Central West Hospital and Health Service

ANNUAL REPORT

2017–2018

Queensland Government

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

The Central West Hospital and Health Service 2017 – 18 annual report has been prepared in accordance with the annual report guidelines for Queensland Government agencies and provides our communities, stakeholders and government with a report of financial and non-financial performance for the 12 month period to 30 June 2018.

Public availability statement

Printed copies of this annual report can be obtained from:
Central West Health Hospital and Health Service

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139 Eagle Street
Longreach Q 4720

An electronic copy of this annual report is able to be viewed online at www.centralwest.health.qld.gov.au
OR www.health.qld.gov.au/centralwest/default.asp

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We would like to pay our respect to the First Peoples, traditional custodians of the land and waterways and thank the custodians who act on behalf of their Peoples for their continued hospitality across the expanse of the health service.

We acknowledge and celebrate the continuation of a living culture that has a unique role in the Central West Hospital and Health Service area.

We also acknowledge our elders past and present as well as our emerging leaders of tomorrow and thank them for their wisdom and guidance as we seek to improve healthcare outcomes for all our population.

The population of the central west region of Queensland reflects a 7.3 percentage who identify as being of Aboriginal and / or Torres Strait Islander descent.

The workforce of Central West Health currently reflects 5.67 per cent of staff who identify as being of Aboriginal and/or Torres Strait Islander heritage.

The health service is continuing to work towards increasing this figure to eight per cent by 2020. This target aligns with the Making Tracks towards closing the gap in health outcomes for Indigenous Queenslanders by 2033 as we work towards enhancing our cultural competence in the health workforce.

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LETTER OF **COMPLIANCE**

14 September 2018

The Honourable Steven Miles MP,
Minister for Health and Minister for Ambulance Services
GPO Box 48
Brisbane Qld 4001

Dear Minister

I am pleased to submit for presentation to the Parliament the Annual Report 2017–2018 and financial statements for Central West Hospital and Health Service.

I certify that this Annual Report complies with:

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

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

Yours sincerely

Jane Williams.

Jane Williams
Board Chair
Central West Hospital and Health Service

From the **Chair & Chief Executive**

Central West Health has continued to deliver on the strategic imperatives outlined in the 2015-2019 Strategic Plan.

Our amazing staff continue to deliver care in often challenging situations and environments with integrity, compassion and commitment. In recognition of their ongoing commitment to Central West Health, Years of Service Certificates were presented to many staff across the health service.

During 2017 we were pleased to welcome Mr Blake Repine as a new Board Director further strengthening our skills based Board membership. We also welcomed three new members to the Executive Team; Mr Craig Carey, Mr Anthony West and Ms Helen Murray. Their combined skills and experience provide further opportunities to progress planned initiatives, identify new opportunities and drive continual improvement.

Strategies were established to encourage and empower consumers to provide input into the design and implementation of services. The updated Consumer Engagement Strategy was published and representatives from Health Consumer Queensland undertook training of both consumers and staff. An exemplar of effective consumer engagement is the Connecting Care with Communities- Better Health Project. In this project the model of care for four chronic diseases has been co-designed with communities and partner organisations and these will be implemented from August 2018.

Consumer Advisory Networks continue to mature with the addition of a Consumer Advisory Network Chairs' Meeting that is hosted by the Health Service Chief Executive. The Board's Executive Committee and the Executive Leadership Forum received regular updates on matters discussed. This information assists the Board to understand community sentiment and priorities and forms an essential part of strategic and operational planning. The Board has also been proactive in providing communiques that help information to filter back to communities.

Major infrastructure achievements during 2027-18 include the completion of the new Aramac Primary Healthcare Centre; commissioning of the new Longreach Hospital Day Surgery Unit; upgrade of the Maternity Unit at Longreach Hospital and the installation of the CT Scanner at Longreach Hospital.

Central West Health enjoys an excellent, active and mutual partnership with the seven Local Government Councils. The level of input and commitment from the Barcoo, Diamantina and Boulia Councils towards planning for the Integrated Care Innovation Fund Project is appreciated greatly. Other examples of the strength and benefit of these relationships are provided by the Blackall Tambo Shire Council in the planning for the new Blackall Hospital and the active engagement of Barcaldine Shire Council in the development of the Aramac Primary Healthcare Centre.

The Central West Rehabilitation Service commenced in early 2017 and during the year it continued to grow its capacity to provide slow stream rehabilitation. This service allows patients to return home to the Central West for support in their recovery from treatment previously provided at facilities outside of the area. The unique collaboration with the Bolton Clarke Aged Care facility in Longreach enables Central West Health to provide our residents with inpatient care. This is supported by outpatient care delivered to residents in seven of our 15 communities over the past 12 months. Central West Health looks forward to the service being available to support more of our people into the future.

Central West Health recognises the continuing challenges from the drought and the impact that this has on people and our communities. We continue to actively pursue opportunities to access relief for people in the Central West from available funding and seek to design service delivery options, which meet the needs of our communities. This has led to a significant development of our capacity to collate and analyse local data. This information provides us with the opportunity to lobby for assistance to deliver health services to reduce cost impacts to individuals and families without compromising safety and quality of care. Telehealth is one of the strategies that enables this and we are really pleased that have exceeded the target we set ourselves this year.

During the next twelve months we will build on the gains made in 2017-2018 and to strengthen partnerships with other likeminded organisations including but not limited to; Queensland Ambulance Service, Outback Medical Services, Queensland Police Service, Queensland Fire and Rescue, Royal Flying Doctor Service, Lives Lived Well, Check-Up, North and West Remote Health and the Western Queensland Primary Healthcare Network. We also will continue to work on contemporary ways to engage with our staff.

The next twelve months is about delivering more appropriate services closer to home and thereby reducing the financial and emotional burden that comes with having to travel to receive care.

The health of central west Queenslanders is statistically worse than their urban counterparts on many levels, and our focus will continue to be on improving that statistic. This will be better achieved through drawing on the expertise of visiting specialists, larger tertiary healthcare providers and streamlining of service provisions with our partner organisations, such as Royal Flying Doctor Service, North and West Remote Health and the Western Queensland Primary Healthcare Network.

Our **Place**

The Central West Hospital and Health Service provides vital care and support services to those residing in or visiting some of Queensland's most remote communities. The geographically vast terrain totaling 396,650 square kilometres(1) takes in the communities of Alpha in the East, Birdsville in the west, Boulia in the North and Tambo in the South. This unique area makes up 23 per cent (1) of the State of Queensland and welcomes a significant population increase in the order of tens of thousands of visitors each year between the months of April and September. This influx of tourists during the cooler months presents challenges, but also great opportunities, for our region.

Opportunities present themselves in the form of economic benefits generated through local tourism ventures and increased patronage of local businesses. Both of these opportunities provide a much needed economic boost to communities experiencing the effects of a prolonged period of drought. The large transient older, retired population with chronic disease places high demand on acute and primary health services. Local tourism events including the annual Birsdville Races and Big Red Bash demands planning and investment of additional resources. In 2013, 378,000 people visited Outback Queensland (2).

The health of the permanent residents of Aboriginal and Torres Strait Islander communities and non-Indigenous communities alike in this remote area reflects a higher number of chronic disease risk factors, mental health conditions, and health related risk behaviours that lead to poorer outcomes than Queenslanders living in metropolitan areas.

As the median age of the resident population increases to a predicted 46.3 years in 2036 (from 39 years in 2015), Central West Health recognises the need to plan ahead. Meeting the health needs of this unique and dispersed population is facilitated by health hubs and primary health care centres, located in the western, eastern, central and southern areas of our region. From these hubs communities are provided with access to; 24-hour emergency care, acute care, general surgery, aged care, medical, paediatrics, gynaecology, obstetrics and oral health services.

Central West Health is committed to embracing new technologies in line with the Government's vision as described in My health, Queensland's future: Advancing health 2026 – By 2026 Queenslanders will be among the healthiest people in the world. This is supported by the use of telehealth technology and the Central West One Practice model which connects consumer patient records with clinicians, and supports patients to actively participate in their own health care.

Our dedicated health providers would not be able to deliver such professional and honest care, without the support of the local governments of Diamantina Shire Council, Barcoo Shire Council, Boulia Shire Council, Winton Shire Council, Longreach Regional Council, Barcaldine Regional Council and Blackall Tambo

Footnotes
1. Office of the Queensland Government Statistician – Queensland Regional Database
2. Western Queensland Primary Healthcare Network 2017 Regional Council

Our Values, Priorities, **Actions**

Values

Central West Health defines values as a set of beliefs or principles that represent the code by which an organisation operates and defines how it behaves.

People-Centred Care

We support patients and consumers through their care journey, involve them in decisions about their care and learn from their experiences.

Quality and Safety

We put safety first in the care of our patients and consumers, and build quality into what we do each day.

Integrity and Accountability

We have a culture of mutual respect, fair dealing, ethical behaviour and transparency while being accountable for our performance.

Investment in Staff

We support ongoing learning, planned development and career advancement to attract and retain an empowered, satisfied and competent workforce.

Innovation and Change

We encourage ideas, evaluate opportunities, consult with those affected, weigh up the risks, implement with purpose and celebrate achievements and improvements.

Priorities

1) Ensure patients have access to safe and high quality healthcare

Central West Health's continuous improvement approach to deliver safe and quality healthcare to the residents of central west Queensland, directly aligns with the Australian Council of Heathcare Standards national safety and quality healthcare standards. Performance and progress against these standards are monitored through regular presentation and review at Executive and Board levels. Data analysis is made possible through huge improvements in data collection and reporting. Central West Health recognises the importance of data analysis in identifying hot spots, setting targets and working with staff, consumers and communities to implement positive changes.

Over the 2017-18 period, multiple new initiatives in data collection and analysis were rolled out by the Health Information and Informatics team, resulting in improvements in efficiency, accuracy and effectiveness. With the main goal of improving holistic patient care, the ability of capturing all aspects of a patient's healthcare journey by electronic systems is critical. Central West Health has also moved towards automating audit and error reports, which greatly aids in improving data quality accuracy.

The Quarterly Clinical Governance Key Performance Indicator report is designed to provide data and analysis of 25 clinical governance indicators grouped into 13 categories. This report, produced by the health information team with contributions from clinical managers and subject leads, provides an indication of the trends of the clinical governance indicators throughout the organisation.

Refinement of analysis and data over the course of the last 12 months has identified its value as a quality improvement tool, to be utilised by clinicians to review processes and improve or enhance practices across the health service.

The Health Information and Informatics Team is currently working on a decision support system to aid the Antimicrobial Stewardship (AMS) programme initiated by the State. This web-based system is expected to go live in August 2018.

2) Integrate primary and acute care services to support patient wellbeing

Central West Health medical officers operate in a staff partnership with Outback Medical Services, providing access to General Practice facilities in Longreach and Barcaldine. Outreach services are also provided to the communities of Isisford, Muttaburra, Aramac, Jericho and Alpha. Central West Health owns and operates the General Practice clinics in Blackall and Winton which provide primary care service to these communities. The Blackall General Practice - Blackstump Clinic – provides outreach to the Tambo community through the Tambo Primary Healthcare Centre. Medical officers from the Royal Flying Doctor Service provide the communities in our far west with access to General Practice. This care is delivered in these towns via the Central West Health staffed primary healthcare centres in Birdsville, Bedourie and Boulia.

By employing medical officers across General Practice settings within the health service, a dependable and trustworthy level of care is provided for patients as they transition between primary and acute care settings. Technology applications like Queensland Health's Viewer are integral in providing improved continuity of care, with medical officers and other authorised service providers, being able to access complete patient records no matter where they are.

848 patients across the health service were recorded as being on a chronic disease management plan during 2017-18, instigated through a visit to one of our general practice clinics.

This involves them undergoing regular check-ups with their healthcare professional and referrals to allied health services as required. This figure represents a 34 per cent increase on the previous year and is reflective of the health service focus on improving the health outcomes for our at risk residents.

A significant growth in individuals on a team care arrangement means that health providers across the central west area are collaborating in the provision of care.

2017-18 has seen a 220 per cent growth from the previous year in team care arrangements being put in place, resulting in 321 patients receiving coordinated and connected care tailored to meet their individual healthcare needs.

3) Deliver more services locally where it is safe and sustainable to do so

Commissioning of the new Aramac Primary Healthcare Centre has given both the community and staff access to a state of the art facility, a location that will deliver on its promise of quality healthcare services well into the future.

In 2017 the new Maternity Unit and Day Surgery Unit opened as part of the $11.3 million Longreach Hospital upgrade. The creation of this new day surgery unit, will accommodate activities such as eye surgery and endoscopies. This will enable the main operating theatre to be available for scheduling of complex and urgent surgery.

The new Maternity Unit has relocated from ground floor to the first floor, with swipe cards and intercom access providing an extra level of security for staff and families. The new unit features three single ensuite rooms, a birth suite, maternity assessment room, nursery and equipment room, ready to provide an added level of comfort and safety to the average 70 babies delivered each year.

The Maternal and Child Health team has recorded 1,710 occasions of service across the health service over the last 12 month period providing perinatal and post-natal care, childhood immunisations and school screenings for children aged from six to 18 years of age. Their work supports the State Government's objective to provide all children with a great start to life.

Telehealth technology is an essential part of how Central West Health delivers services. Use of this technology continues to improve and in 2017-18 the utilisation rates anticipated were exceeded.

In partnership with Metropolitan North Hospital and Health Service in 2018-19 we will introduce a tele-chemotherapy service in Longreach which will mean patients who would have had to travel for chemotherapy will be able to have this closer to home.

4) Attract and develop a motivated healthcare workforce to meet our communities future needs

In early 2017 the Central West Health Staff Reward and Recognition Strategy was rolled out. This is an initiative which recognises years of service across the health service. 251 staff were recognised for their contribution.

In December 2017 Central West Health conducted a workforce initiatives workshop, inviting staff from across all employment streams to come together and discuss what attributes attract them to working for Central West, and what we can do better as an employer. From this workshop an extensive action plan was developed and implemented. This workshop identified staff disconnect with the current Central West Health brand which has resulted in the rollout of a new approach which supports our values, defines our promises and articulates the essence of what we do every day.

Whilst attraction of staff to the area is still challenging a targeted recruitment process in early 2018 resulted in the successful appointment of a number of key leadership positions across the health service. The addition of a General Manager – Acute Care Services and a General Manager – Primary Care Services to the Executive Team resulted in the appointment of Mr Craig Carey and Mr Anthony West in April 2018.

Dr Bryce Nicol first came to Winton as a Junior Medical Officer in 2014 on loan from Caboolture Hospital. He returned in 2016 as a Senior Medical Officer after completing Advanced Specialised Training in Emergency Medicine at Bundaberg Hospital. Dr Nicol has worked for two and half years at Winton Multi-Purpose Health Service and has recently been appointed to the position of Director of Medical Services for the Western Hub. Dr Nicol provides medical oversight of the communities of Winton, Boulia, Bedourie, Birdsville, Windorah, Jundah, Yaraka and Stonehenge.

"I think it's very important to have consistent medical services for remote communities, as it's only through understanding the issues and culture of a particular community that you can truly help people overcome their medical issues."

Dr Bryce Nicol has recently been awarded full Fellowship of the Australian College of Rural and Remote Medicine, and was recently awarded the Rural Registrar of the Year award at the Rural Doctors Association Queensland meeting along with Cloncurry GP Dr Cameron Hoare.

Executive Director of Medical Services, Dr David Rimmer presents Dr Bryce Nicol with his five years of service certificate at Winton Multi-Purpose Health Service.

Health Consumers Queensland Senior Project Officer, Ms Jo Smethurst (far right), with members of the Barcaldine Local Health Action Group who attended the consumer information session held in Barcaldine in November 2017.

5) Involve our communities and stakeholders in the planning, design and delivery of services in our unique region

Central West Health conducts regular forums in our remote communities to provide residents with an opportunity to provide feedback and to participate in planning and development of services.

The Chief Executive and Board travelled throughout our region during the year to meet with staff and communities in person. This engagement has both an assurance function and is integral to strategy formulation.

The Chief Executive and a Senior Project Officer from Health Consumers Queensland were on site in various locations across the health service in late 2017 to deliver education sessions for staff and consumers. These sessions focused on the role, responsibility and scope of local Consumer Advisor Networks (CANs), and how members and staff can work together to establish a clear purpose for their group – one which will facilitate clear communication between the leaders of Central West Health and the residents of central west Queensland.

62 staff from six locations attended two sessions run by Health Consumers Queensland in our communities. Messages delivered included; what the co-design of health services looks like, skills to facilitate effective engagement, understanding community expectation and, most importantly, how to put feedback into practice. Positive feedback was recorded in all of the responses provided.

31 consumers attended specifically designed sessions in the communities of Longreach, Blackall and Barcaldine. These sessions focused on barriers and enablers to effective consumer partnerships in their communities, and worked to build understanding of how they can work with the health services to improve health services.

Members of the Bedourie community attending a community engagement session as part of the ICIF Project in April 2018.

6) Provide responsible governance and effective leadership of the healthcare system in the Central West

Building on the great work commenced in the previous financial year, 2017 – 18 has seen vast improvements in both the availability of data and quality of analysis. The importance of accurate data is paramount in ensuring we can make effective decisions, and drive improvement in areas of staff education, gap analysis and process changes when required. Setting reachable and measurable targets, communicating those targets in an engaging way and then measuring those targets, is all part of our overall strategy to reduce variation in care for central west Queenslanders.

Ensuring our data collection and analysis is both accurate and user-friendly is vital in working with our service delivery partners, such as the Royal Flying Doctor Service and North and West Remote Health. Central West Health participated in a survey facilitated by the Department of Health which examined the following domains; safety and quality, people and culture, governance, strategy and planning, and finance and assets. The survey results were discussed at the May 2018 Board meeting and agreement that safety and quality, and people and culture were to be focused on as an immediate priority, was reached. From this meeting, analysis, planning and strategy development has commenced and the Board looks forward to refreshing its priorities ahead of the 2019 – 22 service agreement negotiations with the Department of Health.

Connecting Care through Connecting with Communities

One of the incredible stories we would like to highlight is a project started in February of 2017, a project which was significantly progressed towards implementation during 2017 – 2018. This pioneering venture aims to deliver a new model of care for our remote communities. Officially funded by the Integrated Care Innovation Fund (ICIF), through the Clinical Excellence Division (CED), the partnership project was co-designed with the seven Central West communities of Boulia, Bedourie, Birdsville, Windorah, Jundah, Stonehenge and Yaraka.

Focusing on a new model of care for chronic disease prevention that is both financially sustainable and improves the overall health and wellbeing of these communities, is the main priority of this project. After listening to community and patient feedback, we were able to determine four prioritised chronic condition pathways for development; diabetes, cardiovascular, chronic respiratory disease, and mental health.

The commitment displayed by our partner organisations – Western Queensland Primary Health Network, CheckUp, North and West Remote Health, Royal Flying Doctor Service, Aboriginal and Torres Strait Islander Health Branch and the Boulia, Diamantina and Barcoo Shire Councils, is greatly appreciated as the project heads towards a scheduled 'go-live' implementation date on 14 August 2018. This date will see the implementation of the three prioritised chronic condition pathways of diabetes, cardiovascular and chronic respiratory disease with the fourth priority condition, mental health, being finalised for implementation soon after.

25 per cent of the Indigenous population living in the central west region reside in these communities, thus the implementation of connected and sustainable models of care to better manage chronic disease for Indigenous and non-Indigenous peoples is an exciting prospect.

The project has included community engagement and stakeholder engagement and an analysis of the current state including access to health services, financial and health data, architecture analysis, geographic and demographic information. Actively listening to patient stories and community feedback on what is important for them was the key to co-designing a new model of care for these remote communities. We have seven communities with expectations of improved service delivery that meets their needs and we are determined to provide clinically and culturally appropriate care that delivers.

Our **Hubs**

The central, eastern, southern and western hubs of Central West Health support and manage the delivery of far-reaching health care services to our communities. These four hubs provide opportunity for community responsive care to be provided according to local needs.

47,169
occasions of service for general practice

10,879
occasions of service for dental

9,795
occasions of service for community, allied and maternity and child health

Collectively the hubs delivered 47,169 occasions of general practice care during the 2017-18 year. This care was provided out of clinics and primary health centres in 15 of our 17 communities.

The Central West Health Oral Health Service is based in the southern hub community of Barcaldine and has achieved a 14.5 per cent increase in activity from the previous year. Recent recruitment at a senior level dental officer position will provide opportunity for the service to continue to grow, and waitlists to decrease over the next 12 months.

The health service wide community health, allied health and maternity and child health teams recorded 9,795 occasions of service delivered from their base in the central hub community of Longreach. The innovative Central West Rehabilitation Service continues to build on its capacity to provide the residents of our communities with access to rehabilitation services, with 1,481 occasions of service during the year. This service was established in early 2017 with the support of the Queensland Government's Revitalisation of Regional, Rural and Remote Health Services Program.

Central Hub

Based in Longreach - the largest community within the Central West Health area - the central hub delivers acute care services out of the Longreach District Hospital. Despite the delays in the upgrade of the Longreach Hospital, 24-hour emergency care has continued to be delivered and has been able to support inpatient care. Other services provided out of this hub include; obstetrics, maternal and child health, allied health, pharmacy, pathology and medical imaging.

Longreach is also the base for the Executive Leadership Team, Support Services of finance and building, engineering and maintenance services, and Clinical Governance. Outback Medical Services provide contracted general practice access to the community staffed by Central West Health medical officers.

Our Place – Our Story

A partnership between Central West Health and Bolton Clarke Retirement Village in Longreach has provided the residents of the central west with access to a flexible residential bed, a transitional rehabilitation model of care with outreach capabilities. The collaboration resulted in a four bed residential outpatient facility located within the retirement village supported by Bolton Clarke nursing staff being established. Central West Health provides allied health and medical support and during the 2017 -18 period, 171 clients received rehabilitation services. These clients have representation in the communities of Tambo, Isisford, Winton, Barcaldine, Ilfracombe, Blackall and Longreach.

