Mackay Hospital and Health Service

2014 ANNUAL REPORT 2015

Queensland Government

Attribution

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Mackay Hospital and Health Service Annual Report 2014–2015

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Written and developed by Mackay Hospital and Health Service 2015

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Letter of compliance

5 September 2015

The Honourable Cameron Dick
MP Minister for Health and Minister for Ambulance Services
Member for Woodridge

Level 19, 147–163 Charlotte Street
Brisbane Qld 4000

Dear Minister,

I am pleased to present the Annual Report 2014–2015 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*, and
- the detailed requirements set out in the *Annual report requirements for Queensland Government agencies*.

A checklist outlining the annual reporting requirements can be found on pages 50–51 of this annual report or accessed at **www.health.qld.gov.au/mackay/asp/annual-report.asp**

Yours sincerely

Mr Colin Meng
Board Chair
Mackay Hospital and Health Board

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Board Chair and Chief Executive message

Welcome
A note from the Board Chair

During the year we welcomed the new Chief Executive Ms Clare Douglas to the Mackay Hospital and Health Service. Clare has a clinical background combined with management experience. She brings with her a passion for patient safety and a vision for a health service that is the best in regional Australia.

I express my gratitude to the staff, on behalf of the Board, for their professionalism and commitment to patient care. Finally, I must acknowledge the Mackay Hospital and Health Board for their hard work and dedication in overseeing the direction and strategy into the future. Local decision making and governance is helping deliver a strong and sustainable health service for our community.

We are pleased to present the Annual Report for the Mackay HHS for 2014–15. This report details our performance, highlights major achievements and outlines the challenges in providing public healthcare.

Year in review

This year we continued to put the needs of our patients and community at the front and centre of everything we do. Much of the past 12 months has been focused on providing specialist medical care to people who have been waiting longer than the recommended time. The Board agreed to invest $5 million to improve our service delivery in the Specialist Outpatients Department and as a result, the number of people waiting longer than the recommended time for an appointment reduced from 5283 to 653. In rural areas, patients have benefited from increased contact with specialist doctors through our investment in telehealth services.

Patients at the Mackay Base Hospital will now find a completed purpose built building with careful consideration for patient access to services.

Performance and outcomes

We have been able to deliver an excellent financial result as a result of our focus on increasing our service activity and at the same time working to reduce our service delivery costs. The Mackay HHS exceeded the service activity targets set by the Department of Health, increased our revenue which in turn enabled the delivery of more services to patients. We maintained our strong performance in achieving the National Elective Surgery Target (NEST) and treating dental health patients within recommended timeframes. The National Emergency Access Target (NEAT) is an area for future focus and we will continue working to improve our performance in this area.

This strong performance will enable us to invest the $12.6 million of surplus funds in a number of committed projects, to deliver enhanced services for our community including:

- The Board has purchased a building in Carlyle Street which will be refurbished to allow community child, youth and family health services to be located under one roof. The building will also house some adult Community Based Support Services, including allied health clinics.
- Refurbishment of the Emergency Departments at both Bowen and Proserpine hospitals
- Improving the mental health facilities at Moranbah Hospital
- Investing in clinical information technology systems across the hospital and health service
- Clinical redesign projects in theatre and Specialist Outpatients Department
- Continue to invest in reducing waiting times for elective procedures, including endoscopy and medical imaging procedures.

Focus on patient safety and quality of care

Patient safety is the hallmark of our organisation and in 2014–15 we took steps to consolidate our governance arrangements to ensure clinical quality and patient safety. The new governance structure means that the line of sight from the ward to the Board is assured. The Mackay HHS has met all patient safety performance indicators for 2014–15 set by the Department of Health.

This year we welcomed independent external accreditors from the Australian Council on Healthcare Standards. We achieved a four-year accreditation to 2019 which evidences our level of care meets or exceeds national standards.

