South West and North West Hospital and Health Services (HHSs) known collectively as the Rural and Remote Hospital and Health Services (RRHHSs) and to support the primary health care functions of the Rural and Remote Clinical Support Unit (RRCSU).	MM012 Public Service Act 2008	Dr Jillian Newland	1 October 2012

**Note 31 Key management personnel and remuneration expenses (continued)**

**Key management personnel (continued)**

Position	Responsibilities	Contract classification and appointment authority	Name	Date appointed to position (date resigned from position)
Executive Director Workplace Services	This is a key leadership role in influencing and developing the Cape York Hospital and Health Service's strategic direction, organisation design and human resource development strategies that will foster and enable increased organisational performance, continuous improvement and employee engagement.	AO8 Public Service Act 2008	Julie Garry	10 June 2013 (31 August 2013)
			Julie Edwards	1 September 2013 (31 October 2013)
			Allyson Paull	1 November 2013
			Helen Reed	15 December 2013 (15 January 2014)
Executive Director Performance Planning and Coordination	The Executive Director Performance Planning and Coordination manages all aspects of health service strategy development, integrated service planning, performance management systems and reporting including analysis and advice on decision support system information for the organisation, and contract management. This staff member has a detailed understanding of the policy, delivery and costing of health services at strategic and operational levels.	DSO2 Public Service Act 2008	Karen Jacobs	30 July 2012 (30 September 2013)
			David Hepper	1 March 2014
Executive Director Medical Services	The Executive Director Medical Services is a member of the Cape York Health Service Executive and reports directly to the Chief Executive. The EDMS is accountable for leading, directing, implementing, planning and evaluating the delivery of clinical services across the CYHHS. This position is responsible for the professional oversight and leadership of medical staff in the Cape York Hospital and Health Service. The role takes portfolio responsibility for the functions of clinical governance.	MMO11 Public Service Act 2008	Dr Anna Morgan	1 July 2012 (31 January 2014)
Executive Director of Nursing and Midwifery	The purpose of the EDON role is to provide nursing leadership and governance to the Cape York Hospital and Health Nursing Services. Whilst providing professional line management for Nurse Leaders (including DON and Nurse Educators) and supporting the implementation of primary health care principles and practices throughout the Cape York. Along with facilitating an integrated continuum of health care delivery at the same time as supporting and advocating on behalf of the nursing division as a member of the Executive.	NRG11 Public Service Act 2008	Mary-Rose Robinson	1 July 2012 (31 May 2014)
			Christopher Cliffe	31 October 2012
			Brenda Close	1 March 2014 (30 June 2014)
			Craig Egan	1 December 2013 (31 December 2013)
Director of Corporate Services	The Director of Corporate Services is responsible for leading the finance function across the HHS, performing the role of Chief Finance Officer in formulating financial strategies, developing annual budgets, reporting HHS performance and designing policies to guide the efficient, effective and economic use of resources.	AO8 Public Service Act 2008	Rajesh Lal	26 November 2012 (31 May 2014)
			David Hepper	11 November 2013 (28 February 2014)
Board Secretary	Provide strategic advice and governance support to the Hospital and Health Board, committees and the Chief Executive to fulfil their functions under the Health and Hospitals Network Act 2011.	AO8 Public Service Act 2008	Kenneth Leigh	17 September 2012 (31 March 2014)
			Ian Pressley	1 February 2014 (31 March 2014)

**Note 31 Key management personnel and remuneration expenses (continued)**

**(b) Remuneration expenses**

Remuneration policy for Cape York Hospital and Health Service's key executive management personnel is set by the following legislations:

- Hospital and Health Boards Act 2011 (HHBA)
- Industrial awards and agreements.
- Public Service Act 2008

The remuneration and other terms of employment for the key executive management personnel are specified in employment contracts.

The Chief Executive is appointed in accordance with the provisions of section 33 of the HHBA and is also appointed as a health executive under section 74 of the HHBA. The other health executives are appointed either in accordance with section 74 of the HHBA or in accordance with the relevant industrial award and agreement as medical practitioner, health practitioner (HP) or nursing executive. For the 2013-14 year, remuneration of key management personnel increased by 2.3 per cent (2013: 2.5 per cent) and 3 per cent (2013: 3 per cent) for medical, HP and nursing awards in accordance with government policy.

Remuneration packages for key executive management personnel comprise the following components:

- Short-term employee benefits:
  - Base – consisting of base salary, allowances and leave entitlements expensed for the entire year or for that part of the year during which the employee occupied the specified position.
  - Non-monetary benefits – consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.
- Long-term employee benefits include amounts expensed in respect of long service leave.
- Post-employment benefits include amounts expensed in respect of employer superannuation obligations.
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice 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.