The formation of group day therapy sessions was piloted by the rehabilitation service and has proved to be an effective method of delivering education and intensive rehabilitation in a safe, supportive and stimulating social environment.

Eastern Hub

The Barcaldine Multi-Purpose Health Service is the centre of the eastern hub providing 24-hour emergency and inpatient care. This facility is also home to six aged care beds, and provides outreach clinical services to the smaller communities of Aramac, Muttaburra and Jericho.

There is also a community care hospital based in Alpha in the far east, which operates out of an integrated facility which includes the local emergency services of Police, Fire and Ambulance.

Outback Medical Services operate the GP Clinic in Barcaldine and provide regular outreach to each of the other four communities, all of which are staffed by Central West Health medical officers.

17.8 per cent of the Barcaldine Regional Council area are aged 65 and over and Central West Health supports this aging population through the provision of aged care beds and support services to the communities of Barcaldine and Alpha. The provision of transport, home care and cleaning support to residents supports their ability to age in place, and allows them to continue to be active and contributing members of their communities.

Our Place – Our Story

Colleen Somerville has lived in Barcaldine since 1984, and loves life in the bush. In 2000 she was diagnosed with Guillain-Barre Syndrome which has left her muscles in a very weak condition. The staff at Barcaldine Multi-Purpose Health Service are always available to organise appointments for her and transport her to and from appointments as well.

"We have an outing on the bus and all have a great time, the staff are lovely and go out of their way to help me. I can feel their compassion and tenderness from the moment I walk in the door"

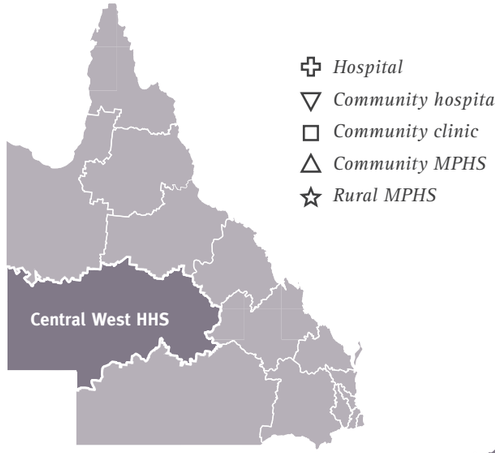
Colleen's husband recently passed away after spending five months in Rockhampton recovering from two strokes. Their daughters wanted him to come home to Barcaldine and although his memory was fading at this stage, as soon as they were back home he remembered the nursing staff.

"When he passed away their support was amazing. That's why I like our little town hospital, because you are one of them. This is where you find the good services – in the bush"

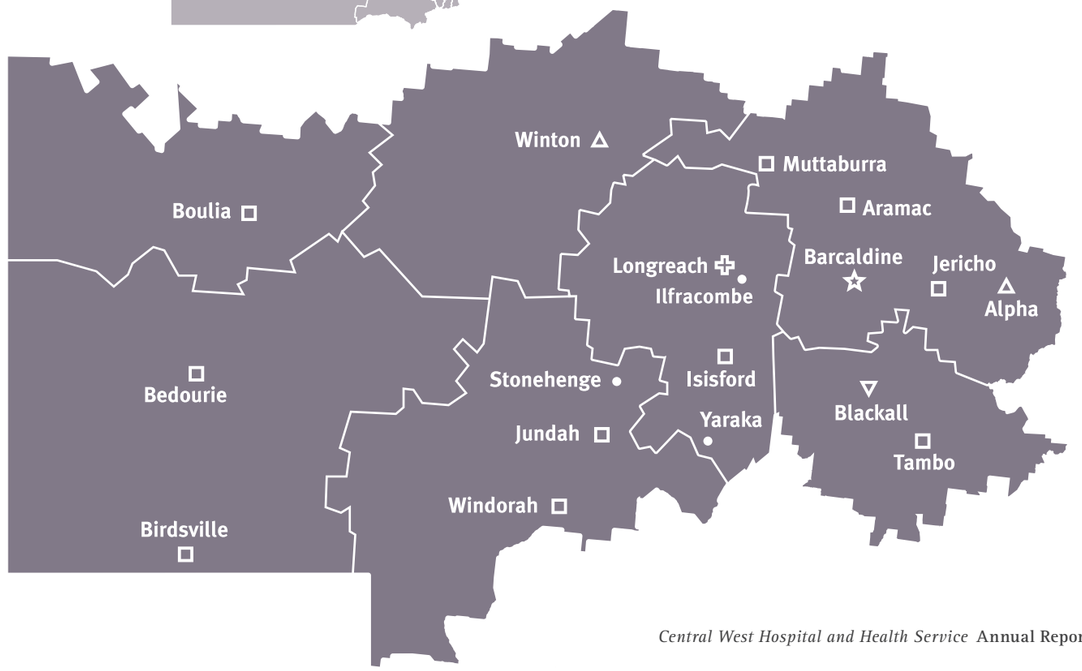
Western Hub

On a geographical basis the western hub is the largest hub in the region, servicing the residents of Winton, Boulia, Bedourie, Birdsville, Windorah and Jundah. Winton is home to a multi-purpose health service providing 24-hour emergency and acute care, with the capacity for eight acute inpatients and six aged-care beds.

Central West Health owns and operates the Winton Medical Practice, providing general practice services to the residents of this community with 6,820 occasions of service recorded during the year.



- *Hospital*
- *Community hospital*
- *Community clinic*
- *Community MPHS*
- *Rural MPHS*



Southern Hub

The central west communities of Blackall, Tambo, Yaraka and Isisford are serviced by the southern hub via an 18 bed community hospital in Blackall, and a Primary Healthcare Centre in Tambo. Central West Health owns and operates Blackstump Medical Centre in Blackall, which provides community access to general practice medical services with outreach provided to Tambo.

Our Place – Our Story

We are so proud to be a part of Crucial Conversations training, with 58 staff taking part in October 2017 and another 14 staff being trained by our own certified trainers. The team have noticed a really positive impact on communication since their crucial conversations training, which has provided them with the tools to have professional, but genuine conversations in areas which can sometimes be difficult to discuss.

Staff identified that their previous training in FISH was centred around 'attitude' whereas the crucial conversations training focused on 'relationships', so the two modules really complemented each other. Some of the positive feedback to come out of this training was that the staff now feel empowered to ask questions comfortably and respectfully, and to be mindful of responses and their meaning.

Our **Performance**

In 2017-18, Central West Hospital and Health Service's emergency departments have treated all patients within clinically recommended timeframes.

Central West Hospital and Health Service maintained the proportion of patients seen within clinically recommended times for their urgency category, with ninety-nine per cent of all presentations to public emergency departments being seen within clinically recommended times for their urgency category, which is similar to the last financial year.

In 2017-18, Central West Health had 96 per cent of patients admitted or discharged within four hours, which is a two per cent decrease on last year. Central West Health surgeons have treated in excess of 60 patients off the waiting list with 100 per cent of category one and category two receiving their elective surgery within the recommended time frames. As at 1 July 2018 there were no ready-for surgery patients waiting longer than clinically recommended for elective surgery.

Central West Health has recorded an overall decline in the number of patients treated within central west during the 2017-18 year. This result can be attributed to the Longreach Hospital upgrade works due for completion in November 2018. To ensure no reduction in services for local residents, patients have been treated in other hospital and health service facilities. Longreach hospital services are now beginning to come back on line and will provide greater services for the residents of central west into the future.

As a result of implementing the Endoscopy Action Plan, the health service has been able to maintain performance and there are no patients waiting longer than clinically recommended.

Our Place - Our story

Hospital Based Corporate Information System (HBCIS) appointment scheduling and emergency module implementation was completed, enabling the HHS to report on patient level outpatient data for the first time. The ability to capture all aspects of patient services provided by our facilities through electronic systems, enhances our opportunity to improve holistic patient care. The journey to the completion of HBCIS implementation was facilitated by multiple training sessions in April 2017, becoming the largest ever hands-on training conducted in the HHS.

Automation of audit reports and error reports aided the clinicians and the administrators in reviewing and entering accurate data, and to attend to any errors promptly without waiting for error reports to be provided from Brisbane. Automated statistical reports give accurate data promptly for activity monitoring and strategic and operational planning.

Service Standards		Notes	2017-18 Target/ Est.	2017-18 Actual	2018-19 Target/ Est.
Effectiveness measures					
Percentage of patients attending emergency departments seen within recommended timeframes		1,2,3,4,5			
	Category 1 (Within 2 minutes)		100%	100%	100%
	Category 2 (Within 10 minutes)		80%	80%	80%
	Category 3 (Within 30 minutes)		75%	98%	75%
	Category 4 (Within 60 minutes)		70%	99%	70%
	Category 5 (Within 120 minutes)		70%	100%	70%
Percentage of emergency department attendances who depart within 4 hours of their arrival in the department		2	›80%	96%	›80%
Percentage of elective surgery patients treated within clinically recommended times		1,2,3,4,6			
	Category 1 (30 Days)		›98%	100%	›98%
	Category 2 (90 Days)		›95%	100%	›95%
	Category 3(365 Days)		›95%	98%	›95%
Median wait time for treatment in emergency departments (minutes)		4	20	2	
Median wait time for elective surgery (days)		5	25	259	
Efficiency measures		6			
Other measures					
Number of elective surgery patients treated within clinically recommended timeframes		1,2,4,6,7			
	Category 1 (30 days)		40	2	40
	Category 2 (90 days)		48	18	48
	Category 3 (365 days)		160	60	160
Total Weighted activity units (WAUs)		10			
	Acute inpatient		1,956	1,764	1,956
	Outpatients		1,122	1,329	1,098
	Sub-acute		187	184	204
	Emergency Department		1,047	835	1,047
	Mental Health		83	73	83
	Prevention and Primary Care		144	178	144

Notes from table (opposite)

1. This is a measure of the access and timeliness of Emergency Department (ED) services. It reports the number of minutes that patients waited to be seen for ED treatment. Data sourced for this measure is from the Queensland Health Emergency Data Collection and manual submissions from Hospital and Health Services.

2. This is a measure of access and timeframes of ED services. Data sourced for this measure is from Queensland Health Emergency Department Data Collection and manual submissions from Hospital and Health Services. The measure reflects the performance of the 90 performance reporting facilities across the State.

3. This is a measure of effectiveness that shows how hospitals perform in providing elective surgery services within the clinically recommended timeframe for each urgency category.

4. This measure indicates the length of time within each half of all people were seen in the ED (for all categories), from the time of presentation to being seen by a nurse or doctor (whichever was first). The target for this measure is to be removed from 2018-19. There is no nationally agreed target for this measure, and the median wait time varies depending on the proportion of patients in each urgency category.

5. This is a measure of effectiveness that reports on the number of days within which half of all patients received elective surgery. The target for the measure is to be removed from 2018-19. There is no national benchmark target for this measure, and the median wait time varies depending on the proportion of patients in each urgency category. The increase in the median wait time for elective surgery from the 2017-18 Target/Estimate to the 2017-18 Actual is largely the result of the Longreach Hospital refurbishment. The Longreach theatre has been closed for 9 months as a result of the Longreach Hospital redevelopment, with care of patients transferred to other facilities (for all Category 1 and 2 patients). Category 3 patients and patients not willing to travel to other facilities have remained on the Longreach waiting list, increasing the median wait time for elective surgery, noting that surgeries have still been performed within clinically recommended timeframes.

6. An efficiency measure is being investgated for this service area and will be included in future reports.

7. This is a measure of activity that reports the number of elective surgery patients who were treated within the clinically recommended time in each category. It shows the volume and timeliness of elective surgery services. The reduction in the number of elective surgery patients treated in 2017-18 is the result of the Longreach Hospital redevelopment and the closure of the Longreach theatre. the number of Central West patients treated at other HHSs in 2017-18 has increased by 28 per cent compared to the previous year.

8. This measure tracks the growth in non-admitted patient telehealth service events. Telehealth service events enable timely access to contemporary specialist services for patients from regional, rural and remote communities, and support a reduction in waiting times and costs associated with patient travel.

9. The telehealth counting unit has been updated to cover 'service events' rather than 'occasions of service'. Service events is considered to be a more informative measure. It is a narrower definition as it does not include occasions of service that do not involve provision of clinical care.

10. A Weighted Activity Unit (WAU) provides a common unit of comparison so that all public hospital activity can be measured consistently. Activity is weighted based on the 'efficient cost' of care provided to patients, across various treatment types (including acute inpatient, emergency department, outpatient services, sub-acute care, mental health and prevention and primary care.) The 2018-19 Target/Estimate is based upon the 2018-19 purchased activity. All activity is reported in the Q19 phase of the ABF model which underpins 2017-18 and 2018-19 service agreements. The service agreement category 'Total WAUs - Interventions and precudres' has been reallocated between 'Total WAUs - Acute Inpatient Care and 'Total WAUs - Outpatient Care'. 'Total WAUs - Prevention and Primary Care' is comprised of Breastscreen and Dental WAUs. The reduction in outpatient activity from 2017-18 Estimated/Actual to 2018 -19 Target/Estimate is due to the provision of one off non-recurrent funding in 2017-18 to support a trial in a change to the mdoel of care.

11. This measure counts the number of in-scope ambulatory mental health service contact hours, based on the national definition and calculation of service contacts and duration. It is important to note that not all ambulatory mental health service contact hours are in-scope for this measure, with most review and some service coordination activities excluded. In addition, improvements in data quality have impacted on this measure, with recent data more accurately reflecting the way in which services are delivered. the 2018-19 Target/Estimate is calculated based on available clinician hours multiplied by an agreed output factor, weighted for locality. Services may have a reduced 2018-19 Target/ Estimate in comparison to 2017-18 due to movement in reported available clinician hours.

Our Infrastructure Highlights

- *CT Scanner installed at Longreach Hospital – Multi-million dollar upgrade to the Longreach Hospital - new CT Scanner is expected to benefit around 50 patients a month.*
- *New Aramac Primary Health Centre Facility commissioned and operating.*
- *Maternity upgrade completed at Longreach Hospital.*
- *New day surgery unit completed at Longreach Hospital.*

Our Place - Our story

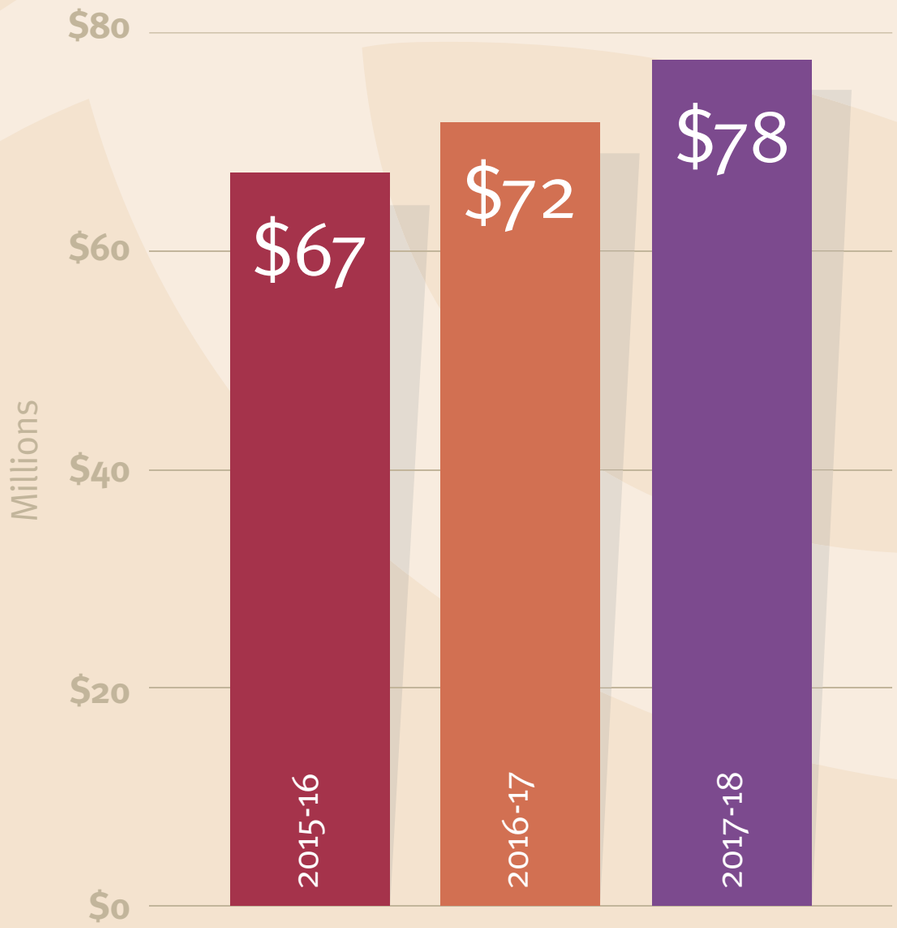
Central West Hospital and Health Service welcomed the Aramac residents to the community open day of the new Aramac Primary Health Centre on Tuesday 24 April.

Aramac community members took a sneak peek at the new facility before it opened for patients on 30 April. Residents inspected consultation rooms and treatment areas and met some of the clinicians, allied health professionals and hospital administration staff delivering health care from the new facility.

Guided tours were well supported by individuals, families and community groups and everyone enjoyed a delicious afternoon tea to complete the open day activities.

Infrastructure projects in the communities of Longreach and Aramac have provided opportunity for locally based businesses to be engaged in the work resulting in an economic boost during a recognised challenging economic environment being experienced throughout rural Australia.

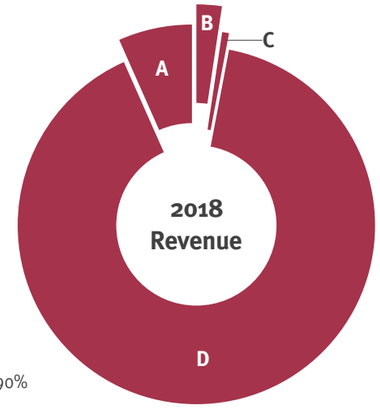
Financial **Performance**



Funding Allocation

Central West Health reported a breakeven position for the year, according to management expectations. This included a net revaluation increment of $27 million in the value of our property portfolio.

Central West Health has retained an accumulated surplus of $1.4 million which is available for reinvestment into our clinical services.

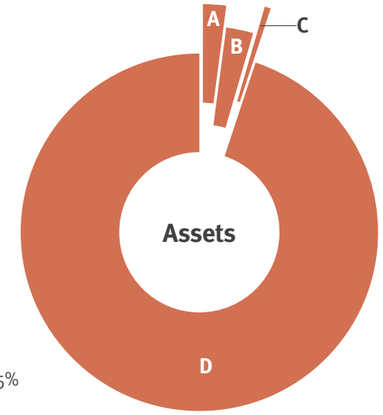


A: User Charges 7%
B: Grants 2%
C: Other Revenue 1%
D: Government Funding 90%

Where our funds came from

Queensland Department of Health commissions clinical services on behalf of the Commonwealth and the State governments.

Our service delivery, as agreed in our Service plans allocated a total of $77 million compared with $72 million received in prior year. Increased funding has been allocated towards additional Medical and Nursing workforce which is directly supporting the health of our communities.

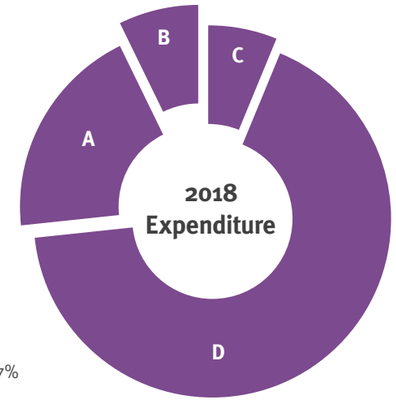


A: Cash 2%
B: Receivables 2%
C: Inventories 1%
D: Land and Buildings 95%

Future financial outlook

Central West Health will continue to build on the financial strength of the organisation and implement the objectives and deliverables described in our strategic and operational plans. We aim to value based healthcare whilst ensuring its long-term sustainability.

Post commissioning of the Longreach Hospital Upgrade Central West Health will be focusing on the delivery of our new medical imaging and surgery services. Strengthening of our current service delivery models across our diverse communities, via embracing new technologies and forging new partnerships with other healthcare providers will support our vision and the Queensland Government objectives.



A: Supplies and Services 19%
B: Patient Travel 8%
C: Depreciation 6%
D: Salaries & Wages 67%

How our funds were used

Central West Health has continued supporting clinical service delivery across our dispersed geographical area. Patient travelling support and increased workforce costs reflect our focus to ensuring service continuity whilst completing works to deliver enhanced clinical capabilities at Longreach Hospital.

Assurance Statement

For the financial year ended 30 June 2018, the Executive Director Finance, Infrastructure and Support Services provided an assurance statement to the Central West Health Board and Health Service Chief Executive. This statement detailed the preparation of the 2017-18 financial statements and notes thereto of the financial control framework and compliance with prescribed requirements for establishing and keeping the financial records in accordance with applicable accounting standards.

The Queensland Audit Office reviewed the 2017–18 Annual Report prior to publication and has delivered an unqualified audit of our financial statements.

Our **People**

Over the past 12 months the Central West Hospital and Health Service has continued growing in both capacity and capability to ensure our people are managed in an effective way.

The health service has gone from strength to strength in meeting both the current, and the future health needs of our regional communities.

Although central west Queensland is sparsely populated in comparison to other areas of the state, residents, tourists and workers should benefit from the same access to quality healthcare services as required.

Due to the scale of our service area and the dispersed locations of our facilities and communities, continuously recruiting and retaining a motivated, skilled workforce is a huge priority. Central West Health staff represent the organisation's largest investment in bringing to life our vision, purpose and values.

Central West Health workforce profiles for 2017–18 are shown in Table One.

Table 1 Workforce Stream	MOHRI 2017 Occupied Full Time Equivalent	%	MOHRI 2018 Occupied Full Time Equivalent	%
Total	353	100	378	100

Workforce planning, performance, attraction and retention

Central West Health is one of the major employers in this region, and a vital part of the various communities we represent. Central West Health employs approximately 440 headcount staff across the region and 56 per cent of these are performing frontline roles delivering health services and supporting patient care to our residents.

