

Mackay Hospital and Health Service

2012–13 Annual Report



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Mackay Hospital and Health Service Annual Report 2012–13

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Written and developed by Mackay Hospital and Health Service

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Letter of compliance

The Honourable Lawrence Springborg MP
Minister for Health
Member for Southern Downs
GPO Box 48
Brisbane QLD 4001

5 September 2013

Dear Minister

I am pleased to present the Annual Report 2012–13 and financial statements for Mackay Hospital and Health Service.

I certify that this annual report complies with:

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

A checklist outlining the annual reporting requirements can be found on pages 62–63 of this annual report.

Yours sincerely



Mr Colin Meng
Board Chair
Mackay Hospital and Health Service Board



Mackay Base Hospital

Contents

Letter of compliance	1	Our performance	34
Hospital Health Board Chair's overview	4	Surgical Services	36
Health Service Chief Executive's overview	5	Medical Services	40
Highlights for 2012–13	6	Family Health Services	41
Our organisation	7	Mental Health and ATODS	42
About Mackay Hospital and Health Service	7	Nursing and Midwifery Services/ Clinical Support Services	43
Resources, performance and the future	8	Consumer and Community Engagement	44
Our values	9	Corporate Services	45
Our vision	9	Indigenous Health	47
Our purpose	9	Rural services	49
Strategic direction	10	Redevelopment	51
Strategic objectives	11	Financial Highlights	52
Mackay Hospital and Health Service coverage	12	Service Agreement – key performance indicators	54
Machinery of government	13	Our people	56
Our governance	14	People and culture	57
Mackay Hospital and Health Board	14	Listening to our staff	57
Mackay Hospital and Health Board Meetings	16	Workplace culture	57
Board member attendance	17	Workforce development	58
Mackay Hospital and Health Board Committees	18	Workforce management	59
Mackay Hospital and Health Board Organisational Map	22	Occupational Health and Safety	60
Mackay Hospital and Health Service Management and Structure	23	Service Excellence Awards	61
Executive team	24	Compliance checklist	62
Health Service committees	26	Acts and subordinate legislation	64
Ethics and code of conduct	30	Glossary	65
Audit management	31	Acronyms	67
Risk management	32	Financial Statements	69
Information systems and record keeping	33		



Hospital Health Board Chair's overview

From 1 July 2012, Mackay Hospital and Health Service (Mackay HHS) became a statutory body along with 16 other Hospital and Health Services across Queensland's public health system.

The redevelopment of the Mackay Base Hospital campus saw the completion of the main clinical building at the end of 2012. The \$408 million redevelopment of the Mackay Base Hospital is due for completion in the latter part of 2014. To accommodate the future health needs of the population, the staged redevelopment will increase the bed total to 318 beds across all services as well as an additional operating theatre and two procedure rooms (total of five theatres and two procedure rooms) and a 12 bed Medical Assessment and Planning Unit (MAPU).

The redevelopment will enhance the staff retention rate making Mackay a more desirable place to work and live, delivering high quality health services within an enhanced clinical environment. Education and research facilities, including the Hospital's library, will be integrated in the redeveloped hospital. This will strengthen, grow and develop partnerships with universities, support professional development, and grow and retain Mackay HHS's expert and experienced clinical teams.

The Mater Private Hospital currently provides approximately 30 per cent of the total inpatient health services for the Mackay HHS. Although offering a range of services, the private hospital has a strong focus on surgical services with the more complex medical cases referred to the Mackay Base Hospital.

Mackay HHS plays an integral role in the regional health workforce education and training requirements. Mackay Base Hospital has educational links with James Cook University (JCU), Central Queensland University (CQU) as well as various other Universities. Research capabilities on the hospital site are being further developed and enhanced as part of the redevelopment, providing further opportunities to build the partnerships with education facilities.

Significant support is received from the mining industry, particularly in the smaller communities. Volunteers play a major role in assisting the local health service. These include the Red Cross Service and Hospital Auxiliary. The Mackay Hospital Foundation was established in 2011 and is the fundraising arm for the Mackay HHS.

The newly-appointed Mackay Hospital and Health Board held its first meeting on 11 July 2012. We have seven board members appointed and their professional streams cover clinical, business and academia. The Mackay Hospital and Health Board were reappointed on 17 May 2013 for a further term of one or three years. One board member resigned effective end of June 2013 and recruitment for a new board member will be undertaken to fill the vacancy.

Significant financial achievements have been gained over the past twelve months due to preparation and budget tightening across all facilities and divisions. Staff of the Mackay HHS contributed to this effort to bring the budget in with a surplus.

January saw the intake of 29 Interns and 29 Graduate nurses, with 15 of the graduate nurses placed in rural facilities. These interns and graduates will progress through all divisions and hopefully have a good impression of Mackay HHS to want to stay at the end of their term.

I wish to thank my board for their commitment and sincerely express my thanks to the executive management team for delivering a positive and united approach to service delivery. I look forward to working with this strong and successful team next year.

Mr Colin Meng
Chair, Mackay Hospital and Health Service Board



Health Service Chief Executive's overview

What a great and vibrant year we've seen in the Mackay Hospital and Health Service (Mackay HHS) and I am delighted to provide a contribution to the first Mackay HHS annual report.

The main highlights for me were the commencement of the new Board ably led by Mr Colin Meng, handover of the newly completed main clinical block and delivering the first positive budget result in a decade whilst providing record services to the community.

I previously worked with Boards from 1983 until mid-1991 when hospital and health services were controlled by Hospitals Boards comprising local community members. We have come full circle and once again our health services are controlled by local community members in the form of a newly formed Statutory Board.

The daunting task for my Executive pre June 2012 was to ensure the service was ready to function independent of Corporate Office with the goal being to successfully transition to Board control. I can say I have been heartened and amazed at the successful transition through the diligent work undertaken by the Executive team and our working closely with our Chairman to ensure we succeeded.

The Mackay Hospital Redevelopment continues to make progress and for 2012–13 we saw the completion and handover of the main clinical services building. This building is state-of-the-art and incorporates design elements that take full advantage of our beautiful location. A highlight for me personally was being able to host an open day for the public to visit and look through the completed clinical services building. The feedback given by those that visited was all positive and to date the staff, patients and visitors comment on the open and modern design that has been achieved. We continue to the final stages and should see the completed works in late 2014.

I would like to take this opportunity to thank my Executive team for the hard work they have put in to ensure the success of the past year for without their efforts I doubt we would have achieved what we have.

To Chairman Colin Meng and members of the Board thank you for your continuing hard work and contribution. I look forward to another year working with the Board to further progress the good work being undertaken to deliver a broader and improved range of high quality services to the communities we serve.

Mr Kerry McGovern
CE, Mackay Hospital and Health Service

Highlights for 2012–13

Reforming Health Service
in Mackay area to better cater
for the client needs

Service delivery
supported through strong
budget management

Completed Stage 2
redevelopment

Move to new
Clinical building

New Laundry
and Kitchen opened

New Catheter Lab
for Mackay Base Hospital
announced for 2013–14

Providing healthcare
to Mackay Rural areas

Key Performance Targets met

Major Capital Works
progressing

Closing the Gap initiatives

Consumer and Community
Engagement plans developed

87,658

People admitted to hospital

83,055

People presented
to our emergency department

203,286

Outpatients occasions
of service were performed

2,301

Elective surgery procedures
were performed

1,700

Babies born

119,695

Dental

1,707

Mental Health acute care

54,855

Mental Health Service (community)

Our organisation

About Mackay Hospital and Health Service



On 1 July 2012 the Mackay Hospital and Health Service (Mackay HHS) commenced operation as an independent statutory body overseen by the Mackay Hospital and Health Board.

The Mackay HHS is responsible for the delivery of public hospital and health services including medical, surgical, emergency, obstetrics, paediatrics, specialist outpatient clinics, mental health, critical care and clinical support services to a population of around 180,424¹ people residing in a geographical area from Bowen in the North to St Lawrence in the south and from the coast inland to Clermont in the west, Bowen in the north and Collinsville in the north-west. The Whitsunday Islands in the east are also included in this region and include Lindeman, Hamilton and Brampton Islands.

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

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

Mackay HHS encompasses an area of more than 90,360² sq km.

With over 280 beds and bed alternatives and 29 aged care beds (as at June 2012), Mackay HHS is responsible for the direct management of the facilities within the HHS's geographical boundaries:

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

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

2. Source as per the Mackay HHS Service Agreement 2013/14–2015/16.

Our organisation

About Mackay Hospital and Health Service



Collinsville Hospital

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

The Mackay HHS will have a strong focus in 2013–14 on:

- Providing better access to health services
- Addressing and improving key population health challenges and risks
- Supporting Government commitments to revitalise frontline services for families and deliver better infrastructure
- Enhancing engagement and developing closer working relationships with patients, families, community groups, GPs and other primary health providers.

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

It is anticipated that a proportion of the people currently flowing out of the Mackay HHS for specialised health services will be able to access those services from the Mackay HHS at the completion of the Mackay Base Hospital redevelopment.



Dysart Hospital

Resources, performance and the future

The reduction in funding from the Australian Government in 2012–13 under the National Health Reform Agreement had a significant impact on the ability of the Mackay HHS to plan and deliver services, particularly given the timing of the advice and the need to retrospectively adjust activity targets for 2012–13.

The Mackay HHS has an operating budget of \$295.9 million for 2013–14 which is an increase of \$8.1M (2.8 per cent) from its 2012–13 operating budget of \$287.8 million.

The service agreement between the Mackay HHS and the Department of Health (DoH) identifies the health services to be provided, funding arrangements for those services and defined performance indicators and targets to ensure outputs and outcomes are achieved.

An extensive redevelopment of the Mackay Base Hospital is underway and is scheduled for completion late 2014. At a cost of \$408 million, the redevelopment will double the capacity of the old hospital to provide 318 beds. The redeveloped hospital will offer the local community a wider range of public health services and will be equipped to offer additional and extended specialised services, enabling more patients to be treated locally and minimise the need to travel for certain types of care and treatment.

A cardiac catheter laboratory, costing over \$2.5 million is scheduled to open at the Mackay Base Hospital in October 2013. This service will enable angiograms and insertion of pacemakers to be performed in Mackay for the first time and will reduce the need for Mackay residents to travel to Townsville or Brisbane for this treatment.

In addition, the fit out of a Magnetic Resonance Imaging (MRI) suite at Mackay Base Hospital will also be completed in 2013–14 at a cost of \$1.5 million.

In 2012–13 the Mackay HHS was allocated \$2.7 million under the Australian Government's Health and Hospital Fund 2011 Regional Priority Round 4, for the redevelopment of an Acute and Primary Care Clinic (APCC) at the Proserpine Hospital and Bowen Hospital Clinical Space Redesign and construction.

The Mackay HHS has experienced strong demand growth in recent years that has been driven by a growing population related to increased mining activity in the Bowen Basin. In 2012–13 performance has exceeded or been close to targets for Emergency Access and Elective Surgery. At the same time, staffing levels and expenditure have been maintained within budget.



Clermont Multipurpose Health Service

Our vision

Is for vibrant and productive hospital and health services that provide the best possible health care to residents of the Mackay Region.

Our purpose

To ensure safe, efficient and sustainable hospital and health services are provided to the community, and align with the Department of Health priorities.

Our values

Caring for people

We will show due regard for the contribution and diversity of all staff and treat all patients and consumers, carers and their families with professionalism and respect.

Leadership

We will exercise leadership in the delivery of health services and in the broader health system by communicating vision, aligning strategy with delivering outcomes, taking responsibility, supporting appropriate governance and demonstrating commitment and consideration for people.



Proserpine Hospital



Moranbah Hospital

Partnership

Working collaboratively and respectfully with other service providers and partners is fundamental to our success.

Accountability, efficiency and effectiveness

We will measure and communicate our performance to the community and governments. We will use this information to inform ways to improve our services and manage public resources effectively, efficiently and economically.

Innovation

We value creativity. We are open to new ideas and different approaches and seek to continually improve our services through our contributions to, and support of, evidence, innovation and research.

Our organisation

Strategic direction

There are four strategic priorities in the *Mackay Hospital and Health Service Strategic Plan 2013–2017*

Making Mackay healthier

Revitalising Services for Patients

Objectives

- Improve access and focus on reduced waiting times
- Work with Townsville Mackay Medicare Local and other service providers to improve efficiencies
- Focus on Closing the Gap initiatives for our Indigenous people
- Develop improved holistic and affordable models of care
- Develop a Mackay Hospital and Health Services Plan.

Key performance indicators

- Services are delivered in accordance with the Service Agreement and within the allocated Budget
- The National Emergency Access Targets (NEAT) and the National Elective Surgery Targets (NEST) are met
- Meet obligations to closing the gap for Indigenous people.

Reforming Mackay

Reforming Mackay Hospital and Health Service

Objectives

- Embed governance and monitoring functions to ensure performance against agreed measures and assurance framework provisions
- Innovative service delivery models to manage demand
- Deliver new services in a planned, funded and sustainable manner
- Plan and deliver infrastructure that directly improves services to patients.

Key performance indicators

- Services are delivered in accordance with the Service Agreement and within the allocated Budget
- National Emergency Access Targets and the National Elective Surgery Targets are met
- Closing the gap for Indigenous People targets are met.
- National Patient Safety and Quality Standards compliance.

Service Delivery Resources

Focusing Resources on Service Delivery

Objectives

- Identify and manage waste
- Improve the management of health budgets and finances to maximise service improvements
- Establish business processes to support and ensure existing resources are used effectively
- Streamline business processes to support clinical service delivery
- Maximise funding opportunities and partnering with Non Government and private organisations
- Review and implement improved auditing and financial management strategies
- Maintain our staffing numbers to an agreed and sustainable level.

Key performance indicators

- Services are to be delivered in accordance with the Service Agreement and within the allocated Budget
- Comply with the National Patient Safety and Quality Standards.

Confidence Promoted

Promote confidence in the Mackay Hospital and Health Services

Objectives

- Engage appropriately with the local community for the planning of future health services
- Ensure that the planning of our future health services is based on population growth, demographics and growing health needs
- Deliver our critical infrastructure projects of the Mackay Base Hospital, Sarina, Bowen and Proserpine Hospitals on time and within budget
- Demonstrate strong financial accountability
- Progress initiatives including the Consumer and Community Engagement Plan and Workforce Plan
- Build alliances in training and developing needed workforce
- Deliver care in the most appropriate setting.

Key performance indicators

- Closing the gap for Indigenous People targets are met
- National Patient Safety and Quality Standards compliance.

Our organisation

Strategic objectives

1.1 Functions of the Service

- The Mackay HHS is an independent statutory body, overseen by a local Hospital and Health Board, with responsibility for providing public hospital and health services to a population of 180,424 people residing in a geographical area from Sarina in the south, Clermont in the west, Bowen in the north and Collinsville in the north-west. The Mackay HHS will provide public hospital and health services and achieve health system outcomes as defined in the Service Agreement with the Department of Health as manager of the public hospital system.

1.2 Objectives for the Community

- The Mackay HHS strategic plan is congruent with the government's objectives for the community, informed by the Department of Health strategic objectives and implemented through the Mackay HHS Health Service Plan
- The plan enables and supports the government commitments to revitalise frontline services for families and provision of quality infrastructure
- The plan is informed by 'The Statement of Government Health Priorities' and Department of Health Strategic Objectives.

1.3 Strategic Risks

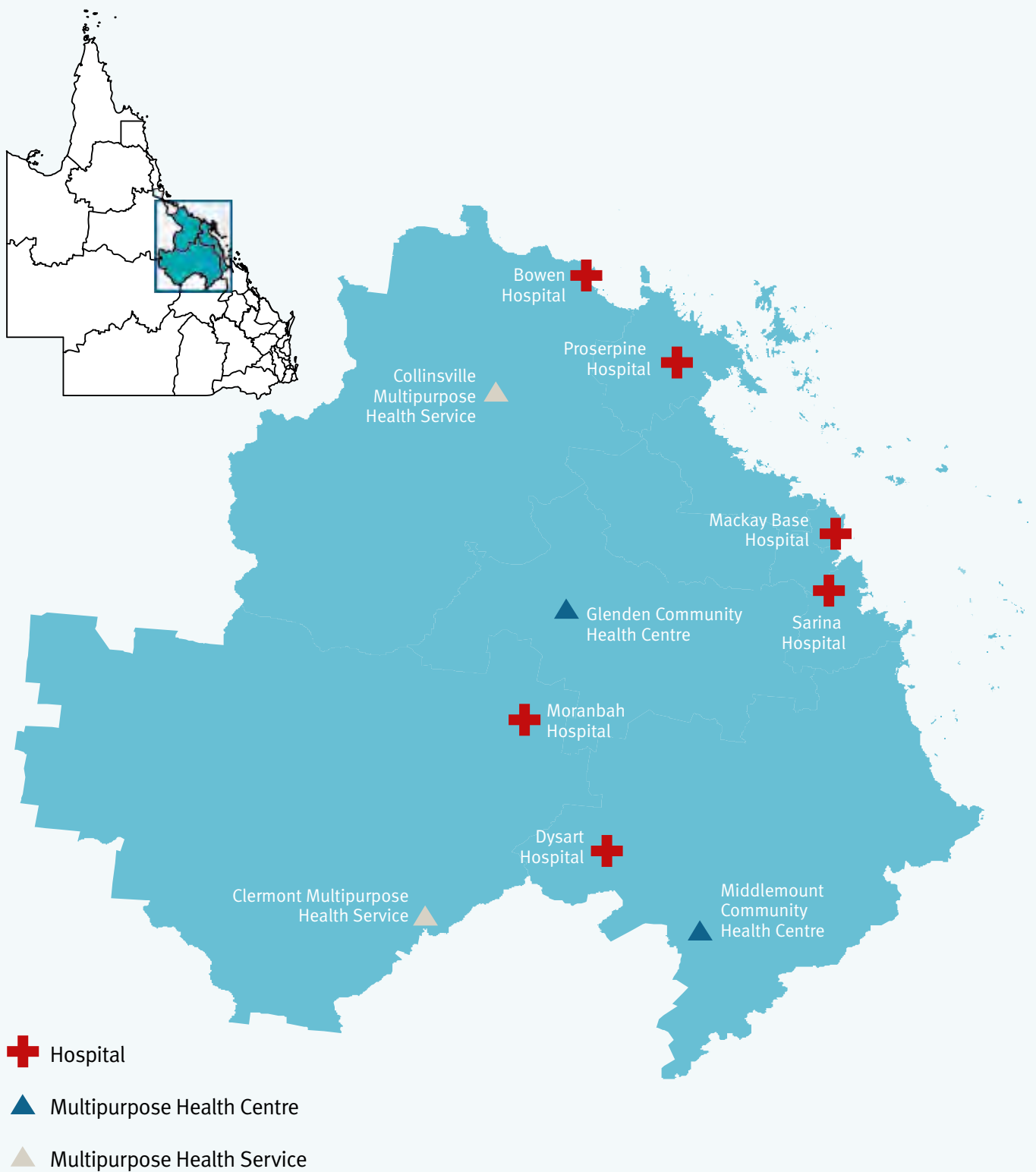
- Delivering a balanced financial position through implementation of the Mackay Financial Management Framework and Forecast Model
- Manage demand through the Mackay HHS Patient Flow Capacity and Bed Management Strategy
- Clinical and consumer expectations for service growth in the new Mackay Base Hospital will be assessed and managed through the Mackay HHS Consumer and Community Engagement Framework
- Supplying a skilled workforce through the Mackay HHS Workforce Plan.



Bowen Hospital

Our organisation

Mackay Hospital and Health Service coverage



Our organisation

Machinery of government

Mackay HHS commenced operation as a statutory Hospital and Health Service on 1 July 2012. The service was formally established with the passing of the *Hospital and Health Boards Act 2011*.

Following national and State government health reforms, the new service is governed by an independent Hospital and Health Board, which is accountable to the community and the Minister for Health.

Mackay HHS is now the primary provider of public health services for its geographical catchment area and services that were previously provided under the governance of the Queensland Department of Health. The Department of Health is now responsible for system wide management and performance monitoring and enters into a service agreement with hospital and health services. Mackay HHS has commenced reporting in line with its service agreement and continues to meet the objectives and directions of the Queensland Government.

Implementing health reform was essential to put Mackay HHS's on a sustainable footing and to improve health outcomes for patients. The reforms build on the health services strong track record to provide:

- A focus on patient centred care
- Strengthened engagement with clinicians, consumers and the community at the local level
- The flexibility to innovate and address local priorities
- Accountability for performance
- Role clarity between the Department of Health and service providers
- Increased efficiency to ensure sustainable growth.

The establishment of an independent, local Hospital and Health Board also ensures that high-level decisions regarding health services are made in the interests of the local community and through strong engagement of stakeholders.

In addition to transfer of public health services, a number of formerly department-led services were transferred to the governance of Mackay HHS in 2012–13. These included the following services from the Department of Health:

- Organ and Tissue Donation Service
- Public Health Unit
- Shared Service Provided functions of financial accounting and recruitment
- Medical Aids Subsidy Scheme and Queensland Artificial Limb Service.

Our governance

Mackay Hospital and Health Board

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

The Queensland Government has taken the first step towards bringing control of health services closer to the communities they serve, with the appointment of chairs for Queensland's new Hospital and Health Boards.

The move to restore local Health Boards to run their own services in communities across Queensland was a key commitment of the Newman Government.

This path required the selection of highly-skilled leaders in local communities to chair the boards and help restore community confidence in local health services as they will have a direct impact on the local delivery of health services state-wide.

Devolved decision-making is a key part of the strategy to rebuild Queensland Health and the local boards will be accountable for the performance of the Hospital and Health Boards in purchasing and providing health services to meet local priorities and national standards.

The government is getting on with the job of transforming the way our health services are governed.

By placing greater trust in communities to run their own services, the government would create a more accountable health system.

The boards are enshrined in legislation, designed to promote local decision-making and accommodate national health reform.



Mr Colin Meng

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



Mr Darryl Camilleri

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



Mr David Aprile

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



Mr Tom McMillan

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



Professor Richard Murray

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



Dr Helen Archibald

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



Professor Ysanne Chapman

Professor Ysanne Chapman is the Dean and Professor of Nursing at the School of Nursing and Midwifery at Central Queensland University (CQU). She has a wealth of experience in nursing and medical teaching across Australia and internationally. Her research work has been published extensively.