Our people

Our greatest strength lies in our people who are passionate about the care they provide. While the first thing people see is our buildings and infrastructure it doesn't take too long before people realise it's not the surrounds that makes the care special – it's the service provided by our staff that makes a difference.

We greatly appreciate the work of the Mackay Hospital Foundation and their contribution to fund critical equipment and amenities. We are fortunate to have assistance from dedicated volunteers, who make a valuable contribution to the day-to-day experience of patients, their families and carers.

This year staff participated in the Working for Queensland Survey. The voice of our staff enables us to hear about their working needs and understand how we can better support them and improve their workplace. Looking forward we will also focus on determining our values and culture with our staff as a foundation for the health service.

New technology is playing an increasing role to support staff in their daily work. The development of the Information and Communication Strategic Plan 2014–2018 will see the organisation transform to a Digital Healthcare System inclusive of the implementation of the electronic medical record, mobility devices and in-home monitoring.

The ongoing training and education needs of staff is recognised and supported. Clinicians are benefiting through the opening of a dedicated Simulation Centre with state-of-the-art equipment. Management and leadership training opportunities are offered to strengthen our workforce.

Our community engagement

The Board and Executive team are committed to ensuring services reflect and meet the needs of the community. Understanding our community and its health needs is fundamental to inform our decisions and future investment. This year we worked with health service partners and clinicians to identify and prioritise future clinical services, documented in the Clinical Services Plan 2015–2018. This gives us a clear roadmap for future service directions and the expected results.

We will continue to enhance our engagement with partners and communities through the upcoming strategic planning. This involves listening to those who are closest to the services – our staff, patients and stakeholders – to develop the future vision for the Mackay HHS. Our engagement with consumers ensures patients have a voice in their healthcare needs and enables us to ensure they have access to high quality care and a positive experience.

Collaborating with our partners

The 2014–15 year provided opportunity to champion the formation of the Primary Health Network to improve the health of our community. Primary and acute care sectors will work more closely with a strong focus on health maintenance and wellness at a community level.

Strong local collaboration, integration and consultation are keys to the success of HealthPathways, an on-line portal for GPs and healthcare professionals to assess, manage and refer patients in the local context of available services. We have successfully worked together with our partners to create more than 60 pathways that show the best and most direct way to receive care.

Mackay HHS maintained its strong relationship with tertiary institutions, including James Cook University and CQ University, and continued to provide training, clinical placement opportunities and collaborate on research to improve patient care. Mackay Base Hospital is training more specialist doctors, nurses and allied health professionals thanks to the expansion of clinical services in the redeveloped hospital.

Building our future

We will continue to modernise our service delivery models and invest in technology to ensure value for money services and continued improvement of hospital performance to meet community needs. Factors influencing service delivery include an ageing population, chronic disease, mental health and the need to Close The Gap in health outcomes for indigenous people.

Mackay HHS will build partnerships with our northern neighbours and leverage best practice knowledge to generate better outcomes for our community.

To overcome shortages in the rural health workforce we will embark on 'growing our own' initiatives and adopt strategies that provide for a balance between specialist and general practitioners to sustain access to appropriate care.

Through partnerships we will progress our self-sufficiency to benefit the community by offering services closer to home, where it is safe and sustainable to do so. Mental Health service delivery will have a strong focus that will require us to work with our partners to broaden ability to locally manage patients in order to reserve capacity for highly complex patients who require our facilities.

We will continue to build a leading regional hospital service with a positive work culture, one that can attract the best of the best clinicians to deliver excellent care and improve health outcomes for our community.

Appreciation and acknowledgement

We would like to specifically acknowledge and thank every one of our staff and volunteers who provide care and support to our patients and their families and carers.

We benefit from the counsel of our Board members, the Executive leadership team and the dedication of our staff. The collaboration and positive relationships between the Board, Chief Executive and Mackay HHS Executives is a key strength for our health service. The diligence and abilities of our Board members has provided tangible benefits to support our mission, sustainability and further development. Our future focus is on better, safer and sustainable services.

