

Central West Hospital  
and Health Service

# 2018–2019 ANNUAL REPORT

*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 2018 – 2019 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 2019.

#### Public availability statement

Hard copies of this annual report can be obtained from:  
Central West Health Hospital and Health Service  
Corporate Office  
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](http://www.centralwest.health.qld.gov.au)  
OR [www.health.qld.gov.au/centralwest/default.asp](http://www.health.qld.gov.au/centralwest/default.asp)

Requests for copies to be posted can be made via:  
Mail – Central West Hospital and Health Service,  
P O Box 510 Longreach Q 4730

Email – [centralwesthealth@health.qld.gov.au](mailto:centralwesthealth@health.qld.gov.au)

Phone - +61 746528000

ISSN 2202-7130



#### Interpreter service statement

The Queensland Government is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding the annual report, you can contact us on telephone (07) 4652 8000 and we will arrange an interpreter to effectively communicate the report to you.

#### Copyright

You are free to copy, communicate and adapt this annual report provided you attribute the work to the State of Queensland Department of Health. Content from the report can be attributed as follows: The State of Queensland Department of Health Annual Report 2018 – 2019.

To view a copy of the licence which confirms this copyright statement please visit <http://creativecommons.org/licenses/by/4.0/>



## Acknowledgement

*Central West Health wishes to acknowledge the Traditional Owners and Custodians of the land and waterways of the Countries across the Central West area of Queensland.*

We wish to pay our respects to Elders past and to all Aboriginal and Torres Strait Islander Peoples and thank them for their wisdom and guidance as we continue to work together to improve health outcomes for all.

Central West Health formally recognises the Australian South Sea Islanders as a distinct cultural group within our geographical boundaries. Central West Health is committed to fulfilling the Queensland Government Recognition Statement for Australian South Sea Islander Community to ensure that present and future generations of Australian South Sea Islanders have equality of opportunity to participate in and contribute to the economic, social, political and cultural life of the State.





# Letter of Compliance

The Honourable Steven Miles MP  
Minister for Health and  
Minister for Ambulance Services  
GPO Box 48  
Brisbane Qld 4000

Dear Minister

I am pleased to submit for presentation to the Parliament the Annual Report 2018-2019 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 is provided at page 91 of this Annual Report.

Yours sincerely

*Jane Williams*

Jane Williams  
Board Chair  
28 August 2019  
Central West Hospital and Health Service

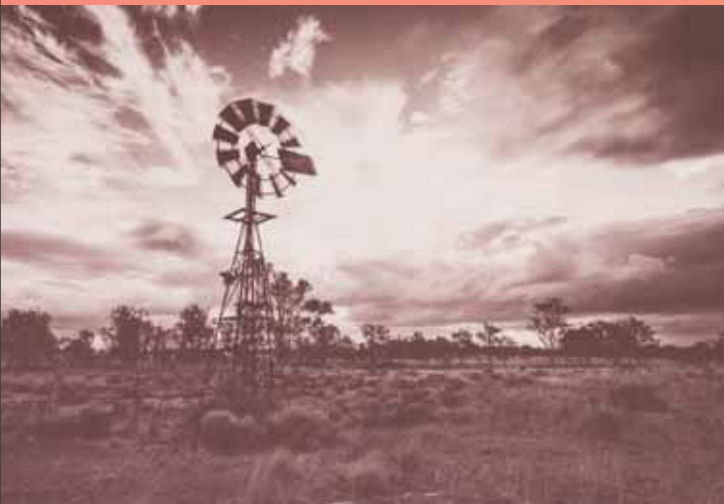
# Contents

04.	Statement on Government Objectives For The Community
06.	From the Chair and Health Service Chief Executive
08.	Highlights
10.	About Us
10.	STRATEGIC DIRECTION
11.	VISION, PURPOSE, VALUES
14.	PRIORITIES
16.	ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH
18.	OUR COMMUNITY BASED, AND HOSPITAL BASED SERVICES
19.	TARGETS AND CHALLENGES
20.	Governance
20.	OUR PEOPLE
20.	Board Membership
24.	Executive Management
28.	Organisational Structure and Workforce Profile
30.	Awards and recognition
32.	Strategic Workforce Planning and Performance
35.	Early Retirement, Redundancy and Retrenchment
36.	OUR COMMITTEES
36.	Executive
37.	Safety and Quality
38.	Audit and Risk
38.	Finance
39.	OUR RISK MANAGEMENT
39.	Internal Audit
40.	External Scrutiny, Information Systems And Record Keeping
41.	Queensland Public Service Ethics
41.	Confidential Information
42.	PERFORMANCE
42.	Demand on Services
43.	Service Standards
46.	Financial Summary
48.	Financial Statements
90.	Glossary
91.	Checklist



# Statement on Government Objectives for the Community

During 2018-2019 Central West Health has, through Queensland Government investment, enhanced and supported local communities by providing service delivery, people, technology and infrastructure improvements.



Central West Health's priorities reflect and align with Advancing Queensland and Queensland Health's My Health, Queensland's future: Advancing Health 2026. We actively work to promote integrity, safety, inclusivity, diversity and innovation.

Local investment and development of infrastructure in the region has created a local economic boost to communities. The capital investment of \$15.4 million for the delivery of a new Primary Healthcare Centre at Aramac and the Longreach Hospital Redevelopment supported local businesses through the engagement of nine local contractors. The Honourable Minister for Health and Minister for Ambulance Services recognised this as an "excellent outcome for local business and the local economy" during his visit to Longreach in September 2019.

In the next financial year the Blackall Hospital redevelopment and Boulia Well-being and Primary Healthcare Centre replacement Projects will provide further opportunity for injection of much-needed capital to those local economies.

The addition of a Computed Tomography (CT) scanner as part of the Longreach Hospital Medical Imaging Department upgrade means that some patients no longer have to travel outside the Central West to access this diagnostic test.

Pictured below. Cover of the Chronic Disease Partnership Strategy for the Barcoo, Diamantina and Boulia Shires



Together, the Day Surgery Unit and refurbishment of the Maternity Unit at the Longreach Hospital provides improved access to state of the art facilities.

Connected care through connecting with communities is the philosophy of the Better Health project which was implemented in August 2018. Better Health will work to keep Queenslanders healthy as Central West Health partners with the Western Queensland Primary Health Network, CheckUP, Royal Flying Doctor Service (Qld Section), North and West Remote Health, Aboriginal and Torres Strait Islander Health Branch and the local government shires of Barcoo, Diamantina and Boulia to implement strategic priorities for healthcare across seven of our most remote communities as detailed in the Chronic Disease Partnership Strategy.

This project was funded by the Integrated Care Innovation Fund through Clinical Excellence Queensland.

The Queensland Government's Tackling Regional Adversity through Integrated Care program (TRAIC) program is in its third year in the Central West and encourages community-based groups to develop and promote mental health support in regions affected by droughts, disasters and other crises. The objectives of the TRAIC grants are to build community resilience, promote suicide prevention and improve help seeking behaviour and referral pathways. The Central West Health TRAIC team work to provide frontline staff with the skills to support suicide prevention and intervention strategies.

Central West Health recognises the role technology plays in responding to our changing demographic and empowers individuals to focus on prevention through improved communication and management of their own and others' health. This is reflected in the investment made in a Rural and Remote Chief Information Officer and a strong contribution to the development of a Rural and Remote Digital Strategy. There is also increase in the adoption of technology by communities as reflected in the increased use of telehealth enabled services.



# From the Chair and the Health Service Chief Executive

## Effective Partnerships Sustaining Central West Health into the Future.

Investing in and building effective partnerships are essential to delivering healthcare in remote Queensland. The importance of partnerships with; traditional owners and custodians of the land in the central west, our communities, non-government organisations, local government, government agencies, commissioners and of course the staff cannot be understated in the context of the value that they can deliver.

In August 2018 we were very pleased to welcome Dr John Wakefield, Deputy Director General Clinical Excellence Division and Mr Nick Steele, Deputy Director General, Healthcare Purchasing and System Performance to the health service. Our guests joined with our Board and Executive colleagues to review results from the Department of Health (the Department) led Health System Assurance Framework Survey which Central West Health was pleased to participate in earlier in 2018. Their attendance and discussion provided opportunity for Central West Health to engage with the Department in a way which built shared understanding of the unique challenges and risks from each other’s perspectives.



Left to Right - Dr John Wakefield, Jane Williams, Nick Steele, Cr Bruce Scott (Mayor – Barcoo Shire Council) visit Windorah Primary Health Centre.

*An undertaking from all parties to review the way in which the Central West Health and Department of Health Service Agreement discussions occur was agreed and we look forward to collaboratively approaching future discussions with a focus on mutual success and improved patient care.*

The launch of the Better Health project in August 2018 was a culmination of more than two year’s investment of time and effort on the part of the health service in engaging with our staff, our partners and communities to understand, design, develop, educate and implement co-designed models of care. The evaluation is planned to occur over the next decade. Over this time we anticipate that there will be increased health within the communities of Boulia, Bedourie, Birdsville, Windorah, Jundah, Stonehenge and Yaraka.

Central West Health was pleased to welcome the Honourable Minister for Health and Minister for Ambulance Services, Steven Miles, to the Central West on two occasions. These visits are important as they provide an opportunity for staff to highlight their resourcefulness and the contributions that they make each day in the pursuit of delivering far-reaching, sustainable, safe and quality healthcare services. The Minister was also able to see the outcomes of significant Queensland Government investment in capital infrastructure but to understand from staff and residents how this supports access to health care services.

The resilience of our communities was tested early in 2019 when the seemingly endless drought became a severe flood event in the community of Winton and surrounds. Central West Health played a vital role in providing guidance and support to the physical, mental health and wellbeing of our communities as this event unfolded. Our caring and dedicated staff who are in some cases impacted themselves continue to provide support and care as the impacts continue to be felt. . Our Board and Executive continue to keep the challenging climate conditions and its impact on our people foremost in our minds when designing, reviewing and setting strategy, performance and investment.

We recognise how critical our continued close partnerships with local government authorities and other health service providers across the Central West are in support of our efforts to improve individual and community health and wellness. We are both particularly grateful for the support provided during the Better Health Project by the Boulia, Diamantina and Boulia Shire Councils who all invested a lot of time of the Steering Committee and will assist leading this into the future. The growth of innovative service delivery models using telehealth is changing the way our patients connect with specialist support professionals in the larger centres. Our telehealth services have quadrupled over the last five years and we were very excited to launch our new Tele-chemotherapy service in December 2018.

*In partnership with Metro North Health we are now able to provide opportunity for low risk chemotherapy treatment services to be provided to Central West Health patients much closer to home. In addition, we can empower our medical, nursing and allied health workforce through investment in education to allow them to have an increased scope of exposure to cancer care practice. A shared electronic prescription data base facilitates our patients access to chemotherapy drugs and video conferencing supports regular engagement between Metro North Health and Central West Health service providers to reflect and adapt as the service grows and develops.*

Engagement with our communities and staff through internet and social media platforms such as Facebook can greatly enhance the way in which we can connect, understand, inform and hear the voice of our people. The Central West Health Communications Team has also completed a significant amount of work in preparation for the launch of the Central West Health Facebook page which will occur early in the new year. This work has greatly enhanced our staff’s ability to access critical and current information and has made a great difference to the way in which we are able to support them in their professional capacities.

The staff of Central West Health have worked tirelessly this year to deliver on the investments that have been made by the Department of Health and our other Commissioners.

On behalf of the Board and the Executive Leadership Team we would like to thank all our partners and our skilled and dedicated staff. Thanks to each of you for all that has been achieved this year and for the services that you provide every day in a very challenging environment.

Jane Williams Board Chair  
Jane Hancock Health Service Chief Executive



## Highlights

*Central West Health in partnership with our communities have built on the investments made in infrastructure, systems and people to provide more services closer to home.*

We have showcased and celebrated some of these achievements at the inaugural Central West Health Staff Awards which was held at the Longreach QANTAS Founders Museum in November 2018. 19 nominations were received across four categories and the event highlighted the fantastic team and individual contributions our staff make.

Another highlight was the successful establishment and execution of a partnership with Metro North Hospital and Health Service (the Partnership) which will continue to support efforts to deliver responsive, innovative, high quality and safe patient care closer to home. The Partnership will link Central West Health personnel access to experienced advice and targeted support and advice including corporate and clinical functions. It is also a great opportunity for the staff of Metro North to strengthen their understanding of care delivery in remote Queensland.

The Integrated Care Innovation Fund project – Connecting Care through Connecting with Community went live on 1 July 2018. Better Health, as it is now known, has been ably designed in partnership with community and strategic and operational partner stakeholder groups.

In December 2018 the Tele-chemotherapy service was commenced and has since enabled increased access to low risk chemotherapy treatment services at a hospital facility closer to home for cancer patients living across the Central West Health area. For Longreach resident, Sharon Rose, commencing her treatment closer to home on 13 December 2018 has meant that she no longer must travel by plane to Brisbane every three weeks for treatment.

---

*“Travelling to Brisbane every three weeks means being away from home for two nights and close to four days each time. To be able to have treatment in Longreach instead is so beneficial, especially if I’m not feeling well and having to worry about travelling and taking time off work. Having me home, my family, my husband and two sons, also will have less worries with me travelling so often.” Sharon Rose.*

---

The service is a partnership between Central West and Metro North Hospital and Health Services and provides patients with access to specialist medical and haematology oncology services via telehealth, whilst increasing scope of cancer care practice for the rural medical, nursing and allied health workforce.



# About us

Central West Health is a resourceful and dedicated leader in quality, far-reaching healthcare. Our high standard of accessible healthcare spans a vast 396,650 km2 region, 23 per cent of Queensland. Reaching from Tambo in the south-east to Boulia in the north-west, our healthcare hubs based in Longreach, Barcaldine, Blackall, and Winton serve communities as widespread as they are diverse.

Central West Health operates 15 facilities across the geographical area consisting of one District Hospital in Longreach, four inpatient facilities in Alpha, Barcaldine, Blackall and Winton and 10 Primary Health Centres (PHCs). The PHCs are located in the communities of Boulia, Bedourie, Birdsville, Windorah, Jundah, Isisford, Tambo, Aramac, Muttaborra and Jericho. Coordinated outreach allied health, oral health, mental health, pharmacy, maternal and child health and medical services are provided to ensure residents of our communities receive safe, quality care as close to home as possible.

Outback Medical Services are contracted by Central West Health to deliver general practice access to the people of Longreach and Barcaldine with outreach to the communities of Alpha, Aramac and Muttaborra. All general practice clinics are serviced by Central West Health medical officers providing an opportunity for greater continuity of care as these same officers also providing care in the acute facilities. General practices located in Winton and Blackall are owned and operated by Central West Health and, in the case of Blackall, also provide outreach services to Tambo. Medical and oral health care and support in the west of our health service area is provided by the Royal Flying Doctor Service and allied health services are provided by North and West Remote Health.

The primary corporate home of Central West Health is located in Longreach which includes the Executive Leadership, Building, Engineering and Maintenance Services, Clinical Governance, Finance teams, Board Operations and project teams.

Other corporate functions are also hosted at other sites across the health service including:

- Patient and staff travel – Blackall Hospital
- Human resource management – Barcaldine MPHS
- Vehicle fleet management – Winton MPHS

Central West Health partner organisation, Royal Flying Doctor Service, provides medical services to our more remote Central West communities with the use of the National My Health Record on line record system facilitating the sharing of medical records across providers to best enable continuity of care.

## STRATEGIC PRIORITIES

Feedback from our communities emphasises that our service structure and partnerships need to be responsive, adaptable, inclusive and compassionate. Incorporating this feedback is critical to the development of sustainable models of healthcare delivery that can support Aboriginal and Torres Strait Islander people and non-Indigenous Australians across their life spans in; prevention, primary care, emergency and acute hospital-based services.

The Central West Health 2019-2023 Strategic Plan (the Plan) was developed in direct consideration of the valuable feedback from our consumers, staff and partner organisations. Site visits and community engagement sessions conducted across the health service have provided the Board with greater understanding on what matters most to the people of Central West Queensland when it comes to safe, quality and reliable healthcare services. This feedback has influenced the priority setting in line with the values and qualities expected and championed by our leaders and considered in the context of broader stakeholder and partner discussions and state and federal government policy directions.



Central West Health Values Award recipient Louise Cusack receiving her award from invited guest Dr Bill Glasson.

## OUR VISION

The May 2019 review and update of the Central West Health Strategic Plan saw us redefine our vision as:

Leaders in providing far-reaching healthcare

This vision statement informs our staff, consumers and partners of the opportunity our organisation has to provide safe and quality healthcare services to people across our vast geographical region.

Delivering health services to sparsely populated communities dotted across the Central West area requires innovation, dedication and resourcefulness on the part of all involved and our unique people and places certainly deserve our collective aim to be leaders in our field.

## OUR PURPOSE

Drawing on the resilience and resourcefulness of our experienced and committed people, we work collaboratively to overcome distance.

Working with our partners within and outside the healthcare system we go the distance to make a difference in the lives of the people in our care. We combine our knowledge and experience with an entrepreneurial spirit which is uniquely part of the Central West. Whether it's championing proactive health programs for our many communities or enhancing our emergency responsiveness, we are dedicated to delivering the best possible outcomes.

## OUR VALUES

Organisational values define our culture and serve to bond our staff together and are an essential part of any organisation's strategic vision and direction.

Central West Health recognises the absolute need for organisational values and employee values to be aligned. The environment that this creates allows greater opportunity for increased staff satisfaction and better safety and quality outcomes for patients.

Winner of our inaugural Central West Health Values Award in 2018, Louise Cusack, demonstrates how values in action translates to resourceful, dedicated, far-reaching healthcare. The Awards judging panel recognised how her high degree of integrity and respect to colleagues and patients supported her to delivery exceptional person centred care.