**Board Members remuneration: 1 July 2013 – 30 June 2014**

Name and Position	Short Term Benefits		Post-employment benefits \$'000	Long Term Benefits \$'000	Termination benefits \$'000	Total \$'000
	Base \$'000	Non-monetary \$'000				
Robert (Bob) Michael McCarthy	57	-	5	-	-	62
Louise Michelle Pearce	28	-	3	-	-	31
Associate Professor Dr Ruth Stewart	-	-	-	-	-	-
Kevin Francis Quirk	29	-	2	-	-	31
Darryl Hill	29	-	-	-	-	29
Tracey Del Jia	29	-	2	-	-	31

**Note 31 Key management personnel and remuneration expenses (continued)**

**Key management personnel remuneration: 1 July 2013 – 30 June 2014**

Name and Position	Short Term Benefits		Post employment benefits \$'000	Long Term Benefits \$'000	Termination benefits \$'000	Total \$'000
	Base \$'000	Non monetary \$'000				
Health Service Chief Executive - Susan Turner	210	2	17	3	221	453
Chief Operating Officer - Ian Pressley	29	-	4	1	-	34
Executive Director Rural and Remote Clinical Support - Dr Jillian Newland	401	-	34	1	-	436
Executive Director Workplace Services - Julie Garry	18	-	2	-	-	20
Executive Director Workplace Services - Julie Edwards	21	-	3	-	-	24
Executive Director Workplace Services - Allyson Paull	97	-	9	2	-	108
Executive Director Workplace Services - Helen Reed	5	-	-	-	-	5
Executive Director Performance Planning and Coordination - Karen Jacobs	153	-	4	1	132	290
Executive Director Performance Planning and Coordination - David Hepper	41	-	5	1	-	47
Executive Director Medical Services - Dr Anna Morgan	140	-	10	1	-	151
Executive Director Nursing and Midwifery - Mary-Rose Robinson	116	-	8	2	-	126
Executive Director Nursing and Midwifery - Christopher Cliffe	109	-	9	2	-	120
Executive Director Nursing and Midwifery - Brenda Close	56	-	6	1	-	63
Executive Director Nursing and Midwifery - Craig Egan	11	-	1	-	-	12
Director of Corporate Services - Rajesh Lal	133	-	12	2	-	147
Director of Corporate Services - David Hepper	37	-	5	1	-	43
Board Secretary - Kenneth Leigh	96	-	8	2	-	106
Board Secretary - Ian Pressley	18	-	2	-	-	20

**Note 31 Key management personnel and remuneration expenses (continued)**

**Board members remuneration: 1 July 2012 – 30 June 2013**

Name and position	Short term benefits		Post employment benefits \$'000	Long term benefits \$'000	Termination benefits \$'000	Total \$'000
	Base \$'000	Non monetary \$'000				
Chair - Robert (Bob) Michael McCarthy	3	-	-	-	-	3
Deputy Chair - Louise Michelle Pearce	43	9	4	-	-	56
Chair (to 4/10/2012) - Scott McCahon	20	-	2	-	-	22
Board Member - Tracey Del Jia	26	-	2	-	-	28
Board Member - Ass Prof Dr Ruth Stewart	25	-	-	-	-	25
Board Member - Kevin Francis Quirk	3	-	-	-	-	3
Board Member - Darryl Hill	25	-	-	-	-	25
Board Member (to 18/5/13)- Doreen Hart	-	-	-	-	-	-
Board Member (to 17/5/13) - Thomas Hudson	24	-	-	-	-	24
Board Member (to 17/5/13) - Angela Jarkiewicz	24	-	2	-	-	26

**Key management personnel remuneration: 1 July 2012 – 30 June 2013**

Name and Position	Short Term Benefits		Post employment benefits \$'000	Long Term Benefits \$'000	Termination benefits \$'000	Total \$'000
	Base \$'000	Non monetary \$'000				
Health Service Chief Executive - Susan Turner (from 1/7/12 to 30/06/13)	228	10	21	-	-	259
Director Office of Rural and Remote Health Jill Newland (from 1/10/12 to 30/06/13)	261	8	4	6	-	279
Executive Director Performance Planning and Coordination - Karen Jacobs (from 1/07/12 to 30/06/13)	104	9	12	-	-	125
Chief Operating Officer - Michael Lok (from 1/7/12 to 29/7/12)	19	-	1	-	-	20
Chief Financial Officer - Rajesh Lal (from 26/11/12 to 30/06/13)	55	1	7	-	-	63
Acting Chief Financial Officer - Danielle Hoins (from 1/7/12 to 31/12/12)	49	-	5	-	-	54
Executive Director Workplace Services - Julie Garry (from 12/11/12 to 30/06/13)	61	-	8	-	-	69
Director of People and Culture - Nicole Perriman (from 1/7/12 to 31/5/13)	40	-	10	-	43	93