We look forward to producing great results in the year ahead.

Mr Colin Meng
Chair,
Mackay Hospital and Health Board

Ms Clare Douglas
Chief Executive
Mackay Hospital and Health Service

2014–15 snapshot

8065

Operations performed

81,221

People presented to emergency departments

271,926

Outpatient appointments provided

There were 2647 elective surgery procedures for 2014–15.

HealthPathways was launched in June to help GPs and healthcare professionals connect patients with the right treatment and service.

The on-line information portal helps assess, manage and refer patients in the local context of available service.

Waiting lists for Specialist Outpatients appointments were significantly reduced.

At the start of the year 5283 patients were waiting longer than they should.

This dropped to 653 at the end of the financial year.

A record 45,026 inpatients were treated across the HHS, 5000 more than last year.

A dedicated orthopaedic trauma theatre opened in November 2014 to reduce cancellations of elective surgery.

Major infrastructure projects completed including the opening of A, K and B Blocks and the Birth Centre as part of the $408 million Mackay Base Hospital redevelopment.

Cardiac services expanded to include insertion of coronary stents and pacemakers.

Emergency Department presentations decreased by 2117.

Mackay and Proserpine reported increases with Bowen, Clermont and Sarina reporting the biggest decreases followed by Moranbah and Dysart.

40,946

Dental treatments

4066

Telehealth consultations

1648

Babies born

Dental maintained its excellent performance.

No patients waiting longer than the recommended time for treatment and review appointments.

Regional services expanded when dental clinics at Proserpine, Bowen and Sarina were refurbished.

Mackay HHS led the successful bid to operate the new Primary Health Network services for northern and far north Queensland with support from the Cairns and Hinterland, Cape and Torres hospital and health services; Pharmacy Guild and FNQ Docs.

Use of Telehealth increased by 53% making Mackay HHS the third biggest user of telehealth in Queensland.