## People-centred care.

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

In May 2019 a survey of women who had their babies in the Central West between 2014 and 2018 was conducted. Senior Medical Officer Dr Kirsty Symmons advised the results of the survey would be utilised to plan future service delivery. The results indicated that almost 88 per cent of respondents said they would deliver in Longreach and recommend it to others. 100 per cent of survey respondents indicated satisfaction with appointment delivered via telehealth and the Maternity Unit Team is working to optimise this form of service delivery to reduce the need for patient travel whilst maintaining a safe and quality service.

## Investment in staff

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

The Central West Health Board approved in early 2019 an updated Central West Health Clinician Engagement Strategy in early 2019. Partners in Change, a Clinical Engagement Strategy 2019-2021 is further supported by updates to Nursing and Medical workforce plans and the Central West Health Governance Framework. These documents combine to support our leadership and management staff with structure and guidance to enable delivery of safe, sustainable accessible and evidence-based healthcare across our communities by skilled and valued staff.

A governance review finalised in early 2019 identified the need to establish the Research, Learning and Development Committee chaired by the Executive Director Workforce Governance and Information Management. This forum provides leadership, management and governance of employee professional development and training and research activities. As this Committee matures the opportunity for improved patient outcomes is increased through targeted staff education alignment with current research which responds to current and emerging service delivery requirements.



## Quality and safety.

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

Central West Health Nurse Navigators are highly experienced Registered Nurses who have a tremendous level of knowledge and understanding of clinical care and the functionality of the healthcare system. Four dedicated Nurse Navigators are based in Longreach, Barcaldine, Blackall and Winton and are continually building and expanding their service and advocating for patients to receive their care closer to home. The Nurse Navigator role is to coordinate our most complex patients living in our communities with multiple health conditions to different specialists and services which at times can be very stressful for the patient and their families.

A referral from a community-based home support provider resulted in Longreach based Nurse Navigator – Simone Champion – visiting an elderly resident who lives alone and was displaying signs of a deterioration of overall health and wellbeing. A visit by Simone resulted in a care plan including Allied Health and Gerontologist cognitive assessments, clinical review, medication support, transport coordination and an increase in home care services being agreed. This was further supported by some ongoing face to face education to support the patient at home.

Linking in with family who live apart from the patient also enabled Simone to establish support for the payment of bills and management of personal banking matters to occur resulting in a complete network of support for the individual. Thanks to the supports Simone has put in place the patient is confidently able to maintain his independence. A great outcome!

## Integrity and accountability.

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

As a Statutory Agency of the Queensland Government Central West Health must comply with Queensland Treasury's Financial Reporting Requirements for Queensland Government Agencies as mandated under the Financial and Performance Management Standard 2009. Annual Reporting of financial and non-financial performance is facilitated via this publication which supports transparency of process and is subject to scrutiny by Queensland Audit Office appointed external auditors for validation of information.

In support of Queensland Government's objectives to create jobs in a strong economy and be a more responsive government, comprehensive community engagement sessions were undertaken in the Blackall community in the lead up to the commencement of the Blackall Hospital redevelopment project. In April and May 2019, the Blackall Community were invited to attend community engagement sessions facilitated by Central West Health and involving representatives from Queensland Health's Capital Asset Services and contracted lead architecture firm Conrad Gargett.

The sessions provided the opportunity for the Blackall and Tambo communities to meet the people who will be leading this important project in their community and provide feedback and input into its success. Importantly, a representative from the Department of State Development, Manufacturing, Infrastructure and Planning attended and met with invited representatives of the local trade contractor community to provide an overview of how they can best place themselves to be involved in the project. From this session, the Blackall Tambo Regional Council Office was agreed as the local contact point enabling information sharing maximising the opportunity for the project to provide a boost to the local economy. We look forward to continuing to actively engage with the Blackall and Tambo communities as the project progresses.

## Innovation and change

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

As technology progresses Central West Health embraces innovative approaches to communication, support functions and service delivery that reduces the negative impacts of geographic isolation.

During the past 12 months a free Wi-Fi service has been installed as part of a project to improve digital connectivity for patients, visitors, guests and staff at Central West Health Service facilities.

Having a 24 hour, cost free internet service available will benefit patients and families and improve convenience in the reception area/waiting room at Central West Health locations.

Standard Queensland Health internet security and safety controls apply to this service, restricting access to inappropriate sites.

In 2019 Central West Health, in response to demand, enhanced its specialist ophthalmology services by the installation of an Optical Coherence Tomography (OCT) scan. The OCT is used by visiting ophthalmology specialists post consultation. Patients previously had to travel to Emerald to have this scan performed following their consultation and this is a great result for many of our residents. The OCT also enables our visiting ophthalmology specialists to conduct injection procedures as required which means that those patients no longer must travel to Townsville or Brisbane – even better! A well-rounded ophthalmology service is now available to residents of central west.



## OUR PRIORITIES

*To deliver our Vision to be leading providers of far-reaching healthcare for remote Queenslanders strategic priorities were reviewed in May 2019. Nine strategies which focus on three key areas; People, Services and Systems was agreed in our 2019-2023 Strategic Plan (the Plan).*

The key areas recognise the strength and expertise of our staff in remote service delivery and build on our relationship with communities and other service providers. The main health challenges facing our people arise from the increasing poor social and emotional wellbeing of communities, mental illness and chronic disease. Working to meet those challenges was a key consideration when determining the future roadmap.

### People

Strengthen partnerships with staff, communities, residents, patients and consumers to improve health outcomes

#### People - Strategies

1. Embed a positive and proactive culture across the organisation and in partnerships
2. Embed the unique voice of Aboriginal and Torres Strait Islander people and communities in the design and delivery of services
3. Grow and strengthen the role of the Consumer Advisory Networks

### Services

Deliver high quality, consumer focussed health services

#### Services - Strategies

1. Develop and embed the mix of health services and models of care that will meet the current and future health needs of the Central West Health communities
2. Maximise health technology and infrastructure investments to deliver quality and consumer focussed services
3. Use strategic partners to assist with improving consumer and staff health literacy

### Systems

Achieve long term organisational sustainability

#### Systems - Strategies

1. Embed value-based healthcare to ensure improved outcomes for patients
2. Develop contracts with cross sector partners to collaboratively improve primary care service delivery and outcomes
3. Develop and implement strategic support functions with Metro North Hospital and Health Service

**Embracing these priorities, the Community Health and Specialist Outpatients team has worked hard over six months to amalgamate under one umbrella with the aim of improving and developing the delivery of outpatient services. Utilising current resources and embedding referral pathways within teams of visiting specialists which deliver within the health service is creating a more robust pathway of scheduling appointments. This will also improve ability to capture the activity that is being delivered including face to face and telehealth appointments.**

Development of a referral hub is in progress. This will involve clinical and non-clinical staff acting as one point of contact for categorisation and booking of appointments for specialist outpatients, telehealth and surgical services. Streamlining of our system supports the delivery of elective surgery services within clinically recommended timeframes and has the added advantage of informing discussion with external service providers on the development of a more robust and accurate forward plan of service delivery in accordance with demand.

Referrals have significantly grown over the past year in the specialist areas of surgical, ophthalmology, paediatrics, palliative care, gerontology, orthopaedics and respiratory. The central referral hub approach has allowed the staff to cluster clinics enabling visiting specialists time to work more efficiently when they are travelling outside of Longreach to conduct clinics in Winton, Blackall and Barcaldine. Patients are embracing telehealth and often request to be seen by this delivery method instead of undertaking travel to Longreach to attend their appointment.





## ABORIGINAL AND TORRES STRAIT ISLANDER HEALTH

### NAIDOC 2018

— *Because of her, we can!*

Central West Health welcomed Bidjara woman, Keelen Mailman, as a special NAIDOC week guest to support our celebration of the history, culture and achievements of Aboriginal and Torres Strait Islander peoples. The week saw Central West Health co-host with Winton District Aboriginal Corporation and Barcaldine's Central West Aboriginal Corporation 11 events in sites across the Central West attended by approximately 130 staff and community members.

*Pictured above members of the Executive and Aboriginal and Torres Strait Islander Health Team with our 2018 NAIDOC Week guest. Back left to right – Stephen Dancy, Craig Carey, Anthony West. Front left to right – Patricia Brotherton, Keelen Mailman (Guest), Cheryl Hooper*

*The sharing of stories and experiences served as a great enabler to develop shared understanding of issues. Central West Health recognised the week's celebration activities as a key component of its aim to progress the Queensland Health Statement of Action towards Closing the Gap in Health Outcomes.*

*The focus of the Aboriginal and Torres Strait Islander Cultural Practice program (CPP) is to increase the knowledge and understanding of Aboriginal and Torres Strait Islander culture and how it can contribute to planning, design and delivery of health services and programs aimed at achieving better health outcomes for Indigenous peoples.*

In 2018-2019 Central West Health conducted six CPP workshops attended by 99 staff and Members of the Central West Health Board. The CPP workshops aimed at helping participants to gain a deeper knowledge and understanding of:

the uniqueness and diversity that exists between and within Aboriginal and Torres Strait Islander cultures including cultural values, beliefs and practices

the historical and social factors that contribute to the current health status of Aboriginal and Torres Strait Islander people

development opportunities to building individual cultural capability

effective communication and engagement strategies

Aboriginal and Torres Strait Islander workforce issues and external agencies

50  
6.6  
8

Central West Health aims to have 50 per cent of its Aboriginal and Torres Strait Islander workforce trained as CPP facilitators which will provide opportunity for the health service to sustainability deliver the program into the future.

6.6 per cent of the current Central West Health workforce identify as being of Aboriginal and/or Torres Strait Islander descent and reflects a full percentage increase on the previous year.

Our target remains 8 per cent for 2020. The recent establishment of a position for a dedicated Manager of the Aboriginal and Torres Strait Islander Health team will further support the strengthening of our workforce in terms of capacity and capability.

*In October 2018 the Central West Health Board approved the Central West Health Statement of Action – Closing the Gap. This Statement takes the form of a work plan which will inform progress and measurables in three key areas:*

- *Embed Aboriginal and Torres Strait Islander representation in leadership, governance and workforce*
- *Improve local engagement and partnerships between the health service and Aboriginal and Torres Strait Islander people, communities and organisations*
- *Improve transparency, reporting and accountability of our efforts to Close the Gap in health outcomes for Aboriginal and Torres Strait Islander Queenslanders*

The establishment of the Central West Health Aboriginal and Torres Strait Islander Advisory Council (the Council) came one step closer in 2018-2019 when expressions of interest for membership were advertised during the first half of 2019.

The Council was approved by the Board in March 2018 and Board Member, Ms Leisa Fraser, appointed as the inaugural Council Chair. It is envisaged that the Council will provide strategic advice to the Board and embed the unique voice of our First Peoples in the design and delivery of culturally safe and appropriate services.

We look forward to the Council establishing itself and for the input it will give to planning services for our Aboriginal and Torres Strait Islander population during 2019-2020.



## OUR COMMUNITY BASED AND HOSPITAL-BASED SERVICES

*The Longreach Hospital provides 24-hour emergency outpatient and inpatient care. Longreach Hospital is also home to the only operating, day surgery and maternity units in the health service as well as centrally hosting obstetrics, allied health, pharmacy and a medical imaging unit which includes a CT Scanner.*

The Central West Health Community Health Unit is also located in the town of Longreach and provides a health service wide specialist outpatient referral hub, women's and sexual health, diabetes education and healthy lifestyles programs, chronic disease management, aged care assessments, gerontology services, cardiac rehabilitation and palliative and end of life care services. All of these services partner collaboratively with our visiting specialists providing opportunity for holistic, patient centred care to deliver the best possible outcomes for our people.

Central West Oral Health Services are based at the Barcaldine Multi-Purpose Health Service (MPHS) facility supported by the positioning of a senior level dentist working from the Longreach Hospital site. From these sites public oral health services are provided to communities across the health service, including all state schools.

The Barcaldine MPHS provides 24-hour emergency and inpatient care and includes an allocation of six residential aged care beds. From the community of Barcaldine, corporate support functions are provided to the Muttaborra and Aramac Primary Health Centres (PHCs), Jericho Community Clinic and the Alpha Community Hospital. The Alpha Community Hospital provides 24-hour emergency care, inpatient facilities and residential aged care beds.

The Winton MPHS provides the Winton community and surrounds with access to 24-hour emergency and inpatient care as well as residential aged care beds.

The absence of alternative aged care service providers in all but two communities means that Central West Health is the only alternative for provision of residential aged care.



Inpatient care is provided to residents in Blackall and surrounding areas by the Blackall Hospital and Primary Health Centre located in the community of Tambo. The Royal Flying Doctor Service provides access to regular medical officer services in the remote primary health centres in the far west of the health service as well as in the communities of Yaraka and Stonehenge.

The use of Medical Director software is now installed and accessible by medical officers in all Central West Health facilities and general practices. This provides the best opportunity for an individual patient's comprehensive and continuity of care to be achieved.

*"The pen-cat data system not only facilitates my every day appointment booking but also enables me to understand where each patient is in their cycle of care." Winton Practice Manager – Louise Cusack*



## TARGETS AND CHALLENGES

Post implementation of Better Health Project change management remains a priority to ensure that the model of care can transition to business as usual. The Board recognises the success of this project will be ground breaking and gives its full support to its priority to meet the current and future health needs of our communities.

High level of access to emergency care at Hub and Primary Healthcare Centres has been achieved for this period and this access will remain a priority in 2019-2020. We aim to continue to further maximise the use of health technology and infrastructure investments to support the delivery of quality consumer focussed services into the future.

The attraction and retention of a diverse workforce is a challenge Central West Health is working to meet through continued development of its partnerships and alliances. Working with Metro North Hospital and Health Service to deliver a five-year Health Service Plan will support us to better understand our workforce needs in alignment with the improved health outcomes for Central West people. Continuing to strengthen the role of our Consumer Advisory Networks is a part of the continued implementation of our consumer engagement strategy - Your health, our community – as we look to work alongside our communities to empower them to make positive health choices for a real and lasting difference to their quality of life.

*The geographical location of our communities creates a challenge that will always require us to be adaptable and resourceful. The development of a value-based health strategy will provide opportunity for us to meet this challenge and identify ways in which we can best provide sustainable, dependable, accessible and inclusive healthcare services. Development of an alliance contract with our commissioning bodies will support improved collaboration to maximise efficiency and reduce duplication. Work to complete this is targeted for achievement by 2021. The demonstration of benefits of this initiative will be supported by our planning to develop mechanisms for monitoring service and patient outcomes which will require us to find ways to work with and amplify the voice of consumers.*

# Governance

## OUR PEOPLE

Central West Health continues to have a focus on strengthening the partnerships with staff, communities, residents, patients and consumers to improve health outcomes for the people of Central West Queensland. Individual members of the Board and Executive Leadership Team have been supported to participate in leadership building programs during the 2018-2019 year to best position them to support the organisation to respond to risks, opportunities and challenges.

### Board Membership

Following the conclusion of the Ministerial led state-wide recruitment process the Central West Health Board was pleased with the reappointment of four members. The process involved Members lodging applications for consideration against a pool of applicants merit listed by an appointed panel according to individual skills and abilities. This shortlisting takes into consideration each of the 16 hospital and health services individually completed skills matrices which identify strengths and weaknesses of the existing membership to provide opportunity for informed placement of individuals to fill any identified gaps.



Incumbent Chair and founding Member – Jane Williams – was reappointed until March 2022 and was joined by her colleagues and founding members, David Arnold (Deputy Chair) and William Ringrose who were both reappointed until May 2021. Jonathan (Blake) Repine was reappointed until May 2022 following his initial engagement in May 2018 rounding out the current Board membership.

*Leadership stability and breadth of skill and experience in rural and remote life was welcomed by the Board and the Health Service Chief Executive post the reappointment announcements on 17 May 2019.*

Appointment history	Chair
Jane Williams	
1/7/2012	18/5/2016
18/5/2013	17/5/2019
18/5/2016	
18/5/2019 – 31/3/2022	
David Arnold	
1/7/2012	
18/5/2013	
18/5/2016	
18/5/2019 to 17/5/2021	
William Ringrose	
1/7/2012	
18/5/2013	
18/5/2016	
18/5/2019 to 17/5/2021	
Elizabeth Fraser	
18/5/2016	
18/5/2017 to 17/5/2021	
Dr Clare Walker	
18/5/2016	
18/5/2017 to 17/5/2021	
Leisa Fraser	
18/5/2016	
18/5/2017 to 17/5/2021	
Jonathan (Blake) Repine	
18/5/2018	
18/5/2019 to 31/3/2022	





Appointed in May 2018 Jonathan (Blake) Repine brought his skills and experience in strategic and executive leadership and change management to the Central West Health Board. Blake's professional career to date has taken him from the battlefields of Afghanistan and Iraq – where he first met his wife – to Central Queensland and more recently Darwin.

Blake immediately enjoyed the welcoming and collegiate way in which the Central West Health Board operates and promotes and appreciated the same feeling of welcome from the wider Central West communities. Such was his level of appreciation Blake is now making his home with his family in Jundah after accepting a role with the Barcoo Shire (currently Regional) Council and looks forward to continuing his work on the Board to support Central West Health as a leading provider of far-reaching, safe and quality healthcare services.



Photo caption – left to right - David Arnold (Deputy Chair), Elizabeth Fraser, Jane Williams (Chair), Leisa Fraser, Cr Andrew Martin (Blackall Tambo Regional Council Mayor), Blake Repine, Dr Clare Walker, Bill Ringrose

The Board and Mayor of Blackall Tambo Regional Council, is pictured in the grounds of the Tambo PHC in February 2019 following a successful community engagement evening and Board meeting in the community. Members appreciated being able to informally catch up with the Chair of the Tambo Consumer Advisory Network, community members and staff at a BBQ held at the Tambo Shire Hall and understand the value of engagement of this nature plays in informing their planning and decision making.