Ms Laura Veal

Ms Laura Veal has spent more than 25 years as a registered nurse in both the public and private sectors, within metropolitan and rural areas. She has a wealth of grass roots experience across Queensland. Laura is currently a registered nurse for Blue Care Proserpine and is particularly interested in the psychological wellbeing of the public and empowering people to become more accountable for their own health.

Our governance

Mackay Hospital and Health Board Meetings



Above: Mackay Hospital Redevelopment



Emergency Department at the new Hospital

Purpose

The purpose of the Mackay Hospital and Health Board is to control the Mackay HHS. Meetings are held monthly.

Authority

The Board functions under the authority of the *Hospitals and Health Boards Act 2012* (the Act), *Public Service Act 2008*, and *Mater Public Health Services Act 2008*: have regards to the legislative arrangements for the delivery of public health services by the Mater Hospitals. With specific reference to the *Financial Accountability Act 2009* (FAA 2009): adherence to the Financial and Performance Management Standard 2009 (subordinate legislation to FAA 2009), which provides direction in financial management with emphasis upon planning, performance management, internal control and corporate management.

Functions

To contribute to the effective management and delivery of health services, in accordance with Part 2 Division 1 section 19 of the Act.

Remuneration

Refer to Financial Statement.

Mackay Hospital and Health Board Major achievements

- 2012–2016 Strategic Plan
- Community and Consumer Engagement Strategy
- Clinical Engagement Strategy
- Internal Audit strategy
- Risk Management framework
- Risk Summary report
- Service Agreement with Department of Health
- Workforce engagement and culture
- Delegations (finance, procurement, contract, human resource)
- Opening of new clinical block for Mackay Base Hospital
- Continuing redevelopment of the MBH
- Announcement of Cardiac Catheter Laboratory and Magnetic Reasonance Imaging Service.

Our governance

Board member attendance

Board Member	MHHB meetings	Finance and Audit Committee Meetings	Risk Committee meetings	Governance for Safety and Quality meeting	Strategic Service and Planning Committee meetings
Total meetings	12	12	4	3	4
Colin Meng	12	4	–	–	–
Darryl Camilleri	10	11	4	–	–
David Aprile	11	11	1	–	–
Prof Richard Murray	10	–	–	1	2
Tom McMillan	12	–	–	3	4
Dr Helen Archibald <i>(appointed 7 Sept 2012)</i>	10	–	–	3	3
Laura Veal <i>(appointed 7 Sept 2012)</i>	11	–	–	–	–
Prof Ysanne Chapman <i>(appointed 7 Sept 2012)</i>	8	–	4	–	–

Board Induction 30 August 2012: 8 Board members attended

Planning Workshop 19 February 2013: 7 Board members attended

Our governance

Mackay Hospital and Health Board Committees

Membership

Chair: Darryl Camilleri

Members:

David Aprile

Executive Representatives:

Chief Finance Officer

Chief Executive

Meetings have been held on the third Wednesday of each month at 7.00am since 1 July 2012.

Finance and Audit Committee

Purpose

The purpose of the Mackay Hospital and Health Board Governance for Finance and Audit is to provide strategic advice and recommendations to the Board with regard to Finance and Audit.

Functions

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

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

Monitoring the service's compliance with its obligation to establish and maintain an internal control structure and systems of management under the *Financial Accountability Act 2009*, including whether the service has appropriate policies and procedures in place and whether the service is complying with the policies and procedures. Monitor and advise the HHS about its internal audit function service under the Financial and Performance Management Standard 2009, part 2, division 5.

Liaising with the Queensland Audit Office in relation to the service, assessing external audit reports for the service and the adequacy of actions taken by the service as a result of the reports. Monitor the adequacy of the HHS's management of legal and compliance risks and internal compliance systems, including the effectiveness of the systems in monitoring compliance by the service with relevant laws and government policies. Assess the HHS's complex or unusual transactions or series of transactions, or any material deviation from the service's budget.

The Finance and Audit committee has observed the terms of reference and had due regard to Treasury's Audit Committee Guidelines.

Membership

Chair: Mr Tom McMillan

Members:

Prof Richard Murray

Dr Helen Archibald

Executive Representatives:

Chief Operations Officer

Executive Director Clinical Services

*Meetings are held quarterly
on the second Wednesday.*

Strategic and Service Planning Committee

Purpose

The purpose of the Mackay Hospital and Health Board Strategic and Service Planning Committee is to provide strategic advice and recommendations to the Board with regard to Strategic planning and service planning.

Functions

To contribute to the management and delivery of health services the Strategic and Service Planning Committee undertakes to advise and make recommendations to the Board about matters, within the scope of the board's functions, referred by the Board to the committee and exercise powers delegated to it by the Board. Provide recommendations for planning strategies to ensure evidence based resource deployment and service delivery meets community health and wellbeing needs, congruent with State and National Health Reforms.

Oversight of planning and service delivery models approved by the Board and develop, monitor and maintain an effective framework to monitor and report on Mackay Hospital and Health Board strategic and operational planning outcomes and outputs and Mackay Hospital and Health Board service outcomes and outputs.

Achievements

- *Strategic Plan 2012–2016* endorsed for Board Approval and published on the internet.
- Health Service Plan for the Mackay HHS was endorsed to be progressed with further presentation of process undertaken by James Cook University.
- Formal reporting for the Operational Plan was agreed for the Chief Officer.
- Preliminary collaboration talks have been undertaken between the Mater Hospital CEO and Chair of the Committee.

The Strategic and Service Planning Committee has observed the terms of reference.

Our governance

Mackay Hospital and Health Board Committees

Membership

Chair: Professor Chapman

Members:

David Aprile

Darryl Camilleri

Executive Representatives:

Executive Director People and Culture

Chief Operations Officer

Meetings have been held quarterly since the Board Structure was established.

Risk Committee

Purpose

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

Functions

In accordance with the Mackay HHS Risk Management Strategy Framework contribute to the management and delivery of health services. The Risk Committee undertakes to advocate for a culture of proactive risk management throughout the organisation. Keep the Board informed of all significant risks, incidents and provide assurance that actions are being taken to address those that have occurred and to ensure measures have been implemented to mitigate future occurrence.

Provide assistance and oversight of the Mackay HHS risk management framework, to ensure effective risk identification, management and compliance with internal guidelines and external requirements. Provide assistance to management to determine the key risks to the organisation's facilities, manage those risks and monitor accordingly, and undertake review of reports by management on the efficiency and effectiveness of risk management and associated internal compliance and control procedures.

Assess reports from management concerning the risk implications of new and emerging risks, legislative or regulatory initiatives, organisational changes and major new business strategies.

Achievements

- Reporting requirements agreed for Infrastructure, Risk Register Summary and Occupational Health and Safety.
- Mackay HHS Risk Action Plan oversight.
- Occupational Health and Safety Risk Assessment oversight.
- The Committee endorsed the procedure for Principal Risk and the brief on risk review and proposed mitigation strategies for local applications.

The Risk Committee has observed the terms of reference.

Membership

Chair: Dr Helen Archibald

Members:

Mr Tom McMillan

Mrs Laura Veal

Dr Richard Murray

Executive Representatives:

Executive Director Clinical Services

District Director Nursing Services

Executive Director Rural Services

*Meeting scheduled for the third
Tuesday of each month at 7.00am.*

Governance and Safety Committee

Purpose

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

Functions

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

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

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

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

Achievements

Mackay HHS successfully met the strict requirements of the Australian Council for Healthcare Standards (ACHS) for 2012–13.

This in depth scrutiny of healthcare provides confidence that patients receiving services in Mackay are of the highest standard.

The Health Quality Complaints Commission (HQCC) is an independent body established after the 'Patel Inquiry'. In addition to being a consumer complaints body, it sets mandatory standards for Queensland Healthcare facilities in addition to ACHS. Mackay HHS has also met those standards.

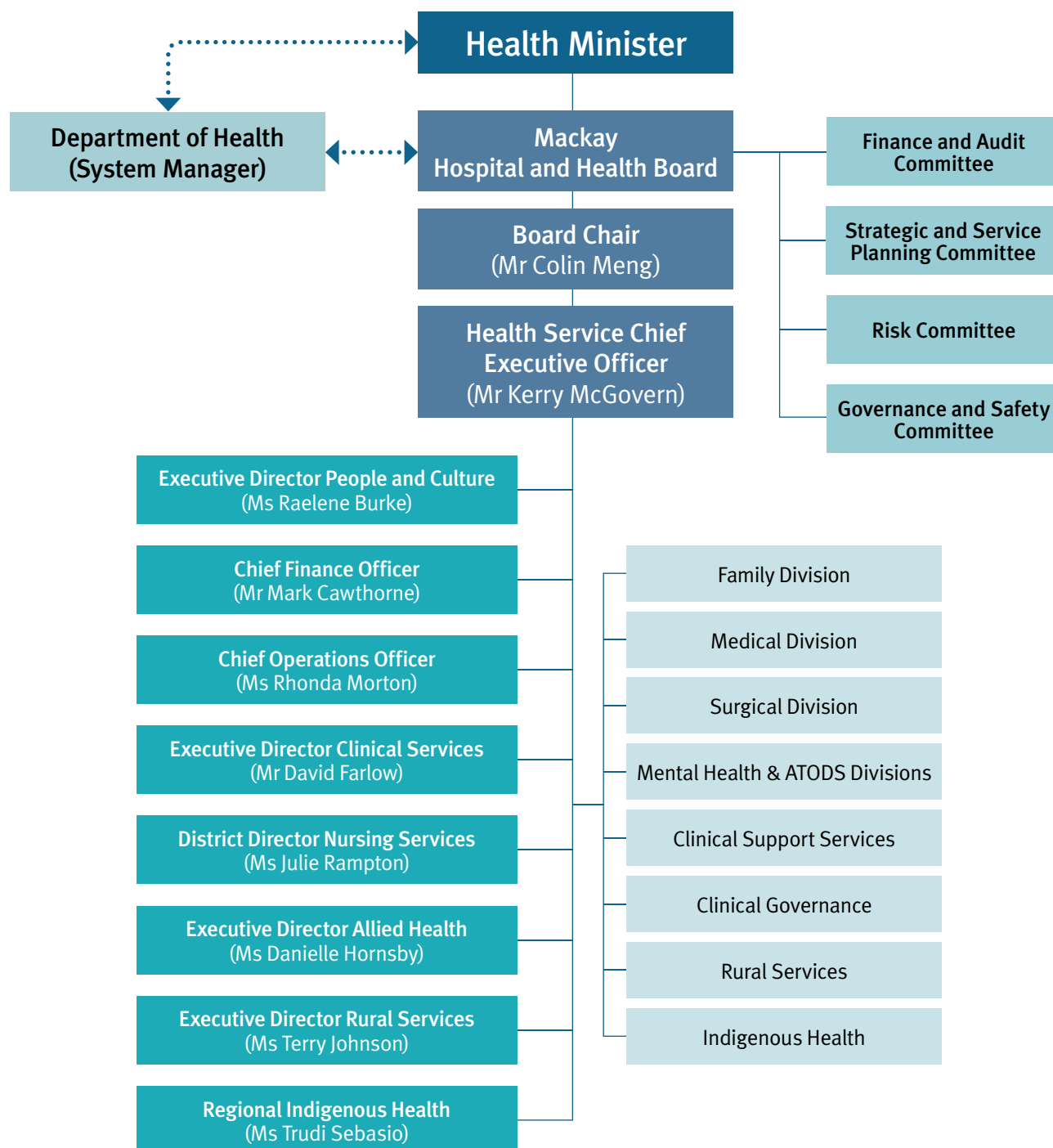
2013–14 sees a major reform on how standards are monitored, measured and reported. The HQCC is being replaced by a Health Ombudsman. Federally, all Australian Healthcare facilities will be required to meet 10 National Standards.

Mackay HHS is well-placed to meet this challenge by completely restructuring the Governance for Safety and Quality Unit. The restructure included staff, committees and information technology reporting tools. Mackay will be assessed by these new standards in late 2014. Self assessment occurs late 2013.

The Governance and Safety Committee has observed the terms of reference.

Our governance

Mackay Hospital and Health Board Organisational Map



Our governance

Mackay Hospital and Health Service Management and Structure

Our Executive Committee

Mr Kerry McGovern

Chief Executive Officer

Ms Raelene Burke

Executive Director People and Culture

Ms Rhonda Morton

Chief Operations Officer

Ms Julie Rampton

District Director Nursing Services

Dr David Farlow

Executive Director Clinical Services

Ms Danielle Hornsby

Executive Director Allied Health

Ms Terry Johnson

Executive Director Rural Services

Mr Mark Cawthorne

Chief Finance Officer

Meetings held on the fourth Wednesday of each month. Weekly meetings are held every Friday.

Purpose and function

- Provide high level advice to the Chief Executive and Hospital and Health Board
- Debate and plan strategic directions for the HHS following planned reviews and/or changing needs of the community, in line with Hospital and Health budget
- Promote quality management activities that relate to Mackay Hospital and Health Board and Service plans
- Monitor and initiate changes on Mackay HHS progress against Service Agreement and Performance
- Monitor indicators for Safety and Quality, Activity and Finance, Risk and Service Delivery to ensure services meet required standards.

Key achievements

- Establishment of Statutory Authority
- Major Capital Project Mackay Base Hospital Redevelopment
- Delivered additional new beds
- Health Service Plan completed in January 2013
- Cardiac Catheter Laboratory announcement by Minister
- Opening of New Clinical buildings including Emergency, Medical and Surgical Wards, Theatre and Diagnostics
- NEAT and NEST targets met
- Fire and Electrical Upgrade at Sarina Hospital.

Our governance

Executive team

Mr Kerry McGovern

Health Service Chief Executive

Mr Kerry McGovern first joined the Queensland Government in 1968 and is now in his 45th year of service. Initially completing his studies in environmental health, he chose a career in health administration and was appointed as a Hospital Board Manager in 1983.

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

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

Ms Raelene Burke

Executive Director, People and Culture

Raelene commenced in this role on 5 May 2010. Prior to joining Queensland Health, Raelene spent 11 years working for South Australia Health in a range of senior workforce positions and was a senior industrial relations consultant for South Australia Education.

Raelene joined Queensland Health in January 2007 and has undertaken the roles of Director, Workforce, Northern Area Health Service; Director, Workforce, Office of Rural and Remote Health and Executive Director, People and Culture, Office of Rural and Remote Health.

With a passion for improving health outcomes for rural and remote communities, Raelene has been accountable for the provision of leadership and strategic advice on workforce management, planning and development functions including performance improvement and measurement strategies.

Ms Rhonda Morton

Chief Operations Officer

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

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

Rhonda has particular interests in leadership development and effective health care/business systems.

Ms Julie Rampton

District Director Nursing Services

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

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

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

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

Dr David Farlow

Executive Director Clinical Services

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

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

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

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

Ms Danielle Hornsby

Executive Director Allied Health

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

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

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

Ms Terry Johnson

Executive Director Rural Services¹

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

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

Her study interests initially lay in the science field with her pursuing a degree of Bachelor of Applied Science.

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

Mr Mark Cawthorne

Chief Finance Officer²

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

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

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

¹ Ms Terry Johnson commenced as Executive Director Rural Services due to resignation of Mr Hamish Jeffrey, Executive Director Rural Services, 10 December 2012.

² Mr Mark Cawthorne commenced as Chief Finance Officer 22 April 2013 due to resignation of Mr Ken Bissett, Chief Finance Officer 22.04.2013.

Our governance

Health Service Committees

Mackay Hospital and Health Service Executive Committee

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

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

Scope of the agenda issues

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

Membership of the Mackay Hospital and Health Service consists of:

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

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

Corporate Services Directors Meeting

The purpose of the Mackay HHS Corporate Services Committee is to:

- Provide governance of Corporate Services across Mackay HHS
- Facilitate education and communication processes within corporate services
- Resolve issues affecting stakeholders
- Apply Queensland Health policy and procedure as relevant and respond to change.

This committee has the following Agenda items as Standing Business:

- Recognition and Acknowledgement of Achievements
- Key Performance Targets
- Service Redesign
- Regular Committee Reports
- Health and Safety Issues.

Issue escalation

- Issues unable to be resolved by Corporate Services Committee are escalated by the chair to Mackay HHS Executive
- The committee reports to the Mackay HHS Executive
- The committee provides advice and recommendations to other relevant Committees.

Membership

- Chief Operations Officer
- Chief Finance Officer
- Executive Director of People and Culture
- Business Managers
- Manager of Administration
- Manager of Environmental Services
- Manager of Food and Linen
- Manager of Health Information Unit
- Manager of Building, Engineering and Maintenance
- Manager of Decision Support
- Manager of Workforce Management
- Principal Workforce Advisor
- Manager of Occupational Health and Safety

Clinical Governance Council Committee

Queensland Health has embarked on a major strengthening of its Clinical Governance Framework. The Clinical Governance Framework is the web of policies, processes and accountabilities which are directed at improving patient safety and the quality and effectiveness of Queensland Health services.

This framework delineates the specific roles and accountability for individual clinicians and Health Service in this process.

Responsibility for implementation of the Clinical Governance Framework is shared across Queensland Health, particularly including service delivery units, but policy development is principally the responsibility of The Queensland Centre for Healthcare Improvement.

Queensland Health's Safety and Quality activities are overseen by a Patient Safety and Quality Board.

The Mackay HHS Clinical Governance Council will ensure the strategic accountabilities are operationalised.

The Chief Executive Officer will provide recommendations to the Queensland Patient Safety and Quality Board via the Director-General.

Structure of the Clinical Governance Council

The Chief Executive Officer has the responsibility for monitoring compliance and performance and supporting the Hospital Health Services' clinical governance functions.

The Mackay HHS Clinical Governance Council will provide oversight, support and advice to the Chief Executive Officer for these functions.

The Mackay HHS will have a hub and spoke model to support rural areas.

The accountable officers for clinical governance are the Chief Executive Officers, with implementation through clinical executive.

The Clinical Governance Council reports to the Chief Executive Officer on matters relating to:

- Credentialing and Clinical Privileges
- Review of complaints management systems
- Relevant medico-legal decisions
- Death Review and Coroner's recommendations
- Clinical Services
- Clinical incident management [including reportable event monitoring] and Open Disclosure
- Clinical Audit and Review
- Fatigue Management
- Clinician Performance Development and Review (*via Credentialing Sub-Committee*)
- Facility Accreditations
- Clinical Risks
- Haemovigilance (*Blood and Blood Management Guidelines*).

Membership

- Executive Director of Medical Services
- Clinical Directors, Divisions – Family Health, Medical, Mental Health, Surgical
- District Director of Nursing Services
- Executive Director, Allied Health
- Director of Oral Health
- Director of Clinical Training
- Executive Director, Rural Services
- Director of Medical Imaging
- Director of Pharmacy (*Chair, Drugs and Therapeutics Sub-Committee*)
- Mackay HHS Quality Coordinator (*Chair, Safety and Quality Sub-Committee*)
- Manager, Medical Administration
- Manager, Clinical Governance Unit
- Mackay HHS Patient Safety Officer/s (*Chair, Clinical Review Sub-Committee*)
- CNC Infection Control
- Chairperson Medication Management Committee
- Representative Trauma Review Committee MBH

Meetings are held monthly.

Our governance

Health Service Committees

Credentialing and Scope of Clinical Practice Committee

Objective

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

The Committee makes recommendations to the Mackay HHS Chief Executive regarding the defined Scope of Clinical Practice for staff-appointed senior level medical practitioners; dental practitioners; nurse practitioners and visiting or private medical/dental practitioners providing services within the Mackay HHS's facilities.

Responsibilities

- The Committee is responsible for reviewing an applicant's credentials and requested SoCP as per relevant Credentialing and Defining the Scope of Clinical Practice policies, guidelines and directives
- At least one Committee member is to be familiar with the requirements of the Queensland Health recruitment and selection process in accordance with the provisions of Human Resource Policy B1 (effective July 2010)
- Each Committee member will be asked to provide a written undertaking that they will abide by the Committee's protocols and procedures.

Membership

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

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

Nursing Executive Committee

Purpose

To facilitate the development of an integrated strategic approach for nursing services and provide professional direction for the nursing workforce across the Mackay Base Hospital.

Objectives

- To interpret nursing resource utilisation and human resource requirements that support the Business Planning Framework (BPF) and patient safety
- To ensure that the performance of the nursing division is realistically evaluated utilising established measures such as Nurse Sensitive Indicators and Human Resource Management indicators
- Identify and support state-wide and/or evidence based models of care which would improve Patient Centred Care
- To provide clinical leadership relating to clinical practice standards and practice development across the Mackay Base Hospital which will support the delivery of a high quality clinical service
- Determine workplace culture initiatives which are supported and therefore also modelled by the MBH Nursing Executive Team
- To identify and actively develop through coaching and mentoring novice leaders in each Division, utilising the NHS Leadership Framework and in line with QH Building Blocks of Lifelong Learning – A Framework for Nurses and Midwives in Queensland (September 2010) and QH 2010 Succession and Mentoring Framework for Nurses and Midwives in Queensland
- Identify Nursing Operational cross divisional issues that may require escalation.

Membership

- District Director of Nursing
- Nursing Director – Surgical
- Nursing Director – Medical
- Nursing Director – Family Health
- Nursing Director – Education and Research
- Nursing Director – Mental Health and ATODS
- Nursing Director – Clinical Support.

Meetings held monthly

Mackay Hospital and Health Consultative Forum

Purpose

The Mackay Hospital and Health Consultative Forum (MHHCF) is a joint consultative forum established in accordance with the Terms of Reference for District Consultative Forums, Queensland Health (2009).

The forum enables consultation and communication between Mackay HHS management and union representatives.

A number of Local Consultative Forums (LCF) have been established which report to the MHHCF, including:

- Hinterland LCF
- Sarina LCF
- Whitsunday LCF
- Operational LCF Mackay Base Hospital.