During 2017 – 18 there has been an increase of full time equivalent staffing as follows:

- *One Nurse Navigator*
- *Seven graduate nurses*
- *Four Rehabilitation service team members*
- *One Telehealth Chemotherapy Clinician*
- *One Pharmacist*
- *Two Communication Officers*
- *Clinical Workforce Officer and Recruitment officer*
- *Two General Managers*
- *Administration officers to support the Facility Director of Nursing at Winton, Longreach and Blackall*
- *Principal and Senior Dentist at Barcaldine*
- *Dentist at Longreach*

Central West Health offered no redundancy, early retirement or retrenchment packages to staff during the 2017 – 18 fiscal year.

The Central West Health Integrated Workforce Plan sets out a broad approach for attracting, developing and retaining a highly skilled and motivated workforce. In alignment with strategic planning the workforce plan will assist in achieving our objectives through the following strategic workforce priorities:

- *Workforce Design – an ongoing process of workforce planning that ensures our workforce configuration is such that it enables Central West Health to meet our commitments to our communities.*
- *Workforce Sustainability – ability to meet our current needs and to have the agility and strategic human resource management processes to prepare successfully for our future operating environment.*
- *Workforce Capability – ability of our existing workforce to acquire skill sets, skill mixes and knowledge to meet our strategic objectives.*
- *Workforce Culture - recognises there is an integral link between having an engaged, motivated and skilled workforce, and developing and maintaining a positive workplace culture.*
- *Workforce Governance –provides the structure through which our human resource management processes are developed and the means by which our workforce objectives are achieved.*

The 2015 -2019 Central West Health Strategic Plan (2018 udpate) published in May 2018 describes the strategic intent to: attract, develop, motivate and celebrate a strong, diverse workforce that is able to deliver safe, effective care and meet the changing needs of the communities.

The Central West Health Staff Reward and Recognition Program supports attraction and retention by contributing to a culture of recognition throughout the organisation and enforcing appropriate recognition and reward initiatives as normal business practice. During 2017-18, celebrations across the health service were held with employees being presented certificates of recognition for years of service.

Five of our valued staff members received recognition of service of 40 years and over, which is a phenomenal achievement. A further 110 staff received acknowledgment for service from 15 to 39 years, and another 136 staff received certificates in recognition of service from five to 14 years.

Board Chair Jane Williams (centre) presents years of service certificates to Health Service Chief Executive, Jane Hancock (left) and Muttaburra PHC Director of Nursing Virginia Whitby (right) in October 2017.

Central West Health recognises that attraction and retention of qualified, motivated and dedicated clinicians is a key element supporting the health service in delivery of health services across the central west. During 2017-18 an inaugural workforce initiative Program was launched to develop key attraction and retention strategies.

In December 2017 a workforce initiative workshop was held, with the purpose of providing our employees with the opportunity to contribute to the development of an innovative recruitment and selection strategy. All classifications of employees were represented as well as all hubs.

In total 36 actions were developed from the information gathered at the workshop, with achievements against these actions including:

- A branding workshop was held on 19 March 2018 and the final product was tabled for the information of the Board at its May 2018 meeting. It is expected that roll out of the new Central West Health branding essence, promise, personality and values will inform who we are and how we work to demonstrate our described qualities, well into the future.

- Staff shared their bright ideas which resulted in progression of the provision of Wi-Fi access in all on-site staff accommodation, and the purchasing of items such as queen size beds and larger refrigerator capacity in communal living environments. Small things make a big difference in the lives of our staff, and Central West Health was happy to accommodate changes which make their living conditions more appealing.

- Recruitment processes have been changed to link to all internet job sites for greater exposure, and further staff education has been undertaken to build capacity in the health service to undertake recruitment and selection activities. This work will serve to improve processes including acknowledgment of receipt of applications, and advice to non-shortlisted applicants occurring in a more timely manner.

Retention and socialisation opportunities were discussed and Central West Health has now commenced the inclusion of local Council's 'What's On Flyer' in the eWeekly staff communication to provide increased visibility.

The launch of the Central West Health Pathway to Excellence Program in 2018 will provide us with the tools to support staff in their pursuit of delivering excellence in healthcare. The Program defines and measures the essential elements of an ideal nursing practice environment and aligns directly with Advancing rural and remote health service delivery through workforce: A strategy for Queensland 2017 – 2020. A project lead was appointed and initial workshops conducted, and the next 12 months will provide opportunity for Central West Health to demonstrate a commitment to creating an environment where nurses flourish through increased job satisfaction and professional growth, enabled by greater respect and appreciation of the work they do.

CW Learn launch (staff training website)

2018 has seen the cumulation of three years planning and determination to implement a Learning Management System (LMS) - CWLearn.

It was identified that there were significant gaps within Central West Health's capacity in relation to data capture, recording and reporting relative to staff training, both of a mandatory and non-mandatory nature, across the clinical and non-clinical domains. Absence of a singular data system capable of recording all training placed the service in a position of considerable risk, in terms of our capacity to monitor and manage compliance with mandated training requirements.

CWLearn was created in collaboration with Central Queensland Health. Central Queensland has a very successful learning management system - CQLearn - and they were willing to share this resource. Central West Health was added to the system as an additional standalone community, rebranded and rolled out as CWLearn.

Central West Health is extremely grateful to Central Queensland Health for their assistance, not only in the initial stages of allowing us to come onboard, but in their continued support.

CWLearn Benefits:

- *Implementation of a single training record management system capable of recording and reporting on training compliance and completion*
- *Establishment of a sustainable online training delivery system, capable of allowing both internal and external access to courses available on a 24/7 basis*
- *Consolidation of independent training record systems into a single data system*
- *Establishment of a single training data entry process applicable to all training undertaken*

Our safe and productive workplace

Central West Health operates a targeted training and audit system which involves awareness raising, regular workplace assessment and audits, incident reporting and analysis, risk assessment and pro-active mitigations, and statutory compliance reviews.

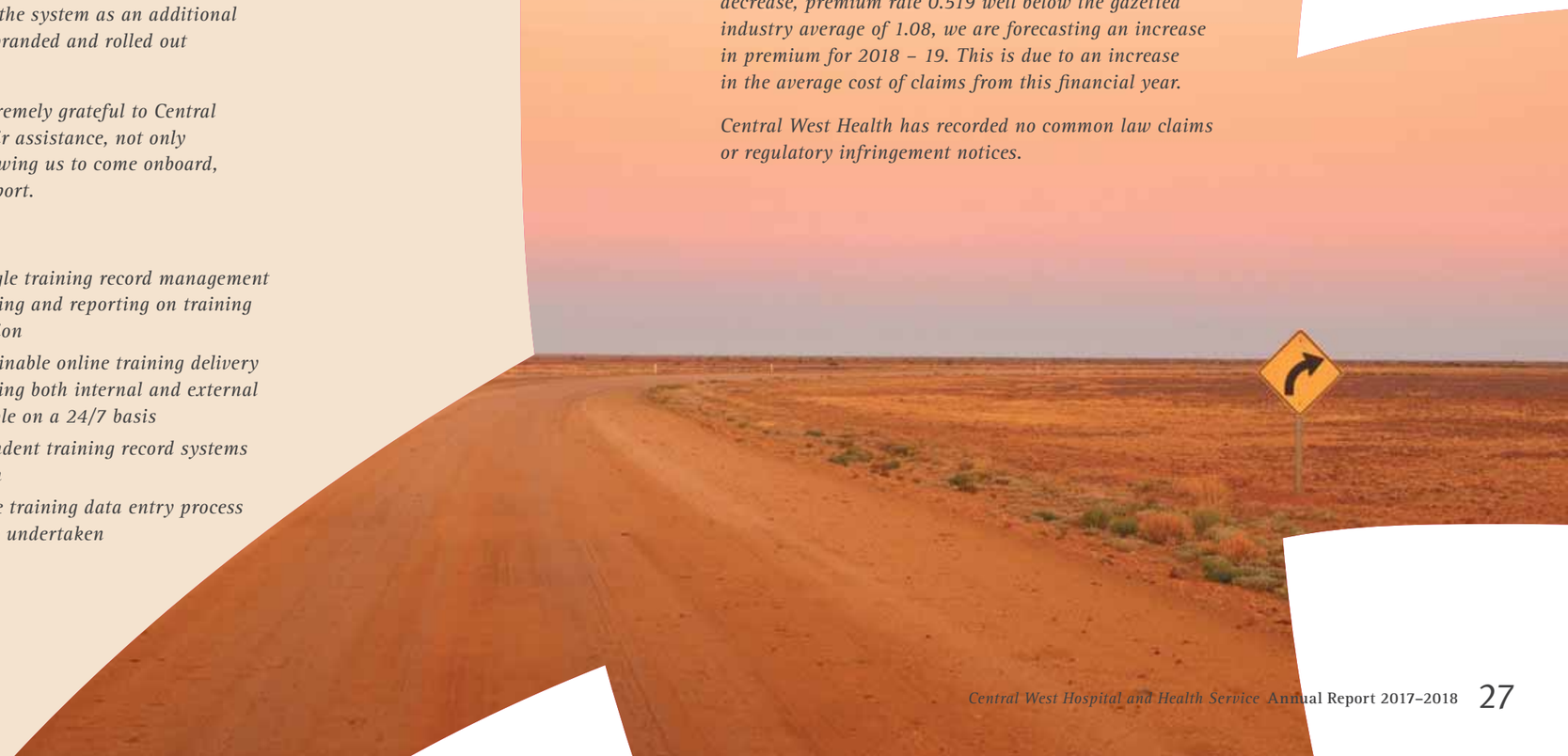
Reporting and investigating workplace incidents forms an integral part of risk mitigation and continuous improvement. In 2017 - 18 there were 258 workplace incidents reported compared to 118 in 2016 – 17, reflecting a 218% increase. This has been attributed to an increase in hazard reporting following the implementation of the new RiskMan reporting system.

Of the reported incidents notified during the 12 months ending 30 June 2018, the top four incident classifications were identified as:

» *Psychosocial 15%*
» *Safety (hazards) 14%*
» *Occupational Violence 13%*
» *Manual Tasks 10%*

Although Work Cover premium costs continue to decrease, premium rate 0.519 well below the gazetted industry average of 1.08, we are forecasting an increase in premium for 2018 – 19. This is due to an increase in the average cost of claims from this financial year.

Central West Health has recorded no common law claims or regulatory infringement notices.



Ethics

As a statutory authority prescribed under Part 2, Section 18 of the Hospital and Health Boards Act 2011 Central West Health recognises the significance of its responsibility as a representative of the State and accordingly operates in accordance with the requirements of the Queensland Public Service Act 1994 (the Act).

The Act's intention is to establish a high performing public service which is responsive to the Government's priorities and focused on the delivery of services in a professional and non-partisan way. Central West Health's vision, values and strategic priorities are enablers for staff to uphold the principles of the Act and the expectation is that all employees will act with integrity. It is mandatory that Central West Health employees complete Code of Conduct training.

Individuals with the authority and responsibility for planning, directing and controlling the activities of that entity, directly or indirectly, are identified as key management personnel and as such are required to complete an annual declaration of related parties. This information is referenced by external auditors for the purpose of assuring the validity of transactions or amounts receivable or payable between management personnel and their related parties, has not adversely affected the financial positions of the health service.

Members of the Board and Executive also undertake to complete annual pecuniary and non-pecuniary interests declarations with the contents recorded in the Central West Health Register of Interests. The register is considered relative to the agenda at each meeting forum attended by members of the board and the opportunity provided to members to declare updates and recent contact with lobbyists.

Board members l – r – Dr Clare Walker, Bill Ringrose, Jane Williams (Chair), Leisa Fraser, Liz Fraser, David Arnold (Deputy Chair) absent Blake Repine

Our **Board**

The Queensland Government undertakes to carry out an annual state wide recruitment process to facilitate appointment of Board membership for each of the sixteen health services. The process involves a call for expressions of interest, and shortlisting occurs according to the skills mix, strengths and weaknesses of individual Boards. The process is managed by a recruitment consultancy with appointments recommended for endorsement of the Minister for Health and Minister for Ambulance Services based on individual skills, experience and qualifications. In May 2018 Mr Blake Repine was appointed to the Central West Health Board.

Jane Williams (Chair)

Jane is an experienced director and clinician with excellent communication and negotiation skills who actively works with all levels of community and government to improve the health outcomes for the people of the central west.

Having lived and worked in various communities in the central west for in excess of twenty years, Jane has a strong understanding of how important it is for the people to have access to safe, quality and consistent health care services. Jane is committed to connecting with people and communities to fully understand their needs to inform strategic planning and delivery of services with a focus on all stakeholders.

Jane has Diplomas in Management and Community Services Coordination, and is a current member of the Australian Institute of Company Directors. She is also a practicing clinical nurse with endorsements in midwifery and rural isolated practice, with particular interest in the management of chronic disease and mental health.

Jane is a member of the Executive Committee and Safety and Quality Committee.

Appointed	Chair since	Meeting attendance
1/7/2012 18/5/2013 18/5/2016	18/5/2016 18/5/2016	11 Board, 5 Executive Committee, 6 Safety and Quality Committee

David Arnold (Deputy Chair)

David is the Chief Executive Officer of the Central West Queensland Remote Area Planning and Development Board. Through this role he successfully partners with Mayors and Chief Executive Officers of the Central Wests seven local governments, to understand and respond to the needs of the communities of the central west area.

The importance of working together to improve the sustainability of rural and remote communities is the belief that David brings to the table as Deputy Chair of the Central West Hospital and Health Service Board. He realises the importance that availability of health services plays in community sustainability and he has a strong commitment to the ongoing development of the central west communities.

David has a Graduate Certificate of Science in Strategic Foresight, a Bachelor of Business and an Associate Diploma of Applied Science.

David is the Chair of the Executive Committee and a member of the Audit and Risk Committee and Finance Committee.

Appointed	Reappointed	Meeting attendance
1/7/2012	18/5/2013 18/5/2016	9 Board, 4 Executive Committee, 6 Finance Committee, 3 Audit and Risk Committee

William (Bill) Ringrose

Bill is a partner in accounting firm Ringrose Button which has offices in Longreach, Rockhampton, Blackall and Hughenden. He has experience in the areas of audit, taxation, corporate governance, probity and proprietary and as a director on the Board of the Central West Hospital and Health Service, Bill brings his knowledge to the fore as Chair of the Finance and Audit and Risk Committees.

Through his interaction with business clientele and community groups, Bill has forged many relationships with local people across the central west area and beyond. Bill draws on these relationships to better understand the individual and community issues faced by people in regional Australia including the access to, and availability of, quality healthcare services.

Bill has a Bachelor of Commerce and is a member of the Institute of Chartered Accountants Australia.

Bill is the Chair of the Finance Committee and Audit and Risk Committee.

Appointed	Reappointed	Meeting attendance
1/7/2012	18/5/2013 18/5/2016	9 Board, 6 Finance Committee, 4 Audit and Risk Committee

Blake Repine

Our newest member of the Board, Blake Repine, is a senior leader with more than 20 years' experience in providing vision, leadership and executive management. Blake has sound experience in conducting strategic reviews, refining business plans and processes, managing multiple projects and resources, unifying key stakeholders and leading change management functions.

Blake leads organisations to facilitate growth by establishing targeted solutions and strategic plans to improve operational efficiency, effectiveness and overall financial standing.

Blake holds a Bachelor of Science and a Masters in Management and Communications from Liberty University, a Masters of Business Administration from Norwich University and a Certificate in Disruptive Strategy from Harvard Business School. Blake is also a member of the Australian Institute of Company Directors and a Certified Professional with the Australian Human Resources Institute.

Appointed	Meeting attendance
18/5/18	2 Board

Leisa Fraser

Leisa has more than twenty years' professional experience in the finance and human resource management field, as well as workplace health and safety and quality improvement. Leisa is currently the Human Resources Manager with Winton Shire Council, and was previously the Business and Social Services and Quality Improvement Manager for Nhulundu Wooribah Indigenous Health Organisation.

Leisa has in excess of ten years of experience in working in the area of Indigenous Health through her time with Nhulumdu Wooribah Indigenous Health Organisation and, previously, Goolburri Health Advancement Company Ltd. Leisa draws on this experience to actively inform her role as Board Director with the Central West Hospital and Health Service and tirelessly works to improve the health outcomes for Indigenous and non-Indigenous members of the central west community.

Leisa has a Certificate IV in Mental Health (Non-Clinical) and a Certificate IV in Business. Leisa is a member of the Finance Committee and Audit and Risk Committee.

Appointed	Reappointed	Meeting attendance
18/5/2016	18/5/2017	11 Board, 6 Finance Committee, 5 Audit and Risk Committee

Elizabeth (Liz) Fraser

Previous work in the delivery of human and educational services has provided Liz with a wealth of experience in shaping and assessing the benefits of government programs and leading organisational change in pursuit of better outcomes. Liz's time as Queensland Commissioner for Children and Young People and in social work advocating actively for the rights, safety and wellbeing of people as well as her senior leadership roles in government, have enhanced her capabilities to provide strategic oversight and development of the Central West Hospital and Health Service through her role as Board Director.

Liz is currently Chair of the Board's Safety and Quality Committee and draws on her experience as a practicing and senior level social worker in child and family welfare; hospital and outreach mental health, emergency and rehabilitation services to inform this role.

Liz has a Bachelor of Arts/ Social Studies, Graduate Diploma in Multicultural Studies, a Royal Society of Arts Certificate in Teaching English as a Second Language and is an Executive Fellow of the Australian New Zealand School of Government. Liz is also a member of the Australian Institute of Company Directors.

Appointed	Reappointed	Meeting attendance
18/5/2016	18/5/2017	11 Board, 5 Executive Committee, 6 Finance Committee, 6 Safety and Quality Committee

Dr Clare Walker

Clare is a medical practitioner practicing in Longreach providing a combination of private General Practice and Senior Medical Officer work at the local hospital. This provides the Board with a valuable connection to frontline healthcare service delivery through allowing Clare to translate this connection into informed strategic planning.

Having lived, raised a family and practiced in the central west for over ten years, Clare has developed an in-depth understanding of the community needs of rural and remote Queenslanders. Clare is committed to continuing to make a positive difference to the health outcomes for the people in this part of Queensland and sees a unique opportunity to do this by combining her work as a practicing clinician with that of the Board Director's strategic planning role.

Clare has a dual fellowship in General Practice with both Australian College of Rural and Remote Medicine (FACRRM 2009) and the Royal Australian College of General Practice (FRACGP 2009), plus an Advanced Diploma of Obstetrics (2009), and qualifications in Anaesthesia through the Joint Consultative Committee (2010). Clare is working towards completing both a Diploma in Medical Administration and the Australian Institute of Company Directors Company Directors Course in 2018. Clare is registered with the Australian Health Practitioners Regulation Agency, is a member of the Royal Australian College of General Practice, Australian College of Rural and Remote Medicine and the Royal Australian College of Obstetrics and Gynaecology. She is also a committee member of the Rural Doctors Association of Queensland.

Clare is also a member of the Safety and Quality Committee and Audit and Risk Committee

Appointed	Reappointed	Meeting attendance
18/5/2016	18/5/2017	10 Board, 3 Audit and Risk Committee, 6 Safety and Quality Committee

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Remuneration totalling $240,000 was paid in the 2017 – 18 financial year to members of the Board as per the Queensland Health Standard QH-IMP-267-1-3:2015 relative to Board appointment and Committee membership.

Post salary expenses in the amount of $32103.24 was recorded during the same period and reflect payments made in accordance with the Queensland Public Service Motor Vehicle Allowances and Domestic Travelling and Relieving Expenses and superannuation contributions.

Our Corporate **Governance**

The Central West Health Board reports, through the Chair, to the Minister for Health and Minister for Ambulance Services. The Board sets the strategic direction for the health service and works through meetings of its committees and the full Board to receive and consider assurances on matters which inform its responsibilities. The Board considers its forward planning in direct alignment with responsibilities defined under the Hospital and Health Boards Act 2011 (the Act) and Hospital and Health Boards Regulations 2012 (the Regulations).

The Board held 11 general meetings for the period 1 July 2017 to 30 June 2018.

The Executive Committee operates according to the requirements of Section 32A of the Act and received regular reports relative to the human resource, consumer engagement and executive structure functions of the health service throughout 2017-18. In 2018-19 the Executive Committee will receive the advice from the Central West Health Aboriginal and Torres Strait Advisory Council.