Central West Hospital and Health Service Board					
Act or instrument	Hospital and Health Boards Act 2011				
Functions	Exercising control over the Service for which it is established.				
Achievements	The Board was pleased to develop and publish its strategic plan for the next four-year period in May 2019. The <i>Central West Health Strategic Plan 2019-2023</i> is available from our website and was shared in hard copy and electronic format with our communities, staff and stakeholders following its publication. Identifying our priorities and objectives supported by the strategies we will pursue to progress implementation and measure our success provides Central West Health with a roadmap for success in its work to provide far-reaching health care for the people of our communities.				
Financial reporting	Transactions for Central West Health are reported in accordance with Queensland Treasury’s Financial Reporting Requirements for Queensland Government Agencies or FRRs (mandated under sec 43 (1) of the Financial and Performance Management Standard 2009) via production and publication of the Central West Health Annual Financial Statements.				
Remuneration					
Position	Name	Meetings/sessions attendance	Approved annual, sessional or daily fee	Approved sub-committee fees if applicable	Actual fees received
Chair	Jane Williams	10 - Board 5- Executive Committee 5 - Safety and Quality Committee	\$68,243	\$2,500	\$71,996
Deputy Chair	David Arnold	11- Board 6 - Executive Committee 5 - Finance Committee 4 - Audit and Risk Committee	\$35,055	\$2,000	\$41,413
Member	William Ringrose	10 - Board 7 - Finance Committee 5 - Audit and Risk Committee	\$35,055	\$2,000	\$39,496
Member	Elizabeth Fraser	11 - Board 6 - Executive Committee 1 - Finance Committee 6 - Safety and Quality Committee	\$35,055	\$2,000	\$39,228
Member	Dr Clare Walker	9 - Board 3 - Audit and Risk Committee 5 - Safety and Quality Committee	\$35,055	\$2,000	Nil
Member	Leisa Fraser	11 - Board 6 - Finance Committee 5 - Audit and Risk Committee	\$35,055	\$2,000	\$38,921
Member	Jonathan (Blake) Repine	11 - Board 6 - Finance Committee 3 - Safety and Quality Committee	\$35,055	\$2,000	\$38,730
No. scheduled meetings/sessions	Board - 11 Executive Committee - 6 Audit and Risk Committee - 5 Finance Committee - 7 Safety and Quality Committee - 6				
Total out of pocket expenses	Out of pocket expenses of \$11,209 was recorded during the same period and this amount reflects payments made in accordance with the Queensland Public Service Motor Vehicle Allowances and Domestic Travelling and Relieving Expenses.				

Executive Management

The Central West Health Executive Leadership Team is made up of a team of seven working together to monitor performance against strategic priorities and deliverables in the aim to provide resourceful, dedicated, far-reaching healthcare to the people of Central West Queensland.

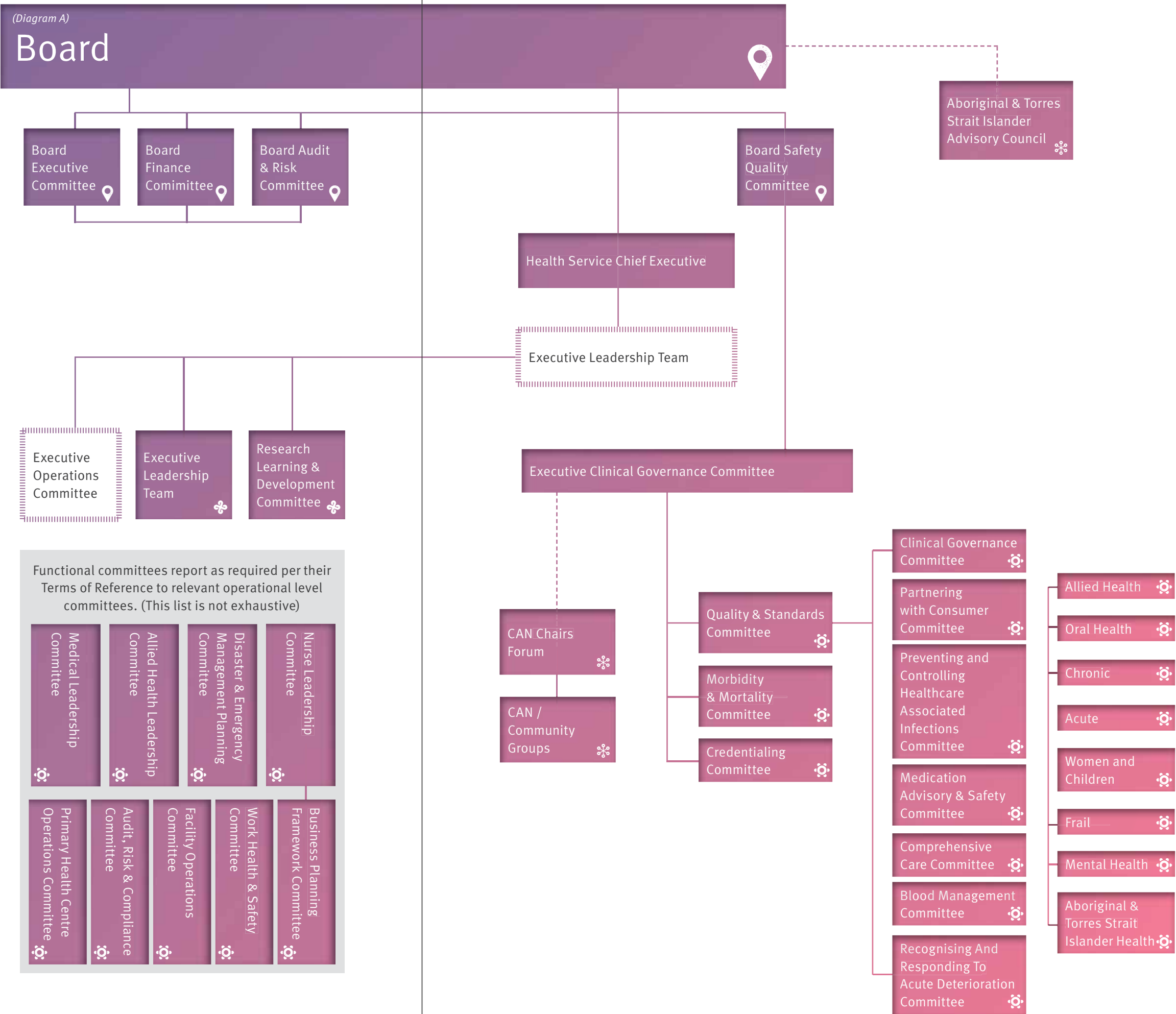
Diagram B provides an overview of executive positions and responsibilities. Consideration of this information in conjunction with the Central West Health Committee structure (Diagram A) informs the management model for operationalising and monitoring of performance against strategy and the Service Agreement deliverables and commitments.

All Executive positions are full time except for the Chief Information Officer – Rural and Remote which is a joint investment initiative between Central West Health in partnership with South West and North West Hospital Health Services and eHealth Queensland.

Since its implementation in 2018 the current Executive Leadership Team structure has been monitored and reviewed with a view to establishing one that is organisationally and individually sustainable. Appointment to key vacancies will be a priority in 2019 – 2020.

Legend

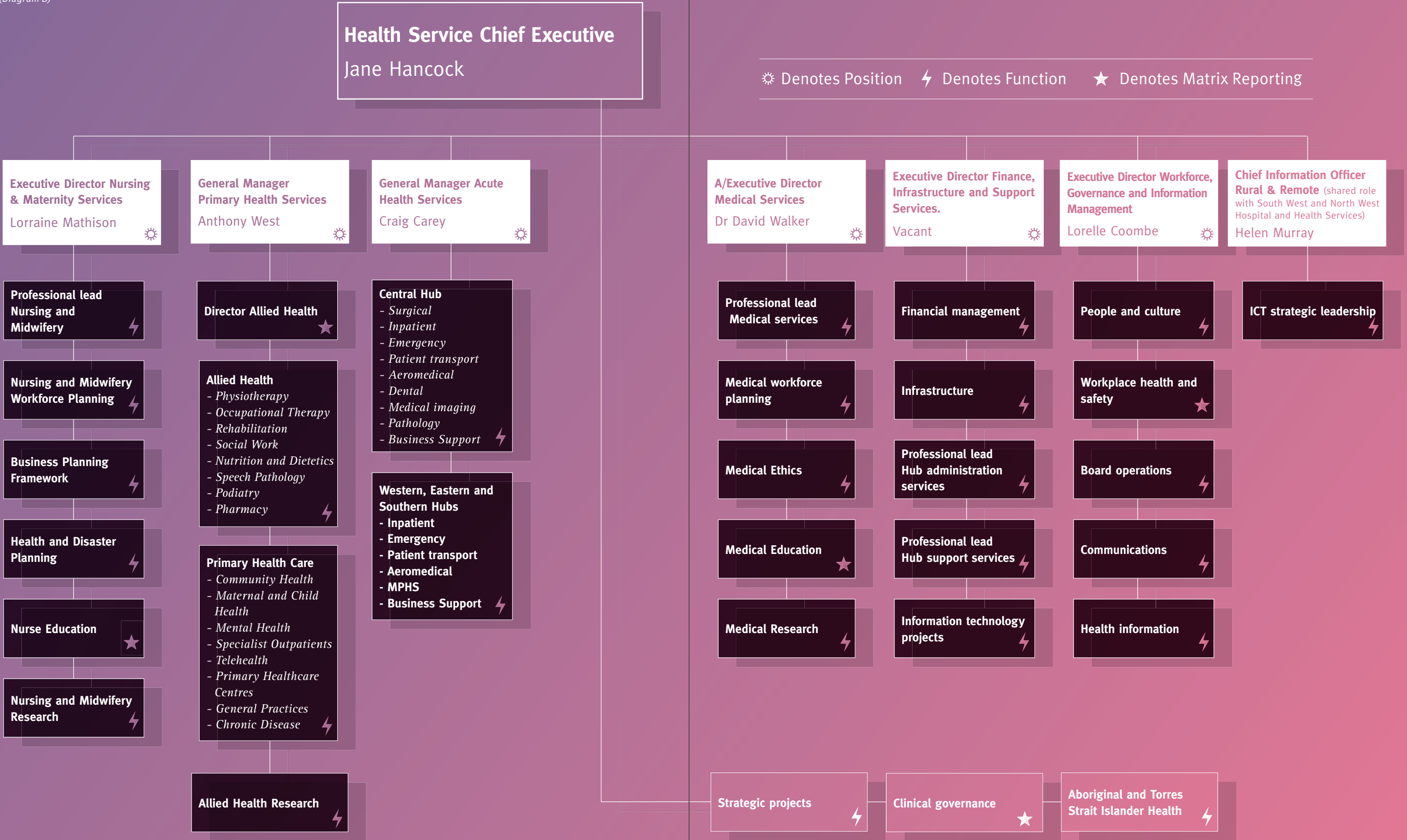
- 📍 Strategic
- 🌿 Operational
- ⚙️ Functional
- 🌐 External Advisory/ Professional
- Advisory
- Direct Function
- ⋮ Proposed for 2020





CWH Executive Structure

(Diagram B)



Organisational Structure and Workforce Profile

Central West Health operates in a complex and challenging environment involving a wide range of stakeholders and competing priorities as it seeks to deliver cost effective, high quality services in a timely manner within allocated resources and consistent with both Queensland and Commonwealth Government policy, legislation and requirements. The Central West Health Governance Framework, approved and published in 2019, recognises the importance of accountable and efficient leadership and links clearly defined obligations to committees as essential tools in support of safe, effective and efficient operations.

The Executive Leadership Team and Executive Clinical Governance Committees are chaired by the Health Service Chief Executive and these forums work to monitor, review and support the corporate and clinical aspects of operations.

The Research, Learning and Development Committee is chaired by the Executive Director Workforce, Governance and Information Management and is working to provide leadership, management and governance to employee professional development and training and research activities. The planned addition of the Executive Operations Committee will support the Executive Leadership Team meeting forum to move towards a more operational and strategic performance focus over the ensuing 12-month period.

Effective, long-term service delivery planning, special project funding allocation and partnering with consumers have all impacted positively on Central West Hospital and Health Service’s workforce planning through the reporting period.

Table 1: More doctors and nurses\*

	2014 -2015	2015 -2016	2016 -2017	2017 -2018	2018 -2019
Medical staff	18	21	23	22	24
Nursing staff	148	149	150	162	165
Allied Health staff	18	19	25	27	25

The appointment of one full-time Senior Medical Officer Staff Specialist – Psychiatrist, provides Central West communities with access to locally-based psychiatry services. The second FTE increase comes through additional medical officer services for communities located in the western corridor, funded through the Integrated Care Innovation Fund.

Medical services also enhanced during the reporting period include the Alpha General Practitioner clinics increasing from three to four days per week through support from the Barcaldine Medical Centre. The Alpha community’s advocacy through their local Consumer Advisory Network was integral to the initiation and support of this service enhancement and evidence of effective consumer partnership activities.

Central West Health supports the employment of Graduate Nurses and Midwives and 2018-2019 saw the appointment of eight graduate nurses and two graduate caseload midwives. A Clinical Nurse – Geriatric telehealth and an additional two registered nurses within our surgical team at Longreach have also joined the team.

Two Allied Health team vacancies contributed to a stated reduction from 27 FTEs during this reporting period. The establishment of both the Central West Health Rehabilitation Service and recruitment to the Central West Oral Health Team have resulted in the employment of allied health professionals including; two additional physiotherapists and a principal dentist. An additional pharmacist has been employed via the increased surgical services capacity.

Table 2: Greater diversity in our workforce\*

	2014-15	2015-16	2016-17	2017-18	2018-19
Persons identifying as being Aboriginal and/or Torres Strait Islander	23	19	18	23	25

\* Workforce is measured in MOHRI – Full-Time Equivalent (FTE)



Enhancing diversity in the workforce is a key priority for Central West Health. The planning and delivery of strategic activities has resulted in an additional four staff members who identify as Aboriginal and/or Torres Strait Islander. This represents a 17 per cent increase in the workforce. Key to this increase has been the establishment of the Central West Health Aboriginal and Torres Strait Islander Health Unit.

The separation rate of permanent Central West Hospital and Health Service employees during the period was 8.4 percent.



Minister for Health and Minister for Ambulance Services, Steven Miles (back right), joins staff at the Barcaldine MPHS kitchen to prepare Meals on Wheels deliveries.

From the base at Blackall Hospital the Manager of Operational Services gives support to our Operational Services staff as they work to contribute to the delivery of safe and quality healthcare services at all Central West facilities. Environmentally friendly cleaning and waste management practices are in place across all 15 sites and discussions are underway to progress the ability to recycle waste in alignment with the Department of Health’s Waste Reduction and Recycling Plan 2018.

Preparation of fresh food at each of the five Central West Health inpatient facilities is completed under the guidance of our Dietitians to ensure the menu is not just healthy and nutritious, but that it also meets the dietary requirements of individual clients. In addition to providing meals to inpatients the Alpha, Barcaldine, Longreach and Winton kitchens prepare meals for distribution in the community as part of the Meals on Wheels initiative. During a visit to the Barcaldine MPHS in July 2018 the Minister recognised the vital role local hospital kitchens can play in supporting their rural and remote community by stepping up to make sure some of our most vulnerable people receive the care they need in hospital and at home.



Awards and Recognition

In November 2018 the inaugural Central West Health Staff Excellence Awards were held, and this provided an opportunity for staff to highlight the achievements of their colleagues who they felt demonstrated dedication and commitment in their resourceful and compassionate approach to the support and delivery of safe, quality healthcare.

*Board Chair, Jane Williams, recognised the importance of acknowledging and celebrating the hard work and innovative thinking that has led to improved patient outcomes. Operational, administrative, trades and technical staff support our frontline clinicians as part of a single team delivering top quality care throughout our diverse region.*



Board member and Staff Excellence Awards panel member Leisa Fraser (left) presents Kerry Thompson (right) with her award

**Clinical Excellence** – An individual or team who have demonstrated or contributed towards the delivery of safe and high-quality care to patients and to the continuous improvement of health services to Central West Queensland communities.

**Winner:** Tegan Searle, Central West Health Graduate Midwife based at Longreach Hospital.

**Citation:** Contributes toward the delivery of safe and high-quality care to patients and to the continuous improvement of health services to Central West Queensland communities.

**Inclusion and Diversity** – An individual or team dedicated to ensuring inclusion and diversity sits at the heart of their day-to-day work and in their belief and commitment to the health service – its values, processes and behaviours. Celebrating difference and the importance of diversity, they will act as a role model to those around them, striving towards continuous improvements in equality or involvement.

**Winner:** Kerry Thompson, Central West Health Indigenous Health Coordinator, based in Barcaldine (delivers Aboriginal and Torres Strait Islander Health Worker coordination services across the region).

**Citation:** Dedicated to ensuring inclusion and diversity sits at the heart of their day-to-day work and in their belief and commitment to the health service – its values, processes and behaviours.

**Central West HHS Values** – An individual or team who demonstrates care and commitment to patients and integrity and respect to each other while keeping patients at the heart of everything they do.

**Winner:** Louise Cusack, Practice Manager, Winton Medical Practice.

**Citation:** Demonstrates care and commitment to patients, and integrity and respect to each other while keeping patients at the heart of everything they do.

**Team of the Year** – A clinical or non-clinical team that has improved the quality of experience for service users, carers, families or colleagues by embracing teamwork and the health service values.

**Winner:** Central West Health Rehabilitation Service Team, based in Longreach (delivers rehabilitation services across the region).

**Citation:** Improves the quality of experience for service users, carers, families or colleagues by embracing teamwork and the health services values.