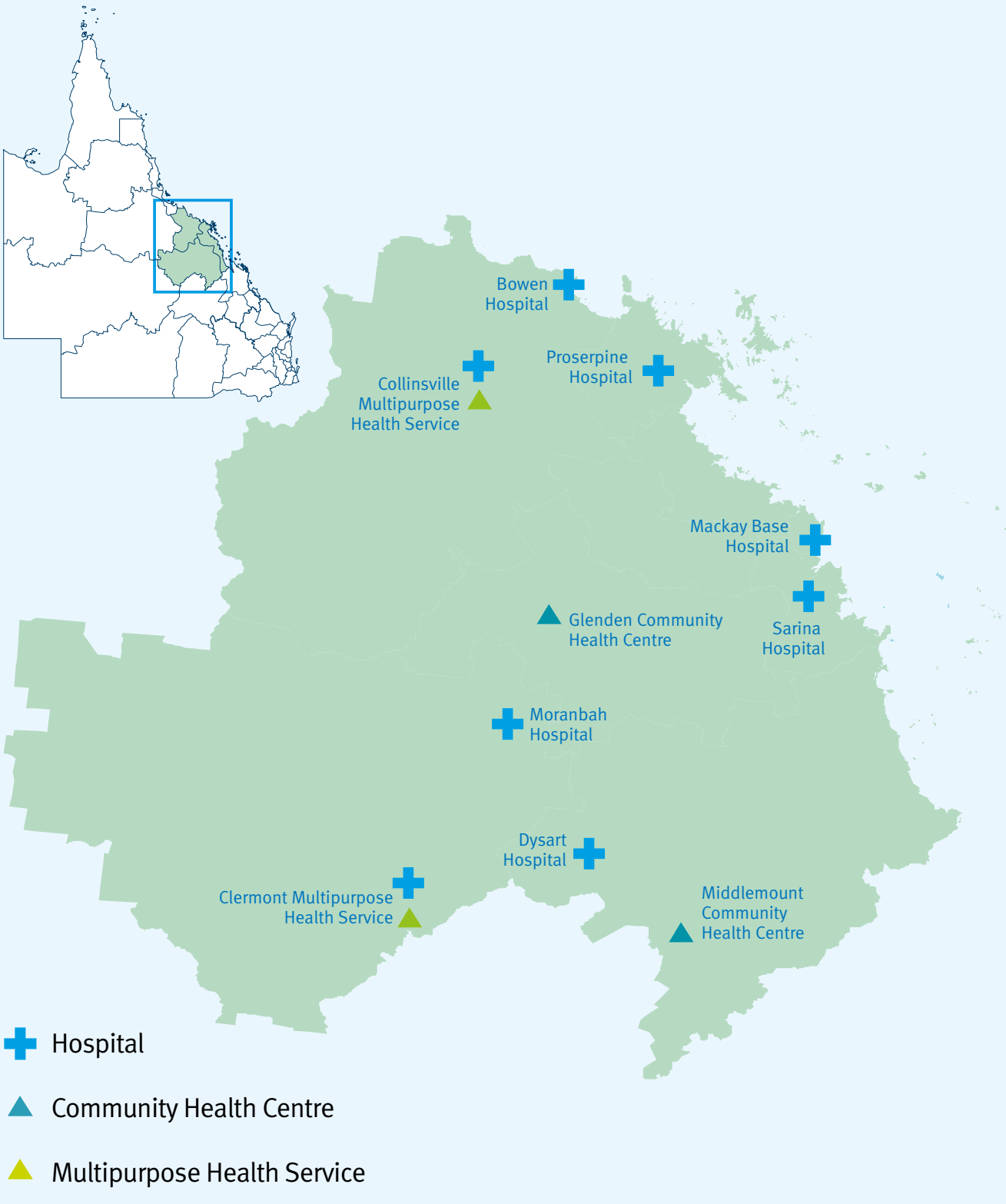
Mackay Base Hospital became the first regional Queensland Health hospital to introduce the Integrated Electronic Medical Record (ieMR) renal specialty module and the first to electronically place radiology orders.

Implemented the Telehealth Emergency Management Unit model to support doctors in rural hospitals.

A Short Stay Unit opened as a winter demand management strategy to improve access to the Emergency Department and ward beds.

Hospital In The Home services started in March 2015 to provide hospital-level care for eligible patients in the comfort of their own home.

Our organisation



About the Mackay Hospital and Health Service

The Mackay HHS provides 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 182,049. Our population lives in a 90,360 sq km area from Bowen in the north to St Lawrence in the south, west to Clermont and north-west to Collinsville. Proserpine and the Whitsundays are also included in this region.

The Aboriginal and Torres Strait Islander population in the Mackay region is 4.4% of the overall population (2011 census), higher than the 3.6% Queensland average. There is also a significant South Sea Islander community in this district.

Mackay HHS provides an integrated approach to service delivery across acute, primary health and other community based services including aged care assessment and Aboriginal and Torres Strait Islander programs. Primary health services include Mental Health, Oral Health, Home and Community Care, Mobile Women's Health, Alcohol and Other Drugs Service, Sexual Health, Aged Care Assessment Team and BreastScreen.

The health service has 355 beds and bed alternatives which include 35 aged care beds.

Facilities include:

- Mackay Base Hospital and Mackay Community Health
- 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.

Mackay HHS is able to treat most people locally. Those who require more specialist care or treatment are transferred to The Townsville Hospital or Brisbane hospitals.

Public Service Values

Mackay HHS is committed to upholding the Queensland Public Service Values. In alignment with these values our ambition is to be a high performing, impartial and productive workforce that puts our health consumers first.

Queensland's public sector has five organisational values to support this goal. The values are the building blocks for our workplace culture.