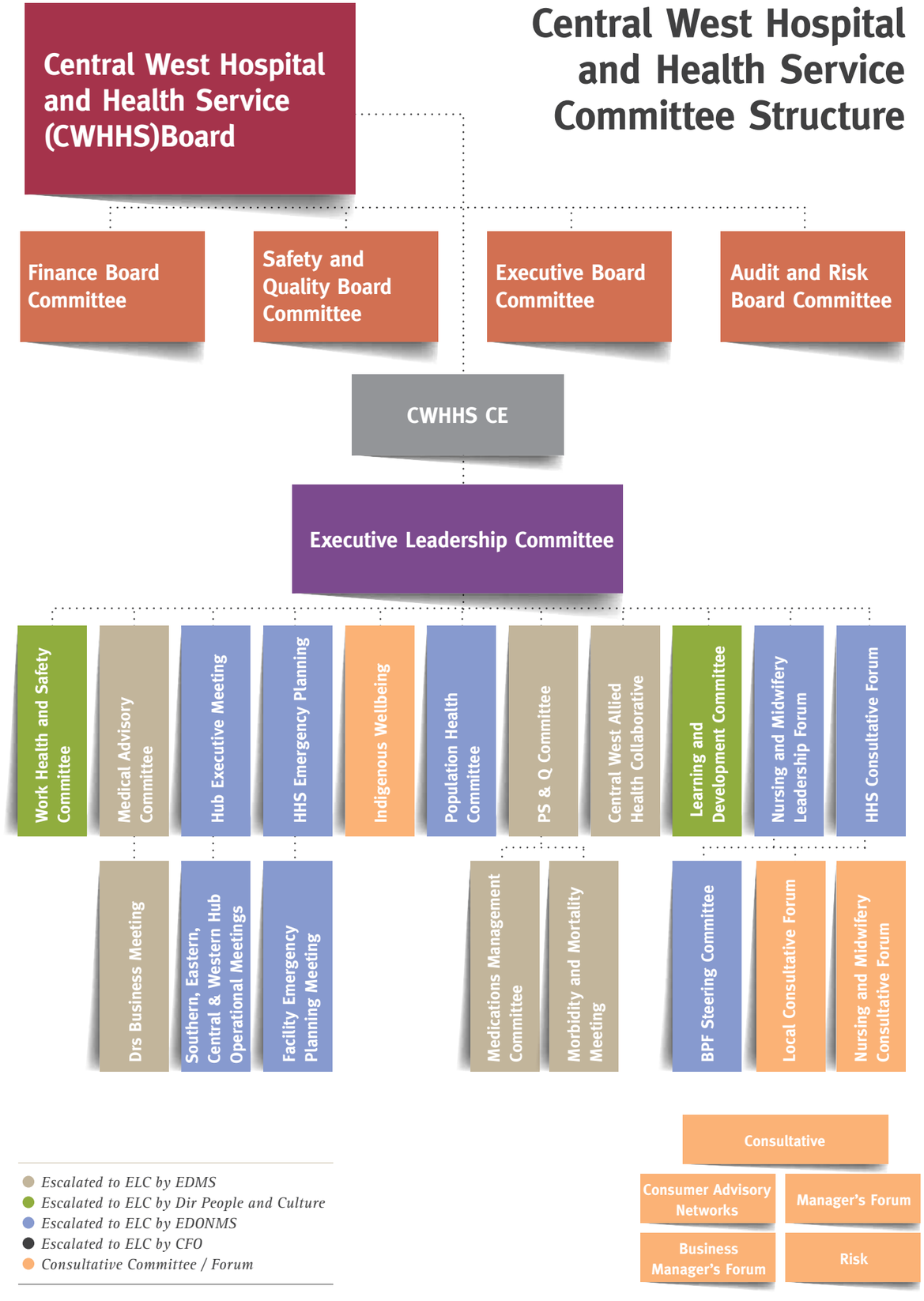
Section 32 of the Regulations guides the purpose of the Safety and Quality Committee and, through monitoring of the clinical governance arrangements of Central West Health, this committee was able to provide advice to the Board on matters as follows:

- *Accreditation processes and status updates in the lead up to periodic review in September 2018*
- *Review and interrogation of key performance indicators which inform the minimising of preventable patient harm, reducing unwanted variation in clinical care and improving patient and carer experience*

The Finance Committee's work is regulated according to Section 33 of the Regulations and the membership provides advice to the Board on financial performance and financial strategies in alignment with strategic priorities. The committee was pleased to recommend to the Board for approval in May 2018 the Central West Health Finance Management Practice Manual.

Monitoring of internal and external audit activities and the oversight of risk management in accordance with the Financial Accountability Act 2009 and the Financial Management Performance Standard 2009 is the remit of the audit and risk committee.

Central West Hospital and Health Service Committee Structure



Risk Management, Internal Audit, **External Scrutiny**

The management of risk in the health service is achieved through a coordinated identification, agreement and monitoring of operational risk by a Risk Manager's Forum which reports to the Executive Leadership Team and the Patient Safety and Quality Committee.

In May 2018 the contents of the Central West Health Risk Register were migrated to the RiskMan platform. In this system risk controls and treatments are recorded together with the actions and responsible personnel.

The risk categories of governance, clinical, human resources, legal and regulatory, workplace health and safety, finance and infrastructure are locally managed by assigned departmental representatives with collective support provided by the Risk Manager's Forum.

Strategic risk is reviewed by the Board and Executive twice yearly with updates reported to the Audit and Risk Committee on a quarterly basis. Operational risks are linked to the strategic risk to provide opportunity for current level of risk to be fully informed.

Internal audit functions for the 2017 – 18 period were performed by consultancy Crowe Horwath and specific reporting was guided by the Central West Health three year strategic internal audit plan. Representatives of Crowe Horwath attend each scheduled meeting of the Audit and Risk Committee and presented a tabled update of all internal audit activities undertaken for the immediate prior period. The regular report of internal audit activities provided the Audit and Risk Committee with visibility over the audits undertaken as well as details of management responses to prior period audit matters requiring follow up. During the 2017 – 18 year the closure of 48 prior period audit findings was achieved as a result of a concerted effort involving the internal audit and Central West Health Finance team. Ernst and Young were appointed to the role of external audit for the health service in 2017 – 18 by the Queensland Audit Office. Members of Ernst and Young attend each meeting of the Audit and Risk Committee at which time they present a report on all external audit matters. This attendance is further supported by representation from Queensland Audit Office which provides the committee with visibility on whole of government audit matters that are of relevance to the health service.

Ernst and Young were appointed to the role of External Auditors in 2017 – 18 by the Queensland Audit Office. Members of Ernst and Young attend each meeting of the Audit and Risk Committee at which time they present a report on all external audit matters. This attendance is further supported by representation from Queensland Audit Office which provides the Committee with visibility on whole of government audit matters that are of relevance.

Our Executive **Leadership**

In 2016 an external review was commissioned to provide advice and recommendations on the most appropriate executive structure to best support the Health Service Chief Executive and Board meet their legislative obligations and deliver on strategic intent. June 2018 saw the implementation of that work following staff and union consultation. Central West Health now has an executive team of seven.

There have been three significant appointments this year including the General Manager – Acute Care Services, General Manager – Primary Care Services and the Rural and Remote Chief Information Officer. The latter position is a shared service across Central West, South West and North West Hospital and Health Services. This team provides greater flexibility for the health service to meet the challenges of complex service delivery, succession planning, innovation, and leadership.

Jane Hancock
(Health Service Chief Executive)

Jane Hancock has been the Health Service Chief Executive, Central West Hospital and Health Service since August 2016. In Jane's previous position she was the Executive Director of Operations, Gold Coast Hospital and Health Service which she held since 2012.

Jane has over 30 years' experience in health care and her areas of interest include; value in healthcare delivery, patient outcomes and healthcare leadership.

Jane received qualifications in critical care nursing from the teaching hospitals of the University of NSW. Jane is a graduate of the Australian Institute of Company Directors and has tertiary qualifications in education and project management. Jane also has a Masters in Business Administration and has completed a program of study at Harvard University in Value Based Healthcare. Jane is an alumni of the Executive Fellows Program with the Australian and New Zealand School of Government.

Fernando Prieto
(Executive Director Finance, Infrastructure and Information Support Services)

Fernando Prieto is a qualified accountant both in the UK and in Australia and has worked extensively in the National Health Service prior to migrating to Western Australia in 2014, commencing work at the Fiona Stanley Hospital in Perth in March 2014.

In September 2017, he was appointed as the Executive Director, Finance, Infrastructure and Support Services at Central West HHS, overviewing financial management, infrastructure development and supporting the Board in delivery of our strategic, operational, clinical and financial deliverables.

Lorraine Mathison
(Executive Director Nursing and Midwifery Services)

Lorraine Mathison is a registered nurse and midwife who has worked in the healthcare industry for 38 years. During this time she has worked in a wide variety of services within the healthcare system.

Ms Mathison has worked in various positions ranging from specialist clinical nurse consultant and educator in regional and tertiary sectors, to executive management positions requiring knowledge across the fields of human resource management, finance, education, quality and safety. Her specific areas of interest are maternity and emergency nursing.

Lorraine holds a Masters in Advanced Clinical Practice, a Graduate Certificate in Management, a Bachelor of Nursing, is an endorsed midwife, an endorsed mental health nurse and is currently undertaking a Masters in Health Service Management. Lorraine was a recipient of the Premier's Award in Excellence for 'Developing workplace culture of excellence' in 2009.

Lorelle Coombe
(Executive Director Workforce, Governance and Information Management)

Lorelle Coombe was appointed in August 2015 to the Director, People and Culture position which is a key leadership role in influencing and developing the 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.

Lorelle has extensive experience in the government sector through corporate services roles with the Queensland Public Service, Central Queensland Institute TAFE and the Department of Natural Resources and Mines. These roles covered a broad portfolio including human resource management, workplace health and safety, finance and assets, information technology, and customer service centre management.

The Director, People and Culture provides innovative thinking, strategic advice and change management to assist the Central West Hospital and Health Service in managing its human resources effectively, and to develop and promote Central West Health as an organisation that is focused on its people and organisational culture.

Lorelle has a Bachelor of Business (Accounting) and a Master of Business Administration with a focus on human resource management.

Dr David Rimmer
(Executive Director Medical Services)

Dr David Rimmer graduated in Medicine from the University of Queensland in 1977. After five years of broad hospital experience he established a private practice with his brother in Toowoomba, providing a wide range of services including obstetrics, palliative care and inpatient care.

In 1997 David moved to Brisbane and pursued training in emergency medicine working at the Mater Private Hospital emergency centre for three years, as a medical officer with the Royal Flying Doctor Service (RFDS) in Kowanyama for three years followed by a period as a visiting medical practitioner at the Wesley Hospital emergency centre. David provided intermittent locum services for the RFDS until 2009 and since then has provided locum services to Queensland country practices predominately in Longreach. In 2013, he took up the position of Executive Director Medical Services with Central West Health. David continues to work towards creating a remote health service centre of excellence which will be a home for the next generation of rural generalist doctors

David holds a Fellowship of the Royal Australian College of General Practitioners (FRACGP), Fellowship of the Australian College of Rural and Remote Medicine (FACRRM) and a Diploma of the Royal Australian and New Zealand College of Obstetrics and Gynaecology (DRANZCOG). He also holds certificates in Emergency Management of Severe Trauma, Advanced Life Support Obstetrics, Advanced Paediatric Life Support, Emergency Life Support and Advanced Cardiac Life Support.

During the 2017 -18 year Dr David Walker and Dr John Menzies have acted in the role of Executive Director Medical Services during periods of leave.

Helen Murray
(Chief Information Officer)

Helen Murray has had a passion for all things health and IT for over 25 years. She has a solid track record in delivery from her first project role implementing HBCIS through to recent eHealth Queensland collaborations with the Department of Natural Resources, Mines and Energy and the Department of Communities, Child Safety and Disability Services. Helen led the highly successful, 'The Viewer' program which has won awards such as the 2015 Excellence in eGovernment Award for the Gov2.0 category, 2013 and 2014 Australia Day Award, and 2012 Queensland iAwards State Merit Recipient.

As one of the founding members of the National E-Health Transition Authority (now Australian Digital Health Agency), Helen was instrumental in establishing many of the key building blocks necessary for My Health Record. Helen has held senior roles in private industry delivering some of Australia and New Zealand's first nurse-led triage call centres after spending several years with NHS Scotland. In recognition of her commitment to better healthcare through innovative technology she was the recipient of the 2011 Women in Technology Professional Award and in 2014 Women in Technology Outstanding ICT Achievement award, and named as the Women in Technology ICT Ambassador for 2014.

Craig Carey
(General Manager – Acute Care Services)

Craig Carey commenced in the role of General Manager Acute Health Services in June 2018 providing oversight of the operational management of Central West Health's provision of site-specific in-patient, surgical and emergency care, aeromedical and patient transport programs in line with national and state policy and guidelines. Craig has relieved in the capacity of Health Service Chief Executive on two occasions prior to taking on this role and relocating to Longreach.

Previously, Craig has performed the role of Director Service Agreement Strategy and Management within the Department of Health's Healthcare Purchasing and System Performance Division, where he has worked closely with most of the Hospital and Health Services across Queensland. Craig brings knowledge and experience gained from a range of Director roles since his commencement in Queensland Health in 1997 including for BreastScreen Queensland, the Preventive Health Branch, the Chronic Disease Strategy Team and Surgery Connect. Most recently his focus has been on facilitating health service partnerships and performance management across the key performance indicators.

Craig holds a Bachelor of Arts degree with First Class Honours in Psychology from the University of Queensland. He has subsequently attained Graduate Certificates in Health Management and Policy Analysis from Griffith University and the Queensland University of Technology respectively.

Anthony West
(General Manager – Primary Care Services)

Anthony West is a physiotherapist with over 30 years' experience in the health care sector. He began his career in clinical physiotherapy practicing in the Queensland public hospital system, aged care and in private practice. Anthony re-joined the Department of Health in 2005 undertaking a range of corporate operational roles, including as a senior manager in Home and Community Care, Corporate Services and the Department's Liaison Office.

Prior to joining the Central West Hospital and Health Service in June 2018 as the General Manager- Primary Care, Anthony had state-wide responsibility for contracting community-based health services as Director, Community Services Funding Branch, Department of Health, based in Brisbane. Anthony enjoys the challenges associated with the delivery of community-based health services, in particular optimisation of the workforce and measurement of outcomes.

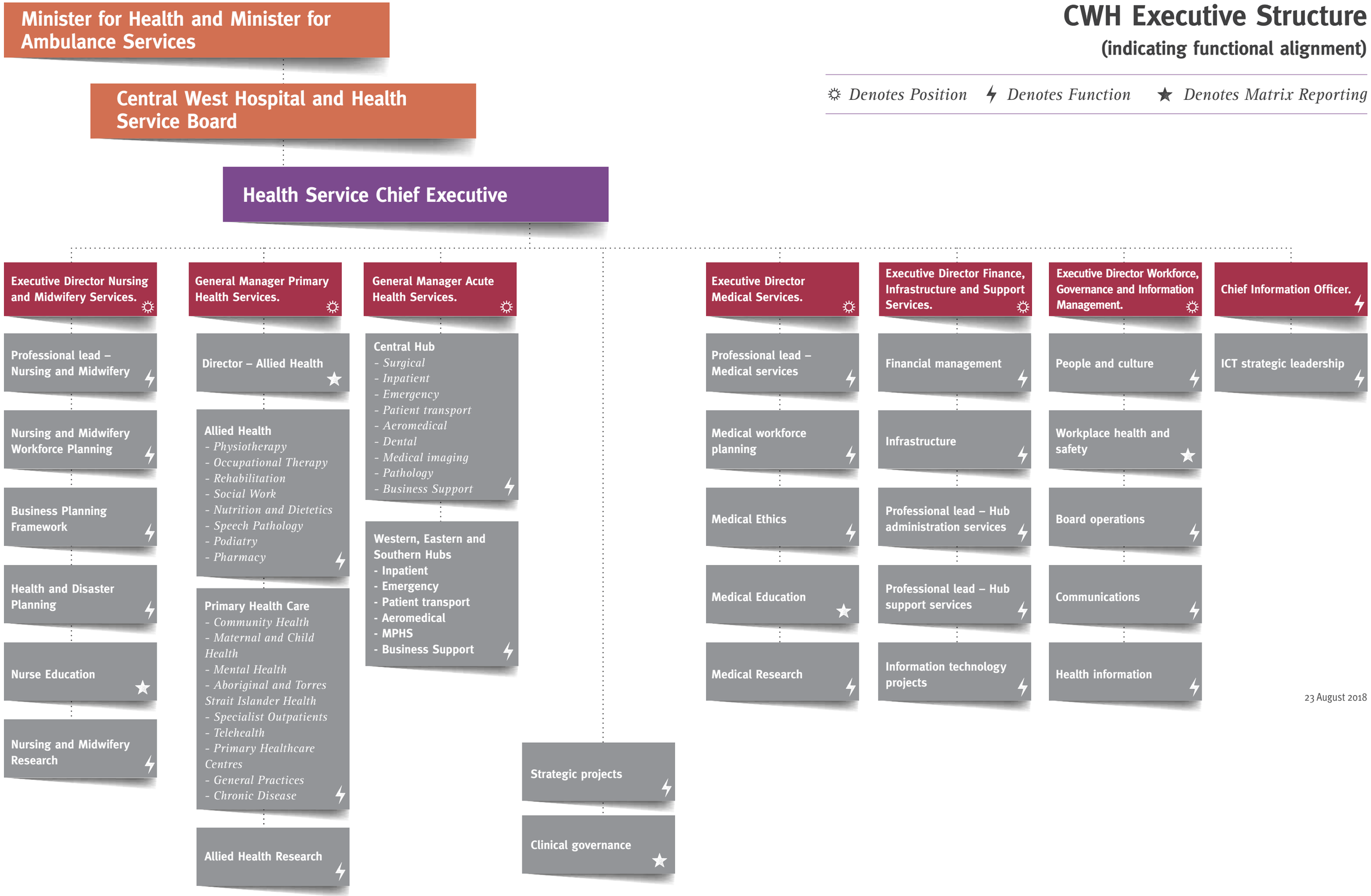
Anthony holds a Bachelor of Physiotherapy from the University of Queensland, a Master of Sports Physiotherapy from Griffith University and a Graduate Certificate in Business from Queensland University of Technology.

The Central West Health executive leadership team work collectively to facilitate the efficient, effective, accountable and transparent delivery of healthcare services to the people of central western Queensland. The Board-endorsed expansion of the team provides opportunity for greater focus on improvement in the areas of performance management, project management, operationalisation of strategic planning, communication and stakeholder engagement.

CWH Executive Structure

(indicating functional alignment)

☼ *Denotes Position* ϟ *Denotes Function* ★ *Denotes Matrix Reporting*



23 August 2018

Information Systems and **Record Keeping**

The management of clinical records across the health service during the 2017 -18 year has resulted in 2257 files being archived and 846 files being destroyed in accordance to Queensland Government's Health Sector (Clinical Records) Retention and Disposal Schedule.

The Year recorded a positive trend in the acknowledgment and closure of complaints within the recommended timeframes, which is evidence of the considerable work undertaken in building staff knowledge and understanding of the RiskMan software system.

This system is the management platform for feedback, complaints, incident and risk management across the health service and regular reporting of each of these areas is provided as part of a quarterly safety and quality dashboard to the executive leadership team and Board.

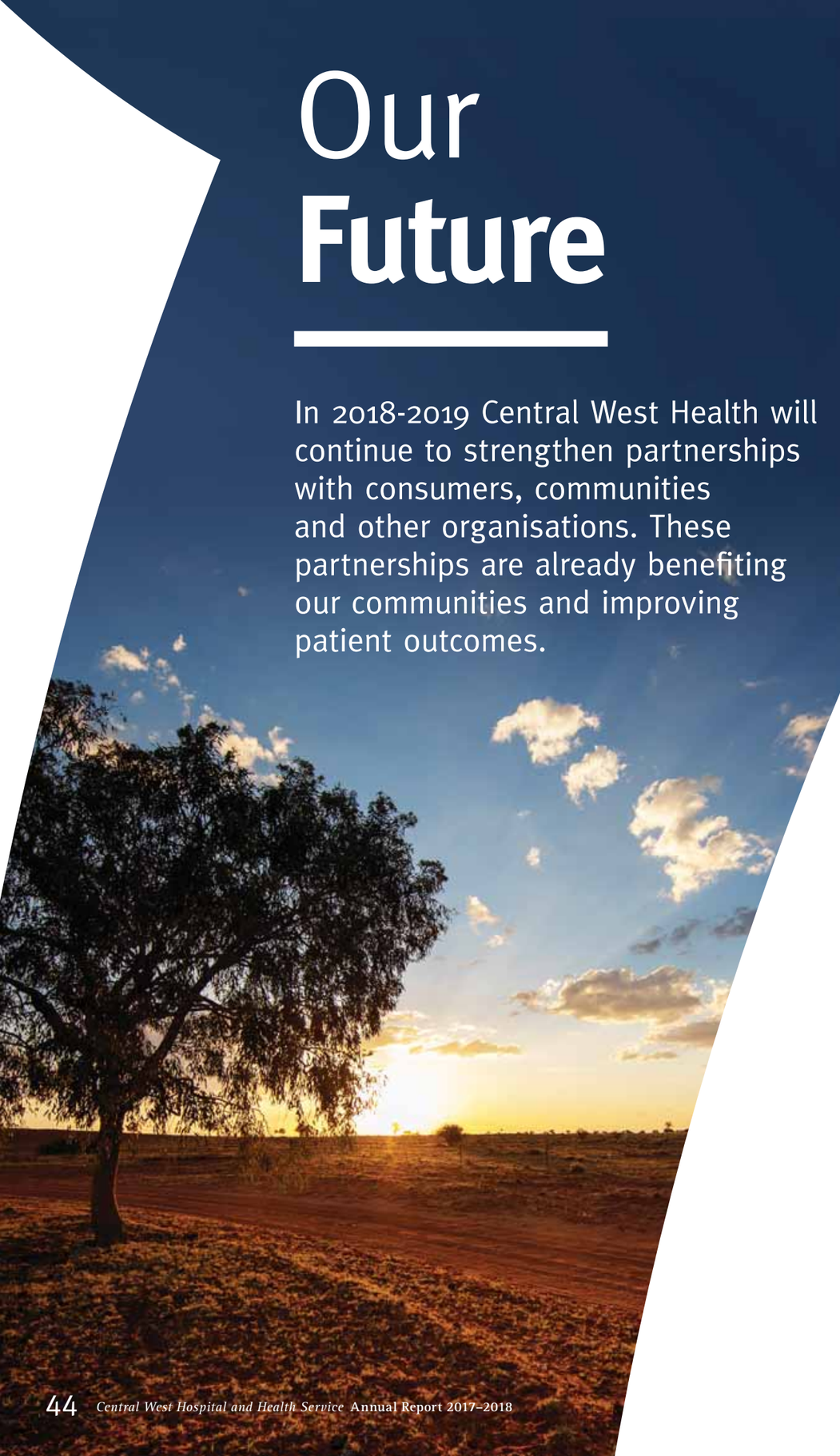
The Medical Director software program has been implemented in the primary healthcare centres of Boulia, Bedourie, Birsdville, Windorah and Jundah in readiness for the implementation phase of the Integrated Care Innovation Fund Project. Extensive one on one education sessions have been facilitated with staff in each of those facilities to support the rollout.

The appointment of the Rural and Remote Chief Information Officer as part of the Central West Health Executive Team in May 2018 provides provide opportunities for us to drive progress across three key areas – strategic, projects and programmes and ICT service delivery.