*Events to acknowledge and celebrate years of service were held across the health service building on the previous year’s commitment to recognising the commitment and dedication of our staff via this acknowledgement. Central West Health also celebrated International Nurses and Midwives Day in May 2019 with facilities hosting morning teas and luncheons inviting colleagues and community members alike to join in with the celebrations.*



Staff at Barcaldine MPHS recognised for their significant service to the health of the people of Barcaldine and surrounding communities. Left to right Frances Counsell, Sharyn Rafter, Jane Williams (Board Chair), Craig Carey (behind), Doug Merchant, Hon. Minister for Health and Minister for Ambulance Services, Steen Miles, Pat Bain

*Early in 2019 the health service said goodbye to two long standing and respected members of its workforce. John and Jayne Douyere arrived in Longreach in 1996 and, in their clinical capacities of Senior Medical Officer (John) and Senior Radiographer (Jayne), provided support to the health of Central West Queenslanders for 23 years.*

John applied unparalleled leadership and clinical skills towards the progressive improvement of health care services and medical education in our region and state-wide. He was a foundation member of the Central West HHS Board and helped steer our successful transition into a locally-controlled hospital and health service. Under Jayne’s management and leadership, the Longreach Hospital Medical Imaging Unit has seen some outstanding improvements in functionality and capacity in recent times, including the commissioning of the Central West’s new CT scanner service.

Radiation safety management for the entire service has been a major focus for Jayne and has resulted in continuously successful accreditation over the past six years by the Diagnostic Imaging Accreditation Scheme.

*Central West Health wishes them and the Douyere family well in their future endeavours.*



Strategic Workforce  
Planning and Performance

Central West Health develops  
and delivers workforce programs  
that position the organisation as  
a preferred employer, including:



Pathways to Excellence program

The objective of this program is to have Central West Hospital and Central West Health internationally recognised as a workplace that demonstrates a commitment to creating a work environment where nurses and midwives flourish.

Pathways to Excellence participants experience job satisfaction, professional growth and development, and enhanced respect. Given that nurses and midwives comprise over 50% of our workforce, positive outcomes from this program will have a substantial influence on improving the whole-of-service workplace culture.

An element of the Pathways to Excellence program is “Boost”. The goal of BOOST! is foster a culture of leadership, improve staff satisfaction and build a workshop that is highly resilient with professional recognition and career path opportunities. BOOST! is active succession planning, developing workforce sustainability, capacity and capability whilst simultaneously positively working on building positive practice environments. BOOST! is a Pathway to Excellence Initiative and will support our Pathway to Excellence journey addressing gaps identified, assisting our alignment with Pathway to Excellence Professional Standards.

Leadership Development

Central West Hospital and Central West Health has entered into an agreement with Metro North Hospital and Health Service to provide staff with the opportunity to participate in Executive Leadership Development Programs in either organisation.

This development program will enable staff with leadership aspirations to access mentors, on-line learning, professional development and face-to-face programs. Executive Director Workforce Governance and Information Management, Lorelle Coombe, has attended this program during 2018-2019 and is finding its format and content to be an invaluable tool in building her capacity as a Central West Health leader.

The health service actively continues to support the development of young health professionals undertaking health related courses at universities across the State and country. Providing young professionals with a glimpse of what opportunities working in a rural and remote health service can provide is an essential building block to meeting the challenge of recruiting and retaining people to work in our communities.

From February to April 2019 Occupational Therapists (Amy Elson & Lisa Lloyd) supervised two Central Queensland University students for their final year placement. This placement was a unique opportunity for the students to develop both their project management and clinical skills. The students (Ashlee Attard and Liam Sansom) were exposed to the broad scope of Occupational Therapy in a rural setting, including caseloads of home safety and modifications, cognitive assessments and rehabilitation, hand therapy, paediatrics and oedema management. Alongside of clinical work, they completed a project which explored the upskilling of Kindergarten staff in the Central West to best prepare children for Prep in the following year.

The students chose an innovative digital platform, making Youtube videos to educate and upskill staff and parents on child development and milestones. Both students gave excellent feedback on the breadth of experience gained and the Allied Health team’s positive learning environment.

Central West Health supports the ongoing learning and development of our workforce through the Study and Research Assistance Scheme (SARAS), with eight employees accessing this scheme during 2018-2019.

Our online learning management system – CWLearn - continues to provide managers and staff with access to individually mapped and reportable mandatory training records. The availability of live up-to-date reporting enables our employees to keep abreast of their mandatory training compliance and plan their time to undertake online programs.

Central West Health has been proud to support four emerging clinical leaders to undertake the Step Up Leadership Program. This program supports individuals to develop and strengthen the skills needed to provide effective leadership within a healthcare team. Experiential learning in the areas of problem solving, critical thinking and self-reflection will assist to build the Central West Health leaders of tomorrow from within our own ranks.

“I could not speak more highly of the Allied Health team at the Longreach Hospital. Every single person in the team made me feel welcome and they were happy to answer any questions I had and allow me to work shadow. Everyone in the team was SO positive and loved their jobs, it was refreshing to be around them.” – Ashlee Attard

Pictured (left to right) Liam Sansom and Ashlee Attard (CQU Students), Lisa Lloyd and Amy Elson (Central West Health Occupational Therapists)





## Staff Wellness

The Central West Health Employee Wellness Program provides an integrated framework for all employees within health service. This Program forms part of the Work Health and Safety Healthy Lifestyles Program and covers a broad range of health and wellness initiatives to assist our employees in making informed healthy lifestyle choices. The program brings together current and planned employee wellness activities and encourages and supports employees to increase their awareness of and participation in a healthier lifestyle.

*Central West Health aims to improve awareness of the benefits of improved physical, mental, social and financial wellness. The Program is coordinated through the Work Health and Safety team with support from the Healthy Lifestyles and Health Promotion Unit within the Department of Health. The introduction of the Program is consistent with our strategic priority 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.*

## Flexible working arrangements

Central West Health supports staff in accessing flexible working arrangements to achieve sustainable work-life balances using available industrial arrangements. 30 per cent of employees are working in part-time capacities and results also indicate our staff are accessing both maternity and parental leave.

## Early Retirement, Redundancy and Retrenchment

Central West Health had no staff access early retirement, accept a redundancy offer or retrenched during the period.





## OUR COMMITTEES

### Executive

The Executive Committee (the Committee) of the Board has continued to monitor and review the progress of implementation of critical strategies including the current consumer and clinician engagement strategies – Your health, our community and Partners in change – a clinician engagement strategy 2019-2021. Regular updates are required to include evidence of improved information sharing, consultation, involvement and collaboration in alignment with Central West Health values and strategic priorities.

Engagement is one aspect of the prescribed work of the Committee and regular reports on the following are included for the information of Members:

- Quarterly performance updates against the Central West Health/Department of Health Annual Service Agreement
- Cyber security framework implementation updates
- Workforce scorecards and organisational culture quarterly reports
- Workplace health and safety compliance status

Organisational culture has been the topic of a focussed strategic workshop late this year and the Committee will look forward to updates against the initial summary outcomes through future scheduled reporting. The Committee also looks forward to receiving advice from the membership of the Central West Health Aboriginal and Torres Strait Islander Advisory Council (the Council) in future years upon finalisation of the inaugural membership.

The establishment of the Council is another step in the development of a local Reconciliation Action Plan.

## Safety and Quality

*Mental Health, Aboriginal and Torres Strait Islander Health and Maternity services are examples of the specific regular reports on the forward workplan of the Safety and Quality Committees (the Committee). These reports support updates from the work of our Clinical Governance and Innovation Unit which detail safety and quality improvements and accreditation readiness together with review and update of clinical operational risks.*

In February 2019 the members of the Safety and Quality Committee were pleased to join surveyors from the Australian Aged Care Quality and Safety Commission in Barcaldine as part of their quality review of the Commonwealth Home Support Program against the Home Care Standards and any other matters the assessors deem relevant. This program is administered from the Barcaldine MPHS and provides flexible respite, meals, transport, social support, personal care and nursing services to eligible members of the Barcaldine community and nursing services to the communities of Jericho, Bedourie and Birdsville.

The assessment report provided a detailed summary of surveyor observations absent three outcomes of the Home Care Standards Effective management, Appropriate access and service delivery and Service user rights with all expectations recorded as being met. The result is a testament to the great work of the Commonwealth Home Support Program team.

The Committee conducted planning session in November 2018 to develop a forward workplan which supports the health service in the delivery of consistent, safe and reliable care across all facilities. A second planning session saw Committee members join with key members of the Executive and Management teams to:

- 1 Identify 3 key things you think about when assessing whether a health service is safe and one you would use
- 2 How safe and high quality is our care today?
- 3 How consistent and reliable are our processes of care?
- 4 Are we good at spotting problems and core risks early?
- 5 What are the top 3 investments/actions you would make to drive improvement?

*Areas for potential further targeted focus centre on developing an everyday accreditation approach supported by consistent and constant messaging by the leadership group including:*

- Clarifying key priorities
- Supporting risk testing
- Fostering multidisciplinary planning/communication
- Including strong focus on primary delivery care focus in tandem with sustaining pertinent acute response capabilities

*These outcomes will help to guide the work of our Committee into 2019-2020 and beyond.*



Audit and Risk

*The Audit and Risk Committee (Committee) continued its work in oversight of the internal and external audit functions of the health service in accordance with the requirements of the Financial Accountability Act 2009 and the Financial Performance Standard 2009. The Committee met five times during the period and, in the interests of transparency and accountability, were joined at each meeting by representatives of contracted internal and external audit service providers and Queensland Audit Office.*

Endorsement of the annual financial statements to the Central West Health Board for approval was a priority of the Committee's work as is the monitoring of the management of closure and implementation of audit recommendations. The Committee look forward to a continued focus by management in consideration of audit recommendations and subsequent actions in alignment with current operational and strategic risks and inform strategic internal audit planning activities. Establishment of the functional Audit, Risk and Compliance Committee will provide opportunity for positive progress to occur across our corporate business areas into the next 12 months.

Finance

*Opportunities to explore funding opportunities, strengthen strategic partnerships, identify efficiency improvements with an aim to deliver high value care to the people of Central West was the focus of the Finance Committee's (the Committee) work across the year.*

The Committee met seven times during the period and its members were pleased to join with their colleagues in welcoming welcome the Deputy Director General Healthcare Purchasing and System Performance to the Central West in August 2018. This visit provided an opportunity for face to face discussions to occur relative to the challenges of delivering health services in a rural and remote context and led to the establishment of a working group. A partnership approach to funding is the focus of the working group's discussion and involves members of the Board, the Health Service Chief Executive, Department of Health and representatives of commissioning bodies – Western Queensland Primary Health Network and CheckUP. It is expected defined outcomes from the work of this group will be realised into the future through agreed commitment from all stakeholders.

Through regular review and monitoring of financial reporting and budget preparation the Committee supported the Executive Leadership Team to deliver far-reaching, safe and quality healthcare services across the Central West. Regular updates on infrastructure was prioritised by the Committee in recognition of the important role suitable infrastructure plays in the delivery of consistent care and this item continues to be monitored as part of the forward work plan.

OUR RISK MANAGEMENT

*The Central West Health Board and Executive Leadership Team recognise and promote the need for effective risk management as part of business as usual approach to the delivery of our core business functions.*

Tools to support this include a meeting paper template which includes a mandatory requirement for risk assessment to be completed relative to the contents and publication of the Central West Health Risk Appetite Statement. These tools complement each other through:

- 1. Triggering the consideration and identification of risk
- 2. Consideration of actions required to mitigate identified risks
- 3. Inform understanding across the health service of the Central West Health Board's appetite for risk in line with its strategic objectives and priorities

The organisation is continuing to develop its processes in support of a culture which manages its risks and encourages opportunities for innovation while recognising no appetite for harm to staff, consumers, visitors and partners. An organisational culture which is risk aware prides the foundation for informed and consistent decision making and planning to occur and the Central West Health leadership team is committed to continuing to grow its capability and understanding in this area.



Internal Audit

Central West Health service contracts its internal audit function and works in partnership with the appointed provider to conduct responsive and coordinated internal audits aligned with the current risk profile and agreed strategic priorities. The review and approval of a three-year strategic internal audit plan (the Plan) is a key activity on the forward work plan of the Central West Health Board's Audit and Risk Committee.

Development of a robust process which monitors and updates the closure of accepted audit outcomes is a priority for the Committee. This work ensures the opportunity for improvement is not missed and supports the delivery of a value-based healthcare proposition in the conduct of targeted audit activities.

Internal audit status updates are a standing agenda item for each meeting of the Committee and provides opportunity for risk management and external audit to be considered in the context of organisational strategic and operational reporting and planning. The Executive Leadership Team has identified this same format will be of benefit at an operational level through the establishment of the Corporate Audit, Risk and Compliance Committee. As the establishment of this forum is progressed it is anticipated that the health service will have an opportunity to better place itself to be proactively responsive to opportunities and challenges.

External Scrutiny, Information Systems and Record Keeping

External scrutiny

Representatives from Queensland Audit Office together with appointed external auditors, Ernst and Young, have attended each meeting of the Audit and Risk Committee (the Committee) and provided a status update on the external audit activities. Each report is prepared in alignment with an external audit plan (the Plan) which is approved annually. The Plan references an analysis of key audit risks, the planned audit response and financial reporting and audit deliverables developed in consideration of the following management responsibilities:

- Preparation of financial statements with the applicable reporting framework
- Development of internal controls to prepare financial statements free from material misstatement
- Compliance against prescribed legislation
- Provision of full and free access by auditors to all documents and property

The Queensland Audit Office provide regular updates to the Committee on its audit work at a state level which has relevance to the health sector and the business environment and is a determining factor in the approach by external audit in development of the Plan. During the 2018-2019 period these influencing matters and challenges have been identified by Queensland Audit Office to include the replacement of the state-wide financial management platform, staff recruitment and retention, capped funding from the Department of Health and implementation of new revenue and leasing standards.

The May 2019 meeting of the Committee endorsed for Board approval the 2018-2019 Financial Statements Strategy which included a detailed analysis of the impact of the new Australian Accounting Standards AASB9 and AASB7. Minimal impact was noted by the Committee due to the level of materiality not being significant enough to warrant change the values in the financial statements except for higher impairments on receivables. The risk analysis in the paper provided visibility of the historical patterns of debt loss and macroeconomic conditions such as unemployment and interest rates.

Information systems and record keeping

Central West Health worked with the Department of Health in support of the development and implementation of two new state-wide systems relevant to the corporate human resources and finance aspects of the business. The myHR system provides the health service access to electronic management of employee details, establishment and submission of online forms via manager and employee self-service. Implementation occurred in May 2019 and the health service has smoothly transitioned to the online platform which supports a reduction in paperwork and increased control and accountability of workforce establishment management through increased trackability, transparency of process and increased productivity and accuracy.

The go live date for the implementation of the new finance system – s4HANA - is scheduled to occur early in the next financial year and preparation for this deadline has required an increased level of dedication and commitment from our staff in terms of upskill and education. The approach has been supported by the Executive Leadership Team and a dedicated Project Team but driven by individuals. It is pleasing to note, despite many individuals requiring undertaking a significant training load due to each performing numerous tasks relative to stock ordering, procurement and other finance-based functions including asset management, that the health service led the state in terms of training completion rates.

Work continues to transition to S4HANA in support of a more efficient and contemporary financial administration system which will improve compliance, reporting, transparency and control of finance and assets.

Improvements in the management of clinical records continues to be supported by investment in a dedicated clinical record archivist providing support and guidance to facilities in the filing and destruction of records in accordance with the Queensland Government’s Health Sector (Clinical Records) Retention and Disposal Schedule.



Queensland Public Service Ethics

As a statutory authority prescribed under Part 2, Section 18 of the Hospital and Health Boards Act 2011, Central West Health operates in accordance with the requirements of the Queensland Public Service Act 1994 and subsequently the Public Sector Ethics Act 1994 (the Act).

The Act declares ethics principles as being:

- Integrity and impartiality
- Promoting the public good
- Commitment to a system of government
- Accountability and transparency

All members of the Board and identified members of the Central West Health leadership are identified as key management personnel through their delegated responsibilities for planning, directing and controlling the activities of the entity. As key management personnel individuals are required to complete and submit a declaration of related parties for review by appointed external auditors. This review validates transactions between the identified individuals and their related parties and provides assurance that any such transactions have not adversely affected the financial positions of the health service.

Confidential Information

The Hospital and Health Boards Act 2011 requires annual reports to state the nature and purpose of any confidential information disclosed in the public interest during the financial year.

*The Health Service Chief Executive did not authorise the disclosure of confidential information during the reporting period.*

Pecuniary and non-pecuniary interests’ declarations are completed annually by Board members and Executive, the content of which populates the Central West Health Register of Interests. This register is referenced in alignment with Board and Board Committee meeting agendas with any real or perceived conflicts noted at the commencement of each meeting forum.

*In alignment with the requirements of the Integrity Act 2009 each meeting of the Board or its Committees considers contact with lobbyists as a standing agenda item. This prompts attendees to reflect on approaches by individuals or entities carrying out lobbying activities with the intention of influencing decision making.*



## PERFORMANCE

### Demand on Services

Table 3: Delivering more care

	2018-19	Change since last year
<b>Babies born<sup>a</sup></b>	* 61	* 3
<b>Oral health treatments<sup>b 1</sup></b>	12,226	1,347
<b>Emergency Department presentations<sup>c</sup></b>	8,148	6
<b>Emergency Department 'Seen in time'<sup>c</sup></b>	7,461	116
<b>Patient admissions (from ED)<sup>c</sup></b>	1,613	35
<b>Emergency surgeries<sup>d 2</sup></b>	15	8
<b>Gastrointestinal endoscopies delivered<sup>e</sup></b>	208	141
<b>Gastrointestinal endoscopies delivered in time<sup>e</sup></b>	125	63
<b>Elective surgeries, from a waiting list, delivered<sup>f</sup></b>	254	187
<b>Elective surgeries, from a waiting list, delivered in time<sup>f</sup></b>	237	172
<b>Number of telehealth services<sup>g</sup></b>	3,542	449

During the period Central West Health displayed significant improvements in the areas of oral health treatments and telehealth services which reflected a 12 and 124 per cent growth respectively.