Customers first

- Know your customers
- Deliver what matters
- Make decisions with empathy

Ideas into action

- Challenge the norm and suggest solutions
- Encourage and embrace new ideas
- Work across boundaries

Unleash potential

- Expect greatness
- Lead and set clear expectations
- Seek, provide and act on feedback

Be courageous

- Own your actions, successes and mistakes
- Take calculated risks
- Act with transparency

Empower people

- Lead, empower and trust
- Play to everyone's strengths
- Develop yourself and those around you

Mackay Base Hospital redevelopment progress

Mackay Base Hospital's $408 million transformation into one of the most modern healthcare facilities in Queensland is almost complete. The redevelopment has delivered a state-of-the-art facility that provides a high level of care for patients and a better working environment for staff.

The project will wrap up next financial year when the remaining carparks are constructed. The main hospital entry returned to Bridge Road on 8 September 2014 when A Block opened to the public. The main entry has a ring road for easier traffic flow and a covered patient drop off area.

A Block contains the:

- Specialist Outpatient Department
- Women's and Children's Outpatients
- Transit Lounge
- Retail space and café
- The Sanctuary (multi-faith space)
- Renal Unit
- Day Oncology Unit
- Pathology Collections
- Admissions and Bookings
- Patient Travel
- Staff Retreat
- Administration areas.

The public were given a preview of the new area at an open day on 30 August 2014 which was attended by more than 600 people. Two new courtyards and local artistic pieces have enhanced the amenity of the new hospital.

The new Day Oncology Unit is larger with additional treatment spaces, an infection control room and an overall design that offers more privacy for patients. It has six chairs in use with the capacity to expand to 10. Each treatment space has an outside view and a television. Renal services have also expanded from eight to 12 chairs with the capacity to expand to 21. Patients having dialysis also have an outside view. The new Unit has dedicated rooms for storage, machine maintenance, staff handover, training and infection control.

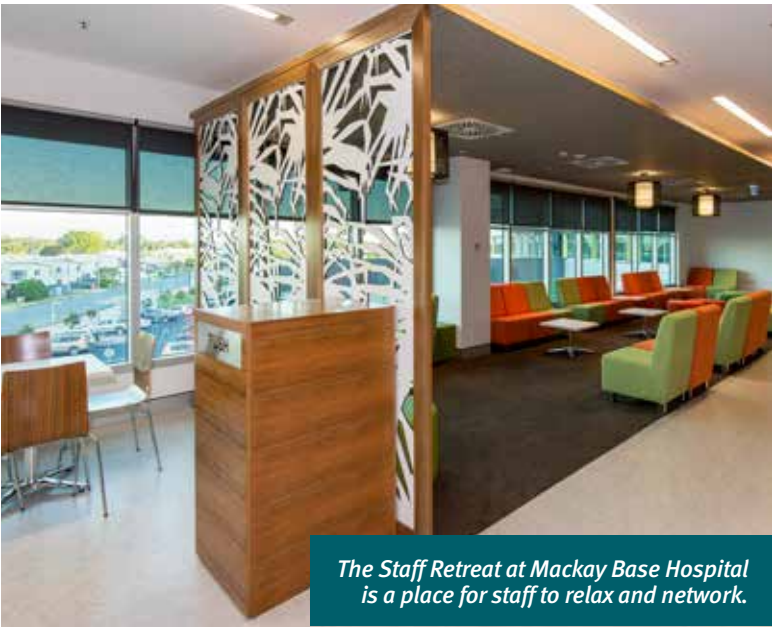
In October 2014 the Special Care Nursery, Birth Suites and Women's Health Unit opened in their new purpose built and refurbished areas. The nursery moved to A Block with more areas for babies, families and staff. It has eight cots with the capacity to expand to 12. There are two high acuity areas for babies needing more intensive care, an infection control room, a treatment room and an overnight room for carers to stay with their baby prior to going home. Other new facilities include a parent lounge, breastfeeding room, a milk room, extra bathing bays, a dedicated write-up area for doctors and nurses and a clinic/interview room used when babies return for a check-up.