Membership

The MHHCF has joint chairperson (one Union and one management). For the purpose of meetings, this role alternates between management and union representatives. Membership of the MHHCF consists of:

- Union Representatives (official and delegates)
 - Queensland Nurses Union
 - Australian Services Union
 - Australian Workers Union
 - United Voice Union
 - Together Union.
- Management representation (or delegate)
 - Health Service Chief Executive
 - District Director Nursing Services
 - Chief Finance Officer
 - Chief Operations Officer
 - Executive Director People and Culture
 - Executive Director Allied Health
 - Executive Director Rural Services
 - Manager Medical Workforce
 - Manager Workforce Management
 - Director of Nursing/Facility Manager Sarina
 - Director of Nursing/Facility Manager Proserpine.

Meetings held monthly

Safe Practice and Environment Committee

Objectives

- Monitor and advise the Executive Committee on strategies, policies and procedures to meet our obligations for Safe Practice and the Environment (SP&E) in the HHS, including compliance with relevant statutory requirements, Codes of Practice, Australian Standards and ACHS EQulP Standards for SP&E
- Establish, monitor, and guide sub-committees and working parties relating to SP&E with clear reporting relationships identified and communicated
- Identify risks and make recommendations to the Executive Committee on strategies to eliminate or minimise these risks. Implement and oversee identified controls relating to risks
- Recommend strategies to Executive for staff development aligned to strategic direction
- Monitor health and safety data and reports, analyse and critique outcomes of activities aimed at improving safety, and link these to planning and policy development
- Reports quarterly to the Executive on outcomes
- Invite other members from appropriate departments or professional groups for specialist expertise.

Membership

The SP&E Committee membership consists of the below positions, or their Proxy:

- Executive Director, People and Culture
- Operations Director, Division of Family Services
- Operations Director, Division of Medical Services
- Operations Director, Division of Surgical Services
- Operations Director, Division of Mental Health and ATODS
- Director, Medical Imaging
- Manager, Occupational Health and Safety
- Manager, BEMS (Proxy is Manager, Essential Services)
- HHS Quality Coordinator
- Clinical Nurse Consultant, Infection Control
- Manager, Environmental Services
- Director of Nursing Representative for Rural Services
- Allied Health Representative
- Nursing Director, Education and Research (Proxy is Nurse Educator, Staff Development Unit)
- Manager, Corporate Services.

Meetings held bi-monthly

Our governance

Ethics and code of conduct

Mackay HHS is committed to upholding the values and standards of conduct outlined in the Code of Conduct for the Queensland Public Service which came into effect 1 January 2011. The Code of Conduct for the Queensland Public Service is applicable to all Health Service employees and was developed under the *Public Sector Ethics Act 1994* and consists of four core principles:

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

All Mackay HHS employees are required to undertake training in the Code of Conduct for the Queensland Public Service during their induction and thereafter undertake annual re-familiarisation training. Employees are able to readily access training throughout the year on the code of conduct via:

- Intranet based modules
- Face-to-face training.

Consumer liaison

The purpose of the Consumer Liaison Office is to manage and administer consumer feedback and complaint management process in accordance with the Queensland Health Complaints Management Policy to minimise escalation of complaints.

During 2012–13 the Consumer Liaison Office has directly provided assistance and support to clients regarding 511 complaints and accepted 700 compliments.

Prevention

During 2012–13 the Solicitor has delivered ethical decision making for medical practitioners session to approximately 45 staff. In addition sessions have been delivered on Medical Records documentation to approximately 180 staff. To ensure the matters of confidentiality are adhered to sessions are regularly given to Hospital Volunteers and staff across the Mackay HHS in addition to Code of Conduct training. These sessions were delivered to a variety of positions and levels within the Mackay HHS.

Assessment and investigation

The assessment of suspected official misconduct matters is undertaken by the Workforce Management Unit with advice and assistance sought from specialist stakeholders relevant to the allegations such as:

- Director Industrial Relations
- Executive Director People and Culture
- Executive Director Clinical Services
- Chief Executive
- Queensland Police
- Senior Department of Health workplace services unit representative.

During 2012–13 the Workforce Management Unit managed 16 CMC matters with the Mackay HHS.

Our governance

Audit management

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

On 1 July 2012, Mackay HHS was established as a new statutory body when it was separated from Queensland Health, pursuant to the *Hospital and Health Boards Act 2011*. As a public sector entity, Queensland Health was subject to annual audit by the QAO. The QAO Final Management Report provided to Queensland Health for the 2011–2012 financial year contained several recommendations which potentially had relevance to the new hospital and health services, including the Mackay HHS. Mackay HHS also reviewed the QAO Interim Management Report 2011–2012 and identified the relevance of the recommendations to the organisation. These recommendations have been reviewed to ensure that the issue is either adequately addressed by existing internal controls or corrective action is implemented where necessary.

Internal audit

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

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

In accordance with the requirements of the IIA Standards, Internal Audit reviews whether Mackay HHS's risk management, control and governance processes as designed and represented by management, are adequate and functioning in a manner to ensure the achievement of its stated objectives.

This includes:

- Evaluating the adequacy and effectiveness of controls and recommend improvement. Based on the results of the risk assessment, evaluate the adequacy and effectiveness of controls encompassing governance, operations and information systems. This includes:
 - Reliability and integrity of financial and operational information
 - Effectiveness and efficiency of operations
 - Safeguarding of assets
 - Compliance with laws, regulations and contracts.
- Evaluating the effectiveness and efficiency with which resources are employed
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned
- Monitoring and evaluating governance processes
- Monitoring and evaluating the effectiveness of the Mackay HHS's risk management processes
- Performing consulting and advisory services related to governance, risk management and control as appropriate for Mackay HHS
- Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Board
- Evaluating specific operations at the request of the Board or management, as appropriate.

Internal audit is also responsible for:

- Assisting the Finance and Audit Committee to discharge its responsibilities
- Monitoring the implementation of agreed recommendations
- Disseminating across the entity better practice and lessons learnt arising from its audit activities
- Managing the audit function
- Internal Audit maintains a system to monitor the implementation of audit recommendations.

Our governance

Risk management

Mackay HHS is committed to managing risk in a proactive, integrated and accountable manner. The health services risk management practices recognise and manage risk and opportunities in a balanced manner. Risk is an inherent part of the health service's operating environment. Risk Management activities are incorporated into strategic planning, governance reporting and operational processes.

Mackay HHS has a risk management policy and integrated risk management framework based upon the Australian/New Zealand ISO Standard 3100:2009 for risk management. The policy and framework outlines our intent, roles and responsibilities and implementation requirements. All accountable areas are responsible for implementing the policy and framework and developing and maintain risk registers.

The risk management framework defines the processes for risk identification, recording, rating, key controls identification, determination of risk treatment required and regular monitoring and reporting of risks.

Key accountability bodies within our risk framework are:

- The Board retains ultimate responsibility for monitoring our key risks and ensuring there are systems and processes in place to identify, manage and monitor these risks. The Board has delegated responsibility for overseeing our risk management activities to the Risk Committee
- The Risk Committee oversees the assurance of our risk management framework, internal control structure and systems' effectiveness for monitoring compliance with relevant laws, regulations and government policies
- The executive management team, known as Mackay HHS Executive Management has active risk management responsibilities both collectively and individually as executive directors in charge of separate service delivery streams
- Significant risks are reported to the Board and the Risk Committee on a regular basis.

Our governance

Information systems and record keeping

Mackay HHS were required to change record keeping practices and systems with the move to a Statutory Body.

- The transfer of paper and electronic records from the Department of Health to the Chief Executive, Mackay HHS. This resulted in the moving of ownership of clinical and administrative records to Mackay HHS
- A local disaster management plan for record keeping was developed
- Each facility has a medical records department responsible for the lifecycle management of the clinical records in accordance with the relevant statutory requirement. Non-clinical records are managed through each service administration department
- All employees are made aware of their responsibilities regarding security, confidentiality and management of medical record management is undertaken appropriately
- Training is provided to all relevant administration officers to ensure staff are able to meet record management requirements
- Relevant information packs and electronic resources are made available to assist in records management
- Work is ongoing to move medical records to a digital format as part of the Integrated Electronic Medical Record (ieMR) project. The first component of this program is to commence scanning of paper based records. The second phase will involve a move towards direct data input into an electronic system
- Administrative filing supports the scanning of completed paper records through Recfind. This system is only in use at the Mackay Base Hospital
- Back up systems are in place and maintained to ensure records can be located and delivered
- Mackay HHS facilities adhere to the Queensland State Archives Health Sector (Clinical Records) Retention and Disposal Schedule 2012. There is ongoing culling and destruction processes in place
- Mackay HHS is compliant with Queensland Government Information Standard 31: Retention and Disposal.

Business Classification Scheme (BCS)

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

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

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

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

Open data

The Queensland Government has committed to releasing as much public service data as possible through its Open Data Initiative. Under the initiative, a large volume of government data, where suitable for release, is published on the following website: www.qld.gov.au/data

Our performance

Mackay Hospital and Health Service (Mackay HHS) performed well against its targets and key performance indicators in 2012–13 while operating in a challenging fiscal and external environment.

Statement of objectives for the community

Mackay HHS is committed to contributing to the Queensland Government's statement of objectives for the community defined in the *Strategic Plan 2012–2016*, the *Blueprint for Better Healthcare in Queensland* which was released February 2013 and in the Statement of Government Health Priorities.

In keeping with the Queensland Government's commitment to revitalise front-line services for the community, Mackay HHS aims to provide services that are efficient, diverse and flexible to changing community and the government needs.

The Blueprint for Better Healthcare in Queensland focuses on patients and people. Confidence and trust in the Queensland healthcare system will be earned by providing the best service at the best time and in the best place.

The Blueprint for better healthcare in Queensland has four principal themes:

- Health services focused on patients and people
- Empowering the community and our health workforce
- Providing Queenslanders with value in health services
- Investing, innovating and planning for the future.

How is my hospital and health service performing?

Patients and people who use health services in Queensland must have access to safe, sustainable and responsive modes of delivery. New options will emerge for patients in private or public hospitals, General Practitioner (GP) surgeries, remote communities and in the privacy of their own home.

Hospital and Health Services

The government established 17 statutory Hospital and Health Services (HHSs) under the *Hospital and Health Boards Act 2011* enacted in June 2012. Hospital and Health Boards are answerable to the Minister for Health and accountable to the local community.

Orientating health services to better meet local health needs is a priority for all HHSs. This requires significant change to many of the established cultures and practices that impact on performance and will take time to complete. HHS's are no longer constrained by historical patterns of service delivery.

Within the context of state-wide planning objectives and local factors such as geographic location, workforce supply and access to infrastructure and equipment, they have flexibility to consult the community and determine the best mix of health service. Under a devolved system of governance, the role of the State Government is to provide boards with the full range of legislative and regulatory tools that they need to accomplish their task.

In delivering health services, HHSs are required to meet the applicable conditions of the Council of Australian Government national agreement and national partnerships agreements (NPAs) between the Queensland Government and the Commonwealth Government and commitments under any related implementation plans.

Mackay HHS is further required to ensure that all applicable Government policies and requirements issued by the Queensland or Commonwealth Governments are complied with and that strategic planning undertaken is informed by Government plans and priorities and that any reporting requirement specified within these plans are complied with.

Mandate

Creating healthier communities through locally responsive and connected health care. Australia's health system performs well internationally, however it is a system under increasing pressure with the added burden of any ageing population and escalating chronic disease. Government highlighted the need to change the way health system operate.

Commonwealth, State and Territory governments agreed to transform the Australian health system to provide:

- Decision-making and accountability that is more responsive to local health priorities
- Stronger clinician, consumer and community participation
- A more 'seamless' patient experience across sectors of the health system.

The Health Reform saw changes 1 July 2012 with the:

- Establishment of the Hospital and Health Services (HHSs)
- HHSs are statutory bodies with Hospital and Health Boards, accountable to the local community and the Queensland Parliament
- The Boards have expertise to manage large, complex healthcare organisations
- HHSs, Medicare locals and other health service providers will work together to better integrate local services and drive improvement in health outcomes

- To provide all Queenslanders, including those living in rural, regional and remote areas with access to high quality health care
- To provide centralised planning of system-wide services, capital builds and other significant infrastructure projects
- To train our workforce for the future.

Service Delivery statements

Mackay HHS successfully met the strict requirements of the Australian Council for Healthcare Standards (ACHS) for 2012–13.

This in depth scrutiny of healthcare provides confidence that patients receiving services in Mackay are of the highest standard.

The Health Quality Complaints Commission (HQCC) is an independent body established after the 'Patel Inquiry'. In addition to being a consumer complaints body, it sets mandatory standards for Queensland Healthcare facilities in addition to ACHS. Mackay HHS has also met those standards.

2013–14 sees a major reform on how standards are monitored, measured and reported. The HQCC is being replaced by a Health Ombudsman. Federally, all Australian Healthcare facilities will be required to meet 10 National Standards.

Mackay HHS is well-placed to meet this challenge by completely restructuring the Governance for Safety and Quality Unit. The restructure included staff, committees and information technology reporting tools. Mackay will be assessed by these new standards in late 2014. Self assessment occurs late 2013.

Accreditation Summary for 2012–13

The Mackay HHS is accredited with *The Australian Council on Healthcare Standards (ACHS)*. This is an external agency which reviews levels and quality of service and how health services do business to ensure safe quality care is provided for the community. ACHS conducted a Periodic Review in November 2012 and the Mackay HHS maintained full accreditation. There were some recommendations to improve in the areas of training and security and the Mackay HHS is due to submit a Self-Assessment Report late 2013.

A new National system has commenced from January 2013 with the National Safety and Quality Health Service Standards and the service will be accredited against these standards at our Organisation Wide Survey in 2014.

Highlights from the Periodic Review Summary Report: 2012–13

- The Mackay HHS was recognised for their continued commitment to provide services relevant to the needs of the patient. Examples include the Aboriginal and Torres Strait Islander (ATSI) identification project and mental health service
- The delivery of community based programs is comprehensive and there is a partnership approach with the Townsville-Mackay Medicare Local. Examples include care planning in a range of areas, ie. Hospital Liaison, Mental Health; Alcohol, Tobacco and Other Drugs and palliative care
- An infection control system was acknowledged for its sustainability. It was impressive and, when compared across the State, the Mackay HHS is among the top performers. The nomination of the Service as a project site in Queensland supports the recognition of the quality of this service
- The Mackay HHS is committed to continuous quality improvement. There is a strong commitment to quality in the workplace, particularly at ward level and areas were able to demonstrate a wide range of improvements
- The Mackay HHS has a sound approach to risk management with a district wide register covering both corporate and clinical risks which are linked to the quality program and are proactively managed until they are closed
- Incidents are well managed with good systems in place. Staff training has led to an increase in reporting, including near miss reporting. Regular morbidity and mortality meetings occur
- Credentialing is well managed across the Mackay HHS with high quality records maintained
- There is a good system for management of policies which include State-wide and local policies and procedures as well as site-specific workplace instructions
- There is a proactive approach to Occupational Health and Safety with many improvements making the workplace safer for all concerned, particularly the development of the new Mackay Base Hospital facility
- Mackay HHS has comprehensive Disaster Management Plans which includes planning for floods and cyclones which have been tested several times
- The survey team was impressed with many things they observed during the survey and was pleased with the proactive response to address identified recommendations.

Our performance

Surgical Services

The Surgical Services Division continues to provide high quality care and teaching in Orthopaedics, Surgery, Intensive Care, Anaesthetics, General Surgical and Day Procedure Wards, BreastScreen and Bowel Cancer Screening. From 1 July 2012 – 30 June 2013 we performed surgery on 6,996 patients in our Operating theatre, including 2301 Category 1, 2 and 3 Elective Surgery patients, treated 7,024 acute inpatients and 26,725 Outpatient occasions of service.

We achieved strong results against our key performance indicators for 2012–13. With respect to the National Elective Surgery Targets, the Surgical Division ended the year with no Long Wait patients for any of the Elective Surgery categories and exceeded our Elective Surgery volume target. This is an outstanding achievement given the reduction in theatre availability during the decant to the new Hospital in November 2012.

Technology and systems have supported continued improvement in the patient experience and to drive efficiency. This year we further improved the care we provide for our patients and strengthened surgery by implementing funded new technology initiatives including Jackson Table for Orthopaedic and Gastroenterology Surgery, Ultrasound machine for Anaesthetics and the new equipment commissioned in the Central Sterilising Department. The Operating Room Management Information System (ORMIS) went live on 1 July 2012 and has enabled the team to enhance flow and efficiency and improve service utilisation in the theatre complex.

In November 2012 the Mackay BreastScreen service implemented a new PACS (Picture Archiving and Communications system) to support the digital mammography system. The new PACS replaces the need to print and store captured images in a chart and enables the images to be transferred electronically. The benefits of the new technology include the improved management of information, efficient workflow processes, the immediate distribution of digital images to available reading services and easier management of assessments.

Developing and supporting innovative programs and service models is fundamental to improving efficiency and advancing outcomes for our community. In May 2013 a new partnership agreement with private providers to continue to provide surgical services for ophthalmology patients commenced. We are the only hospital in Mackay providing gastroenterology surgery for blocked bile ducts, the volume of which has increased during the past year and required modifications to theatre bookings and scheduling to accommodate. Commitment to the implementation of The Productive Operating Theatre program will further enhance the patient experience and resource utilisation.

Our dedicated and talented staff are at the heart of the high-quality services provided by the Surgical Services Division. We remain committed to developing our workforce through the provision of professional development opportunities. During the year, the Day Procedure Unit received a Service Excellence Award for their achievements and outstanding contribution to improving patient flows and in May 2013 the Anaesthetic Unit successfully retained their Training Accreditation status.

Appreciation goes to all staff within the Division for their invaluable commitment toward the achievement of Divisional and HHS goals throughout the year. Many teams dealt with deficits in key roles but continued to maintain a high-quality care and achieve objectives.

Elective Surgery NEST Summary 2012–13

Background

NPA and NEST

A major target in the National Partnership Agreement (NPA) includes the National Elective Surgery Targets (NEST). The NEST aims to have no patients waiting longer than the recommended time, and to achieve 100 per cent of patients seen in time for elective surgery.

Targets

NEST Part 1	2012	2013	2014
Percentage of patients treated in time, category 1	89%	100%	100%
Percentage of patients treated in time, category 2	81%	87%	94%
Percentage of patients treated in time, category 3.	91%	94%	97%
Volume of elective surgery must not fall below the 2010 baseline	Individual per facility		

The 'Treated in Time' targets are assigned on a calendar, not financial, year basis.

Mackay Base Hospital Redevelopment

In November 2012 the Mackay Base Hospital redevelopment program achieved the milestone of relocating the majority of clinical services from the old building to the new hospital. In preparation for the decant, from July through October, staff attended a multitude of training sessions in the new building and commenced packing and associated activities. During this period of time some Elective Surgery theatre sessions were closed to enable staff to prepare for the decant.

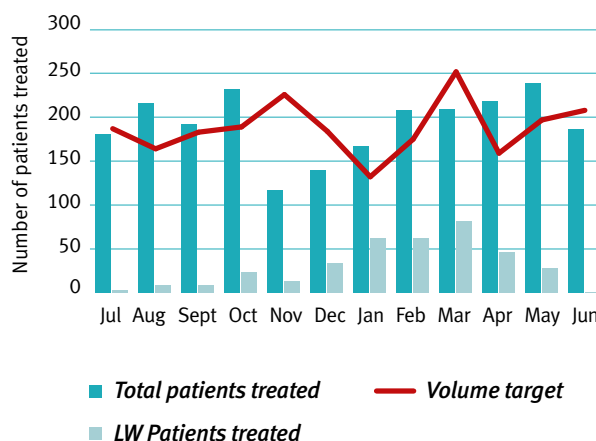
As agreed with the Mackay HHS Executive, activity across the campus was reduced to limit the volume of patients and visitors during the five week decant from 5 November to 9 December 2012. For the Division of Surgical Services, the reduction in activity included:

- Maintaining an emergency theatre throughout
- Treating only category 1 Elective Surgery patients from 5–23 November and ceasing bookings for Category 1 patients from 24 November to 9 December
- Ceasing all bookings for Elective Surgery Category 2 and Category 3 patients
- Due to the significant changes in new environment (e.g. larger footprint, new floor plans, store rooms, equipment, patient flows etc), Elective Surgery theatre bookings were gradually increased back to normal levels from 10 December 2012.

Elective surgery volume

For June to December 2012, 1075 Elective Surgery patients were treated, 58 below the target of 1133. From January to June 2013 1226 Elective Surgery patients were treated, 103 above the target of 1123. The Mackay Base Hospital achieved the Elective Surgery Volume target for the 2012–13 financial year.

Elective surgery volume



Note: Long Wait (LW) patients have been included in 'Total patients treated.'

Treated in time

Summary

The NPA NEST 'Treated in Time' targets are assigned on a calendar, not financial, year basis. Increasing the targets half way through the financial reporting year automatically makes the achievement of the new target on a 'year-to-date' basis more difficult. This is especially the case when the target is increased to 100 per cent, as occurred with Category 1 patients.

For July to December 2012, Mackay Base Hospital achieved the 'treated in time' targets across all categories. For January to June 2013, a large number of patients became long waits as a result of the closure of theatres and suspending bookings for Category 2 and 3 Elective Surgery patients during the hospital Decant. The effect was a significant reduction in the volume of patients treated within their clinically recommended timeframes.

Our performance

Surgical Services

Category 1

July – December 2012

The 'treat in time' target of 89 per cent was achieved on a YTD basis.

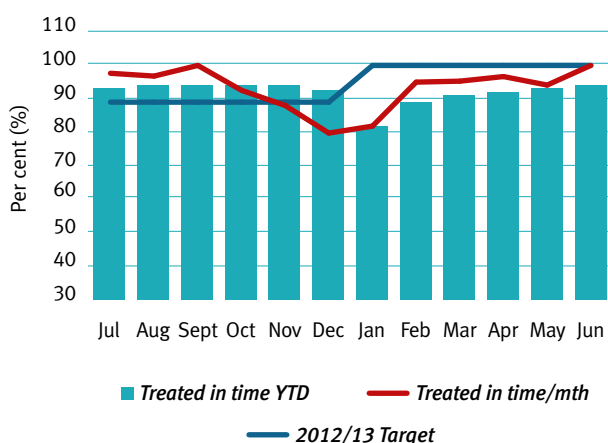
January – June 2013

The 'treat in time' target increased from 89 per cent to 100 per cent and was not achieved on a YTD basis for this period. Increasing the target half way through the financial year to 100 per cent will automatically result in 100 per cent not being achieved on a YTD basis for the financial year.