Completion of the Longreach Hospital redevelopment provided access to a full 12-month period with access to a functioning operating theatre and this significantly contributed to a recorded 210 per cent increase in gastrointestinal endoscopies performed and a 279 per cent increase in surgeries performed.

Emergency presentation volume remained static, but it is pleasing to note evidence of a slight improvement in emergency department efficiency.

<sup>1</sup>Oral Health treatments are identified as Weighted Occasions of Service.

<sup>2</sup>Emergency surgeries data is preliminary.

Source: <sup>a</sup> Perinatal Data Collection, <sup>b</sup> Oral Health Service, <sup>c</sup> Emergency Data Collection, <sup>d</sup> GenWAU, <sup>e</sup> Gastrointestinal Endoscopy Data Collection, <sup>f</sup> Elective Surgery Data Collection, <sup>g</sup> Monthly Activity Collection.

## Service Standards

Table 4: Service Standards – Performance 2018-19

Service Standards	Target	Actual
<b>Effectiveness measures</b>		
<b>Percentage of patients attending emergency departments seen within recommended timeframes: <sup>a</sup></b>		
Category 1 (within 2 minutes)	100%	100.0%
Category 2 (within 10 minutes)	80%	98.5%
Category 3 (within 30 minutes)	75%	98.4%
Category 4 (within 60 minutes)	70%	98.7%
Category 5 (within 120 minutes)	70%	99.8%
Percentage of emergency department attendances who depart within four hours of their arrival in the department	>80%	96.9%
<b>Percentage of elective surgery patients treated within clinically recommended times: <sup>b</sup></b>		
Category 1 (30 days)	>98%	100.0%
Category 2 (90 days)	>95%	84.3%
Category 3 (365 days)	>95%	96.0%
Rate of healthcare associated Staphylococcus aureus (including MRSA) bloodstream (SAB) infections/10,000 acute public hospital patient days <sup>c</sup>	>2	0.0 <sup>3</sup>
Median wait time for treatment in emergency departments (minutes) <sup>a</sup>	..	0
Median wait time for elective surgery (days) <sup>b</sup>	..	97
<b>Other Measures</b>		
<b>Number of elective surgery patients treated within clinically recommended times: <sup>b</sup></b>		
Category 1 (30 days)	40	34
Category 2 (90 days)	48	59
Category 3 (365 days)	160	144
Number of telehealth outpatient occasions of service events <sup>d</sup>	3,120	3,542
<b>Total weighted activity units (WAU's) <sup>e</sup></b>		
Acute Inpatient	2,153	2,190 <sup>4</sup>
Outpatients	1,324	1,413
Sub-acute	214	227
Emergency Department	1,277	1,044
Mental Health	98	89
Prevention and Primary Care	144	201
Ambulatory mental health service contact duration (hours) <sup>f</sup>	>2,016	1,896
Staffing <sup>g</sup>	373	377

<sup>3</sup> SAB data presented is preliminary. <sup>4</sup> As extracted on 19 August 2019.

Source: <sup>a</sup> Emergency Data Collection, <sup>b</sup> Elective Surgery Data Collection, <sup>c</sup> Communicable Diseases Unit, <sup>d</sup> Monthly Activity Collection, <sup>e</sup> GenWAU, <sup>f</sup> Mental Health Branch, <sup>g</sup> DSS Employee Analysis.

Central West Health performed significantly better than emergency department waiting time targets with at least 98 per cent of patients across all five categories seen within recommended timeframes. Of note all patients of triage Category 1 were seen within the recommended timeframe.

While all Category 1 elective surgeries were performed within clinically recommended timeframes, only 84 per cent of Category 2 elective surgeries were performed on time. This is largely explained by the frequency of visits by specialist surgeons and patients' preference to have surgeries done close to home.



Table 5: Additional measures

	2018-19	Change since last year
<b>Childhood Immunisation <sup>a</sup></b>		
All children 1 year	98.1%	2.2 p.p.
All children 2 years	93.2%	-1.3 p.p.
All children 5 years	97.0%	0.1 p.p.
Discharge against medical advice <sup>b</sup>	0.9%	-0.8 p.p.
Non-Aboriginal and Torres Strait Islander	0.8%	-0.7 p.p.
Aboriginal and Torres Strait Islander	1.3%	-1.8 p.p.
Women who gave birth and attended 5 or more antenatal visits <sup>b 5</sup>	95.9%	-2.2 p.p.
Non-Aboriginal and Torres Strait Islander	95.5%	-3.5 p.p.
Aboriginal and Torres Strait Islander	100.0%	14.3 p.p.
Completed general courses of oral health care <sup>c</sup>	961	104
Non-Aboriginal and Torres Strait Islander	894	133
Aboriginal and Torres Strait Islander	67	-29
Women who were smoking after 20 weeks' gestation <sup>d 6</sup>	50.0%	N/A
Non-Aboriginal and Torres Strait Islander	50.0%	N/A
Aboriginal and Torres Strait Islander	n.a.	N/A
Mothers who had > 5 antenatal visits, with first visit in the 1st trimester <sup>d 7</sup>	50.0%	N/A
Non-Aboriginal and Torres Strait Islander	50.0%	N/A
Aboriginal and Torres Strait Islander	n.a.	N/A

<sup>5</sup> Data presented as Mar-19 FYTD.

<sup>6</sup> New data collection commenced in Dec-18. Preliminary data is available for the period Dec-18 to May-19.

<sup>7</sup> New data collection commenced in Dec-18. Preliminary data is available for the period Dec-18 to May-19. Lag of data due to trimester reporting. Data is only collected after the birth of the baby and is available for reporting two to three months after this event. It is a prerequisite that HHSs must also maintain their performance with respect to the performance standards under this QIP in terms of non-Indigenous mothers.

Source: <sup>a</sup> Communicable Diseases Unit, <sup>b</sup> Health Statistical Branch, <sup>c</sup> Oral Health Service, <sup>d</sup> Healthcare Purchasing Strategy Unit

Childhood immunisation rates remain stronger than the state average of 94 per cent as reported in the 2018 Health of Queenslanders Report published bi-annually by the Chief Health Officer.

It is particularly pleasing to note that, of the 61 women who delivered babies during the period at the newly refurbished Maternity Unit at Longreach Hospital, 100 per cent of those who identified as being of Aboriginal and/or Torres Strait Islander descent had attended five or more antenatal visits.

*These are great results which place Central West Health as a leader in working towards achieving the Queensland Government's objective to give all our children a great start.*





### Financial Summary

Central West Health has posted a \$1.335 million operating deficit for the year ending 30 June 2019 which was in line with the forecast and offset by retained earnings.

In line with the Service Agreement with the Department of Health, Central West Health received a mix of block and general-purpose funding to deliver agreed services. A share of Commonwealth Health funding is commissioned through the Department of Health to Central West Health and this, together with state funding has provided the people of the Central West with access to a comprehensive mix of people centred, quality and safe healthcare services.

Total revenue received during the period represented a 9.4 per cent growth on the report of the previous financial year with almost \$88 million being invested across People, Services and Systems aspects of our business to support the delivery of far-reaching healthcare to the people of Central West Queensland.

*Strong financial stewardship in previous years has led to retained earnings being reinvested during the 2018-2019 year to improve the delivery of health services in our communities.*

Revenue	
Government funding	\$76,501,000
User charges	\$5,800,000
Other grants	\$1,900,000
Other revenue	\$2,400,000
TOTAL	\$86,601,000
Expenses	
Labour costs	\$50,041,000
Supplies and services	\$28,630,000
Depreciation	\$7,293,000
Other expenses	\$1,972,000
TOTAL	\$87,936,000

Total expenses reported provide an average of \$240,000 a day to deliver health services across our 18 communities. Just over 57 per cent of revenue during the year has been invested in providing a resourceful, dedicated and adaptable workforce to meet the healthcare needs of the residents and visitors. The remaining 43 per cent covers the cost of supplies, services and depreciation charges.



Where the money goes	%
Admitted patient services in acute care institutions	61
Non-admitted patient services in acute care institutions	18
Mental health community services	2
Nursing homes for the aged	2
Patient transport	3
Public health services	1
Other community health services	12
Health administration	1

Figure 2 shows the allocation to services which occurred during the period.

#### Anticipated Maintenance

Anticipated maintenance is a common building maintenance strategy utilised by public and private sector industries. All Queensland Health entities comply with the Queensland Government Maintenance Management Framework which requires the reporting of anticipated maintenance.

Anticipated maintenance is maintenance that is necessary to prevent the deterioration of an asset or its function but which has not been carried out. Some anticipated maintenance activities can be postponed without immediately having a noticeable effect on the functionality of the building. All anticipated maintenance items are risk assessed to identify any potential impact on users and services and are closely managed to ensure all facilities are safe.

As of 30 June 2019, Central West Health had reported total anticipated maintenance of \$4.202 million.

Central West Health has the following strategies in place to mitigate any risks associated with these backlog items:

- Priority Capital Program assistance is actively sought to support the unfunded backlog maintenance and is applied for on a prioritisation basis places community service needs at the forefront
- Maximisation the service potential of existing assets by ensuring they are appropriate for purpose and properly maintained
- Reducing the demand for new assets through appropriate asset lifecycle renewal, demand management techniques and consideration of alternative delivery options
- Ensuring capital expenditure decisions are based on rigorous and documented economic appraisals of options that include financial and non-financial parameters.



# Financial Statements



## Central West Hospital and Health Service Financial Statements For the Year Ended 30 June 2019

### TABLE OF CONTENTS

Financial Statements	Statement of Comprehensive Income		Page 5-02			
	Statement of Financial Position		Page 5-03			
	Statement of Changes in Equity		Page 5-04			
	Statement of Cash Flows		Page 5-05			
Notes to the Financial Statements	Preparation Information	Basis of financial statement preparation		Page 5-07		
	Section A	Objectives of Central West Health		Page 5-08		
		Controlled entities		Page 5-08		
		Disclosures about non wholly-owned controlled entities		Page 5-08		
		Section B	B1	Revenue		
	B1-1		User charges and fees		Page 5-09	
	B1-2		Grants and other contributions		Page 5-10	
	B1-3		Other Revenue		Page 5-10	
	B2		Expenses			
	B2-1		Employee expenses		Page 5-11	
	B2-2		Health service employee expenses		Page 5-11	
	B2-3		Supplies and services		Page 5-12	
	Notes about our Financial Performance	B2-4	Other expenses		Page 5-12	
	Section C	C1-1	Cash and cash equivalents		Page 5-13	
		C2-1	Receivables		Page 5-13	
		C3-1	Inventories		Page 5-14	
		C4	Property, plant and equipment		Page 5-15	
		Notes about our Financial Position	Accounting policies and valuation of property plant and equipment including key estimates and judgements			Page 5-15
	C4-1		Balances and reconciliation of carrying amount		Page 5-19	
	C5-1		Payables		Page 5-20	
		C6-1	Accrued employee benefits		Page 5-20	
		C7-1	Unearned revenue		Page 5-20	
		C8-1	Asset revaluation surplus by class		Page 5-20	
		Section D	D1	Financial risk disclosures		Page 5-21
			D2	Contingencies		Page 5-21
	D3		Commitments		Page 5-22	
	Notes about Risk and Other Accounting Uncertainties					
Section E	E1	Fiduciary trust transactions and balances		Page 5-23		
	E2	Key management personnel disclosures		Page 5-24		
	E3	Related party transactions		Page 5-28		
	E4	Taxation		Page 5-29		
Other information	E5	First year application of new accounting standards or change in policy		Page 5-29		
	E6	Future impact of accounting standards not yet effective		Page 5-29		
	E7	Events after the reporting period		Page 5-31		
Certification	F	Budgetary reporting disclosures				
	Section 5 Notes about our Performance compared to Budget	F1	Budget to actual comparison - Statement of Comprehensive Income		Page 5-32	
		F2	Budget to actual comparison - Statement of Financial Position		Page 5-33	
		F3	Budget to actual comparison - Statement of Cash Flows		Page 5-34	
		Explanation of major variances		Page 5-35		
	Management certificate		Page 5-37			



**Central West Hospital and Health Service**  
**Statement of Comprehensive Income**

Year ended 30 June 2019

		2019	2018
	Notes	\$'000	\$'000
<b>Income</b>			
User charges and fees	B1-1	81,399	75,691
Grants and other contributions	B1-2	2,792	2,385
Other revenue	B1-3	2,410	845
Revaluation increment - land		-	208
<b>Total Income</b>		<b>86,601</b>	<b>79,129</b>
<b>Expenses</b>			
Employee expenses	B2-1	9,464	8,942
Health service employee expenses	B2-2	40,577	36,873
Supplies and services	B2-3	28,630	26,533
Depreciation	C4-1	7,293	4,928
Other expenses	B2-4	1,972	1,822
<b>Total Expenses</b>		<b>87,936</b>	<b>79,098</b>
<b>Operating surplus/(deficit)</b>		<b>(1,335)</b>	<b>31</b>
<b>Other comprehensive Income</b>			
Items not reclassified to operating result			
Increase in asset revaluation surplus		1,112	27,177
<b>Other comprehensive income for the year</b>		<b>1,112</b>	<b>27,177</b>
<b>Total comprehensive income</b>		<b>(223)</b>	<b>27,208</b>

The accompanying notes form part of these statements

5-02

**Central West Hospital and Health Service**  
**Statement of Financial Position**

as at 30 June 2019

		2019	2018
	Notes	\$'000	\$'000
<b>Current assets</b>			
Cash and cash equivalents	C1-1	1,986	1,889
Receivables	C2-1	1,962	2,250
Inventories	C3-1	690	674
<b>Total current assets</b>		<b>4,638</b>	<b>4,813</b>
<b>Non-current assets</b>			
Property, plant and equipment	C4	85,528	89,917
<b>Total non-current assets</b>		<b>85,528</b>	<b>89,917</b>
<b>Total assets</b>		<b>90,166</b>	<b>94,730</b>
<b>Current Liabilities</b>			
Payables	C5-1	4,226	3,090
Accrued employee expenses	C6-1	330	283
Unearned revenue	C7-1	250	149
<b>Total current liabilities</b>		<b>4,806</b>	<b>3,522</b>
<b>Total liabilities</b>		<b>4,806</b>	<b>3,522</b>
<b>Net assets</b>		<b>85,360</b>	<b>91,208</b>
<b>Equity</b>			
Contributed equity		53,052	58,677
Accumulated surplus		955	2,290
Asset revaluation surplus	C8-1	31,353	30,241
<b>Total equity</b>		<b>85,360</b>	<b>91,208</b>

The accompanying notes form part of these statements

5-03

**Central West Hospital and Health Service**  
**Statement of Changes in Equity**  
for the year ended 30 June 2019

	Accumulated surplus \$'000	Asset revaluation surplus \$'000	Contributed equity \$'000	Total equity \$'000
<b>Balance as at 1 July 2017</b>	2,259	3,064	59,359	64,682
<b>Operating result</b>	31	-	-	31
<b>Other Comprehensive Income</b>				
Increase in asset revaluation surplus - buildings	-	27,020	-	27,020
Decrease in asset revaluation surplus - land	-	157	-	157
Total Comprehensive Income for the year	31	27,177	-	27,208
<b>Transactions with Owners as Owners:</b>				
Net assets received	-	-	2,733	2,733
Equity injections cash	-	-	1,513	1,513
Equity withdrawals - depreciation	-	-	(4,928)	(4,928)
Net transactions with Owners as Owners	-	-	(682)	(682)
<b>Balance at 30 June 2018</b>	2,290	30,241	58,677	91,208
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance as at 1 July 2018</b>	2,290	30,241	58,677	91,208
<b>Operating result</b>	(1,335)	-	-	(1,335)
<b>Other Comprehensive Income</b>				
Increase in asset revaluation surplus - buildings	-	1,112	-	1,112
Increase in asset revaluation surplus - land	-	-	-	-
Total Comprehensive Income for the Year	(1,335)	1,112	-	(223)
<b>Transactions with Owners as Owners:</b>				
Net assets received	-	-	266	266
Equity injections cash	-	-	1,402	1,402
Equity withdrawals - depreciation	-	-	(7,293)	(7,293)
Net Transactions with Owners as Owners	-	-	(5,625)	(5,625)
<b>Balance at 30 June 2019</b>	955	31,353	53,052	85,360

The accompanying notes form part of these statements

5-04

**Central West Hospital and Health Service**  
**Statement of Cash Flows**  
Year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>			
<i>Inflows:</i>			
User charges and fees		74,548	70,533
Grants and other contributions		1,906	1,471
GST input tax credits from ATO		1,827	1,728
GST collected from customers		107	91
Other receipts		2,409	844
<i>Outflows:</i>			
Employee expenses		(9,416)	(8,858)
Health service employee expenses		(40,422)	(36,777)
Supplies and services		(27,888)	(27,535)
GST paid to suppliers		(1,860)	(1,817)
GST remitted to ATO		(92)	(89)
Other		(894)	(855)
<b>Net cash from/(used by) operating activities</b>	CF-1	<b>225</b>	<b>(1,264)</b>
<b>Cash flows from investing activities</b>	CF-2		
<i>Inflows:</i>			
Sales of property, plant and equipment		8	1
<i>Outflows:</i>			
Payments for property, plant and equipment		(1,538)	(1,250)
<b>Net cash from/(used by) investing activities</b>		<b>(1,530)</b>	<b>(1,249)</b>
<b>Cash flows from financing activities</b>	CF-2		
<i>Inflows:</i>			
Equity Injections		1,402	1,513
<b>Net cash from/(used by) financing activities</b>		<b>1,402</b>	<b>1,513</b>
<b>Net increase/(decreased) in cash and cash equivalents</b>		<b>97</b>	<b>(1,000)</b>
Cash and cash equivalents at the beginning of the financial year	C1-1	1,889	2,889
<b>Cash and cash equivalents at the end of the financial year</b>		<b>1,986</b>	<b>1,889</b>

The accompanying notes form part of these statements

5-05



**Central West Hospital and Health Service**  
**Statement of Cash Flows**

Year ended 30 June 2019

**NOTES TO THE STATEMENT OF CASH FLOW**

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

	2019 \$'000	2018 \$'000
<b>Operating result</b>	(1,335)	31
<b>Non-cash items:</b>		
Depreciation expense	7,293	4,928
Non-cash equity withdrawal - depreciation funding	(7,293)	(4,928)
Net losses on disposal of property, plant and equipment	5	4
Impairment losses	80	54
Revaluation (increment)/decrement	-	(208)
Donated assets received	-	(50)
<b>Change in assets and liabilities:</b>		
(Increase)/decrease in receivables	285	(353)
(Increase)/decrease in inventories	(93)	(145)
Increase/(decrease) in payables	1,236	(681)
Increase/(decrease) in accrued employee expenses	47	84
<b>Net cash from operating activities</b>	<b>225</b>	<b>(1,264)</b>

**CF-2 NON-CASH INVESTING AND FINANCING ACTIVITIES**

Assets received or liabilities donated/transferred by the Hospital and Health Service to agencies outside of the State Health portfolio agencies are recognised as revenues (refer Note B1-2) or expenses as applicable.