**Note 31 Key management personnel and remuneration expenses (continued)**

Name and Position	Short Term Benefits		Post employment benefits \$'000	Long Term Benefits \$'000	Termination benefits \$'000	Total \$'000
	Base \$'000	Non monetary \$'000				
Executive Director Nursing and Midwifery - Christopher Cliffe (from 31/10/12 to 30/6/13)	83	9	10	-	-	102
Acting District Director of Nursing - Heather Moore (from 1/07/12 to 31/10/12)	46	1	5	-	-	52
Acting District Director of Nursing - Brenda Close (from 6/08/12 to 5/10/12)	26	6	3	-	-	35
District Director of Nursing - Mary Rose Robinson (from 1/07/12 to 30/06/13)	83	1	13	-	-	97
Executive Director Medical Services - Anna Morgan (from 1/7/12 to 30/6/13)	346	8	27	-	-	381
Executive Director Indigenous Health and Outreach Services - Karl Briscoe (from 1/07/12 to 30/6/13)	99	-	12	-	-	111
Acting Director of Primary Healthcare - Louisa Salee (from 1/07/12 to 24/04/13)	60	-	9	-	-	69
Program Director HHS Transition and Planning Donna Richmond (from 3/12/12 to 30/6/13)	60	-	8	-	-	68
Program Director Transformation - Rohan Harbert (from 1/7/12 to 21/4/13)	83	8	11	-	-	102
Acting Program Director Transformation - Chris Black (from 2/10/12 to 17/2/13)	38	9	4	-	-	51
Director of Mental Health and ATODS - Alanah O'Brien (from 1/7/12 to 9/6/13)	32	8	12	-	60	112
Manager Health Work Services - Josslyn Tully (from 1/7/12 to 30/6/13)	93	-	11	-	-	104
Board Secretary - Kenneth Leigh (from 17/09/12 to 30/6/13)	70	4	10	-	-	84

**Note 32 Related party transactions**

*Key management personnel*

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

*Transactions with related parties*

In addition, in the ordinary course of business conducted under normal terms and conditions, Cape York Hospital and Health Service has had dealings with the following Board Member and Board Member related entities:

- (a) Dr Ruth Stewart, during her period as a Board Member (1 July 2013 to 30 June 2014), was an Associate Professor of Rural Medicine and director for the Rural Clinic Training Scheme for James Cook University.

**Note 32 Related party transactions (continued)**

*Receivable from and payable to related parties*

Other than balances held with the Department of Health and other hospital and health services identified during the ordinary course of business, there were no trade receivables from or trade payables to related parties at the reporting date.

*Loans to and from related parties*

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

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

*Parent entities*

Cape York Hospital and Health Service is controlled by the Department of Health, the parent entity and the State of Queensland which is the ultimate parent entity.

**Note 33 Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by the Queensland Audit Office, the auditor of Cape York Hospital and Health Service:

	2014 \$'000	2013 \$'000
Audit services - Queensland Audit Office	141	138
	<u>141</u>	<u>138</u>

**Note 34 Transactions with owners as owners – transfer of assets and liabilities**

Equity injections consist of cash funding/reimbursement by the Department of Health for the capitals works program expenditure undertaken by Cape York Hospital and Health Service.

**Equity injections**

Non appropriated equity injections	1,274	1,620
Non appropriated equity asset transfers	965	575
Cash received 1 July 2012	-	35
<b>Total equity injections</b>	<u>2,239</u>	<u>2,230</u>

**Equity withdrawals**

Depreciation funding net of depreciation clawback component	(5,179)	(4,491)
<b>Total equity withdrawals</b>	<u>(5,179)</u>	<u>(4,491)</u>

**Note 35 Economic dependency**

Cape York Hospital and Health Service's primary source of income was from the Department of Health for the provision of public hospital, health and other services in accordance with a service agreement with the Department of Health (refer to Note 3). Cape York Hospital and Health Service was abolished on 30 June 2014 with its services and activities taken over by the newly created Torres and Cape Hospital and Health Service.

**Note 36 Events after the reporting period**

**(a) Cape York Hospital and Health Service and Torres Strait – Northern Peninsula Hospital and Health Service amalgamation**

Pursuant to the Hospital and Health Boards Amendment Regulation (No. 1) 2014, the Cape York Hospital and Health Service was abolished on 30 June 2014 and the assets and liabilities as reported in the Statement of Financial Position other than non-operational housing assets, were transferred to the new Torres and Cape Hospital and Health Service, refer also Note 2(a).

**(b) Transfer of general purpose housing to the Department of Housing and Public Works**

As part of a whole-of-Government initiative, management of all non-operational housing transitioned to the Department of Housing and Public Works (DHPW) on 1 January 2014. Legal ownership of housing assets will transfer to the DHPW on 1 July 2014.