Mackay Base Hospital achieved 100 per cent in June 2013 and continues to strive to achieve the target on a monthly basis.

All long wait patients were treated during this period, with no long wait patients on the census report on 30 June 2013.

Category 1 Treated in time



Category 2

July – December 2012

The 'treat in time' target of 81 per cent was achieved on a YTD basis.

478 patients, including 48 long wait patients, were treated; a total of 56 less patients than July to December 2011.

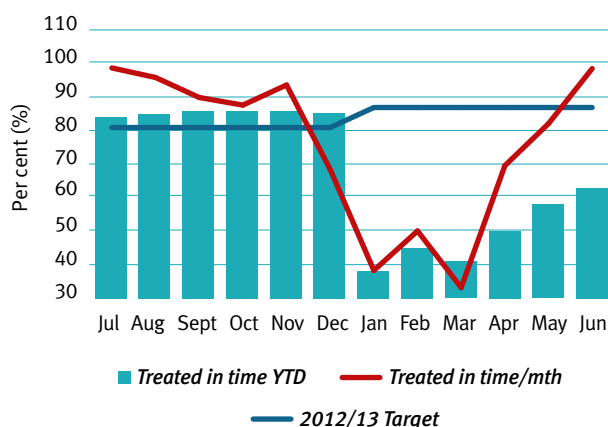
January – June 2013

The 'treat in time' target increased from 81 per cent to 87 per cent and was not achieved on a YTD basis for this period. The closure of theatres and suspending bookings for Category 2 Elective Surgery patients during the hospital Decant significantly reduced the capacity for patients to be treated within their clinically recommended timeframes from 3 November 2012. The reduced capacity to treat patients was compounded by the Compulsory Christmas Closure.

Where practical long wait patients have been booked and treated on a 'first-on-first-off' basis to reduce overall waiting times and maintain equitable access to elective surgery for all patients. 629 patients, including 236 long wait patients, were treated; a total of 102 more patients than January – June 2012. All long wait patients were treated during this period, with no long wait patients on the census report on 30 June 2013.

Mackay Base Hospital achieved 98.6 per cent in June 2013 and continues to strive to achieve the target on a monthly basis.

Category 2 Treated in time



Category 3

July – December 2012

The 'treat in time' target of 87 per cent was achieved on a YTD basis.

83 patients, including 6 long wait patients, were treated; a total of 36 less patients than July to December 2011.

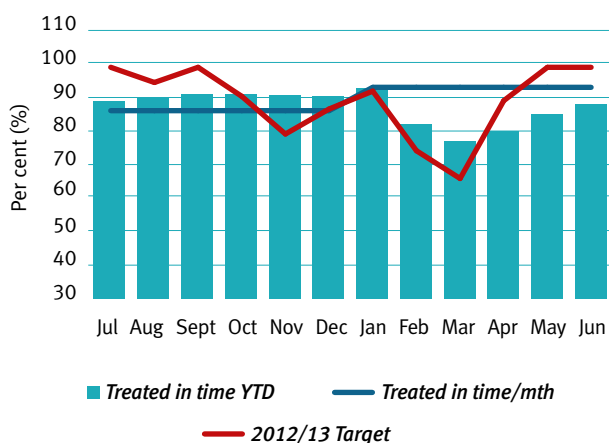
January – June 2013

The 'treat in time' target increased from 87 per cent to 94 per cent and was not achieved on a YTD basis for this period. The closure of theatres and suspending bookings for Category 3 Elective Surgery patients during the hospital Decant significantly reduced the capacity for patients to be treated within their clinically recommended timeframes from 3 November 2012. The reduced capacity to treat patients was compounded by the Compulsory Christmas Closure.

Where practical long wait patients have been booked and treated on a 'first-on-first-off' basis to reduce overall waiting times and maintain equitable access to elective surgery for all patients. 127 patients, including 15 long wait patients, were treated; a total of 11 more patients than January – June 2012. All long wait patients were treated during this period, with no long wait patients on the census report on 30 June 2013.

Mackay Base Hospital achieved 100 per cent in June 2013 and continues to strive to achieve the target on a monthly basis.

Category 3 Treated in time

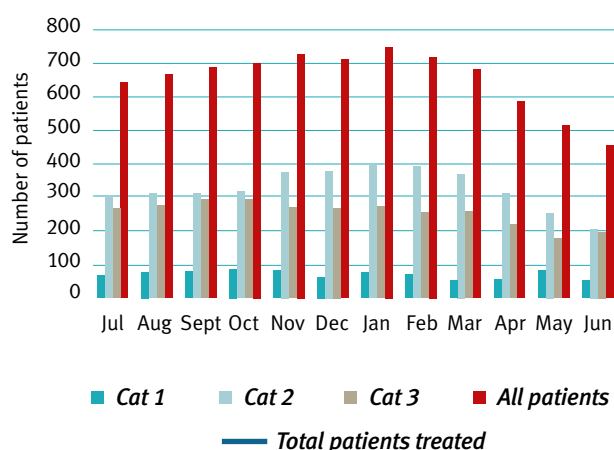


Elective Surgery wait list and patients treated

The total number of patients requiring Elective Surgery peaked at 749 at the end of January. The majority of patients on the wait list are Category 2 patients.

The volume of patients treated in November and December 2012 was 122 less than the prior year. The low point in November reflects the slow down in Elective Surgery resulting from the decant to the new hospital.

Total patients waiting



Our performance

Medical Services

Year in review

- Department of Medicine successfully passed Accreditation as a Level 1 hospital with the Royal College of Physicians therefore extending invitation and opportunity for Basic Physician Trainees to work at Mackay Base Hospital
- Department of Emergency Medicine has been successful in employing to all but 1 FTE of their Senior Medical Officer positions this year. As a result of being able to employ FACRRM and FACEM qualified specialists for the ED we are now in the process of applying for both Basic and Advanced College training assessment so that we can attract more senior registrars
- Medical Ward successfully split into 2 units in preparation for decant to the new facility
- The Chronic Disease and Ambulatory Care nursing teams were restructured and services integrated to provide a more efficient model for core services thereby removing service duplication.
- Specialist Outpatient waiting lists and appointment times have decreased by: Increasing the number of General Medicine and Sub-specialty clinics; revising the appointment scheduling within the Clinics; monitoring the attendance of patients and specifying pre-requisite tests as part of SOPD Referral Criteria
- Urban Specialist Outreach Assistance Program (USOAP) funding application was successful and provided a temporary monthly Rheumatology Specialist Outpatient Service
- Creating collaborative community management care plans, for patients, in an effort to decrease review appointments
- Working congruently with the Mackay HHS GP Liaison Officers to educate GPs in SOPD referral protocols (e.g. Electronic referrals, named referrals, pre-requisite testing) has increased Mackay HHS revenue and regularly providing updated information on the hospitals Senior Medical Staff (via Townsville Mackay Medicare Local) has identified appropriate SOPD referrals from the local GPs
- Improved discharge planning has worked positively to contribute towards achieving the National Emergency Access Target
- Clear and achievable KPIs have been implemented as part of the Medical Staff's PaDs which are monitored by the Coordinator and Physicians within the Department of Medicine. Physicians audit quality and timeliness of Discharge Summaries against daily journey board printouts from which patient discharges are planned. They will also ensure that 85 per cent of all discharge summaries to be completed within 24 hours of the patient leaving hospital and 100 per cent of discharge summaries to be completed within 48 hours of patient leaving hospital.

Key achievements

- Seamless transition from the old clinical building to the new facility with no adverse patient events and minimal disruption
- Home Care and Mobile Allied Health teams moved to the Centrelink building
- Commencement of dedicated Stroke project and temporary co-ordinator position; leading to the establishment of an emerging Stroke Unit As part of the Stroke initiative, the health service is required to meet the key performance indicator of 20 per cent of stroke patients being managed within this unit
- Establishment of a patient flow project and program to assist with more efficient patient management. This program and software will be launched in Mackay in June 2013
- Ministerial announcement of Cardiac Catheter Lab service
- Complete recruitment to all medical positions in Department of Medicine with the exception of the Clinical Director
- Reduction of locum positions in department of Emergency Medicine with nearly all senior positions recruited to and employed by 1 July 2013
- Maintenance of fiscal strategies leading to Division continuing to work under budget.

Our performance

Family Health Services

Year in review

From April 2012 till June 2013, two Business Practice Improvement Project Officers were employed with Clinical Access and Redesign Unit funding to review non-admitted patient services. The project objectives were two-fold – both clinical and administrative.

Project objectives

1. Improve and maintain the quality of outpatient waiting time data for publication
2. Achieve compliance with Commonwealth/QBF reporting requirements, to ensure every eligible occasion of service is reported and funded
3. Establish state-wide data governance strategies for HBCIS Appointment and Referral modules
4. Improve Hospital and Health Services performance against key performance indicators
5. Assist with the development and implementation of state-wide categorisation guidelines, and criteria-led referral/discharge protocols and pathways
6. Evaluate and implement alternative service delivery models such as nurse-led and multidisciplinary clinics.

** All objectives were met*

Key achievements

- Development of a comprehensive referrals directory for GPs to utilise when referring to MBH including pre-requisite tests
- All outpatient waitlists audited to improve data accuracy for the publication of QH waitlists – monthly audit schedule implemented to maintain data integrity
- 2010 Queensland Centre for Mothers and Babies Consumer satisfaction report (published 2012) highlighted Mackay Birth Centre as having one of the highest consumer satisfaction rates in the State
- Referrals categorised within five working days improved from 88 per cent to 97 per cent
- Bulk Billing implemented in Sexual Health for pathology
- Centralised Referrals model implemented with the transmission of electronic referrals.

Financial performance and activity

- A 12 per cent increase in birth rate from 2011 to 2012 calendar years
- Revenue raised is favourable against overall revenue target YTD
- Labour costs, favourable YTD
- Non-labour costs, favourable YTD.

Objectives and strategies

- Development and implementation of a Discharge and Transfer Work Place Instruction to manage Special Care Nursery capacity
- 50 per cent of nursing staff hold a post graduate qualification in Paediatrics to provide a skilled paediatric trained workforce
- Implementation of the 'Mums and Bubs' Program commenced January 2013, where women with babies aged two and four weeks of age receive a home visit by a qualified midwife and child health nurse.

Quality and safety

- Introduction of the RANZCOG emergency birthing course (PrOMPT) is multidisciplinary and includes anaesthetic staff
- Implementation of NeoResus program – district-wide
- Child and Adolescent Health – introduction of Clinical Bedside Handover using SBAR and AIDET Tools.

New services

- Increase in funded Special Care Nursery cots, from four to eight
- Paediatric screening clinic
- New clinics commenced in Specialist Outpatients Department
- Minor Operative Surgical Clinics
- Neurology Telehealth
- Cardiothoracic Surgical Clinic
- Internal Medicine – Infectious Diseases
- Queue management system
- SMS reminders
- School Based Youth Health Nurse commenced in the new Northern Beaches High School
- Establishment of an outreach Sexual Health Clinic at YIRS.

Our performance

Mental Health and ATODS

Year in review

The Mackay Division of Mental Health and Alcohol, Tobacco and Other Drugs (ATODS) is the principal service provider of mental health and substance abuse assessment and treatment services for the Mackay HHS.

The Mackay Integrated Mental Health Service provides both community based and inpatient specialist mental health services to the Mackay Health Service Network.

The Mental Health Unit is based on the Mackay Hospital campus and has 20 low dependency beds and 4 high dependency beds.

The Division includes the following community teams: Adult Continuing Care Team; Adult Specialist Team; Acute Care Team; Child and Youth Mental Health Team, and the ATODS Team.

The Division is an authorised service under the provisions of the *Mental Health Act 2000*. The administrator accountable for the *Mental Health Act 2000* in the Mackay Authorised Mental Health Network is the Operations Director of the Division of Mental Health and ATODS.

The *Division of Mental Health Workplan 2012 – 2015* provides local operational actions to meet the priorities of the following key Queensland Health policies:

- The *Mental Health Patient Safety Strategic Plan 2012–2017*
- *Queensland Plan for Mental Health 2007–2017*.

The *Mackay ATODS Service Profile and Operational Plan 2012–13* provides local operational actions for the ATODS service provision.

Key achievements

- The new Mental Health Unit opened 27 August 2012, with an increase in beds to 24 from 18 beds. A new model of care was implemented including an allied health team providing a psycho-social recovery program to all inpatients
- Consumer Perceptions of Care (CPoC) is a bi-annual activity which aims to collect information about consumer's perception of care in a consistent and reliable manner. The 2013 data collection has commenced and the report will be available at the end of 2013
- Draft proposed model of care completed for Alcohol, Tobacco and Other Drugs Service following an organisational restructure.

Escalation indicators

- 1 *Ambulatory Service Contacts = Full Year Target of 41,498 (Target per month = 3,458 per month)*
- 2 *Ambulatory Service Duration (hours) = Full Year Target of 29,854*

Our performance

Nursing and Midwifery Services / Clinical Support Services

Nursing and Midwifery Services

Year in review

Nursing and Midwifery services across Mackay HHS employs approximately 690 standard full-time equivalent nurses (May 2013). This equates to almost 1,040 total nursing staff. The District Director of Nursing, in collaboration with the Nursing Directors and rural Directors of Nursing/Facility managers, set the vision and lead the direction of nursing services.

The new and expanded health services in our health service have informed the *Nursing Operational Plan 2012–13*. The vision is to develop and maintain a supportive and respectful culture that encourages practice development and promotes clinical excellence and innovation across nursing and midwifery services. A number of new models of care are being trialled in the new hospital and a major clinical redesign project is planned for 2013–14. Proserpine is trialling a Midwifery Group Practice model.

From June 2012 to May 2013, there were a total of 112 new starters at Mackay Base Hospital, an average of 11 per month. The majority of these have been casual appointments as there has been a very low vacancy rate at Mackay Base Hospital. Within new appointments, 29 were allocated to new Graduate nurses, with 15 as rural placements. Clermont is the only rural facility with ongoing substantive vacancies. Agency Nursing engagement has remained below the state-wide average and has only been required in a couple of rural sites.

Nursing and Midwifery services performed well in the Queensland Health Bedside Audit, achieving the second lowest prevalence of inpatient hospital acquired pressure injuries.

Education services undertook a major gap analysis of the requirements needed to meet our clinical service capability framework level and the National Standards. As a result the education program, including the simulation courses, were adjusted and increased where needed.

Clinical Support Services

About our Services

Clinical Support Services within the Mackay HHS encompasses the following services:

- Clinical Measurements
- Nutrition and Dietetics
- Medical Imaging
- Occupational Therapy
- Oral Health Services
- Orthotics and Prosthetics
- Pharmacy
- Physiotherapy
- Podiatry
- Psychology
- Public Health
- Social Work
- Speech Pathology.

Allied Health Professions within these disciplines work across all Divisional Service lines within Mackay HHS and with all patient groups.

They offer a highly diverse range of services including assessment and diagnostics, therapeutic and rehabilitation services, improving quality of life, restoring functional abilities, reducing secondary complications and promoting recovery and independent living are key roles of allied health professionals.

Year in review

Patient Services

- 39,666 medical imaging studies performed, with a reporting rate of 97 per cent
- 2560 Patient Medication Discharge summaries for high risk patients, with an average of 10.3 medications per summary
- 35,618 appointments were provided to 15,840 individual eligible patients across Mackay Dental Clinics and School Dental services
- 13,400 Allied Health appointments provided to outpatients at Mackay Base Hospital
- Implementation of a dietetics telehealth service for both inpatients and outpatients resulting in 250 per cent increase in inpatient consultations and a 14 per cent increase in outpatient consultations.

Our performance

Clinical Support Services / Consumer and community engagement

Research and New Models of Care

Completion of a Randomised Control Trial with 153 patients to evaluate the clinical effectiveness of skill sharing across Allied Health Professions. The Project also included a health economic evaluation, and qualitative analysis on patient experience and a staff focus group on barriers and enablers to implementing the model of care.

Implementation of a model of professional skill sharing in the Transition Care Program and Community Based Rehabilitation Team and exploration of the role of students in a professional skill sharing setting.

Implementation of Online Pharmaceutical Benefit Scheme (PBS) claiming system to allow for quicker cash flow for PBS rebates and well as real time verification for payment amounts and patient entitlements.

Successful relocation into the New Mackay Base Hospital, including successful migration of complex medical imaging technology and systems and implementing new models for medication supply to inpatient areas of the hospital.

Transition of Public Health services from the state-wide Public Health Service to the Mackay HHS's.

Project Team established to drive the implementation of the Integrated Electronic Medical Record (ieMR) project for Mackay Base Hospital, as one of five hospitals state-wide to implement Release 1.

Implementation of nutrition risk screening at all residential facilities across Mackay HHS.

Implementation of the state-wide nutritional standards for meals and menus and work towards a consistent approach across Mackay HHS in the provision of inpatient meals and snacks.

Training

- 73 allied health students hosted in Mackay HHS for clinical placements as part of their University studies
- Hosted seven 5th Year Dental students for Semester One placement of 20 weeks as part of the first cohort of Dental Students from James Cook University
- Successful submission for a Clinical Academic Fellow in Medical Imaging funded from the Office of Health and Medical Research, a collaborative effort with the Central Queensland University. This is the first Fellow awarded outside of south-east Queensland, and the first with a regional-based University.

Consumer and community engagement

In November 2012, the Mackay HHS completed and implemented its *Consumer and Community Engagement Framework and Action Plan 2012–2015*. This is a step towards meeting Standard 2 – Partnering with Consumers for Hospital Accreditation.

The Framework assists staff to implement meaningful and effective consumer and community engagement strategies. The aim is to create a health service that is responsive to patient, carer and consumer input and needs.

Objectives of the Framework are:

1. To improve bilateral communication between consumers and the Mackay HHS
2. Increase health literacy of consumers
3. Deliver more targeted health services for vulnerable population groups
4. Improve quality and safety of services.

To date the following engagement mechanisms have been established:

- Consumer and Community Engagement Activity Register
- Consumer and Community Engagement promotional brochure (*available in print and online*)
- Updated Compliments, Complaints and Suggestions form/brochure (*available in print and online*)
- Updated Complaints form (*available in print and online*)
- Consumer and Community Engagement Stakeholder register
- Monitoring of activity on Mackay HHS Facebook and Twitter accounts.

Our performance

Corporate Services

Year in review

The move into separable portion 2 of the new Mackay Base Hospital was the major focus this year. Units relocated included: kitchen, health information, cleaning and portage services were extended throughout the larger facility.

The redevelopment also provided an opportunity to review and improve models of service and ensure support services were aligned to the most appropriate area. This resulted in the transfer of Administration Supervisors and Relievers to clinical divisions; vehicle, telecommunications and accommodation management to engineering; and gardening to Corporate Support Services.

Government savings strategies required analysis in the fleet management and mobile phone allocation and utilisation, resulting in a reduction in the number of vehicles by more than 10 per cent and 36 mobile phone cancellations.

New services

While there have been no new services there have been changes to the Models of Service Delivery as a result of redevelopment, internal restructures and Queensland Health policy. Some of these include: changed patient meal choices to ensure compliance with the new Nutrition Standards, times of cleaning clinical areas to better support clinical staff and patients, a reduction in cleaning of non-clinical office areas to increase clinical cleans, changes to linen management and changes to uniform ordering.

Key achievements

- Seamless transfer of services to new facility
- Audit schedules implemented by cleaning and health information
- Significant reduction of overtime
- Government savings strategy targets exceeded
- Fiscally responsible
- Cleaning and portage restructure approved by the Board.

Financial performance and activity

Corporate Support Services has maintained a positive budget position for a second year and worked within the approved staffing full-time equivalent. Overtime was targeted and there has been a 50 per cent reduction (YTD).

Accommodation

Mackay HHS has a recruitment strategy to assist clinicians by providing accommodation to eligible staff. The service has on average 40 properties made up of single and shared rooms, units and houses and 241 staff were assisted with accommodation.

Cleaning, portage and waste

A major change has seen new operational staff employed as multi-skilled and able to work across cleaning and portage. This allows improved allocation matching resources to demand.

The Daniels Workload Management System was used to measure the new hospital and determine resources required, resulting in a small increase in staff. The increase in floor space of 73 per cent resulted in the purchase of new equipment, including ride-on chariots, to assist with cleaning larger floor areas.

Food and linen

The redevelopment also saw a state-of-the-art fresh cook kitchen installed with equipment worth in excess of \$1.2M. The kitchen produced 216,198 meals and mid meals this year.

The focus in the laundry was bedding down equipment installed in 2011–12. A review was conducted by Metropolitan Linen Services with a number of recommendations being implemented to improve work practices. The installation of a linen tracking system has provided the means to identify usage by ward and cost. A total of 658,370 kilograms of linen were washed this year.

Both laundry and the kitchen have been designed with the future capacity of the hospital in mind and will be able to meet demands at full capacity.

Our performance

Corporate Services

Health information unit/switch

The new facility provided an increase in clinical chart storage with an increase of 20 per cent in space and overcoming occupational health and safety issues in the previous location. A change in the model of service was required around the delivery of charts to the Emergency Department with a Dumb Waiter now being used.

Planning is well underway for Release 1 of the Integrated Electronic Medical Record (ieMR) project and a secure scanning unit co-located with the Health Information Unit (HIU) is being currently fitted out. A go-live date is scheduled for November 2013.

A coding audit schedule was implemented and a state-wide Clinical Coding audit pilot was completed in June 2013. A major emphasis has been on increasing communication with clinicians through provision of in-service education sessions and regular ward meeting attendance to ensure the maintenance of quality clinical data in patient records.

The transfer of an Information Systems Trainer to HIU from Staff Development Unit will provide formal HBCIS and other targeted training identified through HBCIS error reporting with a view to improving compliance rates.

The switchboard was transitioned into HIU as a result of internal review changes.

Table 1: Health information statistics

	2012–13
Medico-legal	5,274
RTI / IP Application Received (annual)	116
RTI / IP Applications Released in Full	51
RTI / IP Applications Partially Released	8
RTI / IP Applications Denied in Full	4
RTI / IP Applications Cancelled	53
	2012–13
No. of charts coded (Sarina and MBH) (annual)	26,997
Daily Average charts coded (Sarina and MBH)	136
No. of chart movements (annual)	405,193
Daily Average chart movements	1,332

Key performance indicators

- 100 per cent Medical Chart Coding timeframes met
- RTI /IP application – 100 per cent processed within timeframe.