The Women's Health Unit is a mix of single and double rooms and also includes six birth suites with ensuite bathrooms. A new day assessment unit provides a dedicated space for women needing assessment and tests in the antenatal period. The Child and Adolescent Health Unit also returned to its expanded original location in October 2014. A design feature is the inclusion of younger children and adolescent areas, with age appropriate recreation spaces. Young people needing secure mental health care are accommodated in two safe rooms with a shared lounge room.

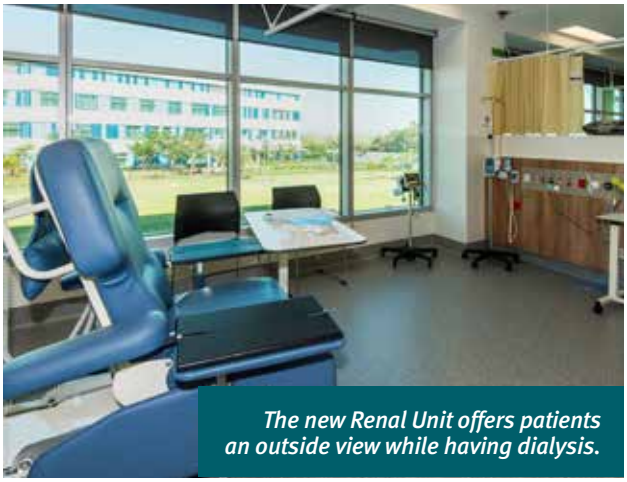
The new Mackay Base Hospital.

The Birth Centre has been expanded and kept in the style of the existing house. Consumer group Friends of the Birth Centre were heavily involved in the fit out and furnishing of the two birthing rooms, lounge and kitchen area. Consumer feedback was incorporated into the final interior design. Each home-like birthing room is large enough for a queen size bed, a bench, hand-washing facilities, storage for bean bags and birthing mats, a couch/reclining armchair, floor space for birthing, a large ensuite with a deep bath and access to a veranda. There are also dedicated rooms for consulting, administration, linen and equipment storage.

External work continued with the dedicated Ambulance Road re-opening in July 2014 after a six month closure due to large scale drainage works and road resurfacing. An additional 100 carparks near K Block opened on 17 December 2014. The ground floor of K Block was refurbished as an Education and Research Centre with a library, Simulation Centre, meeting and training rooms. The Simulation Centre is a sophisticated simulation area that supports on-going learning by clinicians. The Simulation Centre has two control rooms, a critical care area and a ward. Both areas are equipped with working medical gas panels and equipment and doubles as a treatment space in a pandemic event.



The Staff Retreat at Mackay Base Hospital is a place for staff to relax and network.



The new Renal Unit offers patients an outside view while having dialysis.

Highlights and initiatives

Improved access to Mackay Base Hospital specialist outpatients department

Specialist care was provided to more than 4000 people who had been waiting longer than the clinically recommended time. Additional clinics and theatre sessions were offered in many specialties with the biggest improvements in general surgery, urology, cardiology and ophthalmology. At the end of the year 87% of people waiting for care were waiting within the clinically recommended timeframe, up from 35% in June 2014. Specialties such as vascular surgery, neurosurgery, hepatology, neurology, paediatric orthopaedics and rheumatology are provided by visiting specialists. These clinics have longer waiting times however we are working to reduce this in the coming year.

HealthPathways

Getting the right care, at the right time and in the right place is becoming easier thanks to a new partnership between the Mackay Base Hospital, GPs, Townsville Mackay Medicare Local and other healthcare providers. Specialist doctors, GPs, allied health and other subject matter experts have worked together to create more than 60 pathways that show the best and most direct way to receive care.