Assets received or liabilities transferred by the Hospital and Health Service as a result of administrative arrangements are set out in the Statement of Changes in Equity.

**Central West Hospital and Health Service**  
**Notes to the Financial Statements**

for the year ended 30 June 2019

**PREPARATION 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 principal address of Central West Health is Glasson House, Eagle Street, Longreach QLD 4730.

For information in relation to the financial statements of Central West Health, please visit the website [www.centralwest.health.qld.gov.au](http://www.centralwest.health.qld.gov.au).

**COMPLIANCE WITH PRESCRIBED REQUIREMENTS**

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*. The financial statements comply with Queensland Treasury's *Financial Reporting Requirements for Queensland Government Agencies for reporting periods beginning on or after 1 July 2018*, and other authoritative pronouncements.

Central West Health is a not-for-profit statutory body and these general purpose financial statements have been prepared on an accrual basis (except for the Statement of Cash Flow which is prepared on a cash basis) in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities. New accounting standards early adopted and/or applied for the first time in these financial statements are outlined in Note E5.

**THE REPORTING ENTITY**

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of Central West Hospital and Health Service. 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 and the Chief Executive 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 they are due to be settled 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 is used as the measurement basis in this financial report except for the following:

- Land and buildings which are measured at fair value; and
- Inventories which are measured at cost, adjusted when applicable for any loss in service potential.

**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.

These accounts have been prepared on a going concern basis which assumes the entity realises its assets and discharges its liabilities as and when they fall due in the ordinary course of business. The entity has a current year deficit and a small accumulated surplus as at 30 June 2019. In the current and prior years the entity has received support from the Department of Health and on this basis the application of the going concern basis is appropriate.

Central West Hospital and Health Service  
Notes to the Financial Statements  
for the year ended 30 June 2019

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.

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, Muttaborra, 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 ENTITIES

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 Hospital and Health Service 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 (14.3%), 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 an associate of Central West Health, financial results of WQPCC are not required to be disclosed in these statements. During 2019, Central West Health received funding from WQPCC, primarily under the Diamantina Primary Health Service Agreement, totalling \$610 thousand (2018: \$554 thousand). No payments were made to WQPCC during 2019 (2018: \$56 thousand) by Central West Health.

Central West Hospital and Health Service  
Notes to the Financial Statements  
for the year ended 30 June 2019

SECTION B  
NOTES ABOUT OUR FINANCIAL PERFORMANCE

B1 REVENUE

B1-1 User charges and fees

	2019 \$'000	2018 \$'000	Accounting Policy - User charges
<b>General user charges and fees</b>			User charges and fees are recognised as revenues when earned and can be measured reliably with a sufficient degree of certainty. This occurs upon delivery of the goods to the customer or completion of 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.
Medical practice receipts	3,857	3,766	
Sales of goods and services	665	658	
Hospital fees	921	544	
Pharmaceutical benefits scheme	381	417	
	<b>5,824</b>	<b>5,385</b>	
<b>Funding public health services</b>			
Block funding	46,236	29,778	
Depreciation funding	7,293	4,928	
General purpose funding	22,046	35,600	
	<b>75,575</b>	<b>70,306</b>	
	<b>81,399</b>	<b>75,691</b>	

Disclosure about funding received to deliver public health services

Funding is provided predominantly by the Department of Health for specific public health services purchased in accordance with a service level 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 2019 was based on the 2016-17 expenditure reported to the National Public Hospital Establishment Database, net of depreciation and other revenue from patients and Department of Veterans Affairs, indexed by two and a half per cent per annum for two years. Specific allocations are also added to total block funding to reflect the ABF Queensland Weighted Activity Unit (QWAU) allocation of oral health funding. Block funding is recognised as revenue when received, while other general purpose funding is recognised as the specific conditions attached to funding are met.



**Central West Hospital and Health Service**  
**Notes to the Financial Statements**  
for the year ended 30 June 2019

**B1 REVENUE (continued)**

**B1-2 Grants and contributions**

	2019 \$'000	2018 \$'000	Accounting Policy - Grants and contributions
<b>Australian Government grants</b>			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 as revenue in the year in which the Hospital and Health Service obtains control over the funds.
Home and community care grants	420	404	
Specific purpose payments	509	464	
	<u>929</u>	<u>868</u>	
<b>Other grants</b>			
Other specific purpose grants	951	597	
Services received below fair value	886	864	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.
Donations other	26	56	
	<u>1,863</u>	<u>1,517</u>	
	<u>2,792</u>	<u>2,385</u>	

**Accounting Policy - Services received below fair value**

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

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.

**B1-3 Other revenue**

	2019 \$'000	2018 \$'000	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.
Recoveries*	2,405	829	
Other	5	16	
	<u>2,410</u>	<u>845</u>	

\* During 2019, the Department of Health reimbursed Central West Health \$1.9 million (2018: \$535 thousand) for costs incurred on departmental funded capital projects.

**Central West Hospital and Health Service**  
**Notes to the Financial Statements**  
for the year ended 30 June 2019

**B2 EXPENSES**

**B2-1 Employee expenses**

	2019 \$'000	2018 \$'000	Accounting Policy - Employee benefits
<b>Employee benefits</b>			The <i>Hospital and Health Boards Act 2011</i> (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	8,155	7,564	
Annual leave levy	433	445	
Employer superannuation contributions	554	545	
Long service leave levy	164	152	
<b>Employee related expenses</b>			
Workers compensation premium	14	10	
Other employee related expenses	144	226	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.
	<u>9,464</u>	<u>8,942</u>	
No. of Central West Health employees	<u>20</u>	<u>21</u>	

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.

**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's is limited to its contribution to QSuper.

**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.

**B2-2 Health service employee expenses**

	2019 \$'000	2018 \$'000
<i>Department of Health</i>		
Health service employees	<u>40,577</u>	<u>36,873</u>

The Hospital and Health Service through service arrangements with the Department of Health has engaged 357 (2018: 357) full-time equivalent persons at 30 June 2019. As well as direct payments to the department, premium payments made to WorkCover Queensland representing compensation obligations are included in this category 2019: \$270 thousand (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 and reimburses the department for the salaries and on-costs of these employees. This is disclosed as health service employee expenses.

**Central West Hospital and Health Service**  
**Notes to the Financial Statements**  
for the year ended 30 June 2019

**B2 EXPENSES (continued)**

**B2-3 Supplies and services**

	2019 \$'000	2018 \$'000
Building services	352	369
Computer and communication services	1,810	1,336
Consultants and contractors		
Medical	5,697	6,753
Other	546	798
Electricity and other energy	1,377	1,223
Inventories consumed		
Drugs	708	703
Clinical supplies	1,510	924
Catering and domestic supplies	721	704
Medical practice facility fees	1,190	1,191
Operating lease rentals	2,663	1,775
Other	2,009	1,469
Other travel and vehicle costs	1,246	1,214
Patient transport	5,091	5,521
Pathology, blood and parts	1,178	873
Repairs and maintenance	2,532	1,680
	<b>28,630</b>	<b>26,533</b>

**B2-4 Other expenses**

	2019 \$'000	2018 \$'000
Audit expenses*	265	390
Inventory written off	77	61
Legal expenses	338	50
Net losses from disposal of property, plant and equipment	5	4
Special payments	30	-
Other expenses	105	188
Services received free of charge	886	864
QGIF Insurance	266	265
	<b>1,972</b>	<b>1,822</b>

\*Total external audit fees payable to the Queensland Audit Office relating to the 2018-19 financial year are estimated to be \$157,000 (2018: \$145,000) including out of pocket expenses. Audit expenses includes both internal and external audit fees.

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.

**Disclosure – Operating leases**

Central West HHS enters into operating leases as means of acquiring access to office accommodation, motor vehicles, storage facilities and providing rural and remote housing assistance to attract employees in isolated areas. Operating leases are also used to provide a right-to-use equipment in the delivery of community services. Lease terms range between 1 to 7 years. Apart from right-to-use equipment, the HHS has no option to purchase the leased item at the conclusion of the lease, although the lease provides for a right of renewal at which time lease terms are renegotiated.

**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.

**Accounting Policy - Special payments**

Special payments represent ex-gratia payments that Central West Health is not contractually or legally obliged to make to other parties. Central West Health made the following payment in excess of \$5,000 during the 2018-19 financial year. During 2019 payment for an out-of-court settlement was made to a former employee as part of dispute resolution.

**Central West Hospital and Health Service**  
**Notes to the Financial Statements**  
for the year ended 30 June 2019

**SECTION C**  
**NOTES ABOUT OUR FINANCIAL POSITION**

**C1-1 Cash and cash equivalents**

	2019 \$'000	2018 \$'000
Cash on hand	4	4
Cash at bank	1,932	1,858
Restricted cash*	50	27
	<b>1,986</b>	<b>1,889</b>

\*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 2.23% (2018: 2.0%). The use of these funds is restricted, in accordance with the conditions established at the time of the donation.

**C2-1 Receivables**

	2019 \$'000	2018 \$'000
Trade receivables	443	373
Less: Loss allowance	(1)	(3)
	<b>442</b>	<b>370</b>
GST receivable	276	243
GST payable	(20)	(5)
	<b>256</b>	<b>238</b>

Queensland Health - funding public health services and reimbursements	1,032	1,446
Other	232	196
	<b>1,962</b>	<b>2,250</b>

Queensland Health receivable of \$1.032 million (2018: \$1.446 million) includes amounts owing by the Department of Health at 30 June including \$618 thousand in reimbursements (2018: \$61 thousand) & accrued general purpose funding \$404 thousand (2018: \$1.319 million). A further \$10 thousand is owing by Metro North HHS in 2019 (2018: \$66 thousand) for reimbursement of costs incurred on projects. For further details on the nature of these transactions refer to Note E3 Related Party Transactions.

**C2-1.1 Impairment of receivables**

**Accounting Policy – Impairment of receivables**

The loss allowance for trade and other debtors reflects lifetime expected credit losses. No loss allowance is recorded for receivables owing by Queensland State or Federal Government agencies due to low credit risk exposure i.e. high credit rating.

Where there is no reasonable expectation of recovery of monies owing by a debtor, the debt is written-off by directly reducing the receivable against the loss allowance. This occurs when a third default notice has been issued (greater than 90 days overdue) and debt enforcement activity has ceased. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss. The amount of impairment losses recognised for receivables is disclosed as follows. If receivables are subsequently recovered, the amounts are credited against other expenses in the Statement of Comprehensive Income when collected.



**Central West Hospital and Health Service**  
**Notes to the Financial Statements**  
for the year ended 30 June 2019

**C2-1.1 Impairment of receivables (continued)**

**Disclosure – Credit risk exposure of receivables**

The maximum exposure to credit risk for receivables at balance date is the gross carrying amount of those assets. No collateral is held as security and no credit enhancements relate to receivables held by CWHHS.

The HHS uses a provision matrix to measure expected credit losses based on observed historical default rates since 2013. No adjustment has been made changes for macroeconomic indicators as historically, these indicators have not impacted on the collectability of receivables. Loss rates are calculated for customer profiles with similar loss patterns, with four groups identified.

- Private patients ineligible for health assistance under Medicare arrangements with the Commonwealth;
- Third party patient treatment - pending legal cases;
- Other private patients and nursing age care fees; and
- Reimbursements of expenses incurred.

Set out below is the credit risk exposure on CWHHS's trade and other receivables broken down by customer groupings as at 30 June.

**Impairment group - Receivables:**

	2019		
	<i>Gross receivables</i>	<i>Loss rate</i>	<i>Expected credit losses*</i>
	\$'000	%	\$'000
Third party patients - legal court cases	1	4%	-
Other private patients	75	1%	1
Aged care fees	31	0%	-
State and federal government agencies	1,062	0%	-
Other debtors	795	0%	-
	<b>1,964</b>		<b>1</b>

\* - includes expected default based on historical patterns of objective evidence and impairment of specific debts where the general allowance is exceeded.

**Disclosure - Movement in allowance for impairment of receivables**

	2019	2018
	\$'000	\$'000
Balance at 1 July	3	11
Amounts written off during the year	4	(0)
Increase/(decrease) in allowance recognised in operating result	(6)	(8)
<b>Balance at 30 June</b>	<b>1</b>	<b>3</b>

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

	2019	2018
	\$'000	\$'000
<b>Past due and individually impaired</b>		
Greater than 90 days	-	3

**Past due but not impaired trade receivables**

Not overdue	1,866	2,128
<b>Overdue</b>		
Less than 30 days	58	40
30 to 60 days	26	32
60 to 90 days	3	17
Greater than 90 days	10	33
<b>Total</b>	<b>1,963</b>	<b>2,250</b>

**C3-1 Inventories**

	2019	2018
	\$'000	\$'000
Pharmaceutical drugs	233	219
Clinical supplies	453	452
Other	4	3
	<b>690</b>	<b>674</b>

Refer to Note B2-4 for information on inventory written off during the year.

**Accounting Policy - Inventories held for distribution**

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 cost, adjusted where applicable, for any loss of service potential. Cost is assigned on a weighted average cost.

5-14

**Central West Hospital and Health Service**  
**Notes to the Financial Statements**  
for the year ended 30 June 2019

**C4 PROPERTY PLANT AND EQUIPMENT**

**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 on acquisition.

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.

**Acquisition of assets - 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 should 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 artwork is 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.

5-15

Central West Hospital and Health Service  
Notes to the Financial Statements  
for the year ended 30 June 2019

C4 PROPERTY PLANT AND EQUIPMENT(continued)

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, components are assigned useful lives distinct from the asset to which they relate and 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	4 to 116 Years
Plant and Equipment	4 to 36 Years
Artworks*	100 Years

\* Artworks is included in the Plant and Equipment class for disclosure as the value is immaterial.

**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 entity, 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.

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.

Central West Hospital and Health Service  
Notes to the Financial Statements  
for the year ended 30 June 2019

C4 PROPERTY PLANT AND EQUIPMENT AND RELATED DEPRECIATION EXPENSE (continued)

**Indicators of impairment and determining recoverable amount - continued**

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 revalued 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.

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 difference 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 construction contracts (and/or estimates of such costs), and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.



**Central West Hospital and Health Service**  
**Notes to the Financial Statements**  
for the year ended 30 June 2019

**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 in 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 the sales data 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.

5-18

**Central West Hospital and Health Service**  
**Notes to the Financial Statements**  
for the year ended 30 June 2019

**C4 PROPERTY PLANT AND EQUIPMENT (continued)**

*Buildings -specialised for delivery of health services*

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.

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

	Land at fair value		Buildings at fair value	Plant and equipment	Capital works in progress	Total
	(Level 2)	(Level 3)	(Level 3)	at cost	at cost	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2019</b>						
Gross	1,368	-	148,073	11,537	609	161,587
Less: Accumulated depreciation	-	-	(69,135)	(6,924)	-	(76,059)
<b>Carrying amount at 30 June 2019</b>	<b>1,368</b>	<b>-</b>	<b>78,938</b>	<b>4,613</b>	<b>609</b>	<b>85,528</b>
<i>Represented by movements in carrying amount:</i>						
Carrying amount at 1 July 2018	1,368	-	83,548	4,707	294	89,917
Acquisitions	-	-	446	777	315	1,538
Disposals	-	-	-	(12)	-	(12)
Transfers in/(out) from other Queensland Government Entities	-	-	203	63	-	266
Revaluation increment to asset revaluation surplus	-	-	1,112	-	-	1,112
Depreciation	-	-	(6,371)	(922)	-	(7,293)
<b>Carrying amount at 30 June 2019</b>	<b>1,368</b>	<b>-</b>	<b>78,938</b>	<b>4,613</b>	<b>609</b>	<b>85,528</b>
	Land at fair value		Buildings at fair value	Plant and equipment	Capital works in progress	Total
	(Level 2)	(Level 3)	(Level 3)	at cost	at cost	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2018</b>						
Gross	1,368	-	144,259	11,216	294	157,137
Less: Accumulated depreciation	-	-	(60,711)	(6,509)	-	(67,220)
<b>Carrying amount at 30 June 2018</b>	<b>1,368</b>	<b>-</b>	<b>83,548</b>	<b>4,707</b>	<b>294</b>	<b>89,917</b>
<i>Represented by movements in carrying amount:</i>						
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) to 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)
<b>Carrying amount at 30 June 2018</b>	<b>1,368</b>	<b>-</b>	<b>83,548</b>	<b>4,707</b>	<b>294</b>	<b>89,917</b>

5-19

**Central West Hospital and Health Service**  
**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Impact from valuation program**

All land holdings were comprehensively revalued at 30 June 2018. Desktop valuations and market indices have been applied in 2019 to approximate fair value at 30 June.