Medical Typing

The Medical Typing Pool provides a transcription service to both in-house medical staff and Visiting Medical Officers (VMOs). VMO typing is completed within 48 hours with 90 per cent completed on the same day.

Table 2: Medical Typing Statistics

Dictation / Transcription	2012–13
Dictation – total hours	716
Transcription – total hours	4,011
Total transcription jobs	17,636
MBH Departments (general medical, surgical, paediatrics)	3
OPD Specialties	14

Patient and staff travel

This year has seen increases in subsidies for patient mileage and accommodation, with increased budget reporting requirements. Education and training regarding the approval process has been provided to clinical directors. Supporting information documentation for clinicians and patients is in the process of being developed.

The number of patient journeys has increased slightly compared with last year while staff travel journeys have decreased by 55 per cent.

Public Affairs

The Mackay HHS develops and promotes effective strategies and channels for communication between the HSS and staff, media, community and other partners in health service interventions.

In 2012–13 content was generated for distribution on a range of multi-media platforms including print, television, radio, internet, intranet and social media accounts.

In October the HHS joined Facebook and Twitter and, as of May 2013, had 205 and 120 followers respectively. This proved extraordinarily successful during a measles outbreak in May 2013 when the public health message was viewed by more than 10,000 account holders.

Awards

The Supervisor of the Laundry was featured on the Channel Seven News in the section “Local Heroes”.

Our performance

Indigenous Health

Closing the Gap

The Mackay HHS is committed to working closely with community members, Aboriginal and Torres Strait Islander Community Health Service, the Townsville Mackay Medicare Local and all government and non-government agencies and health service providers to improve health status of our local Aboriginal and Torres Strait Islander communities.

Closing the Gap on health equality is the commitment and work of all staff and volunteers of the Mackay HHS.

Key performance indicators

Closing the Gap KPI 1: Estimated level of completion of Indigenous status specifically the reporting of “not stated” on admission.

Closing the Gap KPI 2: Percentage of in-scope separations of Aboriginal and Torres Strait Islander consumers from the HHS’s acute mental health inpatient unit(s) for which a community ambulatory service contact, in which the consumer participated (in person or via videoconferencing), was recorded in one to seven days immediately following separation.

Closing the Gap KPI 3: The proportion of Aboriginal and Torres Strait Islander patients who discharge themselves against medical advice (DAMA).

Closing the Gap KPI 4: Percentage of Aboriginal and Torres Strait Islander Cultural Practice Program participants by facility.

Closing the Gap KPI 5: Number of Indigenous Hospital Liaison Officers, including gender specific for Aboriginal and Torres Strait Islander Officers.

Closing the Gap KPI 6: The number of Aboriginal and Torres Strait Islander people as a percentage of the total HHS workforce: using MOHRI Occupied Head count.

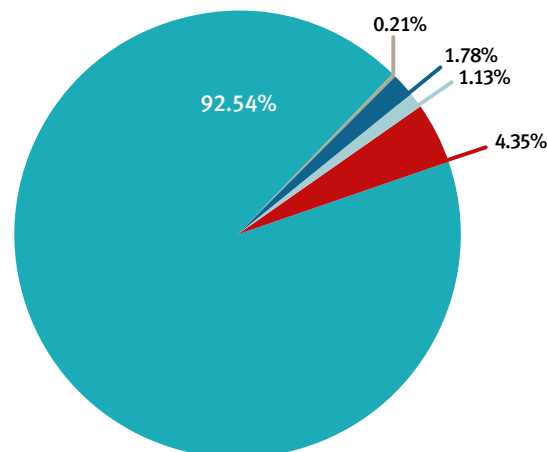
Closing the Gap KPI 7: Number of potentially preventable hospitalisations (Indigenous patients).

Closing the Gap KPI 8: Increase Indigenous participation in Breast Screening Queensland Service Catchment.

Key achievements KPI 1

- The identifiers training project has been rolled out in all facilities of the Mackay HHS. This has contributed to a marked decrease in ‘not stated’ (see table and graphs)
- The number of separations between July 2012 and May 2013 for the whole Mackay HHS was 37 968
- During the specified period, 92.54 per cent of all separations were identified as being not Indigenous (Total 35 135)
- 7.26 per cent (2755) of all separations were identified as Indigenous and of that:
 - 4.35 per cent (1653) were Aboriginal, 1.78 per cent (674) were identified as Torres Strait Islander; and
 - 1.13 per cent (428) Aboriginal and Torres Strait Islander
- 0.21 per cent (78) of all separations were identified as Not Stated/Unknown Target >1 per cent achieved.

All separations by specific Indigenous Status
All facilities, July 2012 – May 2013



■ Not Indigenous (35,135 separations)	92.54%
■ Torres Strait Islander (674 separations)	1.78%
■ Aboriginal and Torres Strait Islander (428 separations)	1.13%
■ Aboriginal (1,653 separations)	4.35%
■ Not stated/unknown (78 separations)	0.21%

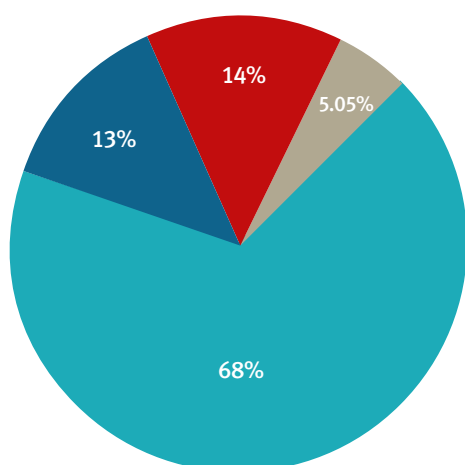
Our performance

Indigenous Health

Key achievements KPI 2

- Between July 2012 and May 2013 there were 99 Indigenous separations from Acute Mental Health at the Mackay HHS
- Of these 66 per cent (67 separations) were compliant with the Key Performance Indicator in that the Post Discharge Follow-up was completed face-to-face or via videoconference within seven days of discharge
- Of the 99 separations, 13 per cent (13 separations) were out of scope; 14 per cent (14 separations) did not meet the KPI requirements and 5.05 per cent (5 separations) were completed outside of the Mackay HHS.

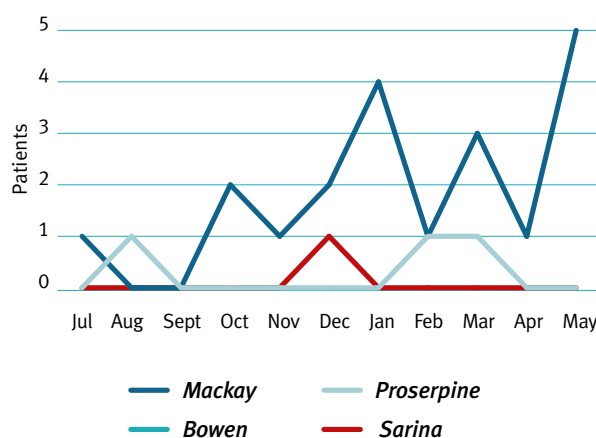
Mackay HHS Acute Mental Health in scope separations of Aboriginal and Torres Strait Islander patients with 7 day post discharge follow-up, July 2012 – May 2013



■ Compliant with KPI (67 separations)	68%
■ Out of scope (13 separations)	13%
■ Did not meet KPI (14 separations)	14%
■ Follow up completed outside Mackay HHS (5 separations)	5.05%

Key achievements KP3.5

- Hospital liaison officers provide support to patients and their families and encourage family meetings with the medical team to ensure Aboriginal and Torres Strait Islander patients and their families have access to and understand the full medical condition of the patient, and expected length of hospital stay
- Between July 2012 and May 2013 there were a total of 27 Indigenous patients who discharged against medical advice across all facilities in the Mackay HHS, this has been a marked improvement to 2010 a total of 40 patients DAMA.



Key achievements KPI 8

- The Mackay HHS has in the last year seen 141 Aboriginal and Torres Strait Islander women access breast screening services. This has been due to a number of strategies that included working in collaboration with the Aboriginal and Torres Strait Islander Community Health Service.

Our performance

Rural Services

The Rural Service Division within Mackay HHS covers a large geographical area. There are 10 facilities within the Division including Bowen, Proserpine, Sarina, Moranbah and Dysart Hospitals, Collinsville and Clermont Multi-Purpose Health Services and Middledmount, Glenden and Cannonvale Primary Health Centres.

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

Consumer and Community engagement is a key priority for the Division and we continue to work with local service providers to meet the needs of our local communities. This year has seen a service delivery change with the establishment of Medicare Locals. Throughout the year we have been working closely with the Townsville Mackay Medicare Local to ensure an integrated approach to the delivery of primary health care across the region.

Recruitment and retention of staff to rural facilities continues to be a challenge for the Division. Some innovative recruitment strategies however, have resulted in the appointment of some key clinical positions.

As part of the Health Minister's pledge to increase employment for Queensland Registered Nurse graduates, a number of the rural hospitals within the Division received funding to employ and up-skill nursing graduates within a 3 months intensive program. All of the graduates that underwent these placements have gained employment with a number of them filling vacancies within the Rural Division.

The Division has had a successful year in meeting all revenue and fiscal targets and should be commended for this achievement.

The Division has also been successful in a number of funding submissions for various refurbishment and redevelopment projects across the Division and it is anticipated that these works will be completed in 2013–14 financial year.

Key Achievements across the Rural Division

Bowen Hospital

Bowen Hospital has continued to enhance clinical services and access for the local community through increased use of Telehealth, improved discharge planning, strengthening community engagement and partnering with other local Service Providers.

A low risk Oncology Telehealth service is currently being developed and will be implemented at Bowen Hospital in the ensuing months.

Collinsville Multi Purpose Health Service

New antenatal and postnatal programs have been established and have been both well attended and welcomed by the local community. A new Child Health Service has also commenced to address an identified gap in service delivery.

A range of exercise equipment has been purchased and a specific Gym area established to facilitate specifically designed exercise programs such as 'Stay On Your Feet' for elderly community members to assist in falls prevention.

Proserpine Hospital

A number of changes have been implemented at Proserpine Hospital throughout the year in preparation for Activity Based Funding (ABF) which will commence in 2013–14 financial year. Some of the changes include the implementation of Emergency Department Information System (EDIS), establishment of Appointment Scheduling for all Outpatient Clinics and preparation for the implementation of the Operating Room Management Information System (ORMIS). Proserpine Hospital is the only rural facility within Mackay HHS that will be funded through ABF.

Proserpine Hospital also commenced a trial of a new Maternity Model of Care (MOC) this year. Initial feedback on the trial model has indicated that it is more responsive to women's needs. A report published earlier this year by the Centre for Mothers and Babies had mother's who birthed at Proserpine Hospital indicating some of the highest levels of satisfaction across the Mackay HHS with some indicators being the bench-mark for the State. The Maternity Service has also recorded the highest number of deliveries this year with 320 births.

Sarina Hospital

Sarina Hospital has participated in significant project planning for 2 major projects this year – the *Rural and Remote Infrastructure Rectification Works (RRIRW)* and the *Telephone Infrastructure Replacement Program (TIR)*. The *RRIRW* is aimed at upgrading electrical and fire safety throughout the facility and is due to commence in July 2013. The *TIR Program* will see an upgrade of telecommunication infrastructure throughout the campus including data, voice and LAN services and is due to commence in November 2014.

Moranbah Hospital

A significant refurbishment of the sterilising area at Moranbah Hospital was undertaken this year to accommodate the installation of a new *Hospital Steriliser*. The project was supported by a generous donation from *BHP Mitsubishi Alliance (BMA)*. Moranbah Hospital has now become the ‘hub’ for the Hinterland area and is providing a sterilising service to all of the facilities within the Hinterland area of the Mackay HHS.

Moranbah Hospital’s strong commitment to Consumer and Community engagement has continued throughout the year and funds raised have supported the construction of a multi-functional pergola and outdoor seating area. This area has provided an ‘outdoor living room’ experience for patients and visitors and was designed to enhance the experience of people requiring hospitalisation.

Dysart Hospital

Dysart Hospital has been working in partnership with *Isaac Regional Council, BMA, Central Queensland Rural Division of General Practice* and *Dysart Medical Practice* for the development of a new Medical Centre at Dysart within the grounds of the Dysart Hospital. A planning group has been established and schematic designs for the building are being developed. The project will be substantially funded through *Royalties for the Regions Resource Community Building Fund*.

The Hospital has participated in numerous health promotion events throughout the year including: Cancer Awareness and Men’s Health and Skin Check Expo. Monthly programs have also been conducted for specific target groups each month including ‘*Healthy Bones*’, ‘*Heart Awareness*’ and ‘*Know Your Brain*’. A new Mothers Support Group has also been established and has been well attended by the local community.

Clermont Multi Purpose Health Service and Monash Lodge

A key focus this year for Clermont MPHS has been the increase in the use of Telehealth services which has resulted in a 50 per cent increase in Telehealth occasions of service. This mode of service delivery has allowed greater access to specialist services for local residents and reduced travel time and expenditure.

There has been various infrastructure upgrades undertaken this year at Monash Lodge including the replacement/upgrade of the Nurse Call System and Fire Detection throughout the facility.

Our performance

Redevelopment

The \$408 million redevelopment of Mackay Base Hospital is a four-stage project and is now well past the halfway mark. It is one of the largest public health infrastructure projects in Queensland and when completed will deliver the people of the Mackay HHS a state-of-the-art facility they can be proud of.

This project is more than new buildings, infrastructure and equipment. It is about finding better and smarter ways to change our workflow and processes, always with the aim of improving the patient experience.

Staff have been patient and resilient in this process, and have adapted well to a changing environment. Some areas have had two or more moves as we meet the challenge of keeping the hospital functional while building a new one on the same site.

An enormous amount of planning goes into each move. Mackay Base Hospital staff have been heavily involved in the decision making process as key users of the facility.

During 2012–13 work was completed on stage two, and work on stage three is underway.

The first inpatients moved were consumers in the Mental Health Inpatient Unit in J Block which opened in August 2012. Mental Health bed numbers increased from 18 to 24 beds with the capacity to expand to 30 in the future. Staff have reported improved patient outcomes due to the opportunities for exercise, relaxation, treatment and education that the new space provides.

In October 2012 H Block opened delivering a new kitchen, biomedical services, the patient equipment loan store and the mortuary.

The move into Blocks E, F and G in November 2012 was the biggest move undertaken with Emergency Department, Theatres, Central Sterilising Department, Inpatient Wards, Pathology, Clinical Measurements, Medical Records, Day Surgery Unit and Intensive Care/Coronary Care Unit all being located in these buildings.

It took three weeks to transition Mackay Base Hospital staff and equipment from the old building to the new. Elective surgery was ramped down to allow staff time to orientate and train in the operating theatres. As a result of a successful decant period, we achieved our goal of decanting into the new facility by Christmas 2012.

The community got its first look inside Blocks E, F and G at an Open Day in November 2012 just a week before they opened. Almost 1,000 people toured the main clinical building E Block and the inpatient areas in F and G Blocks. Staff volunteered their time on a Sunday to conduct tours and reported the feedback from community participants was overwhelmingly positive.

Early in 2013 the final plans to decommission and demolish the old Mackay Base Hospital were implemented. This was a time of mixed emotions for staff however nostalgia soon made way for the excitement of working in a new work area.

In February 2013 demolition of the old Mackay Base Hospital on Bridge Rd started. The brick building has gone and in its place will be a new three-level building that will become the new main entry to the hospital. Demolition took just over six weeks with approximately 14,000 cubic metres of material removed.

In June 2013 the Birth Centre, Special Care Nursery and Labour Ward moved to the new hospital to allow for expansion and refurbishment of these areas.

During 2013–14 work will progress through stage three and stage four.

In August 2013 Allied Health will move back to their original building, which is being gutted and refurbished. This will pave the way for the Child and Adolescent Unit, Women's and Children's Clinics and Frangipani House staff to move to G Block Level in September 2013.

When completed, the new Mackay Base Hospital will have increased capability to ensure the health needs of the Mackay HHS is met to 2020 and beyond.

Our performance

Financial highlights

Mackay HHS has achieved a financial surplus of \$16.135 million for the year ending 30 June 2013.

The result contains \$11.719 million of one-off gains from services and a further \$3.498 million of timing issues relating to funds that will be spent in subsequent years. There was also \$0.918 million contribution to the asset revaluation reserve.

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

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

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

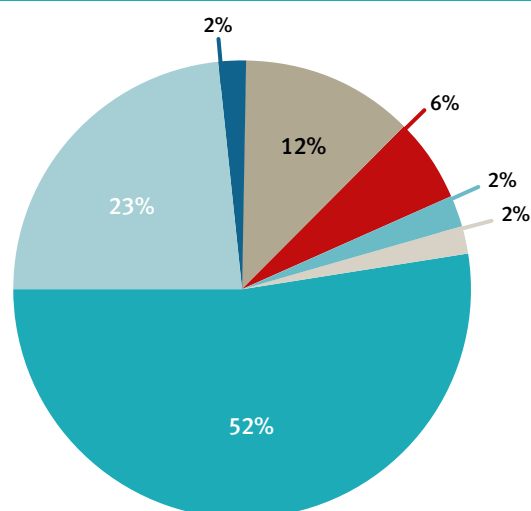
Income

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

- State government grants
- Commonwealth government grants
- Owned sourced revenue.

The chart (1) details the extent of these funding sources for 2012–13. Mackay HHS total income was \$304.94 million. The activity based funding for hospital services was 52 percent or \$157.3 million, block funding was 23 per cent or \$69.0 million, other grants funding was 12 per cent or \$38.1 million for health services, own source revenue was 6 per cent or \$18.2 million and other revenue was 2 per cent or \$7.6 million.

Revenue by Funding



■ User charges	6%
■ Other revenue	2%
■ Australian Government grants	2%
■ Activity Based funding	52%
■ Block funding	23%
■ Other State Government grants	2%
■ Other grants	12%

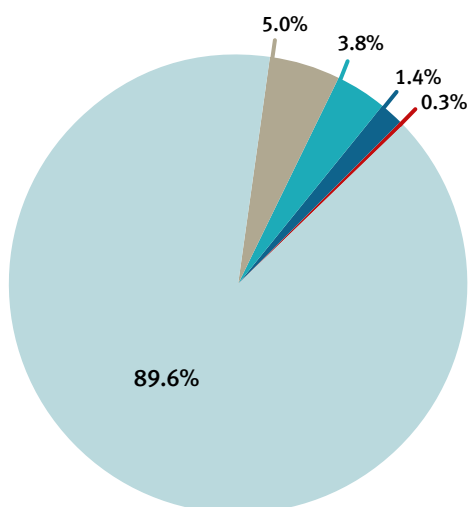
Expenses

The total expenses were \$289.72 average at \$0.793 million a day for providing health services. The chart (2) provides a breakdown of expenditure to the main categories.

Mackay HHS main expenditure was supplied and service expenses (89.6 per cent) which includes health service employees employed through the Department of Health. Depreciation/amortisation of Mackay HHS assets is 4.8 per cent, representing the consumption of a \$325.9million asset portfolio. The revaluation decrement accounted for 3.8 per cent of expenditure. Mackay HHS has implemented significant cost saving initiatives during the financial year resulting in reduction of expenditure during the year.

In addition to the above Mackay HHS invested in its asset portfolio \$7.8 million funded predominantly from State funding.

Expenses 2012–13



■ Employee expenses	0.3%
■ Supplies and services	89.6%
■ Depreciation, amortisation and impairment	5.0%
■ Revaluation decrement	3.8%
■ Other expenses	1.4%

Our performance

Service Agreement – Key performance indicators

The following table contains performance against the mandatory key performance indicators defined in the Mackay HHS agreement with the Department of Health.

KPI	Description	Target	Actual
Safety and quality			
	Never events	0	0
	Hospital acquired third and fourth stage pressure injuries	0	2
	Healthcare associated <i>Staphylococcus aureus</i> (including MRSA) bacteraemia	20% 2010–11 actuals	unavailable
Access			
National Emergency Access Target	Percentage of Emergency Department attendances who depart within four (4) hours of their arrival in Emergency Department	2012: 70% 2013: 77%	78.5%
Emergency Department: <i>percentage seen within recommended timeframe</i>	All categories	80%	
	Category 1: within 2 minutes	100%	100%
	Category 2: within 10 minutes	80%	74.6%
	Category 3: within 30 minutes	75%	68.8%
	Category 4: within 60 minutes	70%	74%
	Category 5: within 120 minutes	70%	95%
	Patient off-stretcher time (POST) <30 mins (%)	90%	95.4%
Elective Surgery: <i>percentage treated within clinically recommended timeframe</i>	Category 1: within 30 days	100%	93.8%
	Category 2: within 90 days	87%	62.5%
	Category 3: within 365 days	94%	88.2%
Elective Surgery: <i>number of patients waiting more than the clinically recommended</i>	Category 1: within 30 days	0	0
	Category 2: within 90 days	0	0
	Category 3: within 365 days	0	0
Activity: <i>variance between purchased activity and YTD activity</i>	Inpatients 0% to +/- 1%		1,047
	Outpatients		449
	Emergency		403.8
	Mental health		156.9
	Critical care		132
	Sub and non-acute patients		266.2

KPI	Description	Target	Actual
Efficiency and financial performance			
	Year to date operating position	Balanced	\$-0.78M
	Full year forecast operating position	Balanced	\$0.00M
	Own source revenue target – YTD variance	Balanced	\$-0.23M
	YTD average MOHRI FTE – variance to target	1,837	-139
Closing the Gap			
Achievement of Closing the Gap escalation indicators	Estimated level completion of Indigenous status – specifically the reporting of ‘not stated’ on admission	<1%	0.2%
	Rate of community follow-up within 1–7 days following discharge from an acute mental health inpatient unit; Aboriginal and Torres Strait Islander consumer specific	55%	
	Proportion of Aboriginal and Torres Strait Islander patients who discharged themselves against medical advice	1.60%	2.2%
	Percentage of Aboriginal and Torres Strait Islander Cultural Practice Program participants by facility	12.5%	1.0%
Mental Health and Alcohol and Other Drug Treatment Services			
Achievement of Mental Health and Alcohol and Other Drug Treatment Services escalation indicators contained within Schedule 9 of the Service Agreement	Ambulatory Service Contacts	100%	110%
	Ambulatory Service Contacts: Duration (hours)	100%	106%
	Extended treatment facility and psychiatric hospital beds (Accrued patient days in block funded mental health facilities)	95%	n/a
	Closure of ATODS Client intake	<2 weeks	0.3

Note 1. data is only up until June 2013

Our people

Mackay Hospital and Health service (Mackay HHS) recognises that investing in people to promote a better workforce culture means the organisation will be able to overcome challenges and continue to provide high quality care for the community. Building a sustainable high-quality workforce to meet future health needs of the Mackay HHS has top priority for the Board and Executive Management.