The number of people waiting longer than the recommended time for a specialist outpatient appointment has **dropped** from **5283** at 30 June 2014 to **653** at 30 June 2015.

This means we have taken **4630** long-wait patients **off the list** since 30 June 2014.

More than **82,000** people received specialist outpatient care at **Mackay Base Hospital**.

Short Stay Unit

Patients who need hospital care for less than 24 hours can be admitted to a Short Stay Unit at Mackay Base Hospital. The 10 bed unit opened for four months in May as a way to help manage the need for more health services over the winter months. This keeps ward beds free for patients who require a longer stay.

Hospital in the Home

Hospital level care in the comfort of your own home is now offered for eligible patients thanks to a partnership between the Mackay HHS and Silver Chain. Hospital in the Home runs 24 hours a day, seven days a week. Nurses from Silver Chain can visit patients at home up to three times a day for intravenous medication, wound dressings, allied health, pathology and general nursing care. Medical oversight is provided by doctors and allied health staff at Mackay Base Hospital.

After six weeks in The Townsville Hospital, South Mackay resident Shane Culling was delighted to be receiving hospital level care in the comfort of his own home.

Shane is an insulin dependent diabetic who became unwell when an infection between his toes eventually led to a partial foot amputation.

He returned to Mackay Base Hospital for one night before being transferred to the new Hospital In The Home for ongoing care of his wound.

“At first I was getting three visits a day at home and now I’m down to one. They were able to do dressing changes, do my observations, blood sugar tests and give me antibiotics through my PIC line,” Shane said.

“This is so much better than being in hospital. I’ve got more freedom and it’s nice to be in my own environment. I was well and truly over being in hospital – you’re in a room full of people you don’t know.”

Shane is one of more than 90 people who have experienced the benefits of the new service.

Mackay Base Hospital's fresh cook kitchen produced **192,964 meals** and mid meals this year.

An extra meal service has started for patients who need additional nutrition.

The laundry washed **694,960 kilograms of linen** this year.

Every day approximately **2000 kilograms** of sheets, towels, blankets, gowns and other items are washed.

The **2 millionth kilo** of general linen was washed in April 2015.*

**This figure does not include theatre linen which is processed in a different machine.*

Dental

People needing dental care are receiving their treatment on time in the Mackay HHS. A total of 40,946 appointments were provided to 16,479 patients, a 9% increase from the previous year. The waiting list for check-ups is well within the recommended two year timeframe and children at the school dental clinics are seen once a year.

Dental services became more accessible for people living outside of Mackay with the Sarina clinic now open one day a week and clinics at Bowen and Proserpine upgraded and expanded. There are regular visits to clinics in Clermont and Collinsville. A partnership with James Cook University to provide training for final year Bachelor of Dental Science students has helped offer dental care to more people.

Telehealth

Telehealth technology is linking more patients with specialist doctors, reducing the need to travel to larger centres for appointments. Mackay is now the third biggest user of telehealth in Queensland with 4066 consultations in 2014–15, a 53% increase from the previous year. About a quarter of the appointments were for paediatrics and women's health. More appointments were offered in medical and surgical specialties and for mental health services.

Neurosurgical Physiotherapy Screening Clinic

The Neurosurgical Physiotherapy Screening Clinic is providing faster care to some patients who do not need surgery. The clinic identifies patients who would benefit from a multi-disciplinary approach to their care. More than 60% of patients reported an improvement in their symptoms and no longer required a review from a surgeon. Providing treatment though new models of care has helped reduce pressure on the specialist waiting list.

Integrated electronic Medical Record (ieMR)

Mackay successfully pioneered the implementation of the Integrated Electronic Medical Record (ieMR) and is the only site in Queensland to implement all available functions.

The number of clinical forms was cut from 1200 to less than 800. Clinicians now electronically enter clinical information directly into the patient record, providing a single source of truth. The ieMR expanded in 2014–15 to include renal and radiology and the Child Youth Family Health Service.