The development of a rural and remote digital strategy across North West, Central West and South West Hospital and Health Services will be a priority.

Our **Future**

In 2018-2019 Central West Health will continue to strengthen partnerships with consumers, communities and other organisations. These partnerships are already benefiting our communities and improving patient outcomes.



An example of this is the design and implementation of the Integrated Care Innovation Project – Connected Care through Connecting with Community. This Project is a partnership of; the communities, Central West Health, Queensland Health, Western Queensland Primary Healthcare Network, CheckUp, North and West Remote Health, and Boulia, Diamantina, and Barcoo Shire Councils. The Project will go live in August 2018. The post implementation period will provide opportunity to identify the model's suitability for application across other areas of the health service and potentially Queensland.

In 2017-18 a collaboration has also developed with the North Queensland Persistent Pain Management Service. This followed the identification by the Central West Rehabilitation Service of many people in our communities experiencing persistent pain. The collaboration with the North Queensland Persistent Pain Management Service has resulted in the provision of group and individual education and therapy to clients. This is supported by the recruitment of two part-time allied health assistants, resulting in the establishment of a rehabilitation hub in Blackall. Membership of the Statewide Rehabilitation Network and the introduction of telehealth clinical handover, completes a picture that provides a future built on continuing to support patient's sub-acute journey across the health service.

To further improve access quality and lower costs Central West Health will be pursuing partnerships with other organisations including Metro North Hospital and Health Service. We will be also examining how we can further develop our partnership with the Western Queensland Primary Health Care Network. Central West Health is committed to Reconciliation and there are health challenges and outcomes for Aboriginal and Torres Strait Islander people of the central west which need to be addressed. In 2018-19 a priority is to establish the Central West Health Aboriginal and Torres Strait Islander Advisory Council. The Council will provide strategic advice directly to the Board to ensure that there is a focus and progress against the Closing the Gap initiatives and projects. In 2018-19 work will also commence on a Reconciliation Action Plan.

Partnerships are part of the strategic approach to value based healthcare which is also high on the agenda. The Board recognise the role of quality data in pursuing this agenda and to improve data collection and analysis the Health Information and Informatics Team will focus on three key areas that will:

1. Strengthen capacity in the Health Information and Informatics team

2. Introduce more comprehensive and robust reporting leading to a health service wide dashboard.

3. Improve data quality, accuracy, governance and sustainability of Health Information systems.

Nothing should occur to our consumers and patients without them being involved. Whilst we have made great strides in enhancing our Consumer Engagement Strategy this will be an ongoing area of focus ensuring that we are including consumers in training our staff, quality improvement and shaping the strategic priorities of the health service.

Our staff are our most valuable asset and in 2018-19 the inaugural Central West Hospital and Health Service Staff Awards will be held. This will be a night celebrating the unique contribution that staff and teams make to the people of the central west. The Board and the Executive are also working hard to improve the engagement of staff in the development of the future direction of the health service.

Central West Health has an ambitious agenda and this includes the desire to be recognised as leaders in far reaching healthcare. Success in 2018-19 will require the continued efforts of our staff, communities and partners to deliver on this. This will go a long way to ensuring that despite the ongoing impact of challenges, including drought, improved health outcomes are delivered for the remote communities we serve.

Public Interest **Disclosure**

In accordance with section 160 of the Hospital and Health Boards Act 2011, the Central West HHS is required to include a statement in its Annual Report detailing the disclosures of confidential information in the public interest. There were no disclosures under this provision during 2017-2018.

Open **Data**

Additional annual report disclosures – relating to expenditure on consultancy, overseas travel and implementation of the Queensland Language Services Policy are published on the Queensland government's open data website. Access to this information is available via the website link www.data.qld.gov.au

Abbreviations

ABS: *Australian Bureau of Statistics*
ACHS: *Australian Council on Healthcare Standards*
AHPRA: *Australian Health Practitioner Regulation Agency*
AMS: *Antimicrobial Stewardship programme*
CAN: *Consumer advisory network*
CED: *Clinical Excellence Division*
CFO: *Chief Finance Officer*
COAG: *Council of Australian Governments*
CheckUp: *CheckUp*
DoH: *Department of Health*
DSS: *Decision Support Systems*
EDMS: *Executive Director Medical Services*
QGIF: *Queensland Government Insurance Fund*
GST: *Goods and Services Tax*
HBCIS: *Hospital Based Corporate Information System*
HHS: *Hospital and Health Service*
HR: *Human Resources*
HSCE: *Health Service Chief Executive*
ICIF: *Integrated Care Innovation Fund*
ISO: *International Organisation for Standardisation*
KPI: *Key Performance Indicators*
LMS: *Learning Management System*
MPHS: *Multipurpose health service*
NHFB: *National health funding body*
PHC: *Primary Healthcare Centre*
QAO: *Queensland Audit Office*
QTC: *Queensland Treasury Corporation*
RFDS: *Royal Flying Doctor Service*
SMO: *Senior Medical Officer*
VMO: *Visiting medical officers*

Glossary

Terms used throughout this report

Australian Commission on Safety and Quality in Health Care

The Australian Commission on Safety and Quality in Health Care was created by Health Ministers in 2006, and funded by all governments on a cost sharing basis, to lead and coordinate healthcare safety and quality improvements in Australia

Australian Council on Healthcare Standards

The Australian Council on Healthcare Standards (ACHS) is an authorised accreditation agency with the Australian Commission on Safety and Quality in Health Care. The ACHS is authorised to accredit healthcare organisations to the National Safety and Quality Health Services Standards (NSQHSS). These standards form the basis of many of the accreditation programs provided by the ACHS

CheckUP

CheckUP Australia is a not-for-profit industry body dedicated to advancing primary healthcare by fostering innovation and integration and working collaboratively to deliver practical solutions focused on best practice outcomes for a better primary healthcare sector and better health for all

Hospital and Health Service

A Hospital and Health Service is a separate legal entity established by the Queensland government to deliver public hospital services and replaced the former health service districts

Indigenous Cardiac Outreach Program

The Indigenous Cardiac Outreach Program aims to improve early diagnosis, management and clinical care of patients who have or are at risk of cardiovascular disease in remote Aboriginal and Torres Strait Islander communities

International Association for Public Participation

The International Association for Public Participation is the preeminent international organisation advancing the practice of public participation which seeks to promote and improve the practice of public participation or community engagement, incorporating individuals, governments, institutions and other entities that affect the public interest throughout the world

National Safety and Quality Health Service Standards

The National Safety and Quality Health Services Standards (NSQHSS) form the basis of many of the accreditation programs provided by the Australian Council on Healthcare Standards

National Partnership Agreement on Closing the Gap in Indigenous Health Outcomes

This agreement was established to address targets set by the Council of Australian Governments and sets out specific action to be taken by the Australian Government and complementary action by State/ Territory governments to address the gap in health outcomes experienced by Aboriginal and Torres Strait Islander people

National Emergency Access Target

The National Emergency Access Target (NEAT) is based on the proportion of patients who present to a public emergency department to be admitted, referred for treatment to another hospital or discharged within four hours

National Elective Surgery Target

The National Elective Surgery Target (NEST) requires an increase in the percentage of elective surgery patients seen within the clinically recommended time

Primary care

First level healthcare provided by a range of healthcare professionals in socially appropriate and accessible ways and supported by integrated referral systems including health promotion, illness prevention, care of the sick, advocacy and community development

Service Delivery Statements

The Service Delivery Statements form part of the suite of state budget papers and provide budgeted financial and non-financial information for the budget year

Telehealth

Telehealth involves the use of telecommunications and information technology to provide access to health assessment, diagnosis, intervention, consultation, supervision and information across distance

Queensland Aboriginal Islander Health Council

Established in 1990, QAIHC is the peak organisation for Queensland's Aboriginal and Islander Community controlled Health Services. QAIHC's role is to support its members through sector development, policy and research activities.

Royal Flying Doctor Service

The Royal Flying Doctor Service of Australia is a not-for-profit organisation delivering extensive primary healthcare and 24-hour emergency service to those who live, work and travel throughout Australia

Western Queensland Primary Health Network

Western Queensland PHN was formed as an independent not for profit company by the three Western Queensland Hospital and Health Services to create an entity to foster real partnerships with all funders and providers with an aim to improve primary healthcare service delivery to the people of Western Queensland.

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/s	ARRs – section 7	5
Accessibility	Table of contents Glossary	ARRs – section 9.1	3, 49
	Public availability	ARRs – section 9.2	Inside Cover
	Interpreter service statement	Queensland Government Language Services Policy ARRs – section 9.3	Inside Cover
	Copyright notice	Copyright Act 1968 ARRs – section 9.4	Inside Cover
	Information Licensing	QGEA – Information Licensing ARRs – section 9.5	Inside Cover
General information	Introductory Information	ARRs – section 10.1	6, 7, 8
	Machinery of Government changes	ARRs – section 31 and 32	(if applicable)
	Agency role and main functions	ARRs – section 10.2	8
	Operating environment	ARRs – section 10.3	8
Non-financial performance	Government's objectives for the community	ARRs – section 11.1	17, 11, 21, 25, 4
	Other whole-of-government plans / specific initiatives	ARRs – section 11.2	14, 19, 28
	Agency objectives and performance indicators	ARRs – section 11.3	18, 19, 20
	Agency service areas and service standards	ARRs – section 11.4	10, 11, 12, 13
Financial performance	Summary of financial performance	ARRs – section 12.1	22, 23
Governance – management and structure	Organisational structure	ARRs – section 13.1	32, 33
	Executive management	ARRs – section 13.2	36, 37, 38, 39, 40, 41
	Government bodies (statutory bodies and other entities)	ARRs – section 13.3	32
	Public Sector Ethics Act 1994	Public Sector Ethics Act 1994 ARRs – section 13.4	28
	Queensland public service values	ARRs – section 13.5	28
Governance – risk management and accountability	Risk management	ARRs – section 14.1	34, 35
	Audit committee	ARRs – section 14.2	32
	Internal audit	ARRs – section 14.3	34, 35
	External scrutiny	ARRs – section 14.4	34, 35
	Information systems and recordkeeping	ARRs – section 14.5	42, 43
Governance – human resources	Strategic workforce planning and performance	ARRs – section 15.1	24, 25, 26, 27
	Early retirement, redundancy and retrenchment	Directive No.11/12 Early Retirement, Redundancy and Retrenchment Directive No.16/16 Early Retirement, Redundancy and Retrenchment (from 20 May 2016) ARRs – section 15.2	25
Open Data	Statement advising publication of information	ARRs – section 16	48
	Consultancies	ARRs – section 33.1	https://data.qld.gov.au
	Overseas travel	ARRs – section 33.2	https://data.qld.gov.au
	Queensland Language Services Policy	ARRs – section 33.3	https://data.qld.gov.au
Financial statements	Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 17.1	Appendix
	Independent Auditor's Report	FAA – section 62 FPMS – section 50 ARRs – section 17.2	Appendix

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirements for Queensland Government agencies*

Central West Hospital and Health Service

Financial Statements - 30 June 2018

Central West Hospital and Health Service
Table of Contents
for the year ended 30 June 2018

Central West Hospital and Health Service

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2018

	Notes	2018 $'000	2017 $'000
Income			
User charges and fees	B1-1	75,691	70,787
Grants and contributions	B1-2	2,385	1,334
Other revenue	B1-3	845	680
Revaluation increment - land		208	-
Total Income		**79,129**	**72,801**
Expenses			
Employee expenses	B2-1	8,942	7,526
Health service employee expenses	B2-2	36,873	34,394
Supplies and services	B2-3	26,533	24,645
Depreciation	C4-1	4,928	4,268
Other expenses	B2-4	1,822	810
Revaluation decrement - land		-	208
Total Expenses		**79,098**	**71,851**
Operating surplus/(deficit)		**31**	**950**
Other comprehensive income			
Items not reclassified to operating result			
Increase in asset revaluation surplus		27,177	1,202
Other comprehensive income for the year		**27,177**	**1,202**
Total comprehensive income		**27,208**	**2,152**

The accompanying notes form part of these statements.

Central West Hospital and Health Service

STATEMENT OF FINANCIAL POSITION
as at 30 June 2018

	Notes	2018 $'000	2017 $'000
Current assets			
Cash and cash equivalents	C1-1	1,889	2,889
Receivables	C2-1	2,250	1,793
Inventories	C3-1	674	590
Total current assets		**4,813**	**5,272**
Non-current assets			
Property, plant and equipment	C4-1	89,917	63,529
Total non-current assets		**89,917**	**63,529**
Total assets		**94,730**	**68,801**
Current liabilities			
Payables	C5-1	3,522	4,119
Total current liabilities		**3,522**	**4,119**
Total liabilities		**3,522**	**4,119**
Net assets		**91,208**	**64,682**
Equity			
Contributed equity		58,677	59,359
Accumulated surplus/(deficit)		2,290	2,259
Asset revaluation surplus	C6-1	30,241	3,064
Total equity		**91,208**	**64,682**

The accompanying notes form part of these statements.

Central West Hospital and Health Service

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2018

	Notes	Accumulated surplus $'000	Asset revaluation surplus $'000	Contributed equity $'000	Total equity $'000
Balance as at 1 July 2016		1,309	1,862	58,873	62,044
Operating result		950	-	-	950
Other Comprehensive Income					
Increase/(decrease) in asset revaluation surplus - buildings		-	1,267	-	1,267
Increase/(decrease) in asset revaluation surplus - land		-	(65)	-	(65)
Total Comprehensive Income for the Year		950	1,202	-	2,152
Transactions with Owners as Owners:					
Net assets received		-	-	3,144	3,144
Equity injections - cash		-	-	1,610	1,610
Non-cash equity withdrawal - depreciation		-	-	(4,268)	(4,268)
Net Transactions with Owners as Owners		-	-	486	486
Balance at 30 June 2017		**2,259**	**3,064**	**59,359**	**64,682**
Balance as at 1 July 2017		2,259	3,064	59,359	64,682
Operating result		31	-	-	31
Other Comprehensive Income		-	-	-	
Increase/(decrease) in asset revaluation surplus - buildings		-	27,020	-	27,020
Increase/(decrease) in asset revaluation surplus - land		-	157	-	157
Total Comprehensive Income for the Year		31	27,177	-	27,208
Transactions with Owners as Owners:					
Net assets received		-	-	2,733	2,733
Equity injections - cash		-	-	1,513	1,513
Non-cash equity withdrawal - depreciation		-	-	(4,928)	(4,928)
Net Transactions with Owners as Owners		-	-	(682)	(682)
Balance at 30 June 2018		**2,290**	**30,241**	**58,677**	**91,208**

The accompanying notes form part of these statements.

Central West Hospital and Health Service

STATEMENT OF CASH FLOWS
for the year ended 30 June 2018

	Notes	2018 $'000	2017 $'000
Cash flows from operating activities			
Inflows			
User charges and fees		70,669	66,806
Grants and contributions		1,471	1,334
GST collected from customers		91	74
GST input tax credits from ATO		1,728	1,486
Other		708	680
Outflows			
Employee expenses		(8,858)	(7,419)
Health service employee expenses		(36,777)	(34,195)
Supplies and services		(27,535)	(25,143)
GST paid to suppliers		(1,817)	(1,489)
GST remitted to ATO		(89)	(109)
Other		(855)	(744)
Net cash from/(used by) operating activities	CF-1	**(1,264)**	**1,281**
Cash flows from investing activities			
Inflows			
Sales of property, plant and equipment		1	38
Outflows			
Payments for property, plant and equipment		(1,250)	(2,066)
Net cash from/(used by) investing activities		**(1,249)**	**(2,028)**
Cash flows from financing activities			
Inflows			
Equity injections		1,513	1,610
Net cash from/(used by) financing activities		**1,513**	**1,610**
Net increase/(decrease) in cash and cash equivalents		**(1,000)**	**863**
Cash and cash equivalents at the beginning of the financial year		2,889	2,026
Cash and cash equivalents at the end of the financial year		**1,889**	**2,889**

The accompanying notes form part of these statements.

NOTES TO THE STATEMENT OF CASH FLOWS

CF-1 Reconciliation of surplus to net cash from operating activities

	2018 $'000	2017 $'000
Operating result	31	950
Non-cash items:		
Depreciation expense	4,928	4,268
Non-cash equity withdrawal - Depreciation	(4,928)	(4,268)
Net losses on disposal of property, plant and equipment	4	22
Impairment losses	54	-
Revaluation increment	(208)	-
Revaluation decrement	-	208
Donated assets received	(50)	(2)
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(353)	90
(Increase)/decrease in inventories	(145)	(30)
Increase/(decrease) in payables	(597)	43
Net cash from operating activities	**(1,264)**	**1,281**

SECTION A

GENERAL INFORMATION

Central West Health is a Queensland Government statutory body established under the *Hospital and Health Board Act 2011*. The Central West Hospital and Health Service operates under its registered trading name of Central West Health.

Central West Health is controlled by the State of Queensland which is the ultimate parent entity.

The principle address of Central West Health is:
Glasson House
Eagle Street Longreach QLD 4730

For information in relation to financial statements of Central West Health, email centralwesthealth@health.qld.gov.au.

STATEMENT OF COMPLIANCE

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

Central West Health is a not-for-profit entity and these general purpose financial statements have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities. In addition, the financial statements comply with Queensland Treasury's *Minimum Reporting Requirements for the year ending 30 June 2018* and authoritative pronouncements.

THE REPORTING ENTITY

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of Central West Health. Central West Health does not have any controlled entities.

AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements are authorised for issue by the Chairperson of the Hospital and Health Board, the Chief Executive and the Executive Director, Infrastructure and Support Services of Central West Health.

PRESENTATION

Currency and Rounding

Amounts included in the financial statements are in Australian dollars and 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.

Comparatives

Comparative information has been reclassified where required for consistency with the current year's presentation.

Current/Non-current classification

Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or Central West Health does not have an unconditional right to defer settlement to beyond 12 months after the reporting date.

All other assets and liabilities are classified as non-current.

BASIS OF MEASUREMENT

Historical Cost

Under historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation, or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

Fair Value

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

- The market approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business; or
- The cost approach reflects the amount that would be required currently to replace the service capacity of an asset. This method includes the current replacement cost methodology.

Where fair value is used, the fair value approach is disclosed.

Net Realisable Value

Net realisable value represents the amount of cash or cash equivalents that could be obtained by selling an asset in an orderly disposal.

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

Key judgements and estimates are disclosed in the relevant note to which they apply.

OBJECTIVES OF CENTRAL WEST HEALTH

The HHS is responsible for providing primary health, community and public health services to the communities of remote central west Queensland assigned under the *Hospital and Health Boards Regulation 2012*. This includes responsibility for the direct management of hospitals in Barcaldine, Blackall, Longreach and Winton, a multipurpose health service at Alpha, and satellite primary health clinics at Aramac, Bedourie, Birdsville, Boulia, Isisford, Jericho, Jundah, Muttaburra, Tambo and Windorah.

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

CONTROLLED ENTITITES

The Hospital and Health Service has no wholly-owned controlled entities nor indirectly controlled entities.

Disclosures about non wholly-owned entities

Western Queensland Primary Care Collaborative Limited (WQPCC), trading as Western Queensland Primary Health Network (WQPHN), was established as a public company limited by guarantee on 22 May 2015. Central West Health is one of seven members along with North West Hospital and Health Service, South West Hospital and Health Service, Royal Flying Doctor Service, Health Workforce Queensland, Mount Isa Centre for Rural and Remote Health (James Cook University) and the Queensland Aboriginal and Islander Health Council, with each member holding one voting right in the company.

The principal place of business of WQPCC is Mount Isa, Queensland. The company's principal purpose is to work with general practitioners, other Primary Health Care providers, community health services and hospitals in Western Queensland to improve and coordinate Primary Health Care across the local health system for patients requiring care from multiple providers.

As each member has the same voting entitlement (16.6%), it is considered that none of the individual members has power or significant influence over WQPCC (as defined by AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures*). Each member's liability to WQPCC is limited to $10. WQPCC's constitution legally prevents it from paying dividends to the members and prevents the income or property of the company being transferred directly or indirectly to the members.

As WQPCC is not controlled by Central West Health and is not considered a joint operation or associate of Central West Health, financial results of WQPCC are not required to be disclosed in these statements. During 2018, Central West Health received funding from WQPCC, primarily under the Diamantina Primary Health Service Agreement, totalling $554 thousand (2017: $411 thousand). Consultancy fees of $56 thousand were paid to WQPCC during 2018 (2017: nil) by Central West Health.

SECTION B
NOTES ABOUT OUR FINANCIAL PERFORMANCE

B1 REVENUE

B1-1: User charges and fees

	2018 $'000	2017 $'000
General user charges and fees		
Medical practice receipts	3,766	3,512
Sales of goods and services	658	644
Hospital fees	544	530
Pharmaceutical benefits scheme	417	668
	5,385	**5,354**
Funding public health services		
Block funding	29,778	26,109
Depreciation funding	4,928	4,268
General purpose funding	35,600	35,056
	70,306	**65,433**
	75,691	**70,787**

Accounting Policy – User charges

User charges and fees are recognised as revenues when earned and can be measured reliably with sufficient degree of certainty. This occurs upon delivery of the goods to the customer or completion of the requested services at which time the invoice is raised. Accrued revenue is recognised if the revenue has been earned but not yet invoiced. Revenue in this category primarily consists of hospital fees (private patients), private practice medical fees assigned to Central West Health, reimbursements of pharmaceutical benefits, and sales of goods and services.

Disclosure about funding received to deliver public health services

Funding is provided predominantly from the Department of Health for specific public health services purchased by the Department in accordance with a service agreement. Funding to Queensland Hospital and Health Services (HHSs) can include:

- Activity based funding (ABF) - based on the mix and volume of patients treated, with an agreed number of activities and a state-wide national efficient price;
- Block funding – typically for smaller public hospitals where the technical requirements for applying ABF are not able to be satisfied, and there is an absence of economies of scale that means some services would not be financially viable under ABF; and
- Other general purpose funding – in addition to hospital services, HHSs provide a wide range of services for primary and community healthcare and other services that are outside the scope of the National funding model. These are state-funded services and have specific conditions attached which are not related to activity or block based funding.