In 2018-19, Central West Health engaged independent experts, APV Valuers and Asset Management (APV) to comprehensively value the Aramac PHC, undertake desktop revaluations for twenty-three buildings and develop market indices for the balance of buildings with an effective date of 30 June 2019. This resulted in an increment of \$1.112 million (2018: \$27.020 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 revisions to useful life estimates. 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.

Depreciation expense for buildings and land improvements increased \$484 thousand in 2018-19 as a result of the 30 June 2018 revaluation.

**C5-1 Payables**

**Accounting Policy - Payables**

	2019 \$'000	2018 \$'000	
Trade creditors	2,791	1,810	Payables are recognised for amounts to be paid in the future for goods and services received. Trade creditors are measured at the purchase/contract price, net of applicable purchase/contract. The amounts are unsecured and generally settled in 30 - 60 days.
Department of Health - accrued labour	1,435	1,280	
	<u>4,226</u>	<u>3,090</u>	

Payables of \$2.287 million (2018: \$2.07 million) were owing to the Department of Health at 30 June, including trade creditors \$863 thousand (2018: \$791 thousand), and accrued labour \$1.435 million (2018: \$1.280 million). For further details on the nature of these transactions refer to Note E3 *Related Party Transactions*.

**C6-1 Accrued employee expenses**

**Accounting policy - Accrued employee expenses**

	2019 \$'000	2018 \$'000	
<b>Current</b>			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 <i>Whole-of-Government financial statements pursuant to AASB 1049 Whole of Government and General Government Sector Financial Reporting</i> .
Wages outstanding	304	254	
Superannuation contributions payable	26	29	
	<u>330</u>	<u>283</u>	

**C7-1 Unearned revenue**

**Accounting policy - Unearned revenue**

	2019 \$'000	2018 \$'000	
Department of Health - unearned funding	250	149	General purpose funding provided by the Department of Health is recognised as the specific conditions attached are met. Monies received in advance for services yet to be provided are represented as unearned revenue. For further details on the nature of these transactions refer to Notes E3 and B1-1.
	<u>250</u>	<u>149</u>	

**C8-1 Asset revaluation surplus by class**

**Accounting policy - Asset revaluation surplus**

	2019 \$'000	2018 \$'000	
<b>Land</b>			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. The asset revaluation surplus represents the net effect of revaluation movements in assets.
Balance at 1 July	157	-	
Revaluation increment/(decrement)	-	157	
Balance at the end of the financial year	<u>157</u>	<u>157</u>	
<b>Buildings</b>			
Balance at 1 July	30,084	3,064	
Revaluation increment/(decrement)	1,112	27,020	
Balance at the end of the financial year	<u>31,196</u>	<u>30,084</u>	
Total	<u>31,353</u>	<u>30,241</u>	

5-20

**Central West Hospital and Health Service**  
**Notes to the Financial Statements**  
for the year ended 30 June 2019

**SECTION D**  
**NOTES ABOUT RISK AND OTHER ACCOUNTING UNCERTAINTIES**

**D1 FINANCIAL RISK DISCLOSURE**

**D1-1 Financial instruments categories**

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

	Note	2019 \$'000	2018 \$'000
<b>Financial assets</b>			
Cash and cash equivalents (fair value)	C1-1	1,986	1,889
Receivables (amortised cost)	C2-1	1,962	2,054
		<u>3,948</u>	<u>3,943</u>
<b>Financial liabilities</b>			
Payables (amortised cost)	C5-1	4,226	3,091
Accrued employee expenses (amortised cost)	C6-1	330	283
Unearned revenue (amortised cost)	C7-1	250	149
		<u>4,806</u>	<u>3,522</u>

**Accounting Policy - Financial instruments**

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

<i>Risk exposure</i>	<i>Measurement method</i>
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 C2-1 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 (2018: \$500 thousand) under Whole-of-Government banking arrangements to manage any short term cash shortfalls has been established.

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.

**D2 CONTINGENCIES**

As at 30 June 2019, there were no cases filed in the courts naming the State of Queensland acting through the Central West Hospital as defendant. Health litigation is underwritten by the Queensland Government Insurance Fund (QGIF). As of 30 June 2019, there are no open general liability claim managed by QGIF. 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.

5-21



**Central West Hospital and Health Service**  
**Notes to the Financial Statements**  
for the year ended 30 June 2019

**D3 COMMITMENTS**

**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:

	2019 \$'000	2018 \$'000
Not later than one year	784	807
Later than one year but no later than five years	1,836	837
Later than five years	436	280
<b>Total</b>	<b><u>3,056</u></b>	<b><u>1,924</u></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:

	2019	2018
Not later than 1 year	538	286
<b>Total</b>	<b><u>538</u></b>	<b><u>286</u></b>

**Central West Hospital and Health Service**  
**Notes to the Financial Statements**  
for the year ended 30 June 2019

**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.

	2019 \$'000	2018 \$'000
<b>Patient Trust receipts</b>		
Winton Patient Trust	83	79
Longreach Patient Trust	2	2
Barcaldine Patient Trust	30	28
<b>Total receipts</b>	<b><u>115</u></b>	<b><u>109</u></b>
<b>Patient Trust related payments</b>		
Winton Patient Trust	59	60
Longreach Patient Trust	2	2
Barcaldine Patient Trust	24	23
<b>Total payments</b>	<b><u>85</u></b>	<b><u>85</u></b>
<b>Trust assets</b>		
Current assets - cash	93	63
Patient Trust assets closing balance		
<b>Represented by patient trust deposits</b>		
Winton Patient Trust	75	51
Longreach Patient Trust	-	1
Barcaldine Patient Trust	18	11
<b>Total current assets</b>	<b><u>93</u></b>	<b><u>63</u></b>

**Central West Hospital and Health Service**  
**Notes to the Financial Statements**  
for the year ended 30 June 2019

**E2 KEY MANAGEMENT PERSONNEL DISCLOSURES**

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 personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of Central West Health during 2018-19. Further information on key management personal positions can be found in the body of the Annual Report under the section relating to Executive Management.

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, 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.
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, medical imaging, oral health, aeromedical and patient transport programs.
Chief Information Officer, Rural and Remote	Responsible for operational and strategic leadership of the eHealth and Communication Technology portfolio within rural and remote hospital and health services. The role is hosted by eHealth Queensland and proportionally on-charged to each of the rural and remote hospital and health services.

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

5-24

**Central West Hospital and Health Service**  
**Notes to the Financial Statements**  
for the year ended 30 June 2019

**E2 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)**

The remuneration policy for 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 noon-salary benefits such as motor vehicle 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 2018-19, 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 packages for key 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 obligations. 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 2018-19 financial year (2018: nil).

**1 July 2018 - 30 June 2019**

Position	Short Term Employee Expenses		Long term expenses	Post employee expenses	Term. expenses	Total expenses
	Monetary expenses \$'000	Non-monetary expenses				
Health Service Chief Executive	285	57	6	28	-	376
Executive Director, Medical Services (resigned 30/04/2019)	403	21	8	25	-	457
Acting Executive Director, Medical Services (1/7/2018 to 10/8/2018)	58	5	-	-	-	63
Acting Executive Director, Medical Services (5/4/2019 to 30/6/2019)	84	-	2	7	-	93
Executive Director, Nursing and Midwifery Services	206	28	4	19	-	257
Acting Executive Director, Workforce, Governance and Information Management (1/07/2018 to 30/06/2019)	139	28	3	13	-	183
Executive Director, Finance, Infrastructure and Support Services (resigned 20/3/2019)	116	27	2	17	47	209
General Manager Primary Health Services	198	18	4	22	-	242
General Manager Acute Health Services	158	19	3	19	-	199
Chief Information Officer, Rural and Remote (appointed 28/05/2018)	29	-	-	-	-	29

5-25



**Central West Hospital and Health Service**  
**Notes to the Financial Statements**  
for the year ended 30 June 2019

**E2 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)**

**1 July 2017 - 30 June 2018**

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

**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* ).

**Central West Hospital and Health Service**  
**Notes to the Financial Statements**  
for the year ended 30 June 2019

**E2 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)**

**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.

<b>Position and Name</b>	<b>Date of initial appointment</b>
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, Elizabeth Fraser	Appointed 18/5/2016
Board member, Leisa Fraser	Appointed 18/5/2016
Board member, Dr Clare Walker*	Appointed 18/5/2016
Board member, Johnathan Repine	Appointed 18/5/2018

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

Remuneration paid or owing to board members during 2018-19 was as follows:

<b>Board Member</b>	<b>Short Term Employee Benefits</b>		<b>Post employee expenses</b>	<b>Total Expenses</b>
	<b>Monetary expenses \$'000</b>	<b>Non-monetary expenses \$'000</b>		
Jane Williams	72	-	7	79
David Arnold	41	-	4	45
William Ringrose	39	-	4	43
Elizabeth Fraser	39	-	4	43
Leisa Fraser	39	-	4	43
Johnathan Repine	39	-	3	42

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

<b>Board Member</b>	<b>Short Term Employee Benefits</b>		<b>Post employee expenses</b>	<b>Total Expenses</b>
	<b>Monetary expenses \$'000</b>	<b>Non-monetary expenses \$'000</b>		
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	5	-	1	6

**Central West Hospital and Health Service**  
**Notes to the Financial Statements**  
for the year ended 30 June 2019

**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.

Category	2019 \$'000	2018 \$'000
<i>Entity - Department of Health</i>		
Revenue	78,419	71,705
Expenditure	48,624	44,158
Asset	1,022	1,380
Liability	2,548	2,219
<i>Entity - Department of Housing and Public Works including Qfleet and Building and Asset Services</i>		
Expenditure	2,737	1,316
Liability	413	nil

*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 \$75.6 million for the year ended 30 June 2019 (2018: \$70.3 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 (2018: 357) 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 2019, \$40.3 million (2018: \$36.7 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 2019, these services totalled \$7.4 million (2018: \$6.6 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 2019, the fair value of these services was \$886 thousand (2018: \$864 thousand).

Any associated receivables or payables owing to the Department of Health at 30 June 2019 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. Where costs are borne by the Hospital and Health Service on departmental funded capital projects, the Department of Health reimburses Central West Health for costs incurred. In 2019, \$1.9 million (2018: \$535 thousand) in recoveries was recognised. 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 Housing and Public Works (including Qfleet and Building and Asset Services)*

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. Further details on these arrangements are outlined in E6. During 2019, Building and Asset Services (commercial business unit of the department) was engaged to undertake construction and repairs primarily on the Longreach hospital site valued at \$1.3 million (2018: \$28 thousand).

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 2019 between Central West Health key management personnel, including their related parties were on normal commercial terms and conditions and were immaterial in nature.

**Central West Hospital and Health Service**  
**Notes to the Financial Statements**  
for the year ended 30 June 2019

**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 the Central West Health reimbursed on a monthly basis. GST credits receivable from, and GST payable to the ATO, are recognised on this basis. Refer to Note C2.

Revenues and expenses are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

**E5 FIRST YEAR APPLICATION OF NEW STANDARDS OR CHANGE IN POLICY**

**Changes in Accounting Policy**

Central West Hospital and Health Service did not voluntarily change any of its accounting policies during 2018-19.

**Accounting standards early adopted**

No Australian Accounting Standards have been early adopted for 2018-19.

CWHHS applied AASB 9 *Financial Instruments* for the first time in 2018-19. Comparative information for 2017-18 has not been restated and continues to be reported under AASB 139 Financial Instruments: Recognition and Measurement. The standard introduced different criteria for recognition and measurement of financial assets depending on whether the financial asset's contractual cash flows represent 'solely payments of principal and interest' and the business model for managing the assets. CWHHS's debt instruments comprise receivables disclosed in Note C2. They were classified as receivables as at 30 June 2018 (under AASB139) and were measured at amortised cost. These receivables are held for collection of contractual cash flows that are solely payments of principal and interest. As such, they continue to be measured at amortised cost beginning 1 July 2018.

AASB 9 requires the loss allowance to be measured using a forward-looking expected credit loss approach, replacing AASB 139's incurred loss approach. AASB 9 also requires a loss allowance to be recognised for all debt instruments other than those held at fair value through profit or loss. On adoption of AASB 9's new impairment model, a increase of six thousand in the impairment loss (decrease in net trade receivables) was applied at 1 July 2018. As this is not material, no adjustment has been recorded against opening accumulated surplus on adoption of this standard.

No other accounting standards applied for the first time in 2018-19 had any effect on Central West HHS.

**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 effective dates are set out below:

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

The transition date for both AASB 15 and AASB 1058 is 1 July 2019. Consequently, these standards will first apply to the HHS when preparing the financial statements for 2019-20. Central West Health has reviewed the impact of AASB 15 and AASB 1058 on current revenue contracts and has assessed no material impact to revenue recognition. Contracts entered into post 1 July 2019 will be assessed in light of the new accounting standards.

A range of new disclosures will also be required by the new standards in respect of health service revenue.

*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*.

Impact for lessees

Under AASB 16, the majority of operating leases (as defined by the current AASB 117 and shown at Note D3) will be reported on the Statement of Financial Position as right-of-use assets and lease liabilities.



**Central West Hospital and Health Service**  
**Notes to the Financial Statements**  
for the year ended 30 June 2019

**E6 FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE (continued)**

*AASB 16 Leases - continued*

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease rental payments will no longer be expensed in the Statement of Comprehensive Income. They will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will also be recognised as an expense.

AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. In accordance with Queensland Treasury's policy, the HHS will apply the 'cumulative approach', and will not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus at the date of initial application.

*Outcome of review as lessee*

Central West Health has completed its review of the impact of adoption of AASB 16 on the Statement of Financial Position and Statement of Comprehensive Income and has identified the following major impacts which are outlined below.

During the 2018-19 financial year, Central West Health held operating leases under AASB 117 from the Department of Housing and Public Works (DHPW) for non-specialised, commercial office accommodation through the Queensland Government Accommodation Office (QGAO) and residential accommodation through the Government Employee Housing (GEH) program. Lease payments under these arrangements totalled \$743 thousand per annum. The HHS has been advised by Queensland Treasury and DHPW that, effective 1 July 2019, amendments to the framework agreements that govern QGAO and GEH will result in the above arrangements being exempt from lease accounting under AASB 16. This is due to DHPW having substantive substitution rights over the non-specialised, commercial office accommodation and residential premises assets used within these arrangements. From 2019-20 onwards, costs for these services will continue to be expensed as supplies and services expense when incurred.

Queensland Treasury and DHPW have also advised that, effective 1 July 2019, motor vehicles provided under DHPW's QFleet program will be exempt from lease accounting under AASB16. This is due to DHPW having substantive substitution rights for vehicles provided under the scheme. From 2019-20 onward, costs for these services will continue to be expensed as supplies and services expense when incurred. Existing QFleet leases were not previously included as part of non-cancellable operating lease commitments.

Central West Health has quantified the transitional impact on the Statement of Financial Position and Statement of Comprehensive Income of all qualifying lease arrangements that will be recognised on-balance sheet under AASB 16, as follows:

- Statement of Financial Position impact on 1 July 2019
  - \$1.767 million increase in lease liabilities;
  - \$1.809 million increase in right-of-use assets; and
  - \$42 thousand increase in opening accumulated surplus
- Statement of Comprehensive Income impact expected for the 2019-20 financial year, as compared to 2018-19
  - \$514 thousand increase in depreciation expense;
  - \$39 thousand increase in interest expense; and
  - \$542 thousand decrease in supplies and services;

This results in a net increase of \$11 thousand in total expenses.

Impact for Lessors

Lessor accounting under AASB 16 remains largely unchanged from AASB 117. For finance leases, the lessor recognises a receivable equal to the net investment in the lease. Lease receipts from operating leases are recognised as income either on a straight-line basis or another systematic basis where appropriate.

**Central West Hospital and Health Service**  
**Notes to the Financial Statements**  
for the year ended 30 June 2019

**E6 FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE (continued)**

*Leases with below fair value terms and conditions*

Under the existing AASB 16 *Leases* and AASB 1058 *Income of not-for-profit entities*, leases with significantly below-market terms and conditions (principally to enable a not-for-profit entity to further its objectives and commonly referred to as 'peppercorn leases') are to be measured on initial recognition at fair value. In December 2018, the Australian Accounting Standards Board (AASB) issued AASB 2018-8 *Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities* to provide a temporary option for not-for-profit lessees to elect to measure concessionary leases at initial recognition either at cost or at fair value, until certain interpretative issues are addressed in the AASB's Fair Value Measurement for Public Sector Entities project. Queensland Treasury intends to mandate that not-for-profit agencies consolidated within whole-of-Government will measure all right-of-use assets from concessionary leases at cost on initial recognition until the AASB issues further pronouncements on this matter.

**E7 EVENTS AFTER THE REPORTING PERIOD**

**Other matters**

No other matter or circumstance has arisen since 30 June 2019 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.

**Central West Hospital and Health Service**  
**Notes to the Financial Statements**  
for the year ended 30 June 2019

**SECTION F**  
**NOTES ON OUR PERFORMANCE TO BUDGET**

This section discloses Central West Health's original published budgeted figures for 2018-19 compared to actual results, with explanations of major variances, in respect of Central West Health's 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**

	Variance Notes	Actual 2019 \$'000	Budget 2019 \$'000	Variance \$'000
<b>Income</b>				
User charges and fees		81,399	74,822	6,577
Grants and other contributions		2,792	1,498	1,294
Other revenue		2,410	344	2,066
<b>Total Income</b>		<b>86,601</b>	<b>76,664</b>	<b>9,937</b>
<b>Total income</b>		<b>86,601</b>	<b>76,664</b>	<b>9,937</b>
<b>Expenses</b>				
Employee expenses	A1	9,464	11,141	(1,677)
Health service employee expenses	A2	40,577	37,185	3,392
Other supplies and services	A3	28,630	23,221	5,409
Depreciation and amortisation	A4	7,293	4,707	2,586
Other expenses		1,972	410	1,562
<b>Total Expenses</b>		<b>87,936</b>	<b>76,664</b>	<b>11,272</b>
<b>Operating results</b>		<b>(1,335)</b>	<b>-</b>	<b>(1,335)</b>
<b>Other comprehensive income</b>				
Items that will not be reclassified subsequently to profit or loss				
Increase/(decrease) in asset revaluation surplus		1,112	53	1,059
<b>Total items that will not be re-classified to operating results</b>		<b>1,112</b>	<b>53</b>	<b>1,059</b>
<b>Total comprehensive income for the year</b>		<b>(223)</b>	<b>53</b>	<b>(276)</b>

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.