Key performance indicators

- **Sick leave (paid and unpaid) hours vs occupied FTE**
 - 3.55% of occupied FTE (QH is 3.93% of occupied FTE)
- **WorkCover hours lost vs occupied FTE for 2012–13**
 - 0.41%.

Our workforce

Classification stream	FTE
Managerial and Clerical	286.52
Medical (incl VMOs)	208.90
Nursing	679.49
Operational	288.31
Trades and Artisans	5.74
Health Practitioners	184.64
Professional and Technical	10.53
All paypoints	1664.14

Full-time Equivalent (FTE) staff establishment as at 30 June 2013

Permanent Retention Rate for 2012–13: 82.87%

Permanent Separation Rate for 2012–13: 17.13%

Classification stream	Aboriginal and Torres Strait Islander	Non-English speaking background	People with disabilities
Managerial and Clerical	3.06%	5.56%	2.78%
Medical (incl VMOs)	1.38%	19.85%	0.92%
Nursing	1.42%	7.31%	2.51%
Operational	3.06%	7.13%	2.29%
Trades and Artisans	0%	0%	0%
HP, Professional and Technical	0.95%	7.37%	2.84%

Equal Employment Opportunity Composition as at 30 June 2013

People and culture

Mackay HHS is committed to providing a sustainable, effective workforce reflective of the capacity and capability to meet future health needs of our communities.

Many challenging workforce issues have continued to confront the Mackay HHS including:

- Heightened competition for skilled employees
- Retirement of the baby boomers
- Capacity to sustain employee engagement
- Finite budget and the impact of turnover costs
- Capacity and commitment to implement succession planning.

Through the *Mackay HHS Workforce Plan 2011–13* and *People and Culture Business Plan 2012–13* strategies have been implemented to address these issues, having due regard for the current workforce profile and workforce projections.

The strategies have been informed by the Mackay HHS Strategic Plan, Mackay HHS Service Plan, QH Strategic Directions and *QH People Plan 2012–17*, and amended, where relevant, by changes in demand for health services, technological innovations that impact on service models and the extent and profile of health workforce supply.

Listening to our staff

Mackay HHS staff are invited to participate in regular workplace culture surveys. The Working for Queensland Employee Opinion Survey (replacing the previous Better Workplace Staff Opinion survey) is a whole of government survey of employees which occurs every two (2) years and measures key aspects of workplace culture and engagement levels of staff and identifies potential areas for improvement in the professional working environment.

Mackay HHS recently participated in the Working for Queensland Employee Opinion Survey between 3 June to 28 June 2013 with the survey results being made available in the near future and will assist to monitor our leadership capability and performance as part of the Queensland public service and to help further build on the positive work and the outcomes achieved to date, including findings from the previous 2011 survey. Recommendations and action plans from the previous survey were implemented and included a range of strategies to improve workplace culture.

Workplace culture

A range of strategies were implemented to improve our capacity and capability to support a positive workplace culture. These included:

- Mackay HHS Employee Engagement Strategy
- Mackay HHS People and Culture Web Site redesigned and information updated – 20 per cent increase in hits
- Mackay HHS Faces of Mackay established for use in marketing and promotional material
- Mackay HHS People and Culture Newsletter distributed each month
- Mackay HHS Length of Service Awards for, 104 Awards presented
- Mackay HHS Service Excellence Awards – 5 Awards in 2012.

Our people

Workforce development

On Boarding

Mackay HHS On Boarding Program has been developed to ensure all new employees feel welcomed and supported into the organisation by receiving information about the organisation, completing mandatory training requirements and induction specific to their role and work area. The program web pages guide managers, supervisors and staff through this process and provide checklists which can be printed to record components as they are completed. Checklists compliment and support the Mackay HHS PaD process as supervisor and staff member discuss required components and record additional opportunities for professional development which can then be recorded in training database and PaD plan.

Leadership and management

The following workshops have been developed and scheduled in house utilising resources distributed by Healthcare Culture and Leadership Service for delivery at MBH:

- Inspiring Leadership – held in May, numbers and feedback very good
- Personal Leadership Qualities
- Energising from Conflict
- Promoting Respect, Preventing Harm
- Delivering the Service
- Setting the Direction.

Lunchbox Sessions have been scheduled and delivered on business administration and management topics where key note speakers lead information sharing and robust discussion to support line managers to share experiences and seek advice on managing situations and issues. Sessions enable staff to build positive networks through exposure and relationship building with Executive and content experts across Mackay HHS.

Funded training options

Queensland Health funded					
Source	Year	Allocation	Approved	Waitlist	Comments
OO3/4 Incentives	2012	4	4	0	
OO3/4 Incentives	2013	4	6	3	Additional Allocation Mackay HHS OO/AO Training recurrent budget allocation
AO3/4 Incentives	2012	3	8	0	Additional Allocation from non utilised funding held Corporate
AO3/4 Incentives	2013	4	10	0	
APP	2013	NA	7		Cunningham Centre funded Administrative Professionals Program, certificates and Diplomas in Government
External Funding					
ACWVET	2013	29	Training for Aged Care Service Providers to complete range of qualifications from Certificate III to Diploma, EOIs sent to CQIT, waiting advice on funding allocation approval.		
Investing in experience	2013	7	Federally funded program for staff over 50 to gain qualifications relevant to role, submission currently under development.		
WELL Program	2013		External funding for Workplace English, Language and Literacy Program		
Traineeships					
Operational Officers Mental Health	2013	5	Existing worker traineeships for staff to complete fully funded qualification – Certificate III Aged Care packaged up with Certificate IV Mental Health for dual qualification, gap training funded through OO3/4 Incentives.		
Current work in progress for additional traineeship options			<ul style="list-style-type: none">• Certificate III Aged Care/Certificate III Health Service Assistance with options for speciality skills sets e.g. Theatre• Certificate IV Health Service Administration• Certificate III Health Support Services• Certificate III Laundry Operations		

Our people

Workforce management

Unplanned Leave Project

Mackay HHS commenced the project with a pilot encompassing Proserpine Facility and Family Health Division. Briefings provided to both areas on absence information derived from DSS reporting system.

A suite of management tools including fact sheets have been prepared by the People and Culture Unit and distributed to assist line managers, in addition to face-to-face training sessions.

Unplanned Absences for 1 July 2012 to 30 June 2013 total 158,741.44 hours taken in Unplanned Leave (includes carers leave) – of which Sick Leave totalled 154,273.14 hours (97.19 per cent).

Performance and Development (PaD) Project

PaD material revised to better provide line managers and employees with tools that emphasise a future-focused, goal-oriented, collaborative process. Implementation of new tools was supported by ongoing training and upgrade of support material available through Mackay HHS intranet site.

New reporting arrangements regarding PaD compliance implemented from 31 October 2012, requires line managers to report on the overall status of PaDs in place for eligible staff within their work area on a quarterly basis.

Third certification process as at 30 April 2013 identified compliance rate of 76.9 per cent.

Preferred Part-time Working Arrangements Model

Guide developed to assist deliver a more consistent approach in the management of part-time working arrangements.

A key element of the Model is articulation of a preferred minimum of 0.5 full-time equivalent (FTE) for any new part-time arrangements.

The guide provides:

- A summary of the respective responsibilities of the line manager and employee in progressing an application for movement to part-time arrangements
- A process map outlining a step-by-step pathway for employees to request consideration to work under a part-time working arrangement.

Tools to support the model include a:

- Fact Sheet: Part-time Preferred Model
- Part-time Working Agreement
- Part-time Working Application Form.

Early retirement, redundancy and retrenchment

A program of redundancies was implemented during 2012–13. During the period, 27 employees received redundancy packages at a cost of \$1,881,976.82.

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

At the conclusion of this period and where it is deemed that continued attempts of ongoing placement were no longer appropriate, employees yet to be placed were terminated and paid a retrenchment package.

During the period, nil employees received retrenchment packages at a cost of \$ Nil.

Voluntary Separation Program

A Voluntary Separation Program was implemented during 2011–12. The program ceased during 2011–12; however, 0 employees received their voluntary separation packages during 2012–13 at a cost of \$0.

Our people

Occupational Health and Safety

Mackay HHS has continued to implement the Occupational Health and Safety Management System by reviewing legislative compliance, providing training and identifying hazards and implementing controls to reduce the risk of injury and provide a safe workplace.

The Workplace Health and Safety Checklist Program is completed on an annual basis for 75 work areas across the Health Service to evaluate compliance with legislative requirements and review identification and management of workplace risks. Across the Health Service 85 per cent of work areas have completed the checklist, with 5 per cent not completed and 10 per cent up to 70 per cent completed.

An external audit was conducted from 6–9 May 2013 to review the performance level of the Queensland Health Occupational Health and Safety Management System in accordance with standards in AS/NZ 4801:2001 / AS/NZS 4804:2001 and the whole of government elements, Mackay HHS was deemed to be compliant with relevant requirements.

The Occupational Violence Prevention Program provides training to increase early identification, prevention and management of occupational violence and aggressive behaviour within the workplace. There has been:

- 215 employees who have viewed the orientation DVD
- 30 employees trained in Awareness/verbal de-escalation
- 16 employees in Basic Personal Safety
- 65 employees Team Restrictive Practices
- 64 for one-day Refresher training
- 20 for two-day Refresher training.

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

Workplace incidents and injuries

	2009–10	2010–11	2011–12	2012–13
Number of incidents/near misses reported	795	914	988	900
Number of injury workers' compensation claims	66	76	101	79
Total days lost	1,251	1,660	1,534	1,487
Average days lost	22.74	30.74	21.31	17.70
Total claims cost	\$483,196	\$575,076	\$681,738	\$894,279
Average monthly payment	\$1,783	\$2,054	\$2,104	\$2,718
Average days to first RTW	19.40	22.28	20.65	17.52
Common Law New Claims	3	10	5	5
Common Law Total cost	\$215,206	\$1,023,282	\$821,216	\$851,507
Common Law average costs	\$215,206	\$255,820	\$117,317	\$94,612

**All workers' compensation claims lodged regardless of acceptance by WorkCover Queensland.*

Source: Incident Management System and WorkCover Queensland.

Data from WC only available until 30/04/13.

Data from IMS only available until 21/05/13.

Our people

Service Excellence Awards

The Mackay HHS Service Excellence Awards were open to all Mackay HHS teams. In 2012, 18 teams nominated with five of these being successful. The awards acknowledge teams who have excelled in the delivery of quality services during the past year and contributed to achieving the outcomes identified in the *Mackay HHS Strategic Plan 2012–2016*.

The 2012 awards were presented to the following teams:

- Division of Family Health
- Infection Control
- Integrated Electronic Medical Record (ieMR) project
- Day Procedure Unit
- Social Work.

Compliance checklist

The characteristics of a quality annual report are that it:

- complies with statutory and policy requirements
- presents information in a concise manner
- is written in plain English
- provides a balanced account of performance – the good and not so good.

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirements for Queensland Government agencies*

Summary of requirement	Basis for requirement	Annual Report reference
Letter of Compliance		
A letter of compliance from the accountable officer or statutory body to the relevant Minister	ARRs – section 8	Page 1
Accessibility		
Table of contents	ARRs – section 10.1	Page 3
Glossary		Pages 65–67
Public availability	ARRs – section 10.2	Inside front cover
Interpreter service statement	Queensland Multicultural Policy ARRs – section 10.3	Inside front cover
Copyright notice	<i>Copyright Act 1968</i> ARRs – section 10.4	Inside front cover
Government Information Licensing Framework (GLIF) Licence	Government Information Licensing Framework (GLIF) QGEA Policy ARRs – section 10.5	Inside front cover
General Information		
Introductory information	ARRs – section 11.1	Pages 4, 5, 7
Agency role and main functions	ARRs – section 11.2	Pages 9–11
Operating Environment	ARRs – section 11.3	Pages 4–6
Machinery of Government changes	ARRs – section 11.4	Page 13
Non-financial performance		
Government objectives for the community	ARRs – section 12.1	Page 34
Other whole-of-government plans/specific initiative	ARRs – section 12.2	Pages 34–35
Agency objectives and performance indicators	ARRs – section 12.3	Pages 9, 10, 52
Agency service areas, service standards and other measures	ARRs – section 12.4	Pages 34–51
Financial performance		
Summary of financial performance	ARRs – section 13.1	Pages 52–53
Chief Finance Officer (CFO) statement	ARRs – section 13.2	n/a
Governance – management and structure		
Organisational structure	ARRs – section 14.1	Page 22
Executive management	ARRs – section 14.2	Pages 23–25
Related entities	ARRs – section 14.3	n/a

Summary of requirement	Basis for requirement	Annual Report reference
Boards and Committees	ARRs – section 14.4	Pages 14–21
<i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> (section 23 and Schedule) ARRs – section 14.5	Page 30
Governance – risk management and accountability		
Risk Management	ARRs – section 15.1	Page 32
External Scrutiny	ARRs – section 15.2	Page 31
Audit committee	ARRs – section 15.3	Pages 18, 31
Internal Audit	ARRs – section 15.4	Page 31
Public Sector Renewal Program	ARRs – section 15.5	Page 5
Information systems and record keeping	ARRs – section 15.7	Page 33
Governance – human resources		
Workforce planning, attraction and retention and performance	ARRs – section 16.1	Pages 54–59
Early retirement, redundancy and retrenchment	ARRs – section 16.2 Directive No 11/12 Early Retirement, Redundancy and Retrenchment	Page 57
Voluntary Separation Program	ARRs – section 16.3	Page 57
Open Data		
Open Data Additional information to be reported online	ARRs – Section 17	Page 33
Financial Statements		
Certification of financial statements	FAA – section 62 FPMS – sections 42,43,& 50 ARRs – section 18.1	Page 6-41
Independent Auditors Report	FAA – section 62 FPMS – section 50 ARRs – section 18.2	Page 6-42
Remuneration disclosures	Financial reporting Requirements for Queensland Government Agencies ARRs – Section 18.3	Pages 6-36–6-40

Acts and subordinate legislation

Dental Technicians Registration Act 2001

Dental Technicians Registration Regulation 2002 Food Act 2006

Food Regulation 2006

Health Act 1937

Health Regulation 1996

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

Hospital and Health Board Regulations 2012

Health Practitioner Registration Boards (Administration) Act 1999

Health Practitioner Regulation National Law Act 2009

Health Practitioner Regulation National Law Regulation

Health Practitioner Regulation National Law (Transitional) Regulation 2010

Health Practitioners (Professional Standards) Act 1999

Health Practitioners (Professional Standards) Regulation 2010

Health Practitioners (Special Events Exemption) Act 1998

Health Practitioners (Special Events Exemption) Regulation 2009

Health Quality and Complaints Commission Act 2006

Health Services Act 1991

Health Services Regulation 2002

Hospitals Foundations Act 1982

Hospitals Foundations Regulation 2005

Mater Public Health Services Act 2008

Medical Radiation Technologist Registration Act 2001

Medical Radiation Technologists Registration Regulation 2002

Mental Health Act 2000

Mental Health Regulation 2002

Mental Health Review Tribunal Rule 2009

Occupational Therapists Registration Act 2001

Occupational Therapists Registration Regulation 2001

Pest Management Act 2001

Pest Management Regulation 2003

Pharmacy Business Ownership Act 2001

Private Health Facilities Act 1999

Private Health Facilities Regulation 2000

Private Health Facilities (Standards) Notice 2000

Public Health Act 2005

Public Health Regulation 2005

Public Health (Infection Control for Personal Appearance Services) Act 2003

Public Health Infection Control for Personal Appearance Services Regulation 2003

Queensland Institute of Medical Research Act 1945

Radiation Safety Act 1999

Radiation Safety Regulation 2010

Radiation Safety (Radiation Safety Standards) Notice 2010

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

Research Involving Human Embryos and Prohibition of Human Cloning Regulation 2003

Speech Pathologists Registration Act 2001

Speech Pathologists Registration Regulation 2001

Tobacco and Other Smoking Products Act 1998

Tobacco and Other Smoking Products Regulation 2010

Transplantation and Anatomy Act 1979

Transplantation and Anatomy Regulation 2004

Water Fluoridation Act 2008

Water Fluoridation Regulation 2008

Glossary

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

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

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

Acute: Having a short and relatively severe course.

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

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

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

Admission: The process whereby a hospital accepts responsibility for a patient's care and/or treatment. It follows a clinical decision, based on specified criteria, that a patient requires same-day or overnight care or treatment, which can occur in hospital and/or in the patient's home (for hospital-in-the-home patients).

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

Allied health staff: Professional staff who meet mandatory qualifications and regulatory requirements in the following areas: audiology; clinical measurement sciences; dietetics and nutrition; exercise physiology; leisure therapy; medical imaging; music therapy; nuclear medicine technology; occupational therapy; orthoptics; pharmacy; physiotherapy; podiatry; prosthetics and orthotics; psychology; radiation therapy; sonography; speech pathology and social work.

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

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

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

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

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

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

Emergency department waiting time: Time elapsed for each patient from presentation to the emergency department to start of services by the treating clinician. It is calculated by deducting the date and time the patient presents from the date and time of the service

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

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

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

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

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

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

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

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

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

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

Long wait: A 'long wait' elective surgery patient is one who has waited longer than the clinically recommended time for their surgery, according to the clinical urgency category assigned. That is, more than 30 days for a Category 1 patient, more than 90 days for a Category 2 patient and more than 365 days for a Category 3 patient.

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

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

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

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

Non-acute: Not serious

Nurse practitioner: A registered nurse educated and authorised to function autonomously and collaboratively in an advanced and extended clinical role. The nurse practitioner role includes assessing and managing clients using nursing knowledge and skills and may include, but is not limited to, direct referral of clients to other healthcare professionals, prescribing medications, and ordering diagnostic investigations.

Outpatient: Non-admitted health service provided or accessed by an individual at a hospital or health service facility

Outpatient service: Examination, consultation, treatment or other service provided to non-admitted non-emergency patients in a speciality unit or under an organisational arrangement administered by a hospital.

Overnight-stay patient: A patient who is admitted to, and separated from, the hospital on different dates (not same-day patients).

Patient flow: Optimal patient flow means the patient's journey through the hospital system, be it planned or unplanned, happens in the safest, most streamlined and timely way to deliver good patient care.

Performance indicator: A measure that provides an 'indication' of progress towards achieving the organisation's objectives usually has targets that define the level of performance expected against the performance indicator.

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

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

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

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

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

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

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

Sub-acute: Somewhat acute; between acute and chronic

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

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

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

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

Acronyms

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



Mackay Hospital and Health Service

ABN 8742 789 6923

Financial Statements – 30 June 2013

Contents

Statement of Comprehensive Income	6-02
Statement of Financial Position	6-03
Statement of Changes in Equity	6-04
Statement of Cash Flows	6-05
Notes To and Forming Part of the Financial Statements	6-07
Management Certificate	6-41
Independent Auditor's Report	6-42

General Information

These financial statements cover the Mackay Hospital and Health Service.

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

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

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

Mackay Hospital Campus
375 Bridge Road
Mackay QLD 4740

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

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

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

Mackay Hospital and Health Service

Statement of Comprehensive Income For the year ended 30 June 2013

	Notes	2013 \$'000
Revenue		
User Charges	3	18,147
Grants and other contributions	4	279,187
Other revenue	5	7,607
Total Revenue		304,941
Total Revenue		304,941
Expenses		
Employee expenses	6	731
Supplies and services	7	259,594
Grants and subsidies	8	14
Depreciation and amortisation	9	14,004
Impairment losses	10	416
Revaluation decrement	11	10,872
Other expenses	12	4,093
Total Expenses		289,724
Operating Result for the year		15,217
Other Comprehensive Income		
<u>Items that will not be reclassified subsequently to Operating Result</u>		
Increase in Asset Revaluation Surplus	20	918
Total items that will not be reclassified subsequently to Operating Result		918
Total Other Comprehensive Income		918
Total Comprehensive Income		16,135

The accompanying notes form part of these statements.

Mackay Hospital and Health Service

Statement of Financial Position

As at 30 June 2013

	Notes	2013 \$'000
Current Assets		
Cash and cash equivalents	13	37,906
Trade and other receivables	14	3,305
Inventories	15	1,692
Other Assets	16	540
		<u>43,443</u>
Total Current Assets		<u>43,443</u>
Non-Current Assets		
Property, plant and equipment	17	325,914
Total Non-Current Assets		<u>325,914</u>
Total Assets		<u>369,357</u>
Current Liabilities		
Payables	18	15,391
Accrued employee benefits	19	37
		<u>15,428</u>
Total Current Liabilities		<u>15,428</u>
Total Liabilities		<u>15,428</u>
Net Assets		<u>353,929</u>
Equity		
Contributed equity		337,794
Accumulated surplus		15,217
Asset revaluation surplus	20	918
Total Equity		<u>353,929</u>

The accompanying notes form part of these statements.

Mackay Hospital and Health Service

Statement of Changes in Equity For the year ended 30 June 2013

	Accumulated Surplus	Asset Revaluation Surplus (Note 20)	Contributed Equity	TOTAL
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Balance as at 1 July 2012	-	-	-	-
Operating Result for the year	15,217	-	-	15,217
<i>Other Comprehensive Income</i>				
Increase in Asset Revaluation Surplus	-	918	-	918
Total Comprehensive Income for the year	-	918	-	918
<i>Transactions with Owners as Owners:</i>				
*Net assets received (transferred during year via machinery-of-Government change)			189,132	189,132
Net assets received (transferred pursuant to Hospital and Health Boards Act 2011)	-	-	154,347	154,347
*Non appropriated equity injections			8,358	8,358
*Non appropriated equity withdrawals	-	-	(14,043)	(14,043)
Total changes to contributed equity	-	-	337,794	337,794
Balance as at 30 June 2013	15,217	918	337,794	353,929

*Note.2(g)

The accompanying notes form part of these statements.