The Australian Government pays its share of national health funding directly to the Department of Health, for on-forwarding to the Hospital and Health Service. The service agreement is reviewed periodically and updated for changes in activities and prices of services delivered by Central West Health. Cash funding from the Department is received fortnightly for State payments and monthly for Commonwealth payments. At the end of the financial year, an agreed technical adjustment between Department of Health and Central West Health may be required for the level of services performed above or below the agreed levels. The service agreement between the Department of Health and Central West Health dictates that depreciation charges incurred by the health service are funded by the Department via non-cash revenue, with an offsetting equity withdrawal shown in the Statement of Changes in Equity.

Central West Health does not receive any ABF funding. Block funding in 2017-18 was based on the 2015-16 expenditure reported to the National Public Hospital Establishment Database, net of depreciation and other revenue from patients and Department of Veteran Affairs, indexed by two and a half per cent per annum for two years. Block funding is recognised as revenue when received, while other general purpose funding is recognised as the specific conditions attached to funding are met.

B1 REVENUE (continued)

B1-2: Grants and contributions

	2018 $'000	2017 $'000
Australian Government grants		
Home and community care	404	392
Other specific purpose grants	464	417
	868	**809**
Other grants		
Other specific purpose grants	597	519
Services received below fair value	864	-
	1,461	**519**
Donations other	56	6
	2,385	**1,334**

Accounting Policy – Grants and contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature (do not require any goods or services to be provided in return) are recognised in the year in which the Hospital and Health Service obtains control over the funds.

Contributed assets are recognised at their fair value. Where Central West Health receives contributions of assets from other parties, these assets are recognised at fair value on the date of acquisition in the Statement of Financial Position and a corresponding amount of revenue is recognised as a donation.

Accounting Policy – Services received below fair value

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

Central West Health receives corporate services support from the Department at no cost. Corporate services received include payroll services, financial transactions services (including accounts payable and banking services), administrative services and information technology services. In 2018, these services were recognised for the first time, following the implementation by the Department, processes to reliably measure the fair value of services provided. Comparative figures for 2017 have not been included as amounts could not be reliably estimated.

B1-3: Other revenue

	2018 $'000	2017 $'000
Recoveries	829	584
Other	16	96
	845	**680**

Accounting Policy – Other revenue

Other revenue primarily reflects reimbursement of costs incurred on behalf of the Department of Health, recovery of contracted medical staff costs from the private sector, and contributions from universities for student clinical placements. Other revenue is recognised based on either invoicing for related goods, services and/or the recognition of accrued revenue based on estimated volumes of goods or services delivered.

Central West Hospital and Health Service
Notes to the financial statements
for the year ended 30 June 2018

B2 EXPENSES

B2-1: Employee expenses

	2018 $'000	2017 $'000
Employee benefits		
Wages and salaries	7,564	6,476
Annual leave levy	445	377
Employer superannuation contributions	545	461
Long service leave levy	152	129
Employee related expenses		
Workers compensation premium	10	11
Other employee related expenses	226	72
	8,942	**7,526**

The number of employees as at 30 June includes full-time and part-time employees measured on a full-time equivalent (FTE) basis (reflecting Minimum Obligatory Human Resource Information (MOHRI). The number of employees does not include the chair, deputy chair and board members unless employed concurrently by Central West Health.

Number of Central West Health employees	21	19

Accounting Policy – Employee benefits

The *Hospital and Health Boards Act 2011* (the Act) outlines the employment arrangements for Central West Health. Board members, the Health Service Chief Executive and Senior Medical Officers are directly engaged by Central West Health while Health Service employees remain employed by the Department of Health.

Wages and salaries due but unpaid at reporting date are recognised as liabilities in the Statement of Financial Position at the salary rates applicable at the time the service was delivered. As Central West Health expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts. As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Annual Leave, Long Service Leave and Superannuation

Central West Health participates in the Queensland Government's Annual Leave Central Scheme and the Long Service Leave Scheme. Under these schemes, levies are payable by Central West Health 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.

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. The QSuper scheme has defined benefit and defined contribution categories. Contributions are expensed in the period in which they are payable and the obligation of Central West Health is limited to its contribution to QSuper.

Liabilities for annual leave, long service leave and the QSuper defined benefit scheme are held on a whole-of-government basis and reported in the Whole-of-Government financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting.*

Employee related expenses

Central West Health pays premiums to WorkCover Queensland in respect of its obligations for employee compensation. Workers' compensation insurance is a consequence of employing employees, but it is not counted in an employee's total remuneration package. It is not an employee benefit and is recognised separately as employee related expense.

Key management personnel and remuneration expense disclosures are detailed in Note E2.

B2 EXPENSES (continued)

B2-2: Health service employee expenses

	2018 $'000	2017 $'000
Department of Health	36,873	34,394
	36,873	**34,394**

The Hospital and Health Service through service arrangements with the Department of Health has engaged 357 (2017: 334) full time equivalent persons at 30 June 2018. As well as direct payments to the department, premium payments made to WorkCover Queensland representing compensation obligations are included in this category 2018: $208 thousand.

In accordance with the Act *section 67*, the employees of the Department of Health are referred to as Health Service Employees. Under this arrangement:

- The department provides employees to perform work for Central West Health and acknowledges and accepts its obligations as the employer of these employees.
- Central West Health is responsible for the day to day management of these departmental employees.
- Central West Health reimburses the department for the salaries and on-costs of these employees. This is disclosed as health service employee expenses.

B2-3: Supplies and services

	2018 $'000	2017 $'000
Building services	369	334
Computer and communication services	1,336	1,163
Consultants and contractors	7,551	6,388
Electricity and other energy	1,223	1,191
Inventories consumed		
Drugs	703	962
Clinical supplies	924	760
Catering and domestic supplies	704	680
Medical practice facility fees	1,191	1,120
Operating lease rentals	1,775	1,590
Other	1,469	1,380
Other travel and vehicle costs	1,214	923
Patient transport	5,521	5,428
Pathology, blood and parts	873	786
Repairs and maintenance	1,680	1,940
	26,533	**24,645**

B2 EXPENSES (continued)

B2-4: Other expenses

	2018 $'000	2017 $'000
Audit expenses*	390	248
Inventory written off	61	55
Legal expenses	50	64
Net losses from disposal of property, plant and equipment	4	18
Other expenses	188	151
Services received free of charge	864	-
QGIF Insurance	265	274
	1,822	**810**

*Total external audit fees payable to the Queensland Audit Office relating to the 2017-18 financial year are estimated to be $145,000 (2017: $140,000) including out of pocket expenses. Audit expenses includes both internal and external audit fees.

Accounting Policy – Insurance

Property and general losses above a $10,000 threshold are insured through the Queensland Government Insurance Fund (QGIF) under the Department of Health's insurance policy. Health litigation payments above a $20,000 threshold and associated legal fees are also insured through QGIF. Premiums are calculated by QGIF on a risk assessed basis.

Special payments represent ex-gratia payments that Central West Health is not contractually or legally obliged to make to other parties. Central West Health did not make any payments over $5,000 during the 2017-18 financial year.

Central West Health receives corporate services support from the Department at no cost. Further information on services provided and their treatment is available at Note B1-2.

SECTION C
NOTES ABOUT OUR FINANCIAL POSITION

C1 CASH AND CASH EQUIVALENTS

C1-1: Cash and cash equivalents

	2018 $'000	2017 $'000
Cash on hand	4	4
Cash at bank	1,858	2,860
Restricted cash*	27	25
	1,889	**2,889**

Accounting Policy – Cash and cash equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions. Central West Health's operational bank accounts form part of the Whole-of-Government banking arrangement with the Commonwealth Bank of Australia and no interest is earned on these accounts by Central West Health.

*Central West Health receives cash contributions from benefactors in the form of gifts, donations and bequests for stipulated purposes. These monies are held in a general trust fund bank account held with the Commonwealth Bank of Australia and Queensland Treasury Corporation at call accounts. Cash held in these accounts earn interest at a rate of 2.0% (2017: 2.02%). The use of these funds is restricted, in accordance with the conditions established at the time of the donation.

Debit facility

Central West Health has access to a $500 thousand debit facility approved by Queensland Treasury which was fully un-drawn at 30 June 2018 (2017: un-drawn).

C2 RECEIVABLES

C2-1: Receivables

	2018 $'000	2017 $'000
Trade debtors	373	458
Less: Allowance for impairment	(3)	(11)
	370	**447**
GST input tax credits receivable	243	154
GST payable	(5)	(3)
	238	**151**
Queensland Health - funding public health services and reimbursements	1,446	982
Other	196	213
	2,250	**1,793**

Queensland Health receivable of $1.446 million (2017: $982 thousand) includes amounts owing by the Department of Health at 30 June including $61 thousand in reimbursements (2017: $271 thousand) and accrued general purpose funding $1.319 million (2017: $711 thousand). A further $66 thousand is owing by Metro North HHS in 2018 (2017: nil) for reimbursement of costs incurred on projects. For further details on the nature of these transactions refer to Note E3 Related Party Transactions.

All known bad debts were written-off as at 30 June 2018. In 2018, $2 thousand (2017: 2 thousand) was written-off. During 2018, $2 thousand (2017: nil) of previously written off bad debts were recovered. All receivables within terms and expected to be fully collectible are considered of good credit quality based on recent collection history.

Accounting Policy – Receivables

Receivables are measured at amortised cost which approximates their fair value at reporting date. Trade debtors are recognised at the amount due at the time of sale or service delivery i.e. the agreed purchase/contract price. The recoverability of trade debtors is reviewed at the end of each month at an operating unit level, with allowance being made for impairment. Trade receivables are generally settled within 60 days. No interest is charged and no security is obtained.

Throughout the year Central West Health assesses whether there is objective evidence that a receivable is impaired or uncollectable on an ongoing basis. Objective evidence includes financial difficulties of the debtor, class of debtor, changes in debtor credit ratings and default or delinquency in payments (greater than 90 days overdue). Where there is evidence that an amount will not be collected, that amount is recognised as a bad debt expense and written-off. If receivables are subsequently recovered, the amounts are credited against other expenses in the Statement of Comprehensive Income when collected.

C2 RECEIVABLES (continued)

Disclosure - Movement in allowance for impairment of receivables

	2018 $'000	2017 $'000
Balance at 1 July	11	13
Amounts written off/(recovered) during the year	-	2
Increase/(decrease) in allowance recognised in operating result	(8)	(4)
Balance at 30 June	**3**	**11**

Disclosure - Ageing of past due but not impaired trade receivables as well as impaired receivables

	2018 $'000	2017 $'000
Past due and individually impaired		
Greater than 90 days	3	11
Past due but not impaired trade receivables		
Not overdue	2,128	1,717
Overdue		
Less than 30 days	40	33
30 to 60 days	32	11
60 to 90 days	17	5
Greater than 90 days	33	27
Total	**2,250**	**1,793**

C3 INVENTORIES

C3-1: Inventories

	2018 $'000	2017 $'000
Inventories		
Pharmaceutical drugs	219	270
Clinical supplies	452	316
Other	3	4
	674	**590**

Accounting Policy – Inventories

Inventories consist mainly of pharmaceutical and medical supplies held for distribution in hospitals and are provided to patients free of charge except for pharmaceuticals which are provided at a subsidised rate. Inventories are valued at the lower of cost and net realisable value. Cost is assigned on a weighted average cost, adjusted where applicable, for any loss of service potential. Refer to Note B2-4 for information on inventory written off during the year.

C4 PROPERTY, PLANT AND EQUIPMENT AND RELATED DEPRECIATION

Accounting Policy – Property, Plant and Equipment

Central West Health holds property, plant and equipment to meet its core objective of providing quality healthcare that Queenslanders value. Items of property, plant and equipment with a cost or other value equal to or more than the following thresholds and with a useful life of more than one year are recognised at acquisition.

Class	Threshold
Buildings and Land Improvements	$10,000
Land	$1
Plant and Equipment	$5,000

Items below these values are expensed. Land improvements undertaken by Central West Health are included in the building class.

Central West Health has an annual maintenance program for its buildings. Expenditure is only added to an asset's carrying amount if it increases the service potential or useful life of the existing asset. This is then depreciated over the remaining useful life of the asset. Maintenance expenditure that merely restores the original service potential (lost through ordinary wear and tear) is expensed.

Acquisition of assets

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

C4 PROPERTY, PLANT AND EQUIPMENT (continued)

Assets under construction are at cost until they are ready for use. The construction of major health infrastructure assets is managed by the Department of Health on behalf of Central West Health. These assets are assessed at fair value upon practical completion by an independent valuer. They are then transferred from the Department of Health to Central West Health via an equity adjustment.

Where assets are received free of charge from another Queensland Government entity (whether as a result of a machinery-of-Government change or other involuntary transfer), the acquisition cost is recognised as the carrying amount in the books of the other agency immediately prior to the transfer. Assets acquired at no cost or for nominal consideration, other than from another Queensland Government entity, are recognised at their fair value at the date of acquisition.

Measurement using historical cost

Plant and equipment, is measured at historical cost net of accumulated depreciation and accumulated impairment losses in accordance with Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector* (NCAP). The carrying amounts for plant and equipment at cost are not materially differ from their fair value.

Measurement using fair value

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's *Non-Current Asset Policies for the Queensland Public Sector (NCAP)*.

These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and accumulated impairment losses where applicable. Separately identified components of assets are measured on the same basis as the assets to which they relate. In respect of the abovementioned asset classes, the cost of items acquired during the financial year has been judged by management to materially represent their fair value at the end of the reporting period.

Depreciation

Property, plant and equipment are depreciated on a straight-line basis. Annual depreciation is based on fair values and Central West Health assessments of the useful remaining life of individual assets. Land and artworks are not depreciated as they have an unlimited useful life. Artworks is included in the class plant and equipment for disclosure purposes due to its immaterial value.

Key judgement: Straight line depreciation is used reflecting the progressive, and even, consumption of service potential of these assets over their useful life to Central West Health. The useful life could change significantly as a result of a change in use of the asset, technical obsolescence or some other economic event. The impact on depreciation can be significant and could also result in a write-off of the asset.

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 used or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes within property plant and equipment.

Where assets have separately identifiable components subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly. In accordance with Queensland Treasury's *Non-Current Asset Policy Guideline 2*, Central West Health has determined material specialised health service buildings are complex in nature.

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.

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

Class	Span of Useful Life
Buildings	18 to 90 Years
Plant and Equipment	5 to 36 Years

Indicators of impairment and determining recoverable amount

Key judgement and estimate: All property, plant and equipment are assessed for indicators of impairment on an annual basis or, where the asset is measured at fair value, for indicators of a change in fair value/service potential since the last valuation was completed. Where indicators of a material change in fair value or service potential since the last valuation arise, the asset is revalued at the reporting date under AASB 13 *Fair Value Measurement*. If an indicator of possible impairment exists, management determines the asset's recoverable amount under AASB 136 *Impairment of Assets*. Recoverable amount is equal to the higher of the fair value less costs of disposal and the asset's value in use subject to the following:

- As a not-for profit equity, certain property, plant and equipment of Central West Health is held for the continuing use of its service capacity and not for the generation of cashflows. Such assets are typically specialised in nature. In accordance with AASB 136, where such assets measured at fair value under AASB 13, that fair value (with no adjustment for disposal costs) is effectively deemed to be the recoverable amount. Therefore, AASB136 does not apply to these assets unless they are measured at cost;
- For other non-specialised property, plant and equipment measured at fair value, where indicators of impairment exist, the only difference between the asset's fair value and its fair value less costs of disposal, is the incremental costs attributable to the disposal of the asset. Consequently, the fair value of the asset determined under AASB 13 will materially approximate its recoverable amount where the disposal costs attributable to the asset are negligible. After the revaluation requirements of AASB 13 are first applied to these assets, applicable disposal costs are assessed and, in the circumstances where such costs are not negligible, further adjustments to the recoverable amount are made in accordance with AASB 136.

For all other remaining assets measured at cost, and assets held for the generation of cash flows, recoverable amount is equal to the higher of the fair value less costs of disposal and the asset's value in use. Value in use is equal to the present value of the future cash flows expected to be derived from the asset, or where Central West Health no longer uses an asset and has made a formal decision not to reuse or replace the asset, the value in use is the present value of net disposal proceeds.

C4 PROPERTY, PLANT AND EQUIPMENT (continued)

Any amount by which the assets carrying amount exceeds the recoverable amount is considered an impairment loss. An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount, in which case the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available. Where no asset revaluation surplus is available in respect of the class of asset, the loss is expensed in the Statement of Comprehensive Income as a revaluation decrement.

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.

For assets measured at cost, impairment losses are reversed through income. For assets measured at fair value, to the extent the original decrease was expensed through the Statement of Comprehensive Income, the reversal is recognised as income; otherwise the reversal is treated as a revaluation increase for the class of asset through the asset revaluation surplus. When an asset is revalued using a market valuation approach, any accumulated impairment losses at that date are eliminated against the gross amount of the asset prior to restating for the revaluation.

Revaluation of property measured at fair value

Land and building classes measured at fair value, are assessed on an annual basis either by comprehensive valuations or by the use of appropriate and relevant indices undertaken by independent qualified valuers. Indices are either publicly available or are derived from market information available to the experts. For financial reporting purposes, the revaluation process for Central West Health is managed by the finance and infrastructure branch and the Executive Director, Finance, Infrastructure and Support Services.

Comprehensive revaluations are undertaken with sufficient regularity to ensure the carrying value and fair value of the assets do not materially differ, with specific appraisals undertaken at least once every five years. However, if a particular asset class experiences significant and volatile changes in fair value, that class is subject to specific appraisal in the reporting period, where practical, regardless of the timing of the last specific appraisal. Where assets have not been specifically appraised in the reporting period, their previous valuations are materially kept up-to-date via the application of relevant indices. Central West Health uses indices to provide a valid estimation of the assets' fair values at reporting date.

Materiality is considered in determining whether the differences between the carrying amount and the fair value of an asset warrant revaluation.

The fair values reported by Central West Health are based on appropriate valuation techniques that maximises the use of available and relevant observable inputs and minimise the use of unobservable inputs.

Reflecting the specialised nature of health service buildings for which there is not an active market, fair value is determined using current replacement cost. Current replacement cost is the price that would be received for the asset, based on the estimated cost to a market participant buyer to acquire or construct a substitute asset of comparable utility, adjusted for functional and economic obsolescence. Buildings are measured at fair value by applying either, a revised estimate of individual asset's depreciated replacement cost, or an interim index which approximates movement in market prices for labour and other key resource inputs, as well as changes in design standards as at reporting date. These estimates are developed by independent valuers.

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

For assets revalued using a cost valuation method (e.g. current replacement cost) - accumulated depreciation is adjusted to equal the difference between the gross amount and the carrying amount, after taking into account accumulated impairment losses and changes in remaining useful life. This is generally referred to as the 'gross method'. For assets revalued using a market or income-based valuation approach – accumulated depreciation and accumulated impairment losses are eliminated against the gross amount of the asset prior to restating for the revaluation. This is generally referred to as the 'net method'. Central West Health has adopted the gross method of reporting revalued assets.

Fair value measurement

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

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued, and include, but are not limited to, published sales data for land and residual dwellings. Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued.

Significant unobservable inputs used by Central West Health include, but are not limited to, subjective adjustments made to observable data to take account of the specialised nature of health service land, buildings and on hospital site residential facilities, including historical and current 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 considers 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.

C4 PROPERTY, PLANT AND EQUIPMENT (continued)

Fair value measurement hierarchy

Central West Health does not recognise any financial assets or financial liabilities at fair value (except at initial recognition).

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

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

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

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

Refer to the table in Note C4-1 *Balances and reconciliation of carrying amount* for disclosure of categories for assets measured at fair value. None of Central West Health's valuation of assets are eligible for categorisation into level 1 fair value hierarchy.

Significant valuation inputs and impact on fair value

Land

Effective date of last specific appraisal	30 June 2018 by APV Valuers & Asset Management
Valuation approach	Market based assessment
Fair value hierarchy	Level 2
Inputs	Publicly available data on sales of similar land in nearby localities obtained from PDSLive. Where market evidence was limited or new sales were yet to be processed in PDSLive, additional enquiries were made with local real estate agents. Adjustments were made to the sales data to take into account the location, size, street/road frontage and access, and any significant restrictions for each individual land parcel.

Buildings - residential

Effective date of last specific appraisal	30 June 2018 by APV Valuers & Asset Management
Valuation approach	Market based assessment
Fair value hierarchy	Level 2
Inputs	Publicly available data on sales of similar buildings in nearby localities obtained from PDSLive. Where market evidence was limited or new sales were yet to be processed in PDSLive, additional enquiries were made with local real estate agents. Adjustments were made to take into account the location, size, street/road frontage and access, and any significant restrictions for each individual building.

Buildings – specialised for delivery of health services

Effective date of last specific appraisal	30 June 2018 by APV Valuers & Asset Management
Valuation approach	Current replacement cost (CRC)
Fair value hierarchy	Level 3
Inputs	Replacement cost is estimated through the use of APV's construction cost database which uses local construction/or purchase prices paid, recent construction projects across the region, and construction cost guidelines such as Rawlinson's and Cordell. Key cost drivers include the asset type (Hospital, Multipurpose Heath Service etc), the standard of the facility (basic, standard or superior), construction material type and the gross floor area (GFA) or building footprint. The estimate has been compiled by measuring quantities using drawings obtained from Central West Health and verified on site or by completing a site measurement. Cost estimates are benchmarked against other valuations. Fair value has been determined by calculating for each major building component it's remaining service potential at valuation date, based on a consumption rating. Significant judgement is used to assess the remaining service potential of the facility, given local climatic and environmental conditions and records of the current condition of the facility. Physical site inspections by APV, combined with refurbishment history, local knowledge of asset performance, obsolescence and future planned asset replacement programs were used to inform these assumptions. Valuations assume a nil residual value.