**Central West Hospital and Health Service**  
**Notes to the Financial Statements**  
for the year ended 30 June 2019

**F2 BUDGET TO ACTUAL COMPARISON - STATEMENT OF FINANCIAL POSITION**

	Variance Notes	Actual 2019 \$'000	Budget 2019 \$'000	Variance \$'000
<b>Current Assets</b>				
Cash and cash equivalents	A5	1,986	2,604	(618)
Receivables		1,962	1,827	135
Inventories	A6	690	598	92
<b>Total Current Assets</b>		<b>4,638</b>	<b>5,029</b>	<b>(391)</b>
<b>Non-Current Assets</b>				
Property, plant and equipment		85,528	85,617	(89)
<b>Total Non-Current Assets</b>		<b>85,528</b>	<b>85,617</b>	<b>(89)</b>
<b>Total Assets</b>		<b>90,166</b>	<b>90,646</b>	<b>(480)</b>
<b>Current Liabilities</b>				
Payables		4,226	3,901	325
Accrued employee expenses	A7	330	217	113
Unearned revenue	A8	250	400	(150)
<b>Total Current Liabilities</b>		<b>4,806</b>	<b>4,518</b>	<b>288</b>
<b>Total Liabilities</b>		<b>4,806</b>	<b>4,518</b>	<b>288</b>
<b>Net Assets</b>		<b>85,361</b>	<b>86,128</b>	<b>(767)</b>
<b>Equity</b>		<b>85,360</b>	<b>86,128</b>	<b>(768)</b>



**Central West Hospital and Health Service**  
**Notes to the Financial Statements**  
for the year ended 30 June 2019

**F3 BUDGET TO ACTUAL COMPARISON - STATEMENT OF CASH FLOWS**

	Variance Notes	Actual 2019 \$'000	Budget 2019 \$'000	Variance \$'000
<b>Cash flows from operating activities</b>				
<b>Inflows:</b>				
User Charges		74,548	70,105	4,443
Grants and other contributions		1,906	1,476	430
GST input tax credits from ATO		1,827	1,810	17
GST collected from customers		107	-	107
Other receipts		2,409	339	2,070
		<u>80,797</u>	<u>73,730</u>	<u>7,067</u>
<b>Outflows:</b>				
Employee expenses	A1	(9,416)	(11,141)	1,725
Health service employee expenses	A2	(40,422)	(37,185)	(3,237)
Supplies and services	A3	(27,888)	(23,283)	(4,605)
GST paid to suppliers		(1,860)	(1,812)	(48)
GST remitted to ATO		(92)	-	(92)
Other		(894)	(334)	(560)
		<u>(80,572)</u>	<u>(73,755)</u>	<u>(6,817)</u>
<b>Net cash provided by (used in) operating activities</b>		<u><b>225</b></u>	<u><b>(25)</b></u>	<u><b>250</b></u>
<b>Cash flows from investing activities</b>				
<b>Inflows:</b>				
Sales of property, plant and equipment		8	5	(3)
<b>Outflows:</b>				
Payments for property, plant and equipment	A9	(1,538)	(1,089)	(449)
<b>Net cash provided by (used in) investing activities</b>		<u><b>(1,530)</b></u>	<u><b>(1,084)</b></u>	<u><b>(446)</b></u>
<b>Cash flows from financing activities</b>				
<b>Inflows:</b>				
Equity Injections	A10	1,402	1,089	313
<b>Net cash provided by (used in) financing activities</b>		<u><b>1,402</b></u>	<u><b>1,089</b></u>	<u><b>313</b></u>
<b>Net increase/(decreased) in cash and cash equivalents</b>		<u><b>97</b></u>	<u><b>(20)</b></u>	<u><b>117</b></u>
Cash and cash equivalents at the beginning of the financial year		<u>1,889</u>	<u>2,624</u>	<u>(735)</u>
<b>Cash and cash equivalents at the end of the financial year</b>		<u><b>1,986</b></u>	<u><b>2,604</b></u>	<u><b>(618)</b></u>

**Central West Hospital and Health Service**  
**Notes to the Financial Statements**  
for the year ended 30 June 2019

**BUDGET VS ACTUAL COMPARISON**

For the purposes of these comparatives the "Original Budget" refers to the budget entered in May 2018 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 these 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

**Explanation of major variances**

*Statement of Comprehensive Income*

A1 Employee expenses were \$9.464 million at 30 June 2019 compared to \$11.141 million per the SDS budget. The budget included an allowance of \$2.180 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% including an enterprise bargain increase of 2.5% and 10% rise in the remote allowance for senior medical officers under MOCA5) 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 were less than the SDS budget by \$1.725 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 \$40.577 million at 30 June 2019, \$3.392 million higher than the SDS budget of \$37.185 million; reflecting an increase in full time equivalent staff during 2019 and 6% higher average salaries (overtime and allowances) not forecast at the time of the budget. 2019 included a number of initiatives \$2.671 million, approved after finalisation of the budget, to enhance health service delivery to the community. These initiatives included tackling regional adversity through integrated care, establishment of the telehealth referral hub, enhanced surgical day care services, and other minor projects for rural and remote facilities; resulting in increased full time health staff and higher salaries. Additional funding was also received for Enterprise Bargaining (EB) payments to medical officers and nurse entitlements.

Cash outflows for health service employee expenses exceeded the SDS budget by \$3.237 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 \$5.409 million at 30 June 2019. The increase is primarily attributable to a number of factors:

- the employment of additional temporary nursing and medical staff to backfill vacancies and the reclassification of costs in employing locum senior medical officers \$2.180 million;

- 2019 included a number of initiatives \$1.218 million, approved by the Department of Health after finalisation of the budget, to enhance health service delivery to the community such as expansion of medical imaging services, specialist outpatient strategies and sterilisation projects with temporary staff engaged to undertake the services.

- ongoing redevelopment of Longreach hospital and other refurbishment project costs incurred on behalf of the Department of Health \$1.876 million during 2019. These costs were reimbursed by the Department and are matched by higher revenues. These costs were not captured at the time of the budget.

- a development fee, \$286 thousand, was paid to the Department of Health for the construction of the Boulia Wellbeing Centre during 2019. This fee is offset by revenue from the Boulia Shire Council (funded under the Commonwealth's "Drought Communities Grants Programme"). Both the revenue and expense were not captured at the time of the budget.

Cash outflows for Supplies and services exceeded SDS budget by \$4.605 million. The key contributors to this are largely consistent with the reasons set out above adjusted for a differences in movements between forecasts in the SDS budget and actuals for trade payables of \$873 thousand and to a lesser extent, inventories and prepayments.

**Central West Hospital and Health Service**  
**Notes to the Financial Statements**  
for the year ended 30 June 2019

**BUDGET VS ACTUAL COMPARISON (continued)**

A4 Depreciation expense has exceeded SDS budget by \$2.586 million. 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. Remaining useful lives for the Boulia Community Hospital (expected to be replaced later in 2019) and significant components within the Longreach Hospital subject to refurbishment were revised in 2019, with accelerated depreciation of \$2.403 million applied. Additionally, a comprehensive review (97.6%) of buildings was undertaken in 2018. As part of APV's valuation process, significant increases to fair value were noted. This resulted in increased depreciation expense in 2019 of \$484 thousand. Original forecast depreciation was calculated prior to the impact of revisions to useful life and the 2018 valuation. This was partially offset by lower depreciation charges for plant and equipment as a result of delays in capital equipment purchases forecast as part of hospital redevelopment projects.

*Statement of Financial Position*

A5 Cash and cash equivalents was lower by \$618 thousand from \$2.604 million at the time of the budget to \$1.986 million. At the time of the budget, cash was forecast to be \$735 thousand higher, at the beginning of the year, than realised reflecting the timing of receipts and payments for operating activities and delays in minor refurbishment works in the previous year. This has impacted the balance at 30 June 2019, partially offset by an increase in estimated net cash flows during 2019 of \$117 thousand.

A6 Inventories were \$690 thousand, or \$92 thousand higher than the \$598 thousand forecast at the time of the budget. Inventories increased primarily reflecting a change in the type and number of items stocked at facilities, resulting from the closure of the sterilising unit as part of the Longreach Hospital redevelopment, partially offset by a decrease in pharmacy items stocked with a short shelf life following a review in 2017-18.

A7 Accrued employee expenses of \$330 thousand were \$113 thousand higher than estimated reflecting the exclusion at the time of the budget, of annual movements in accruals. This impacted on the opening balance used in budget estimates and forecast movements during the year. Accruals for wages have increased primarily as a result of the timing of the last payroll payment with 12 days accrued at 2017 (time of the budget) compared to 14 days at 2019. In addition, wages growth and changes in staffing numbers increased the accrual amount.

A8 Unearned revenue was lower than SDS Budget by \$150 thousand. General purpose funding provided by the Department of Health is recognised as specific conditions attached are met. Where monies are received prior to meeting specific conditions, funds are recorded as unearned revenue. At the time of the budget, unearned revenue was forecast to be \$251 thousand higher, at the beginning of the year than realised (budget estimated actuals 2018:\$400 thousand compared to actuals \$149 thousand) with specific conditions on funding met in all but one instance (enterprise bargaining (EB) funding for nurses). The EB agreement was not ratified and paid until 2018-19. At 30 June 2019, a project has experienced delays in tendering processes which has impacted on the deliverability of services by year end. These delays were not forecast at the time of the original budget.

*Statement of Cash Flows*

A9 Payments for property, plant and equipment in 2019 were higher \$449 thousand than budgeted. A change in the funding arrangements for Priority Capital Projects (PCP) by the Department of Health increased cash outflows for infrastructure. Original budget included \$1.861 million for the refurbishment of the Boulia Community Hospital, departmentally managed and transferred to Central West Health on project completion in 2018-19. During 2019, management for projects totalling \$288 thousand was transferred to CWHHS, along with associated cash funding from the Department of Health. CWHHS paid for these project costs, increasing payments for property, plant and equipment. Post the budget, a further \$475 thousand of funding for equipment purchases and infrastructure improvements was approved by the Department of Health as either minor capital or PCP funding. Partially offsetting this, were delays in the delivery of medical equipment funded under the Health Technology Equipment Replacement program, with medical equipment purchases lower by \$325 thousand than originally forecast.

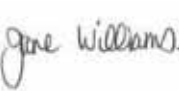
A10 Cash flows from equity injections increased \$313 thousand from \$1.089 million per the SDS budget, to \$1.402 million for the year ended 30 June 2019. This increase was a result of higher funding approvals by the Department of Health during the year for infrastructure projects, purchases of equipment and a change in the funding arrangements for PCP projects by the Department of Health refer A9. This was not included at the time of budget estimates. Cash funding for purchases of Property Plant and Equipment (PPE) are made by the Department of Health one month in arrears. This timing difference represents the variation between purchases of PPE and equity injections at 30 June 2019.

**Central West Hospital and Health Service**  
**Management Certificate**  
for the year ended 30 June 2019

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 financial 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 2019 and of the financial position of the Hospital and Health Service at the end of that year; and
- acknowledge responsibility under sections 8 and 15 of the *Financial and Performance Management Standard 2009* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting through-out the reporting period.

Jane Williams



Board Chair

Central West Health  
28/8/2019

Jane Hancock



Chief Executive Officer

Central West Health  
28/8/2019



## 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. The financial report comprises the statement of financial position as at 30 June 2019, 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.

In my opinion, the financial report:

- gives a true and fair view of the entity's financial position as at 30 June 2019, and its financial performance and cash flows for the year then ended
- complies with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009* and Australian Accounting Standards.

#### 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.

### Specialised buildings valuation (\$78.9 million)

Refer to Note C4 in the financial report.

Key audit matter	How my audit addressed this key audit matter
<p>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 desktop revaluation of a sample of its buildings this year representing 77% of written down value, with the remaining assets being revalued using indexation.</p> <p>The current replacement cost method comprises:</p> <ul style="list-style-type: none"> <li>Gross replacement cost, less</li> <li>Accumulated depreciation.</li> </ul> <p>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:</p> <ul style="list-style-type: none"> <li>identifying the components of buildings with separately identifiable replacement costs</li> <li>developing a unit rate for each of these components, including: <ul style="list-style-type: none"> <li>estimating the current cost for a modern substitute (including locality factors and oncosts), expressed as a rate per unit (e.g. \$/square metre)</li> <li>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.</li> </ul> </li> </ul> <p>The measurement of accumulated depreciation involved significant judgements for forecasting the remaining useful lives of building components.</p> <p>The significant judgements required for gross replacement cost and useful lives are also significant for calculating annual depreciation expense.</p>	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>Assessing the adequacy of management's review of the valuation process.</li> <li>Assessing the appropriateness of the components of buildings used for measuring gross replacement cost with reference to common industry practices.</li> <li>Assessing the competence, capabilities and objectivity of the experts used to develop the models.</li> <li>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.</li> <li>For unit rates associated with the sample of buildings that were revalued this year, evaluating the relevance, completeness and accuracy of source data used to derive the unit rate of the: <ul style="list-style-type: none"> <li>modern substitute (including locality factors and on-costs)</li> <li>adjustment for excess quality or obsolescence.</li> </ul> </li> <li>Evaluating useful life estimates for reasonableness by: <ul style="list-style-type: none"> <li>Reviewing management's annual assessment of useful lives.</li> <li>At an aggregated level, reviewing asset management plans for consistency between renewal budgets and the gross replacement cost of assets.</li> <li>Ensuring that no asset still in use has reached or exceeded its useful life.</li> <li>Enquiring of management about their plans for assets that are nearing the end of their useful life.</li> <li>Reviewing assets with an inconsistent relationship between condition and remaining useful life.</li> </ul> </li> <li>Where changes in useful lives were identified, evaluating whether the effective dates of the changes applied for depreciation expense were supported by appropriate evidence.</li> <li>Reconciling the fair value of the buildings as determined by the valuer to the underlying accounting records and disclosures in the financial statements.</li> </ul>

### 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.

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 2019:

- I received all the information and explanations I required.
- In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.



29 August 2019

C Strickland  
as delegate of the Auditor-General

Queensland Audit Office  
Brisbane



# Glossary

## 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 against the National Safety and Quality Health Services Standards (NSQHSS). These standards form the basis of many of the accredited 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. CheckUP works 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.

## National Safety and Quality Health Service Standards

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

## Primary care

First level healthcare provided by a range of healthcare professionals in socially appropriate and accessible ways and supported by integrated referral systems. It includes 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 performance 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 sharing across distance.

## 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

The Western Queensland Primary Health Network (WQPHN) was formed as an independent not for profit company by the three western Queensland Hospital and Health Services – Central West, South West and North West Hospital and Health Services. The WQPHN fosters partnerships with all founders and service providers with an aim to improve primary healthcare 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	2
Accessibility	Table of contents	ARRs – section 9.1	3, 90
	Glossary		
	Public availability	ARRs – section 9.2	Inside cover
	Interpreter service statement	Queensland Government Language Services Policy ARRs – section 9.3	Inside front cover
	Copyright notice	Copyright Act 1968 ARRs – section 9.4	Inside front cover
General information	Information Licensing	QGEA – Information Licensing ARRs – section 9.5	Inside front cover
	Introductory Information	ARRs – section 10.1	10, 18
	Machinery of Government changes	ARRs – section 10.2, 31 and 32	Not applicable
	Agency role and main functions	ARRs – section 10.2	10, 18-19
	Operating environment	ARRs – section 10.3	10, 18-19
Non-financial performance	Government’s objectives for the community	ARRs – section 11.1	4-5
	Other whole-of-government plans / specific initiatives	ARRs – section 11.2	1, 5, 16-17, 29, 45
	Agency objectives and performance indicators	ARRs – section 11.3	14-15, 17, 28-29, 42-47
	Agency service areas and service standards	ARRs – section 11.4	4-7, 10-19
Financial performance	Summary of financial performance	ARRs – section 12.1	46-47
Governance – management and structure	Organisational structure	ARRs – section 13.1	25
	Executive management	ARRs – section 13.2	26
	Government bodies (statutory bodies and other entities)	ARRs – section 13.3	21-23
	Public Sector Ethics Act 1994	Public Sector Ethics Act 1994 ARRs – section 13.4	41
	Queensland public service values	ARRs – section 13.5	11-13
Governance – risk management and accountability	Risk management	ARRs – section 14.1	39
	Audit committee	ARRs – section 14.2	39
	Internal audit	ARRs – section 14.3	39
	External scrutiny	ARRs – section 14.4	39, 40
	Information systems and recordkeeping	ARRs – section 14.5	40
Governance – human resources	Strategic workforce planning and performance	ARRs – section 15.1	32-34
	Early retirement, redundancy and retrenchment	Directive No.04/18 Early Retirement, Redundancy and Retrenchment ARRs – section 15.2	35
Open Data	Statement advising publication of information	ARRs – section 16	41
	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	49-85
	Independent Auditor’s Report	FAA – section 62 FPMS – section 50 ARRs – section 17.2	86-89

FAA Financial Accountability Act 2009. FPMS Financial and Performance Management Standard 2009. ARRr Annual report requirements for Queensland Government agencies.