As at 30 June 2014, Cape York Hospital and Health Service held non-operational housing assets with a total net book value of \$12.3 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 their transfer to the DHPW.

**(c) Transfer of legal ownership of health service land and buildings to hospital and health services**

The control of health services land and buildings transferred to each hospital and health service at no cost to the hospital and health service through deed of lease arrangements when hospital and health services 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 hospital and health service.

Due to effective control of the assets transferring to hospital and health services, these assets are recognised within the financial statements of each hospital and health service and not within the Department of Health's 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 hospital and health services in a staged process over the next 12 months.

The transfer of legal ownership of land and buildings to the hospital and health services will occur from 1 July 2015. There is no material impact for the hospital and health services' financial statements as these assets are already controlled and recognised by the hospital and health services.

**(d) Transfer of prescribed employer function**

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 services.

Although the Act allows a hospital and health service to be the employer of health service employees, for this to occur the Minister for Health required hospital and health services to demonstrate their capacity and capability to be the prescribed employer of health service employees, with the hospital and health service holding all authorities and accountabilities for HR functions. Hospital and health services developed a prescribed employer assessment framework to 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 hospital and health service 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 hospital and health services will become the prescribed employers of health service employees from 1 July 2014. There is no material impact for the financial statements as health service employee costs are currently recognised by the hospital and health service.



**Note 36**      **Events after the reporting period (continued)**

**(e)      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 hospital and health services and employment terms and conditions tailored to individual or medical specialty circumstances (within a consistent state-wide framework).

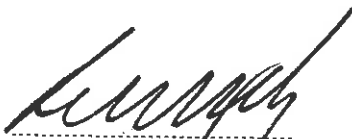
As a direct employment relationship will be established between contracted medical officers and the hospital and health services, employee related costs for contracted Senior Medical Officers and Visiting Medical Officers will be recognised by the hospital and health services from the date the contracts are effective.

Non-contracted Senior Medical Officers and Visiting Medical Officers will remain employed under current award arrangements.

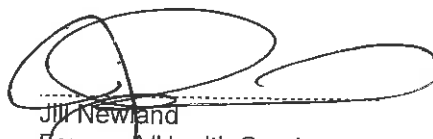
**Cape York Hospital and Health Service**  
**Management Certificate**

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 43 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

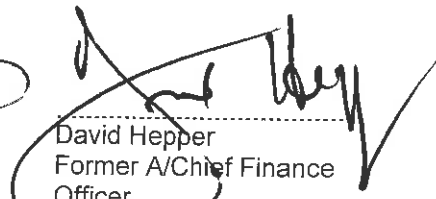
- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the former Cape York Hospital and Health Service for the financial year ended 30 June 2014 and of the financial position of the former Cape York 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.



Robert McCarthy  
Former Board Chair  
Cape York Hospital and  
Health Service  
28/08/2014



Jill Newland  
Former A/Health Service  
Chief Executive  
Cape York Hospital and  
Health Service  
28/08/2014



David Hepper  
Former A/Chief Finance  
Officer  
Cape York Hospital and  
Health Service  
28/08/2014

## INDEPENDENT AUDITOR'S REPORT

To the former Board of Cape York Hospital and Health Service

### Report on the Final Financial Report

I have audited the accompanying final financial report of the former Cape York 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 final period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the former Board Chair, former Acting Health Service Chief Executive and former Acting Chief Finance Officer.

#### *The Former Board's Responsibility for the Final Financial Report*

The former Board is responsible for the preparation of the final financial report 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 former Board's responsibility also includes such internal control as the former Board determines is necessary to enable the preparation of the final 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 final 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 final financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the final financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the final 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 final 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 former Board, as well as evaluating the overall presentation of the final 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 final financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the former Cape York Hospital and Health Service for the final period 1 July 2013 to 30 June 2014 and of the financial position as at the end of that final period.

## *Emphasis of Matter – Abolishment of Cape York Hospital and Health Service*

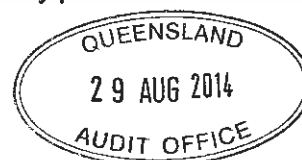
Without modifying my opinion, attention is drawn to Notes 2(a) and 36(a) in the final financial report which identify that pursuant to *the Hospital and Health Boards Amendment Regulation (No. 1) 2014*, the former Cape York Hospital and Health Service was abolished on 30 June 2014. In accordance with the requirements of the Regulation, all assets and liabilities of the former statutory body as at the date of abolition, other than non-operational housing assets, were transferred to the Torres and Cape Hospital and Health Service immediately after the abolishment at the values reported in the statement of financial position. Non-operational housing assets transferred to the Department of Health on 1 July 2014. Accordingly this final financial report has been prepared on a basis that is consistent with a going concern basis.

## **Other Matters - Electronic Presentation of the Audited Final 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