C4 PROPERTY, PLANT AND EQUIPMENT (continued)

C4-1: Property, Plant and Equipment - Balances and Reconciliations of Carrying Amount

2018	Land at fair value (Level 2) $'000	Land at fair value (Level 3) $'000	Buildings at fair value (Level 3) $'000	Plant and equipment at cost $'000	Capital works in progress at cost $'000	Total $'000
Gross	1,368	-	144,259	11,216	294	157,137
Less: Accumulated depreciation	-	-	(60,711)	(6,509)	-	(67,220)
Carrying amount at 30 June 2018	**1,368**	**-**	**83,548**	**4,707**	**294**	**89,917**
Represented by movements in carrying amount:						
Carrying amount at 1 July 2017	1,016	75	57,601	4,606	231	63,529
Acquisitions	-	-	110	980	160	1,250
Donations received	-	-	-	50	-	50
Transfers between fair value hierarchy	75	(75)	-	-	-	-
Disposals	-	-	-	(5)	(97)	(102)
Transfers in/(out) from other Queensland Government entities	(88)	-	2,804	17	-	2,733
Revaluation increment to asset revaluation surplus	157	-	27,020	-	-	27,177
Revaluation increment in operating surplus	208	-	-	-	-	208
Depreciation	-	-	(3,987)	(941)	-	(4,928)
Carrying amount at 30 June 2018	**1,368**	**-**	**83,548**	**4,707**	**294**	**89,917**

2017	Land at fair value (Level 2) $'000	Land at fair value (Level 3) $'000	Buildings at fair value (Level 3) $'000	Plant and equipment at cost $'000	Capital works in progress at cost $'000	Total $'000
Gross	1,016	75	153,157	10,924	231	165,403
Less: Accumulated depreciation	-	-	(95,556)	(6,318)	-	(101,874)
Carrying amount at 30 June 2017	**1,016**	**75**	**57,601**	**4,606**	**231**	**63,529**
Represented by movements in carrying amount:						
Carrying amount at 1 July 2016	1,301	75	55,785	4,249	241	61,651
Acquisitions	-	-	438	1,355	265	2,058
Disposals	-	-	-	(38)	-	(38)
Transfers in from other Queensland Government entities	-	-	3,421	(2)	(275)	3,144
Revaluation increment to asset revaluation surplus	(65)	-	1,267	-	-	1,202
Revaluation decrement	(208)	-	-	-	-	(208)
Depreciation	-	-	(3,310)	(958)	-	(4,268)
Write off - land	(12)	-	-	-	-	(12)
Carrying amount at 30 June 2017	**1,016**	**75**	**57,601**	**4,606**	**231**	**63,529**

C4 PROPERTY, PLANT AND EQUIPMENT (continued)

Impact from valuation program

All land holdings were comprehensively revalued at 30 June 2018. This resulted in an increment of $365 thousand (2017: decrement $273 thousand) to the carrying amount of land. The previous comprehensive valuation of land was completed in 2012-13, with the application of market indices to approximate fair value in the interim years.

In 2017-18, Central West Health engaged independent experts, APV Valuers and Asset Management (APV) to undertake comprehensive building revaluations on 97% of Central West Health's building portfolio with an effective date of 30 June 2018. This resulted in an increment of $27.020 million (2017: $1.267 million) to the carrying amount of buildings.

Increases in fair value were a result of a combination of normal inflationary considerations in building prices during the year and refinements to the methodology applied in determining current replacement cost and fair value. The application of obsolescence in determining fair value has been modified to include functional (technical), economic (external) or permanent surplus capacity in line with the requirements of AASB 13 *Fair Value Measurement*.

Physical deterioration is captured through revision to total useful life and future maintenance costs. If a component's current condition is better (or worse) than previously anticipated, its estimated total useful life is extended (reduced), resulting in a higher (lower) fair value. The valuation utilised componentisation of buildings, and the splitting of components into long and short life portions. This has had a significant impact on fair values, useful life and depreciation expense going forward for buildings.

Change in estimate useful lives

Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector No 2* requires where significant components of a building are replaced at varying intervals i.e. different useful lives, and the impact is material to depreciation expense, componentisation is to be applied. An assessment of the actual replacement cycle for components within special purpose buildings and the impact on depreciation expense was undertaken in 2017-18 by APV valuers as part of their valuation process and found to be material.

Useful lives were reassessed by APV as part of the valuation. Remaining useful life (RUL) has increased significantly for all buildings, reflecting 2017-18 physical building condition assessments and asset replacement/refurbishment practices within Central West HHS. Previously, useful life was determined based on a standard model applied across the State. In 2017-18, management modified these assumptions to reflect historical experience and current asset replacement plans within Central West HHS's facilities. The depreciation expense over the next five years will be higher ($484 thousand 2018-19, $473 thousand 2019-20, $411 thousand 2020-21, and $409 thousand in subsequent outyears) from the current year revaluation process.

Depreciation expense for buildings and land improvements increased $550 thousand in 2017-18 as a result of the 30 June 2017 revaluation.

C5 PAYABLES

C5-1: Payables

	2018 $'000	2017 $'000
Trade and other creditors	1,959	2,736
Department of Health - accrued labour	1,280	1,184
Other	283	199
	3,522	**4,119**

Payables of $2.219 million (2017: $2.076 million) were owing to the Department of Health at 30 June, including trade creditors $939 thousand (2017: $892 thousand) and accrued labour $1.280 million (2017: $1.184 million). For further details on the nature of these transactions refer to Note E3 Related Party Transactions.

Accounting Policy – Payables

Payables are recognised for amounts to be paid in the future for goods and services received. Trade creditors are measured at the agreed purchase/contract price, net of applicable trade and other discounts. The amounts are unsecured and are generally settled in accordance with the vendors' terms and conditions, typically within 30 - 60 days.

C6 EQUITY

C6-1: Asset revaluation surplus by class

	2018 $'000	2017 $'000
Land		
Balance at the beginning of the financial year	-	66
Revaluation increment/(decrement)	157	(66)
Balance at the end of the financial year	**157**	**-**
Building		
Balance at the beginning of the financial year	3,064	1,797
Revaluation increment	27,020	1,267
Balance at the end of the financial year	**30,084**	**3,064**
Total asset revaluation surplus	**30,241**	**3,064**

Accounting Policy - Asset revaluation surplus

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that asset class. Land revaluation increments in 2017-18 reversed $208 thousand decrement previously recognised as an expense in 2016-17. The impact of this is recorded in the current year's operating results for Central West Health.

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

SECTION D
NOTES ABOUT RISK AND OTHER ACCOUNTING UNCERTAINTIES

D1 FINANCIAL RISK DISCLOSURES

D1-1: Financial instrument categories

Central West Health has the following categories of financial assets and financial liabilities:

	Notes	2018 $'000	2017 $'000
Financial assets			
Cash and cash equivalents	C1-1	1,889	2,889
Receivables	C2-1	2,054	1,580
		3,943	**4,469**
Financial liabilities			
Payables	C5-1	3,239	3,920
		3,239	**3,920**

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Accounting Policy - Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when Central West Health becomes party to the contractual provisions of the financial instrument. No financial assets and financial liabilities have been offset and presented in the Statement of Financial Position.

Central West Health's activities expose it to a variety of financial risks - credit risk and liquidity risk. Financial risk management is implemented pursuant to Government and Central West Health's policy. Central West Health's policies provide written principles for overall risk management and aim to minimise potential adverse effects of risk events on the financial performance of Central West Health.

Central West Health measures risk exposure using a variety of methods as follows:

Risk exposure	*Measurement method*
Credit risk	Ageing analysis, cash inflows at risk
Liquidity risk	Monitoring of cash flows by active management of accrual accounts

Credit risk is further discussed in Note C2 Receivables.

Liquidity risk

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

Central West Health is exposed to liquidity risk through its trading in the normal course of business and aims to reduce the exposure to liquidity risk by ensuring that sufficient funds are available to meet employee and supplier obligations at all times. An approved debt facility of $500 thousand (2017: $500 thousand) under whole-of-Government banking arrangements to manage any short-term cash shortfalls has been established. No funds have been withdrawn against this debt facility as at 30 June 2018 (2017: Nil).

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

Interest risk

Central West Health is exposed to interest rate risk on its 24-hour call deposits, however there is no significant interest risk on its cash deposits. The health service does not undertake any hedging in relation to interest rate risk. Changes in interest rate have a minimal effect on the operating result of Central West Health.

Fair value

Cash and cash equivalents are measured at fair value. The fair value of trade receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment on trade receivables.

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D2 CONTINGENCIES

As at 30 June 2018, there were no cases filed in the courts naming the State of Queensland acting through the Central West Hospital and Health Service as defendant:

(a) Litigation in Progress

	2018 Number of cases	2017 Number of cases
Cases have been filed with the courts as follows:		
Tribunals, commissions and boards	-	-
	-	-

Health litigation is underwritten by the Queensland Government Insurance Fund (QGIF). As of 30 June 2018, there is one open general liability claim managed by QGIF, which may never be litigated or result in payment of a claim. Central West Health's maximum exposure is limited to an excess per insurance event up to $20,000. Central West Health's net exposure is not material.

D3 COMMITMENTS

(a) Non-cancellable operating lease commitments

Central West Health's non-cancellable operating lease commitments inclusive of non-recoverable GST, contracted for at reporting date but not recognised in the accounts are payable as follows:

	2018 $'000	2017 $'000
No later than one year	807	237
Later than one year but no later than five years	837	394
Later than five years	280	-
Total	**1,924**	**631**

(b) Capital expenditure commitments

Capital expenditure commitments inclusive of non-recoverable GST, contracted for at reporting date but not recognised in the accounts are payable as follows:

No later than 1 year	286	-
Total	**286**	**-**

SECTION E
OTHER INFORMATION

E1 FIDUCIARY TRUST TRANSACTIONS AND BALANCES

Central West Health acts in a custodial role in relation to patient trust accounts. Although patient funds are not controlled, trust activities are included in the audit performed annually by the Auditor-General of Queensland and disclosed below for information purposes.

	2018 $'000	2017 $'000
Patient trust receipts		
Winton Patient Trust	79	72
Longreach Patient Trust	2	2
Barcaldine Patient Trust	28	26
Total receipts	**109**	**100**
Patient trust related payments		
Winton Patient Trust	60	72
Longreach Patient Trust	2	2
Barcaldine Patient Trust	23	26
Total receipts	**85**	**100**
Trust assets		
Current assets - cash	**63**	**39**
Patient trust related payments		
Represented by Patient trust deposits		
Winton Patient Trust	51	32
Longreach Patient Trust	1	1
Barcaldine Patient Trust	11	6
Total	**63**	**39**

E2 KEY MANAGEMENT PERSONNEL AND REMUNERATION

In accordance with AASB 124 *Related Party Disclosures*, Central West Health's responsible Minister (Minister of Health and Minister for Ambulance Services) and persons in positions with authority and responsibility for planning, directing and controlling the activities of the health service during the year are identified as Central West Health's Key Management Personnel (KMP). This includes its Board members. Details on non-ministerial KMP positions, responsibilities and KMP remuneration policies are detailed below. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management and the Board.

The following details for non-Ministerial key management personal include those positions that had authority and responsibility for planning, directing and controlling the activities of Central West Health during 2017-18. Further information on key management personal positions can be found in the body of the Annual Report under the section relating to Executive Management

All executives are appointed under the authority of *Hospital and Health Boards Act 2011*.

Position	Responsibilities
Health Service Chief Executive	Responsible for the efficient and effective management of Central West Health and to support and implement the Board's strategic plans for the improved health care of Central West residents and visitors.
Executive Director, Medical Services	Responsible for safe and effective delivery of medical and allied health services, including recruitment, retention and development of workforce, and leads clinical governance within the Health Services.
Executive Director, Nursing and Midwifery Services	Oversees the safe and efficient operations of all hospitals and health centres, maternity and community health services and provides leadership to the nursing streams.
Executive Director, People and Culture	Oversees the Human Resource and Organisational Development functions of Central West Health.
Executive Director, Workforce, Governance and Information Management	Responsible for all aspects of workforce, governance and information management within Central West Health.
Executive Director, Finance, Infrastructure and Support Services (EDFISS)	Responsible for budget planning and forecasting, financial control and performance, statutory compliance and supporting effective business decision making within Central West Health. The Chief Finance Officer (CFO) has been reclassified and re-named Executive Director Infrastructure and Support Services in 2017.
General Manager, Primary Health Services	Responsible for operational management of Primary Health Care facilities with oversight of community health, mental health, Aboriginal and Torres Strait Islander health funded programs, maternity and child health, allied health, telehealth and specialist outpatients.
General Manager, Acute Health Services	Responsible for operational management of facilities including Longreach, Winton, Barcaldine, Alpha and Blackall with oversight of site-specific in-patients, surgical and emergency care, oral health, aeromedical and patient transport programs.

Remuneration policies

The ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. Central West Health does not bear any costs of remuneration of the Minister for Health. The majority of Ministerial entitlements are paid by the Legislative Assembly, with remaining entitlements being provided by Ministerial Services Branch within the Department of Premier and Cabinet. As all Ministers are reported as key management personnel of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland Government and Whole of Government Consolidated Financial Statements, which are published as part of Queensland Treasury's Report on State Finances.

Section 74 of the *Hospital and Health Boards Act 2011* (the Act) provides that the contract of employment for health service executive staff must state the term of employment, the person's functions and any performance criteria as well as the person's classification level and remuneration package.

The remuneration policy for the Central West Health Service Chief Executive is set by a direct engagement common law employment contract setting out the remuneration and other terms of employment including non-salary benefits such as motor vehicles and remote area housing.

Remuneration of other key executive management personnel are determined by their awards and industrial agreements determined by the Department of Health. For 2017-18, remuneration packages of key management personnel except the Health Service Chief Executive and the Executive Director of Medical Services increased by 2.5 per cent in accordance with government policy.

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

Short-term employee expenses which include:

- Salaries, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position.
- Non-monetary expenses - consisting of provision of remote area housing, motor vehicles and applicable fringe benefits tax benefits.

Long term employee expenses include amounts expensed in respect of long service leave entitlements earned. *Post-employment expenses* include amounts expensed in respect of employer superannuation contributions. *Termination benefits* are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu on termination, regardless of the reason for termination.

There were no performance bonuses paid in the 2017-18 financial year (2017: nil).

E2 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

1 July 2017 - 30 June 2018

Position	Short Term Employee Expenses: Monetary expenses $'000	Short Term Employee Expenses: Non-monetary expenses $'000	Long term expenses $'000	Post employee expenses $'000	Total expenses $'000
Health Service Chief Executive	230	75	5	23	**333**
Acting Health Service Chief Executive (06/11/2017 to 12/01/2018 & 03/04/2018 to 11/05/2018)	74	22	1	6	**103**
Executive Director, Medical Services	339	41	7	22	**409**
Acting Executive Director, Medical Services (01/11/2017 to 14/01/2018; 14/4/2018 to 23/6/2018)	173	-	3	13	**189**
Executive Director, Nursing and Midwifery Services	209	27	4	20	**260**
Acting Executive Director, Workforce, Governance and Information Management (18/07/2017 to 30/06/2018)	148	27	3	15	**193**
Executive Director, Finance, Infrastructure and Support Services (appointed 07/09/2017)	128	29	2	15	**174**
Acting Executive Director, Finance, Infrastructure and Support Services (01/07/2017 to 04/08/2017)	12	-	-	1	**13**
General Manager Primary Health Services (commenced 11/6/2018)	6	2	-	1	**9**
Acting General Manager Primary Health Services (5/2/2018 to 5/6/2018)	125	10	2	10	**147**
General Manager Acute Health Services (commenced 11/6/2018)	4	3	-	1	**8**

1 July 2016 - 30 June 2017

Position	Short Term Employee Expenses: Monetary expenses $'000	Short Term Employee Expenses: Non-monetary expenses $'000	Long term expenses $'000	Post employee expenses $'000	Total expenses $'000
Health Service Chief Executive (ceased 11/09/2016)	49	7	1	4	**61**
Health Service Chief Executive (appointed 16/08/2016)	214	32	4	20	**270**
Executive Director, Medical Services	439	26	9	31	**505**
Acting Executive Director, Medical Services (4/05/17 - 25/06/17)	47	-	1	4	**52**
Executive Director, Nursing and Midwifery Services	119	17	2	12	**150**
Acting Executive Director, Nursing and Midwifery Services (30/01/17 - 02/05/17)	45	-	1	4	**50**
Executive Director, People and Culture	131	18	2	15	**166**
Chief Finance Officer (ceased 12/04/2017)	114	17	2	13	**146**
Acting Executive Director, Finance, Infrastructure and Support Services (20/04/2017 to 30/06/2017)	37	-	1	3	**41**

Central West Hospital and Health Service
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E2 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Board remuneration

Central West Health is independently and locally controlled by the Hospital and Health Board (the Board). Board appointments are for one or three-year terms.

Remuneration arrangements for the Central West Health Board are approved by the Governor in Council and the chair, deputy chair and members are paid in annual fee calculated in accordance with the guidance statement issued by the Department of Premier and Cabinet, titled *"Remuneration procedures for part-time chairs and member of Queensland Government bodies*". Under the procedure, Hospital and Health Services are assessed as 'Governance' entities and grouped into different levels of a remuneration matrix based on a range of indicators including: revenue/budget, net and total assets, independence, risk and complexity.

Responsibility

The Board decides the objectives, strategies and policies to be followed by Central West Health and ensure it performs its functions in a proper, effective and efficient way. The Board appoints the Health Service Chief Executive and exercises significant responsibilities at a local level, including controlling the financial management of the Service and the management of the Service's land and buildings (Section 7 *Hospital and Health Boards Act 2011)*.

Appointment Authority

Appointments are under the provisions of the *Hospital and Health Boards Act 2011* by Governor in Council. Notice published in the Queensland Government Gazette.

Position and Name	Date of initial appointment	Date of cessation
Board Chair, Jane Williams	Appointed 01/07/2012	
Deputy Chairperson, David Arnold	Appointed 01/07/2012	
Board member, William Ringrose	Appointed 01/07/2012	
Board member, Peter Skewes	Appointed 01/07/2012	Resigned 25/01/2017
Board member, Dr. Nikola Stepanov	Appointed 18/05/2016	Resigned 30/06/2017
Board member, Elizabeth Fraser	Appointed 18/05/2016	
Board member, Leisa Fraser	Appointed 18/05/2016	
Board member, Dr Clare Walker*	Appointed 18/05/2016	
Board member, Johnathan Repine	Appointed 18/5/2018	

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

Remuneration paid or owing to Board members during 2017-18 was as follows:

Board Member	Short Term Employee Expenses: Monetary $'000	Short Term Employee Expenses: Non-monetary expenses $'000	Post employee expenses $'000	Total Expenses $'000
Jane Williams	72	-	7	**79**
David Arnold	42	-	4	**46**
William Ringrose	40	-	4	**44**
Elizabeth Fraser	41	-	4	**45**
Leisa Fraser	40	-	4	**44**
Johnathan Repine (commenced 18/5/2018)	5	-	1	**6**

E2 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Remuneration paid or owing to Board members during 2016-17 was as follows:

Board Member	Short Term Employee Expenses		Post employee expenses	Total Expenses
	Monetary	Non-monetary expenses		
	$'000	$'000	$'000	$'000
Jane Williams	75	-	6	**81**
David Arnold	40	-	4	**44**
William Ringrose	41	-	4	**45**
Peter Skewes	25	-	2	**27**
Dr Nikola Stepanov	42	-	4	**46**
Elizabeth Fraser	45	-	4	**49**
Leisa Fraser	46	-	4	**50**

E3 RELATED PARTY TRANSACTIONS

Transactions with Queensland Government Controlled Entities

Central West Health is controlled by its ultimate parent entity, the State of Queensland. All State of Queensland controlled entities meet the definition of a related party in AASB 124 *Related party Disclosures*. The following table summarises significant transactions with Queensland Government controlled entities.

	2018 $'000	2017 $'000
Entity - Department of Health		
Revenue	71,705	65,836
Expenditure	44,158	41,105
Asset	1,380	982
Liability	2,219	2,076
Entity – Department of Public Works and Housing including QFleet		
Expenditure	1,316	1,275
Liability	nil	24

Department of Health

Central West Health's primary source of funding is provided by the Department of Health, with payments made in accordance with a service agreement. The signed service agreements are published on the Queensland Government website and are publicly available. Revenue under the service arrangement was $70.3 million for the year ended 30 June 2018 (2017: $65.4 million). For further details on the purchase of health services by the Department refer to Note B1-1.

The Hospital and Health Service, through service arrangements with the Department of Health, has engaged 357 (2017: 334) full time equivalent persons. In accordance with the *Hospital and Health Boards Act 2011*, the employees of the Department of Health are referred to as health service employees. In 2018, $36.7 million (2017: $34.1 million) was paid to the department for health service employees. The terms of this arrangement are fully explained in Note B2-2.

The Department of Health centrally manages, on behalf of Hospital and Health Services, a range of services including pathology testing, pharmaceutical drugs, clinical supplies, patient transport, telecommunications and technology services. These services are provided on a cost recovery basis. In 2018, these services totalled $6.6 million (2017: $6.9 million). In addition, Central West Health receives corporate services support from the Department at no cost. Corporate services received include payroll services, financial transactions services (including accounts payable and banking services), administrative services and information technology services. In 2018, the fair value of these services was $864 thousand.

Any associated receivables or payables owing to the Department of Health at 30 June 2018 are separately disclosed in Note C2 and Note C5. No impairment has been applied to these balances.

The Department of Health also provides funding from the State as equity injections to purchase property, plant and equipment. All construction of major health infrastructure is managed and funded by the Department of Health. Upon practical completion of a project, assets are transferred from the Department to Central West Health. Throughout the year, funding received to cover the cost of depreciation is offset by a withdrawal of equity by the State for the same amount. For further details on equity transactions with the Department refer to the Statement of Changes in Equity.

Department of Public Works and Housing (including QFleet)

Department of Housing and Public Works – Central West Health pays rent to the Department of Housing and Public Works for a number of properties. In addition, Central West Health pays the Department of Housing and Public Works for vehicle fleet management services.