Mackay Hospital and Health Service

Statement of Cash Flows

For the year ended 30 June 2013

	Notes	2013 \$'000
Cash flows from operating activities		
Inflows:		
User Charges		19,956
Grants and other contributions		265,143
Interest receipts		62
GST input tax credits from ATO		3,388
GST collected from customers		157
Other receipts		7,482
		296,188
Outflows:		
Employee expenses		(693)
Supplies and services		(251,318)
Grants and subsidies		(476)
GST paid to suppliers		(3,689)
Other		(3,966)
		(260,141)
Net cash provided by (used in) operating activities	21	36,046
Cash flows from investing activities		
Inflows:		
Sales of property, plant and equipment		12
Outflows:		
Payments for property, plant and equipment		(7,807)
Net cash provided by (used in) investing activities		(7,795)
Cash flows from financing activities		
Inflows:		
Proceeds from equity injections		9,655
Net cash provided by (used in) financing activities		9,655
Net increase/(decreased) in cash and cash equivalents		37,906
Cash and cash equivalents at the beginning of the financial year		-
Cash and cash equivalents at the end of the financial year		37,906

The accompanying notes form part of these statements.

Index of Notes

Note	Title	Page
1.	Objectives and Principal Activities of Mackay Hospital and Health Service	6-07
2.	Summary of Significant Accounting Policies	6-07
3.	User Charges	6-23
4.	Grants and other contributions	6-23
5.	Other revenue	6-23
6.	Employee expenses	6-24
7.	Supplies and services	6-24
8.	Grants and subsidies	6-25
9.	Depreciation and amortisation	6-25
10.	Impairment losses	6-25
11.	Revaluation Decrement	6-25
12.	Other expenses	6-25
13.	Cash and cash equivalents	6-26
14.	Trade and Other Receivables	6-26
15.	Inventories	6-26
16.	Other Assets	6-27
17.	Property, plant and equipment	6-27
18.	Payables	6-29
19.	Accrued employee benefits	6-29
20.	Asset revaluation surplus by class	6-30
21.	Cash flows	6-30
22.	Non-cash financing and investing activities	6-30
23.	Expenditure commitments	6-31
24.	Contingent assets and liabilities	6-31
25.	Events occurring after balance date	6-32
26.	Restricted assets	6-32
27.	Fiduciary trust transactions and balances	6-33
28.	Financial Instruments	6-33
29.	Key executive management personnel and remuneration	6-36
30.	Auditors remuneration disclosure	6-40
31.	Related party transactions	6-40
	Certificate of Mackay Hospital and Health Service	6-41
	INDEPENDENT AUDITOR'S REPORT	6-42

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

Mackay Hospital and Health Service (MHHS) was established on 1 July 2012, as a not-for-profit statutory body under the *Hospital and Health Boards Act 2011* (part of National Health Reform refer Note 2(g)).

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

This includes responsibility for the direct management of following:

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

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

Funding is predominately obtained through the purchase of health services by the Department of Health (DoH) - a combination of grants from DoH and the Australian Government (refer Note 2 (g)). In addition, health services are provided on a fee for service basis mainly for private patient care.

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

2. Summary of Significant Accounting Policies

(a) Statement of Compliance

Mackay Hospital and Health Service has prepared these financial statements in accordance with section 62 (1) of the *Financial Accountability Act 2009* and section 43 of the *Financial and Performance Management Standard 2009*, as appropriate for not-for-profit orientated entities.

These financial statements are general purpose financial statements, and have been prepared in accordance with Australian Accounting Standards. In addition, the financial statements comply with Queensland Treasury and Trade's *Minimum Reporting Requirements* for the year ending 30 June 2013, and other authoritative pronouncements.

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

(b) The Reporting Entity

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

(c) Trust Transactions and Balances

Mackay Hospital and Health Service acts in a fiduciary trust capacity in relation to patient trust accounts. Consequently, these transactions and balances are not recognised in the financial statements. Although patient funds are not controlled by HHS, trust activities are included in the audit performed annually by the Auditor-General of Queensland. Note 27 provides additional information on the balances held in patient trust accounts.

**(d) Revenue Recognition
User Charges and fees**

User charges and fees are recognised as revenues when earned and can be measured reliably with a sufficient degree of certainty. This involves either invoicing for related goods/services and/or the recognition of accrued revenue.

Revenue in this category primarily consists of hospital fees (private patients), residential accommodation fees, reimbursements of pharmaceutical benefits, and sales of goods and services.

(e) Grants and Other Contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the Mackay Hospital and Health Service obtains control over them. Where grants are received that are reciprocal in nature, revenue is recognised over the term of the funding arrangements. Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

(f) Other Revenue

Other revenue primarily reflects recoveries of payments for contracted staff from third parties such as universities and other government agencies.

(g) Administrative Arrangements under National Health Reform***Health Reform***

On 2 August 2011, Queensland, as a member of the Council of Australian Governments signed the National Health Reform Agreement, committing to major changes in the way that health services in Australia are funded and governed. These changes took effect from 1 July 2012 and include:

- moving to a purchaser-provider model, with health service delivery to be purchased from legally independent hospital networks (statutory bodies to be known as Hospital and Health Services (HHSs) in Queensland);
- introducing national funding models and a national efficient price for services, with the majority of services to be funded on an activity unit basis into the future;
- defining a refocused role for state governments in managing the health system, including:
 - the use of purchasing arrangements and other levers to drive access and clinical service improvements within and across the HHSs
 - a responsibility to intervene to remediate poor performance, either at the state's initiative or in response to prompting by the National Health Performance Authority, which will publicly report on performance of the HHSs and healthcare facilities.

2. Significant accounting policies continued

(g) Administrative Arrangements under National Health Reform continued

The *Health and Hospitals Network Act 2011* (HHNA), enabling the establishment of the new health service entities and the System Manager role for the Department of Health in Queensland, was passed by the Queensland Parliament in October 2011. In May 2012, the Minister for Health introduced amending legislation into the Parliament to expand the functions of HHSs under the HHNA. The amended legislation is known as the *Hospital and Health Boards Act 2011* (HHBA).

Funding is provided to the HHSs in accordance with Service Agreements.

The Commonwealth and State contribution for activity based funding is pooled and allocated transparently via a National Health Funding Pool. The Commonwealth and State contribution for block funding and training, teaching and research funds is pooled and allocated transparently via a State Managed Fund. Public Health funding from the Commonwealth is managed by Department of Health.

An Independent Hospital Pricing Authority (IHPA) has been established independently from the Commonwealth to develop and specify national classifications to be used to classify activity in public hospitals for the purposes of Activity Based Funding.

IHPA will determine the national efficient price for services provided on an activity basis in public hospitals and will develop data and coding standards to support uniform provision of data. In addition to this, IHPA will determine block funded criteria and what other public hospital services are eligible for Commonwealth funding.

The National Health Funding Body and National Health Funding Pool have complete transparency in reporting and accounting for contributions into and out of pool accounts. The Administrator will be an independent statutory office holder, distinct from Commonwealth and State departments.

The HHS has entered into a Service Agreement with Queensland Department of Health, which provides ongoing funding for the provision of services for the financial year ending 30 June 2014. The agreement was signed prior to 30 June 2013.

Opening Balances

On 1 July 2012, certain balances were transferred from the Department of Health to Hospital and Health Services. This was effected via a transfer notice signed by the Minister for Health, designating that the transfer be recognised as a contribution by owners through equity.

The transfer notices were approved by the Director-General of the Department of Health and the Chairman and Chief Executive Officer of the Mackay Hospital and Health Board.

Balances transferred to the HHS materially reflected the closing balances of Health Service District as at 30 June 2012 and these balances became the opening balances of the HHS. The cash balance transferred to individual HHS's, was the amount required to ensure entities commence operations with a balanced working capital position.

On the 3rd of January 2013 a subsequent contribution of \$590,548 by the Minister representing the fair value of specialist dental vans previously held by the DoH was transferred into the asset pool of MHHS.

2. Significant accounting policies continued**(g) Administrative Arrangements under National Health Reform** continued

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

	2013 \$'000
Cash and cash equivalents	1,297
Receivables	5,132
Inventories	1,688
Other	352
Property, plant and equipment*	153,057
Payables	(7,179)
Contributed equity	<u>154,347</u>

* Legal title to land and building has not been transferred as at 30 June 2013. The Department of Health retains legal ownership, however control of these assets was transferred to MHHS, via agreements including a concurrent lease representing its right to use the assets. Under the Deeds of Lease, MHHS has full operational control of asset ownership, however proceeds from the sale of major infrastructure assets cannot be retained by MHHS, with funds to be returned to Consolidated Fund (the State).

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

Transfer of assets on practical completion

Pursuant to the transfer notice dated 24 June 2013 issued by Minister for Health Queensland, assets aggregating \$ 188,535,000 were transferred to MHHS. The transfer was designated as a capital contribution in accordance with the requirement of AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* and APG 9 *Accounting for Contributions by Owners and Distribution to Owners*. The value of the transfer reflects the carrying amounts in the books by Queensland Health immediately prior to the transfer. The values of assets transferred by class are as follows:

	2,013 \$'000
Land	1,610
Buildings	186,146
Plant and equipment	779
Assets transferred	<u><u>188,535</u></u>

Construction of major health infrastructure continues to be managed and funded by the Department of Health. Upon practical completion of a project, assets have been transferred from the Department to MHHS by the Minister Health as a contribution by the State through equity.

In certain instances, MHHS has commenced using recently completed assets but transfer has not yet been executed. In these instances, no consideration is paid or payable for this interim period of use.

Minor capital works program

Minor capital works are recognised within Property, plant and equipment and is funded via a non appropriated equity injection from DoH. The cost of certain repairs and maintenance on capital items are recognised as a recovery (income) from DoH.

Depreciation Funding

With effect 1 July 2012, depreciation expense has been recorded by the HHS. As depreciation is a non-cash expense, the DoH does not automatically provide cash funding to MHHS. The DoH may provide non-cash grant revenue equal to the planned depreciation expense which is made via a non appropriated equity withdrawal from the HHS.

2. Significant accounting policies continued

(h) Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June 2013 as well as deposits at call with financial institutions and cash debit facility. MHHS operational bank accounts form part of the Whole-of-Government banking arrangement with the Commonwealth Bank of Australia.

Debit facility

Hospital and Health Service has access to the Whole-of-Government debit facility with limits approved by Queensland Treasury and Trade.

(i) Trade and other receivables

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

Impairment of financial assets

Throughout the year, MHHS assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes financial difficulties of the debtor, changes in debtor credit ratings and current outstanding accounts over 120 days. The allowance for impairment reflects MHHS's assessment of the credit risk associated with receivables balances and is determined based on historical rates of bad debts (by category) over the past three years and management judgement.

All known bad debts are written off when identified.

Other receivables are recognised at amortised cost, less any impairment.

(j) Inventories

Inventories consist mainly of medical supplies held for distribution in hospitals and are provided to public admitted patients free of charge except for pharmaceuticals which are provided at a subsidised rate. Inventories are measured at weighted average cost, adjusted for obsolescence.

(k) Other non-financial assets

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

2. Significant accounting policies continued**(I) Property, Plant and Equipment**

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

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

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

Property, plant and equipment are initially recorded at consideration plus any other costs directly incurred in bringing the asset ready for use. Items or components that form an integral part of an asset are recognised as a single (functional) asset.

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

On 1 July 2012, the Minister for Health approved the transfer of land and buildings via a three year concurrent lease (representing its right to use the assets) to the HHS from the Department of Health.

Under terms of the lease no consideration in the form of a lease or residual payment by MHHS is required.

AASB 117 *Leased Assets* is not applicable to land and buildings, as no consideration in the form of lease payments are required under the agreement and accordingly fails to meet the criteria as leased assets of this standard for recognition.

2. Significant accounting policies continued

(m) Property, Plant and Equipment - continued Land and Buildings.

Land and buildings are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment* and Queensland Treasury and Trade's *Non-Current Asset Policies for the Queensland Public Sector*.

Land is measured at fair value each year using independent revaluations, desktop market revaluations or indexation by the State Valuation Service within the

Department of Natural Resources and Mines. Independent revaluations are performed with sufficient regularity to ensure assets are carried at fair value.

The Department of Health in 2010-11, engaged the State Valuation Office to comprehensively revalue all land holdings. Since then indices from independent sources have been applied to land values until the date of transfer to HHS on 1 July 2012.

In 2012-13 MHHS engaged the State Valuation Service to provide indices for all land holdings at 14 February 2013 excluding properties under Deed of grant (recorded at a nominal value of \$1.50).

Indices are based on actual market movements for each local government area issued by the Valuer-General. An individual factor change per property has been developed from review of market transactions, having regard to the review of land values undertaken for each local government area.

Buildings

Buildings are measured at fair value by applying either, a revised estimate of individual asset's depreciated replacement cost, or an interim indice which approximates movement in price and design standards as at reporting date. These estimates are developed by independent quantity surveyor. In 2012-13, MHHS engaged independent quantity surveyors, Davis Langdon Australia Pty Ltd (Davis Langdon) to comprehensively revalue all buildings exceeding a predetermined materiality threshold and calculate relevant indices for all other assets.

Reflecting the specialised nature of health service buildings and on hospital-site residential facilities, fair value is determined using depreciated replacement cost methodology. Depreciated replacement cost is determined as the replacement cost less the cost to bring an asset to current standards.

In determining the replacement cost of each building, the estimated replacement cost of the asset, or the likely cost of construction including fees and on costs if tendered on the valuation date is assessed. This is based on historical and current construction contracts. Assets are priced using Brisbane rates with published industry benchmark location indices applied. Revaluations are then compared and assessed against current construction contracts for reasonableness. The valuation assumes a replacement building will provide the same service function and form (shape and size) as the original building but built consistent with current building standards.

In determining the asset to be revalued the measurement of key quantities include:

- Gross floor area
- Number of floors
- Girth of the building
- Height of the building
- Number of lifts and staircases.

2. Significant accounting policies continued**(m) Property, Plant and Equipment - continued**

Area estimates were compiled by measuring floor areas of Project Services e-plan room or drawings obtained from the Department of Health. Refurbishment costs were derived from specific projects and are therefore indicative of actual costs.

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

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

Category	Condition
1	Very good condition - only normal maintenance required.
2	Minor defects only - minor maintenance required. Refurbishment is approximately 5% of
3	Maintenance required to return to acceptable level of service - Significant maintenance required up to 50% of capital replacement cost
4	Requires renewal - complete renewal of internal fit out and engineering services required (up to
5	Asset unserviceable - complete asset replacement required. Asset's value is nil.

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

The balance of assets (previously comprehensively revalued by the Department of Health) have had indices applied, approximating movement in market prices for labour and other key resource inputs, as well as changes in design standards as at reporting date. These estimates were developed by Davis Langdon.

Revaluation increments are credited to the asset revaluation surplus of the appropriate class, and decrements charged as an expense. As this is the first year of revaluation for the HHS there are no previous year balances in the asset revaluation reserves to enable decrements to be offset.

2. Significant accounting policies continued

(m) Property, Plant and Equipment - continued

The Hospital and Health Service has adopted the gross method of reporting comprehensively revalued assets. This method restates separately the gross amount and related accumulated depreciation of the assets comprising the class of revalued assets. Accumulated depreciation is restated proportionally in accordance with the independent advice of the appointed valuers/quantity surveyors. The proportionate method has been applied to those assets that have been revalued by way of indexation.

Assets under construction are not revalued until they are ready for use.

Plant and equipment is measured at cost net of accumulated depreciation and any impairment in accordance with Queensland Treasury and Trade's Non-Current Asset Policies for the Queensland Public Sector.

Depreciation

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

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

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

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

Leased property, plant and equipment

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

2. Significant accounting policies continued**(m) Property, Plant and Equipment - continued*****Impairment of non-current assets***

All non-current and intangible assets are assessed for indicators of impairment on an annual basis in accordance with *AASB 136 Impairment of Assets*. If an indicator of impairment exists, MHHS determines the asset's recoverable amount (higher of value in use and fair value less costs to sell). Any amount by which the asset's carrying amount exceeds the recoverable amount is considered an impairment loss. An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount, in which case the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

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

(n) Payables

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

(o) Financial instruments***Recognition***

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

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents - held at fair value through profit or loss
- Receivables - held at amortised cost
- Payables - held at amortised cost

The Hospital and Health Service does not enter into transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents, the HHS holds no financial assets classified at fair value through profit and loss. All other disclosures relating to the measurement and financial risk management of financial instruments held by MHHS are included in Note 28.

2. Significant accounting policies continued

(p) Employee benefits and Health Service labour expenses

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

(i) Health Service contract labour expenses

In 2012-13 the Mackay Hospital and Health Service was not a prescribed service and accordingly all non-executive staff were employed by the department. Provisions in the HHB Act enable HHS to perform functions and exercise powers to ensure the delivery of its operational plan.

Under this arrangement:

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

As a result of this arrangement, Mackay Hospital and Health Service treats the reimbursements to the Department of Health for departmental employees in these financial statements as health service contract labour expenses and detailed in Note 7.

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

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

MHHS classifies salaries and wages, rostered days-off, sick leave, annual leave and long service leave levies and employer superannuation contributions as employee benefits in accordance with AASB 119 *Employee Benefits* (Note 6). Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at current salary rates. Non-vesting employee benefits such as sick leave are recognised as an expense when taken.

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

Annual leave

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

2. Significant accounting policies continued**(p) Employee benefits continued**

The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave are claimed from the scheme quarterly in arrears. The Department of Health centrally manages the levy and reimbursement process on behalf of all HHS. No provision for annual leave is recognised in MHHS' financial statements as the liability is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Long Service Leave

Under the Queensland Government's Long Service Leave Scheme, a levy is made on MHHS to cover the cost of employees' long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears. The Department of Health centrally manages the levy and reimbursement process on behalf of Mackay HHS. No provision for long service leave is recognised in Mackay HHS' financial statements as the liability is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable and MHHS's obligation is limited to its contribution to QSuper. The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a Whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

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

Key management personnel and remuneration

Key management personnel and remuneration disclosures are made in accordance with section 5 of the *Financial Reporting Requirements for Queensland Government Agencies* issued by Queensland Treasury and Trade. Refer to Note 29 for the disclosures on key executive management personnel and remuneration.

2. Significant accounting policies continued

(q) Insurance

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

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

(r) Special payments

Special payments include ex gratia expenditure and other payments not under a contract. In compliance with the *Financial and Performance Management Standard 2009*, the HHS maintains a register of all details for special payments exceeding \$5,000. Refer Note 12.

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

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

(t) Contributed equity

Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland Government entities as a result of machinery-of-Government changes are adjusted to Contributed Equity in accordance with Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

(u) Taxation

MHHS is a State body as defined under the Income Tax Assessment Act 1936 and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). The Australian Taxation Office has recognised the Department of Health and the 17 Hospital and Health Services as a single taxation entity for reporting purposes. All FBT and GST reporting to the Commonwealth is managed centrally by the department, with payments/ receipts made on behalf of the MHHS reimbursed to/from the department on a monthly basis. GST credits receivable from, and GST payable to the ATO, are recognised on this basis. Refer to Note 14.

2. Significant accounting policies continued**(v) Issuance of Financial Statements**

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

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

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

- Property, plant and equipment – Note 17
- Contingencies – Note 24

(x) Rounding and comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000, in certain cases, the nearest dollar. As the Mackay Hospital and Health Service commenced operations on 1 July 2012, there are no comparative figures in the financial statements.

(y) New and revised accounting standards

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

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

2. Significant accounting policies continued

(y) New and revised accounting standards continued

Standards effective for annual periods beginning on or after 1 July 2013:

- AASB 9 *Financial Instruments* applies to reporting periods beginning on or after 1 January 2015 and requires all financial assets to be subsequently measured at amortised cost or fair value. Financial assets can only be measured at amortised cost if: (a) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (b) the contractual terms of the asset give rise to cash flows that are solely payments of principal and interest. The only financial asset currently disclosed at amortised cost is receivables and as they are short term in nature, the carrying amount is expected to be a reasonable approximate of fair value so the impact of this standard is minimal. For financial liabilities which are designated as at fair value through profit or loss, the amount of change in fair value that is attributable to changes in the liability's credit risk will be recognised in other comprehensive income.
- AASB 13 *Fair Value Measurement* provides a new definition of fair value, establishes a framework for measuring fair value, and requires extensive disclosures about fair value measurements. Disclosures will be extended to cover all assets and liabilities within the scope of AASB 13. Review of current fair value methodologies for compliance (including instructions to valuers, data used and assumptions made) for land and buildings measured at fair value will be necessary. To the extent that the methodologies comply, changes will be necessary. While this review is yet to be completed no substantial changes are anticipated.
- AASB 119 *Employee Benefits* applies to reporting periods beginning on or after 1 January 2013 with the majority of changes to be applied retrospectively. As the HHS is a member of the Whole of Government (WoG) Annual Leave Central Scheme, the WoG Long Service Leave Scheme and makes employer superannuation contributions only for defined benefits as part of the State's QSuper scheme, the impact of changes to this standard is expected to be minimal. The only implication for the HHS is the clarification of the 'concept of termination benefits', with the recognition criteria for these liabilities differing. If termination benefits meet the timeframe criterion for 'short-term employee benefits' they will be measured according to the AASB119 requirements for 'short-term employee benefits', otherwise these benefits will need to be accounted for according to most of the requirements for defined benefit plans.
- AASB 1053 *Application of Tiers of Australian Accounting Standards* applies to reporting periods beginning on or after 1 July 2013. Essentially this standard allows for differential reporting frameworks, however Queensland Treasury and Trade has advised that it is its policy decision to require full disclosure and adoption of Tier 1 reporting by all Queensland Government entities consolidated into the Whole-of-Government financial statements. Therefore, there is no change from the current reporting requirements applicable to MHHS.