There are no other material transactions with other Queensland Government controlled entities.

Transactions with People/Entities Related to KMP

All transactions in the year ended 30 June 2018 between Central West Health key management personnel, including their related parties were on normal commercial terms and conditions and were immaterial in nature.

E4 TAXATION

Central West Health is a State body as defined under the Income *Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). The Australian Taxation Office has recognised the Department of Health and the sixteen Hospital and Health Services as a single taxation entity for reporting purposes.

All FBT and GST reporting to the Commonwealth is managed centrally by the department, with payments/ receipts made on behalf of Central West Health reimbursed to/from the department on a monthly basis. GST credits receivable from, and GST payable to the ATO, are recognised on this basis. Refer to Note C2-1. Both Central West Health and the Department of Health satisfy section 149-25E of the *A New Tax System (Goods and Services Act) 1999 (Cth) (the GST Act)* and were able, with other hospital and health services, to form a "group" for GST purposes under Division 149 of the GST Act. This means that any transactions between the members of the "group" do not attract GST.

E5 FIRST YEAR APPLICATION OF NEW STANDARDS OR CHANGE IN POLICY

Changes in accounting policy

Central West Health did not voluntarily change any of its accounting policies during 2017-18.

Accounting Standards early adopted in 2017-2018

No Australian Accounting Standards have been early adopted for 2017-18.

Accounting standards applied for the first time in 2017-18

AASB 2016-4 A*mendments to Australian Accounting Standards – Recoverable Amount of Non-Cash Generating Specialised Assets for not-for-Profit Entities* simplified and clarified the impairment testing requirements under AASB 136 for non-cash generating assets held by NFP entities. This amendment has not changed any reported amounts. No other accounting standards applied for the first time in 2017-18 had any effect on Central West Health.

E6 FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards issued but with future commencement dates are set out below.

AASB 9 Financial Instruments

This standard will first apply to Central West Health's financial statements for 2018-19. The main impacts of this standard on the health service is that it will change the requirements for the classification, measurement and disclosures associated with financial assets. AASB 9 will introduce different criteria for whether financial assets can only be measured at amortised cost or fair value.

Central West Health has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. The carrying value of current receivables is not expected to change.

Another impact of AASB 9 relates to calculating impairment losses for Central West Health's receivables - impairment losses will be determined according to the amount of lifetime expected credit losses. On initial adoption of AASB 9, Central West Health will need to determine the expected credit losses for its receivables by comparing the credit risk at that time to the credit risk that existed when those receivables were initially recognised. As the receivables are short term in nature, the impact of this is expected to be minimal. These changed amounts will form the opening balance of those items on the date AASB 9 is adopted, however comparative figures for financial instruments will not be restated.

AASB 1058 Income for Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers

These standards will first apply to Central West Health's financial statements in 2019-20.

Central West Health has commenced analysing the new revenue recognition requirements under these standards and is yet to form conclusions about significant impacts. Potential future impacts identifiable at the date of this report are as follows:

- grants received to construct a health service non-financial asset will be recognised as a liability, and subsequently progressively recognised as revenue as Central West Health satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront. These types of grants are not common within the health service as most funding for non-financial asset construction is received as equity injection.
- under the new standards, other grants currently recognised as revenue upfront may be eligible to be recognised as revenue progressively as the associated performance obligations are satisfied, but only if the associated performance obligations are enforceable and sufficiently specific. Grants with performance obligations that are not enforceable and/or sufficiently specific will not qualify for deferral and will continue to be recognised as revenue as soon as they are controlled. The health service is yet to evaluate existing grant agreements to determine whether any revenue could be deferred under the new requirements.
- depending on the specific contractual terms, the new requirements may potentially result in a change to the timing of revenue from user charges such that some revenue may need to be deferred to a later reporting period to the extent that Central West Heath has received cash but has not met its associated obligations (such amounts would be reported as a liability in the meantime). Central West Health is yet to complete its analysis of current arrangements for sale of goods and services and the impact, if any, on revenue recognition has not yet been determined.
- a range of new disclosures will also be required by the new standards in respect of health service revenue. Comparative information will not be restated on transition in accordance with Queensland Treasury policy for government agencies, however AASB 15 and AASB 1058 will be applied retrospectively to all contracts, including completed contracts, ensuring all deferred revenue can be recognised on transition. Where assets have been acquired for significantly less than value prior to 1 July 2019, these assets are not required to be remeasured on transition to the new standards.

Central West Hospital and Health Service
Notes to the financial statements
for the year ended 30 June 2018

AASB 16 Leases

This standard will first apply to Central West Health's financial statements for 2019-20. When applied, the standard supersedes AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases – Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

Unlike AASB 117 *Leases*, AASB 16 introduces a single lease accounting model for lessees. Lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value.

AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. Comparative information will not be restated on transition in accordance with Queensland Treasury's policy for government agencies. All adjustments arising from the recognition and measurement of right-of-use assets and lease liability balances will be processed through equity on 1 July 2019. Contracts not previously identified as containing a lease, and entered into prior to 1 July 2019, will not be subject to this standard.

Central West Health has commenced analysing its existing operating lease commitments at Note D3 by type of lessor and type of lease to estimate the expected impacts on transition based on information available at 30 June 2018. Approximately 31%($604 thousand) of Central West Health's operating lease commitments comprise arrangements with other Queensland Government agencies as lessor (i.e. internal-to-Government leases). The remaining 69% ($1.320 million) of operating lease commitments are with lessors external to Government.

Internal-to-Government leases

Central West Health's leases with internal-to-Government lessors are primarily for office accommodation through the Queensland Government Accommodation Office and employee housing under the Government Employment Housing program. At 30 June 2018, the HHS has commitments for office accommodation ($324 thousand per annum). Cancellable leases for employee housing with internal-to-Government lessors (under the Government Employee Housing program) have not been included in Note D3 Commitments.

Considering their operation and impact across the whole-of-Government, Central West Health is currently awaiting formal guidance from Queensland Treasury as to whether these arrangements should be accounted for on-balance sheet under AASB 16. In the event these arrangements are to be accounted for on-balance sheet, Central West Health does not expect the impact to be material, with remaining terms on existing agreements twelve months or less at the date of transition.

Central West Health also has a number of cancellable motor vehicle leases with QFleet that are not presently included as part of the operating lease commitments note as they do not constitute a lease under AASB 117 and Accounting Interpretation 4. The HHS is also awaiting confirmation from Queensland Treasury that QFleet arrangements will continue to fall outside the requirements of AASB 16 for on-balance sheet accounting.

External-to-Government leases

For leases with external lessors, these comprise arrangements for leasing of employee housing in rural and remote regions, and right of use equipment to facilitate the delivery of community services. All current housing rental agreements will expire before the implementation of AASB16. At 1 July 2019, one lease for right of use equipment will need to be reviewed.

Central West Health estimates, based on the current operating lease commitments, a right-of-use asset (and corresponding lease liability) would be recognised in the balance sheet on transition of approximately $801 thousand. However this estimate is still subject to further analysis by Central West Health's implementation project prior to implementation on 1 July 2019.

All other Australian Accounting Standards and interpretations with future commencement dates are either not applicable to Central West Health's activities, or not expected to have a material impact on the financial statements.

E7 EVENTS AFTER THE REPORTING PERIOD

Other matters

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect Central West Health's operations, the results of those operations, or Central West Health's state of affairs in future financial years.

SECTION F

NOTES ON OUR PERFORMANCE TO BUDGET

This section discloses Central West Health's original published budgeted figures for 2017-18 compared to actual results, with explanations of major variances, in respect of the Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows. Note original published budget from the Service Delivery Statement (SDS) has been reclassified to improve transparency and analysis by remapping particular budgeted transactions on the same basis as reported in actual financial statements.

A budget to actual comparison, and explanations of major variances, has not been included for the Statement of Changes in Equity, as major variances relating to that statement have been addressed in explanations of major variances for other statements.

F1 BUDGET TO ACTUAL COMPARISON – STATEMENT OF COMPREHENSIVE INCOME

F1-1: Budget to actual comparison - Statement of Comprehensive Income

	Variance Notes	2018 $'000 Budget	$'000 Actual	$'000 Variance
OPERATING RESULT				
Income				
User charges and fees		70,813	75,691	4,878
Grants and other contributions		622	2,385	1,763
Other revenue		2,116	845	(1,271)
Revaluation increment		-	208	208
Total Income		**73,551**	**79,129**	**5,578**
Expenses				
Employee expenses	**A1**	10,881	8,942	(1,939)
Health service employee expenses	**A2**	40,780	36,873	(3,907)
Supplies and services	**A3**	17,160	26,533	9,373
Depreciation expense	**A4**	4,320	4,928	608
Other expenses		410	1,822	1,412
Total Expenses		**73,551**	**79,098**	**5,547**
Operating results		**-**	**31**	**31**
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Increase/(decrease) in asset revaluation surplus		-	27,177	27,177
Total items that will not be re-classified to operating results		**-**	**27,177**	**27,177**
Total comprehensive income for the year		**-**	**27,208**	**27,208**

Materiality for Notes commentary is based on the calculation of the line item's actual value percentage of the group total. If the percentage is greater than 5%, the line item variance from budget to actual is reviewed. A note is provided for where the variance percentage is 5% or greater for Employee expenses, Health service employee expenses, Supplies and services, and Property, plant and equipment and 10% or greater for others.

F2 BUDGET TO ACTUAL COMPARISON – STATEMENT OF FINANCIAL POSITION

F2-1: Budget to actual comparison - Statement of Financial Position

	Variance Notes	2018 $'000 Budget	$'000 Actual	$'000 Variance
Current Assets				
Cash and cash equivalents	**A5**	1,204	1,889	685
Receivables	**A6**	1,877	2,250	373
Inventories		569	674	105
Total Current Assets		**3,650**	**4,813**	**1,163**
Non-Current Assets				
Property, plant and equipment	**A7**	69,619	89,917	20,298
Total Non-Current Assets		**69,619**	**89,917**	**20,298**
Total Assets		**73,269**	**94,730**	**21,461**
Current Liabilities				
Payables	**A8**	4,042	3,522	(520)
Total Current Liabilities		**4,042**	**3,522**	**(520)**
Total Liabilities		**4,042**	**3,522**	**(520)**
Net Assets		**69,227**	**91,208**	**21,981**
Total Equity		**69,227**	**91,208**	**21,981**

F3 BUDGET TO ACTUAL COMPARISON – STATEMENT OF CASH FLOWS

F3-1: Budget to actual comparison - Statement of Cash Flows

	Variance Notes	2018 $'000 Budget	$'000 Actual	$'000 Variance
Cash flows from operating activities				
Inflows				
User charges and fees		66,483	70,669	4,186
Grants and other contributions		622	1,471	849
GST input tax credits from ATO		1,810	1,728	(82)
GST collected from customers		-	91	91
Other receipts		2,116	708	(1,408)
Outflows				
Employee expenses	**A1**	(10,881)	(8,858)	2,023
Health service employee expenses	**A2**	(40,780)	(36,777)	4,003
Supplies and services	**A3**	(17,243)	(27,535)	(10,292)
GST paid to suppliers		(1,812)	(1,817)	(5)
GST remitted to ATO		-	(89)	(89)
Other		(335)	(855)	(520)
Net cash provided by (used in) operating activities		**(20)**	**(1,264)**	**(1,244)**
Cash flows from investing activities				
Inflows				
Sales of property, plant and equipment		-	1	1
Outflows				
Payments for non-financial assets		(1,196)	(1,250)	(54)
Net cash provided by (used in) investing activities		**(1,196)**	**(1,249)**	**(53)**
Cash flows from financing activities				
Inflows				
Equity injections	**A9**	1,196	1,513	317
Net cash provided by (used in) financing activities		**1,196**	**1,513**	**317**
Net increase/(decrease) in cash held		(20)	(1,000)	(980)
Cash at the beginning of the financial year		**1,224**	2,889	1,665
Cash at the end of the financial year		**1,204**	**1,889**	**685**

BUDGET VS ACTUAL COMPARISON

For the purposes of these comparatives the "Original Budget" refers to the budget entered in May 2017 as part of the Service Delivery Statements (SDS) process which reflected the budget at that point in time. Since then there have been numerous adjustments to funding including, but not limited to enterprise bargaining agreements and new funding for programs and initiatives per the Service Agreement.

In analysing the financial statements, it should be noted that while the Statement of Comprehensive Income and the Statement of Financial Position are prepared based on accrual concepts, the Statement of Cash Flows discloses cash inflows and outflows of Central West Health. This will cause some differences in amounts recorded under each line on the different statements.

Explanations of major variances

Statement of Comprehensive Income

A1 Employee expenses were $8.942 million at 30 June 2018 compared to $10.881 million per the SDS budget. The budget included an allowance of $2.358 million for temporary senior medical officers (locums) to support health services within employee expenses. Actual costs for temporary staff such as locums are disclosed as other supplies and services in the financial statements. This was partially offset by higher average wages (6%) and increased expenditure on other employee expenses such as courses, subscriptions and transfer costs than forecast at the time of the original budget.

Cash outflows for employees declined SDS budget by $2.023 million. The key contributors to this are largely consistent with the reasons set out above adjusted for a variance in accrued wages not anticipated at the time of the budget.

A2 Health service employee expenses were $36.873 million at 30 June 2016 compared to $40.780 million per the SDS budget, a variance of -$3.907 million reflecting lower than budgeted average salaries and a 3% vacancy rate for nursing and operational staff due to recruitment difficulties in rural and remote communities. These vacancies were filled using locums and agency nurses, resulting in lower health service employee expenses $1.278 million (offset by increased costs in other supplies and services). Subsequent to the original budget, funding was provided to enable the rotation of 17 graduate nurses for durations of three month. This has impacted on the average salary paid during 2017-18 with salaries $2.628 million or 7% lower than forecast in the budget, reflecting the classification levels of staff employed during the year.

Cash outflows for health service employee expenses were lower than the SDS budget by $4.003 million. The key contributors to this are largely consistent with the reasons set out above adjusted for a variance in accrued contract labour not anticipated at the time of the budget.

A3 Supplies and services expenditure exceeded SDS original budget by $9.373 million at 30 June 2018. The increase is primarily attributable to a number of factors:

- the employment of additional temporary medical staff to backfill vacancies $3.736 million and the reclassification of costs in employing locum senior medical officers $2.358 million;
- 2018 included a number of initiatives $1.246 million, approved by the Department of Health after the finalisation of the budget, to enhance health service delivery to the community such as innovation in integrated care and other projects for rural and remote facilities;
- redevelopment of the Longreach hospital during 2018 resulted in higher patient transportation costs with temporary closure of theatre and health services. These costs were not forecast at the time of the original budget, with $1.200 million funding approved by the Department of Health later in the year; and
- refurbishment project costs incurred on behalf of the Department of Health $556 thousand. These costs were reimbursed by the Department and are matched by higher revenues.

Cash outflows for supplies and services exceeded SDS budget by $10.292 million. The key contributors to this are largely consistent with the reasons set out above adjusted for a difference in movements between forecasts in the SDS budget and actuals for trade payables of $979 thousand and to a lesser extent, inventories and prepayments.

A4 Depreciation expense has exceeded SDS budget by $608 thousand. Useful lives are reassessed annually by Central West Health's management to reflect current physical asset condition, future service potential and planned asset replacement strategies. A comprehensive review of a number of hospital buildings was undertaken as part of AECOM's valuation process, with declines in remaining useful life (RUL) noted. Adjustments were also made to RUL for current replacement strategies. Original forecast depreciation was calculated prior to the impact of revisions to useful life. This was partially offset by lower depreciation charges for plant and equipment as a result of delays in capital equipment purchases as part of hospital redevelopment projects.

Statement of Financial Position

A5 Cash and cash equivalents increased $685 thousand from $1.204 million at the time of the budget to $1.889. This reflects changes in the timing of receipts and payments for operating activities, and delays in minor refurbishment projects.

A6 Receivables increased $372 thousand from $1.878 million per the SDS budget to $2.250 million for the year ended 30 June 2018 primarily as a result of increased amounts owing by the Department of Health for funding health service initiatives and reimbursements of works undertaken on behalf of the department.

BUDGET VS ACTUAL COMPARISON - continued

A7 Property plant and equipment was $89.917 million, higher than $69,619 million forecast at the time of the budget. This is due to a number of contributing factors.

Original SDS budget assumed market growth in land values of 4% and no escalation in replacement cost for buildings. Fair values for land and buildings at 30 June 2018 were independently appraised at $27.333 million higher than forecast.

Ninety seven percent of all buildings were comprehensively revalued by APV Valuers at 30 June 2018 with refinements to the methodology applied in determining current replacement costs and fair value. Comprehensive valuations include physical inspection and if a building component's current condition is better (or worse) than previously anticipated, its estimated useful life is extended (reduce). As part of the valuation process, significant increases in remaining useful life (RUL) were noted. This will impact on future depreciation expense. In addition, land values within the Central West region have improved, with market appraisals by APV Valuers resulting in an improvement in land values of $365 thousand or 36%. Land was last comprehensively revalued in 2011.

Partially offsetting these increases, were delays in building construction and purchasing of equipment, down $8.105 million on budget estimates. Since the development of the original budget, the capital refurbishment program has undergone significant changes resulting from delays in project delivery timeframes. In particular, the Longreach Hospital Medical Imaging and Mechanical upgrade projects worth $6.1 million and the SRIPP Boulia Community Hospital refurbishment project $2 million, originally forecast for completion in 2017-18 have been delayed to next year. The fair value of these works is transferred to Central West Health by the Department of Health upon certification of practical completion.

A8 Payables decreased $521 thousand from $4.043 million at the time of the budget to $3.522 million. The budget forecast in 2017-18 assumed no movement in payables from previous years. Improvements in invoice processing during 2018 has resulted in earlier payment of invoices throughout the year and lower trade accruals at 30 June 2018. Partially offsetting these declines were increased accrued labour expenses reflecting the timing of the last pay in June and increased FTEs during the year.

Statement of Cash Flows

A9 Cash flows from equity injections increased $317 thousand, from $1.196 million per the SDS budget, to $1.513 million for the year ended 30 June 2018. The original budget included funding for the replacement of medical equipment (HTER). While the HTER program was fully delivered, a portion of the funding was provided as revenue rather than equity (minor medical equipment less than the capitalisation threshold). This distinction was not captured at the time of budget preparations.

Offsetting this decline were changes to the funding arrangements for a number of Priority Capital Projects (PCP) post budget. In the original budget, the Department of Health undertook all purchasing transactions for PCP projects, transferring completed assets to Central West Health. In 2018, the Department provided cash equity funding for a number of PCP projects to enable Central West Health to purchase medical equipment/refurbishment activities directly.

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(6) 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:

- the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Central West Hospital and Health Service for the financial year ended 30 June 2018 and of the financial position of Central West Hospital and Health Service at the end of that year; and
- 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.

Jane Williams
Board Chair
Central West Health

Date: 31 August 2018

Jane Hancock
Chief Executive
Central West Health

Date: 30 August 2018

Fernando Prieto
Executive Director, Finance, Infrastructure and Support Services
Central West Health

Date: 30 August 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Central West Hospital and Health Service

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Central West Hospital and Health Service.

In my opinion, the financial report:

a) gives a true and fair view of the entity's financial position as at 30 June 2018, and its financial performance and cash flows for the year then ended

b) complies with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009* and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

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Specialised buildings valuation ($83.5 million)

Refer to Note C4 in the financial report.

Key audit matter	How my audit addressed the key audit matter
Buildings were material to Central West Hospital and Health Service at balance date, and were measured at fair value using the current replacement cost method. Central West Hospital and Health Service performed a comprehensive revaluation of all of its buildings this year. The current replacement cost method comprises: • Gross replacement cost, less • Accumulated depreciation Central West Hospital and Health Service derived the gross replacement cost of its buildings at balance date using unit prices that required significant judgements for: • identifying the components of buildings with separately identifiable replacement costs • developing a unit rate for each of these components, including: ○ estimating the current cost for a modern substitute (including locality factors and oncosts), expressed as a rate per unit (e.g. $/square metre) ○ identifying whether the existing building contains obsolescence or less utility compared to the modern substitute, and if so estimating the adjustment to the useful life of the asset required to reflect this difference. The measurement of accumulated depreciation involved significant judgements for forecasting the remaining useful lives of building components. The significant judgements required for gross replacement cost and useful lives are also significant for calculating annual depreciation expense.	My procedures included, but were not limited to: • Assessing the adequacy of management's review of the valuation process. • Assessing the appropriateness of the components of buildings used for measuring gross replacement cost with reference to common industry practices. • Assessing the competence, capabilities and objectivity of the experts used to develop the models. • Reviewing the scope and instructions provided to the valuer, and obtaining an understanding of the methodology used and assessing its appropriateness with reference to common industry practices. • For unit rates associated with a sample of buildings that were comprehensively revalued this year: ○ On a sample basis, evaluating the relevance, completeness and accuracy of source data used to derive the unit rate of the: ▪ modern substitute (including locality factors and oncosts) ▪ adjustment for excess quality or obsolescence. • Evaluating useful life estimates for reasonableness by: ○ Reviewing management's annual assessment of useful lives. ○ At an aggregated level, reviewing asset management plans for consistency between renewal budgets and the gross replacement cost of assets. ○ Ensuring that no asset still in use has reached or exceeded its useful life. ○ Enquiring of management about their plans for assets that are nearing the end of their useful life. ○ Reviewing assets with an inconsistent relationship between condition and remaining useful life. • Where changes in useful lives were identified, evaluating whether the effective dates of the changes applied for depreciation expense were supported by appropriate evidence.

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Responsibilities of the Board for the financial report

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

The Board is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the entity.
- Conclude on the appropriateness of the entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Board, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2018:

a) I received all the information and explanations I required.

b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

C G Strickland
as delegate of the Auditor-General

31 August 2018
Queensland Audit Office
Brisbane

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Queensland
Government

Queensland Health Annual Report 2017-18
Central West Hospital and Health Service
www.health.qld.gov.au/services/centralwest