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

(z) Other events

Restructure of Hospital and Health Service

In 2012-13, in response to further budget reduction for the Mackay Hospital and Health Service (MHHS) it became necessary to accelerate the process of reform and respond decisively to the changing external environment. A major strategy to achieve this was to call for Expressions of Interest from employees interested in a Voluntary Redundancy Package. It is anticipated that this program will continue until September 2013

This initiative allowed the opportunity to review the Service and re-engineer through better delivery of quality care using innovation, technology and contemporary models of care.

This re-engineering was to ensure MHHS Service reprioritised spending to frontline service delivery and put the Health Service in a strong position for the future. It also ensures the Health Service is aligned with the future direction of the Board.

Payroll system

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

Notes To and Forming Part of the
Financial Statements 2012–13

3.	User Charges	<i>2013 \$'000</i>
	Sales of goods and services	4,121
	Hospital fees	14,026
		18,147
4.	Grants and other contributions	
	Australian Government grants	
	Home and community care grants	3,507
	Specific purpose payments	4,901
	Total Australian Government grants	8,408
		<i>Share of funding Australian Government</i>
		<i>State Government</i>
		<i>\$'000 \$'000</i>
	National Health Reform*	
	Activity based funding	103,770 53,511
	Block funding	48,119 20,930
	Teacher Training funding	4,991 2,171
	General purpose funding	37,086 -
	Total National Health Reform funding	193,966 76,612
	Other	
	Other grants	201
		279,187
	*The Australian Government pays its share of National Health funding directly to the Department of Health, for forwarding to the Hospital and Health Service.	
5.	Other revenue	
	Gain on Sale of assets	9
	Licences and registration charges	23
	Recoveries from other agencies and other Hospital and Health Services	7,282
	Rental charges	84
	Interest	62
	Other	147
		7,607

6. Employee expenses 2013
\$'000

Employee benefits

Wages and Salaries	606
Annual leave levy*	26
Employer superannuation contributions*	65
Long service leave levy*	7

Employee related expenses

Payroll tax	27
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* 731

The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis is:

Number of Employees*	5
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* Refer to Note 2(p).

Key executive management and personnel are reported in Note 29.

7. Supplies and services

Department of Health - health service employees*	188,817
Consultants and contractors	5,939
Electricity and other energy	3,900
Patient travel	8,504
Other travel	504
Building services	1,505
Computer services	978
Motor vehicles	234
Communications	1,820
Repairs and maintenance	3,085
Minor works including plant and equipment	1,106
Operating lease rentals	1,832
Inventories held for distribution	
Drugs	13,675
Clinical supplies and services	12,760
Catering and domestic supplies	1,618
Pathology and blood supplies	7,728
Other	5,589
	<u><u>259,594</u></u>

The Hospital and Health Service through service arrangements with the Department of Health has engaged 1,720 full-time equivalent persons. Refer to Note 2 (p) (i) for further details on the contractual arrangements.

Mackay Hospital and Health Service

Notes To and Forming Part of the Financial Statements 2012–13

8. Grants and subsidies	2013 \$'000
Public Health	4
Mental health	10
	<u>14</u>
9. Depreciation and amortisation	
<i>Depreciation and amortisation expenses for the financial year were charged in respect of:</i>	
Buildings and land improvements *	10,295
Plant and equipment *	3,709
	<u>14,004</u>
* Refer Note 17	
10. Impairment losses	
Inventory impaired	141
Bad debts written off*	275
* Refer Note 14.	<u>416</u>
11. Revaluation Decrement	
Revaluation decrement	10,872
The decrement, not being a reversal of a previous revaluation increment in respect of the same class of assets, has been recognised as an expense in the Statement of Comprehensive Income.	
12. Other expenses	
External audit fees*	162
Bank fees	8
Insurance premiums - QGIF (refer note 2(g))	3,641
Insurance premiums - other	33
Losses from the disposal of non-current assets	126
Special payments - ex-gratia payments (refer note 2(r))	15
Other legal costs	21
Advertising	19
Interpreter fees	18
Other	50
	<u>4,093</u>

*Total audit fees paid to Queensland Audit Office for the 2012-13 financial year are estimated to be \$ 162,000

	2013 \$'000
13. Cash and cash equivalents	
Cash at bank*	36,703
QTC cash funds*	1,203
	<u>37,906</u>

* Refer Note 26 restricted assets

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

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

14. Trade and Other Receivables

Trade receivables	3,366
Less: Allowance for impairment	(317)
<i>Sub total</i>	<u>3,048</u>
 GST receivable	 301
GST payable	(45)
<i>Sub total</i>	<u>256</u>
 Total	 <u>3,305</u>

Impairment of Receivables

The HHS has recognised a loss of \$275,000 in the Statement of Comprehensive Income in respect of impairment of receivables for the year ended 30 June 2013

Refer to note 28 for further information on financial instruments.

15. Inventories

Inventories held for distribution - at cost	
Medical supplies and equipment	1,691
Catering and domestic	1
	<u>1,692</u>

Mackay Hospital and Health Service

Notes To and Forming Part of the Financial Statements 2012–13

	2013 \$'000
16. Other Assets	
Prepayments	540
	<u>540</u>
 17. Property, plant and equipment	
Land*	
At fair value	20,385
Buildings	
At fair value	344,017
Less: Accumulated depreciation	<u>(60,427)</u>
	283,591
Plant and equipment	
At cost	38,235
Less: Accumulated depreciation	<u>(17,680)</u>
	20,555
Capital works in progress	
At cost	1,383
Total property, plant and equipment	<u>325,914</u>
* Refer Note 2 (m).	

Land

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

17. Property, plant and equipment continued

The revaluation program resulted in a increment of \$ 918,000 to the carrying amount of land.

Building

An independent revaluation of 39 % of the gross value of the building portfolio was performed during 2012-13 by independent quantity surveyors Davis Langdon. Valuations were based on the estimated replacement cost less the cost to bring the building to current standards. The valuation assumes a replacement building will provide the same service function and form (shape and size) as the original building but built consistent with current building standards.

The balance of assets (previously comprehensively revalued by the Department of Health) have had indices applied, approximating movement in market prices for labour and other key resource inputs, as well as changes in design standards as at reporting date. Only 11 % of assets have never had a comprehensive revaluation, representing new constructions completed between 2009 - 2012. Refer Note 2 (m) for further details on the revaluation methodology applied.

The buildings valuations for 2012-13 resulted in a net decrement to the HHS's building portfolio of \$10,872,000.

MHHS has plant and equipment with an original cost of \$ 228,104 or 0.6 % of total plant and equipment gross value and a written down value of zero still being used in the provision of services.

17. Property, plant and equipment continued

Reconciliations of the carrying amount for each class of property, plant and equipment are set out below:

	Land	Buildings	Plant & equipment	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2012	-	-	-	-	-
Acquisitions through restructuring (Note 2 g)	19,467	116,149	16,116	1,325	153,057
Acquisition major infrastructure transfers		188,169	1,195	(228)	189,136
Acquisitions	-	440	7,081	286	7,807
Disposals	-	-	(128)	-	(128)
Assets reclassified as held for sale			-		-
Transfer between classes		-	-		-
Transfers in from Dept. of Health					-
Revaluation	918	(10,872)			(9,954)
Increments/(decrements)					
Depreciation charge - year	-	(10,295)	(3,709)	-	(14,004)
As at 30 June 2013	20,385	283,591	20,555	1,383	325,914

	2013 \$'000
Trade creditors	5,920
Accrued health service contract labour - Department of Health*	9,456
Grants payable	5
Other	10
	15,391

* Refer Note 2 (p) (i)

19. Accrued employee benefits

Salaries and wages accrued	32
Other employee entitlements payable	4
	37

20. Asset revaluation surplus by class

	2013
<i>Land</i>	\$'000
Balance at the beginning of the financial year	-
Revaluation increment	918
Impairment losses through equity	
Balance at the end of the financial year	918

The asset revaluation surplus is used to recognise increments and decrements in the fair value of land and buildings, excluding investment properties.

21. Cash flows**Reconciliation of operating result to net cash flows from operating activities**

<i>Operating Result</i>	15,217
<i>Non-cash movements :</i>	
Depreciation and amortisation	14,004
Capital funded through equity withdrawal	(14,043)
Revaluation Decrement	10,872
Net loss on disposal of non-current assets	117
impairment losses	416
<i>Change in assets and liabilities after adjustment for transfers in form restructure*:</i>	
(Increase)/decrease in receivables	1,671
(Increase)/decrease in GST receivables	(256)
(Increase)/decrease in inventories	(4)
(Increase)/decrease in prepayments	(189)
Increase/(decrease) in accounts payable	2,523
Increase/(decrease) in accrued contract labour	5,681
Increase/(decrease) in accrued employee benefits	37
Total non-cash movements	20,828
<i>Cash flows from operating activities</i>	36,046

* Refer Note 2 (g).

22. Non-cash financing and investing activities

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

23. Expenditure commitments

(a) Non-cancellable operating leases

2013
\$'000

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

Not later than one year	363
Later than one year and not later than five years	484
Later than five years	-
Total	847

Mackay Hospital and Health Service has non-cancellable operating leases relating predominantly to office and residential accommodation. Lease payments are generally fixed, but with escalation clauses on which contingent rentals are determined. No lease arrangements contain restrictions on financing or other leasing activities.

24. Contingent assets and liabilities

(a) Litigation in progress

As at 30 June 2013, the following cases were filed in the courts naming the State of Queensland acting through the MacKay Hospital and Health Service as defendant:

	2013 Number of cases
Supreme Court	-
District Court	-
Magistrates Court	-
Tribunals, commissions and boards	6
	6

Health litigation is underwritten by the Queensland Government Insurance Fund (QGIF). The Hospital and Health Service's liability in this area is limited to an excess per insurance event of \$20,000. Refer Note 2(q). The Hospital and Health Service is responsible for claims from 1 July 2012 with pre 1 July 2012 claims remaining the responsibility of the Department of Health.

MHHS's legal advisers and management believe it would be misleading to estimate the final amounts payable (if any) in respect of the litigation before the courts at this time.

24. Contingent assets and liabilities continued**b) Native Title**

As at 30 June 2013, the Mackay Hospital and Health Services does not have legal title to properties under its control, refer Note 2 (g). The Department of Health remains the legal owner of health service properties.

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

25. Events occurring after balance date

No matters or circumstances have arisen since 30 June 2013 that has significantly affected, or may significantly affect the HHS's operations, the results of those operations, or the HHS's state of affairs in future financial years.

26. Restricted assets

MHHS receives cash contributions primarily from private practice clinicians and external entities to provide for education, study and research in clinical areas. Contributions are also received from benefactors in the form of gifts, donations and bequests for stipulated purposes. At 30 June 2013, amounts of \$ 1,327,000 in General Trust, \$ 609,000 for excess earnings under Right of Private Practice option B, were set aside for the specified purposes underlying the contribution.

	2013 \$'000
<i>Right of Private Practice (ROPP) Option B receipts and payments</i>	
<i>Receipts*</i>	
Billings - Option B (Doctors and Visiting Medical Officers)	1,249
<i>Total receipts</i>	<u>1,249</u>
<i>Payments*</i>	
Payments to Doctors	574
Hospital and Health Service recoverable administrative costs	334
Hospital and Health Service education/travel fund	341
<i>Total payments</i>	<u>1,249</u>
<i>Right of Private Practice trust assets</i>	
<i>Current assets</i>	
Cash	609
Closing balance cash at bank	<u><u>609</u></u>

*Under the agreement for Right of Private Practice (Option B) all receipts and payments are included by MHHS in its operating result. Any excess of billings over the upper threshold established for doctors is restricted and placed into the General Trust fund and receipted to the Private Practice Study, Education and Research trust.

27. Fiduciary trust transactions and balances

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

	2013 \$'000
<i>Patient Trust receipts and payments</i>	
Receipts	
Patient trust receipts	11
<i>Total receipts</i>	<u>11</u>
Payments	
Patient trust related payments	25
<i>Total payments</i>	<u>25</u>
Increase/ (decrease) in net patient trust assets	(14)
Patient trust assets transferred from Department of Health on 1 July 2012	17
<i>Patient trust assets</i>	
<i>Current assets</i>	
Cash at bank and on hand	2
Refundable Deposits	1
Patient trust deposits	
<i>Total current assets</i>	<u><u>3</u></u>

28. Financial Instruments

(a) Categorisation of financial instruments

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

Category	Note	2013 \$'000
<i>Financial assets</i>		
Cash and cash equivalents	13	37,906
Trade and other receivables	14	3,305
Total		<u><u>41,211</u></u>
<i>Financial liabilities</i>		
Financial liabilities measured at amortised cost:		
Payables	18	15,391
Total		<u><u>15,391</u></u>

(b) Financial risk management

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

28. Financial Instruments continued

MHHS 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
Market risk	Interest rate sensitivity analysis

(c) Credit risk exposure

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

	Note	2013 \$'000
<i>Maximum exposure to credit risk</i>		
Trade and other receivables	14	3,305

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

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

No financial assets have had their terms renegotiated as to prevent them from being past due or impaired and are stated at the carrying amounts as indicated. No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

Through out the year, MHHS assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes financial difficulties of the debtor, changes in debtor credit ratings and current outstanding accounts over 120 days. The allowance for impairment reflects MHHS's assessment of the credit risk associated with receivables balances and is determined based on historical rates of bad debts (by category) over the past three years and management judgement.

The allowance for impairment reflects the occurrence of loss events. If no loss events have arisen in respect of a particular debtor, or group of debtors, no allowance for impairment is made in respect of that debt/group of receivables.

28. Financial Instruments continued

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

Financial assets past due but not impaired 2012-13

	Not overdue \$'000	Less than 30 days	Overdue \$'000			Total
			30-60 days	61-90 days	More than 90 days	
Receivables		2,196	487	146	374	3,350
Total	0	2,196	487	146	374	3,350

Individually impaired financial assets 2012-13

	Less than 30 days	Overdue \$'000			Total
		30-60 days	61-90 days	More than 90 days	
Receivables (gross)	52	3	29	233	317
Allowance for impairment	(52)	(3)	(29)	(233)	(317)
Carrying amount	-	-	-	-	-

(d) Liquidity risk

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

MHHS is exposed to liquidity risk through its trading in the normal course of business and aims to reduce the exposure to liquidity risk by ensuring that sufficient funds are available to meet employee and supplier obligations at all times. An approved debt facility of \$ 3,000k under Whole-of-Government banking arrangements to manage any short term cash shortfalls has been established.

(e) Market risk

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

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

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

28. Financial Instruments continued**(f) Fair value**

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

29. Key executive management personnel and remuneration**(a) Key executive management personnel**

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of MHHS during 2012-13. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management..

Name and Position	Responsibilities		
		Contract classification and appointment	Appointment Date
Health Service Chief Executive Officer - Mr.Kerry McGovern	Responsible for the overall leadership and management of the Mackay Hospital and Health Service to ensure that MHHS meets its strategic and operational objectives. This position is the single point of accountability for ensuring patient safety through the effective executive leadership and management of all hospital and health services. This position is accountable to the Hospital and Health Board for ensuring that the HHS achieves a balance between efficient service delivery and high quality health outcomes.	s24 & s70 Appointed by Board under Hospital and Health Board Act 2011 (Section 7 (3)).	1 July 2012 to 30 June 2013.
Chief Operations Officer-Ms.Rhonda Morton	Responsible for strategic direction, and operational functions across MHHS. This is a senior executive position reporting directly to the Mackay Hospital and Health CE for ongoing organisational performance strategic advise and leadership in the strategic planning and delivery of MHHS services congruent with the health reform agenda. Works with the MHHS executive to ensure that financial stewardship and governance arrangements are in place to meet financial performance targets and imperatives.	HES 2 Appointed by Chief Executive	1 July 2012 to 30 June 2013.

29. Key executive management personnel and remuneration

(a) Key executive management personnel continued.

Position	Responsibilities	Contract classification and appointment	
		Contract classification and appointment	Appointment Date
Chief Finance Officer - Mr Mark Cawthorne	Responsible for management and oversight of the MHHS finance framework including financial accounting processes, budget and revenue systems, activity measurement and reporting, performance management frameworks and financial-corporate governance systems.	HES 2 Appointed by Chief Executive	22 April 2013 to 30 June 2013.
Chief Finance Officer - Mr Ken Bissett			1 July 2012 to 21 April 2013.
Executive Director Clinical Services -Dr David Farlow	Responsible for providing effective clinical leadership in the development and delivery of health services to the MHHS. Engagement of patients, parents, staff and clinicians in the development of innovative service delivery and staffing models that maximise service efficiency and effectiveness within available resources. Engages key stakeholders in providing high level input into clinical service planning to address the health needs of the Health Service District.	MMOI1-MMOI2 Appointed by Chief Executive	17 September 2009.
District Director Nursing Services - Ms Julie Rampton	Responsible for strategic and professional leadership of nursing workforce across MHHS. This positions leads the nursing services of Mackay Hospital and Health. The position maximises the potential of nursing to enhance health outcomes for Mackay Hospital and Health Service.	NRG11 Appointed by Chief Executive	30 May 2011.
Executive Director, People and Culture - Ms Raelene Burke	Responsible for provision of leadership and oversight of human resource, occupational health and safety functions, Indigenous training and development, and cultural awareness programs for the Health Service. Lead the development of MHHS People and Culture Framework and Workforce Plan.	HES 2 Appointed by Chief Executive	1 July 2012 to 30 June 2013.
Executive Director Allied Health - Ms Danielle Hornsby	Responsible for strategic and professional leadership of allied health professionals across MHHS.	HP7-2 Appointed by Chief Executive	1 July 2012.
Executive Director Rural Services - MsTerry Johnson	Provide operational and strategic leadership, management direction and coordination for the programs and activates of the Mackay Hospital and Health Service Division of Rural Services consistent with relevant legislation and policy directions for Dept. of Health and the Commonwealth Aged Care Act. This position will plan, develop and deliver programs and services consistent with the identified needs of the rural population of the MHHS.	HES 2 Appointed by Chief Executive	29 April 2013 to 30 June 2013.
Executive Director Rural Services - MrHamish Jeffery			1 July 2012 to 9 December 2012.

29. Key executive management personnel and remuneration continued**(b) Remuneration**

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

Section 76 of the Act provides the Chief Executive authority to fix the remuneration packages for health executives, classification levels and terms and conditions having regard to remuneration packages for public sector employees in Queensland or other States and remuneration arrangements for employees employed privately in Queensland.

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

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

- Short-term employee benefits which include:
 - Base – consisting of base salary, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the Statement of Comprehensive Income.
 - Non-monetary benefits – consisting of provision of vehicle and other benefits e.g. housing loan repayments, together with fringe benefits tax applicable to the benefit.
- Long term employee benefits include long service leave accrued.
- Post employment benefits include superannuation contributions.
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu on termination, regardless of the reason for termination.
- Performance bonuses are not paid under the contracts in place.

Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee benefits and post employment benefits.

29. Key executive management personnel and remuneration continued.

(b) Remuneration continued.

1 July 2012 - 30 June 2013

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

29. Key executive management personnel and remuneration continued**(c) Board remuneration**

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

Board member	Position	Date of appointment	Remuneration \$
Mr. Colin Meng	Chairperson	29 May 2012	
	Board member		69,846
Mr. Darryl Camilleri	Deputy Chairperson	29 June 2012	
	Board member		30,692
Mr. David Aprile	Board member	29 June 2012	30,692
Mr. Tom McMillan	Board member	29 June 2012	30,692
Professor Richard Murray	Board member	29 June 2012	33,345
Dr. Helen Archibald	Board member	10 September 2012	26,612
Dr. Ysanne Chapman	Board member	10 September 2012	26,889
Ms. Laura Veal	Board member	10 September 2012	38,030

30. Auditors remuneration disclosure

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

	2,013
	\$
Audit services-Queensland Audit Office	
Audit of the financial Statements	162,000

31. Related party transactions**Parent Entity**

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

Key Management personnel

Disclosures relating to key management personnel are set out in note 29.

Transactions with related parties

There were no transactions with related parties during the financial year.

Receivable from and payable to related parties

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

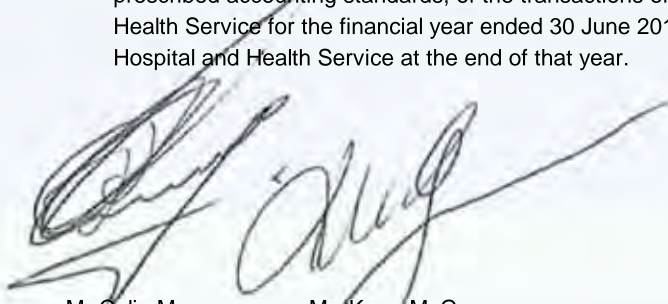
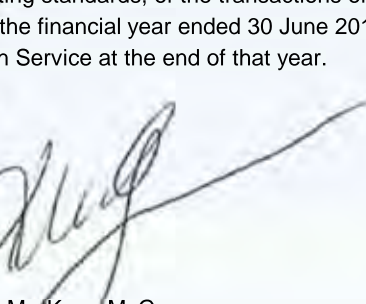
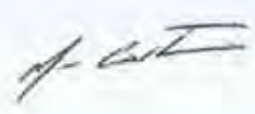
Loans to/from related parties

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

Certificate of Mackay Hospital and Health Service

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

- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Mackay Hospital and Health Service for the financial year ended 30 June 2013 and of the financial position of the Hospital and Health Service at the end of that year.

		
Mr Colin Meng Chairperson, GAICD and FAIM	Mr Kerry McGovern B.Com- Fin.Accounting, GAICD	Mr Mark Cawthorne MBA, LLB with Hons,BEc,Dip.Acc,GDLP FCPA,FACHSM
Mackay Hospital and Health Service Board Chairperson	Chief Executive Officer	Chief Finance Officer
30/08/13,	30/08/2013	30/08/2013

To the Board of Mackay Hospital and Health Service

Report on the Financial Report

I have audited the accompanying financial report of Mackay Hospital and Health Service, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Chair, the Chief Executive Officer and the Chief Finance Officer.

The Board's Responsibility for the Financial Report

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

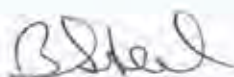
Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Mackay Hospital and Health Service for the financial year 1 July 2012 to 30 June 2013 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

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



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



Queensland Audit Office
Brisbane