New medical technologies

It's technology straight out of a Bond film – fingerprint scanning to authorise access to medication.

A Pyxis system has been installed in the Mackay Base Hospital Emergency Department and Mental Health Inpatient Unit to more efficiently and safely dispense medication.

Director of Pharmacy Ron Nightingale said the new system helped prevent errors by ensuring the correct medication was administered to patients.

Staff who are authorised to access medication scan their finger print and this opens a computer screen where they can type in the medication required. Pyxis then opens the correct drawer and compartment so the only medication that can be removed is the one prescribed.

Mr Nightingale said the Pyxis machine offers more secure storage and provides an electronic record of who has accessed medication.

"It also means staff no longer need to keep track of keys to cupboards to access medication so it helps free up clinician time to focus on patient care."

Our performance

Government objectives for the community

Mackay HHS is committed to providing services that are efficient, diverse and flexible to changing community and government needs. Our actions reflect the Queensland Government's commitment to revitalise front-line services for the community.

Cardiac patient Daniel O'Sullivan.

Strengthening our public health system

Cardiac services

Daniel Sullivan feels like a new man, less than 24 hours after having two stents inserted in his heart to open a blocked artery.

The 84-year-old was one of the first five patients to have percutaneous coronary interventions at Mackay Base Hospital's Cardiac Catheter Laboratory.

"I've got my breath back. I don't feel breathless when I'm talking and my chest isn't tight anymore," Mr Sullivan said.

At least 250 patients are expected to have interventional procedures, including stents and angioplasty, done in Mackay each year.

Mackay Base Hospital cardiologist Dr Michael Zhang said 80% of cases previously referred to Townsville or Brisbane would now be performed in Mackay.

Mr Sullivan appreciated having the procedure done locally instead of travelling to Townsville.

"If you go to Townsville you've got to organise accommodation and travel. It would have been harder for my wife and more inconvenient for everyone, here I was straight out of bed at home, then to hospital, and I'll be in my own bed tonight," he said.

Providing responsive and integrated government services

HealthPathways

Former Emergency Department doctor Aaron Kennedy turned General Practitioner is passionate about linking his patients with the right care.

Dr Kennedy joined Mackay HealthPathways as a GP Clinical Editor and meets with other clinicians to create referral pathways for patients from their GP to other healthcare providers.

“HealthPathways is making the referral process smoother for patients,” Dr Kennedy said.

Once the pathway is finalised it is sent to GPs for feedback and loaded on the website.

Every GP practice in the Mackay HHS has a desktop icon to link them to the HealthPathways website.

Dr Kennedy said he was immediately attracted to the role of Clinical Editor.

“I could see the immediate benefits for patients and doctors. Patients are referred to the right care the first time, and doctors know exactly what options are available locally for their patients,” he said.

Pathways completed include orthopaedics, diabetes, cardiology, surgical/scopes and mental health. Infectious diseases, health promotion, sexual health, allied health, gynaecology and clinical pharmacology pathways are also in progress or completed.

Dr Aaron Kennedy and Dr Christian Connors discuss HealthPathways.

Dental services are provided in the refurbished clinic at Mackay Base Hospital.

Supporting disadvantaged Queenslanders

Dental treatment

Being homeless is no longer a barrier to receiving dental care in Mackay.

A team from the Oral Health Unit attended the Homeless Expo in May 2015 and performed 22 dental checks and provided follow up treatments. People who needed treatment were linked with appointments at the hospital. Mackay HHS is committed to supporting clients in their health care despite disadvantage and isolation.

Government objectives for the community *(continued...)*

Aboriginal and Torres Strait Islander staff at the NAIDOC Week Community Day.

Closing the Gap

Mackay HHS is working to Close the Gap to improve health outcomes for Aboriginal and Torres Strait Islander communities. The Deadly Choices program has been delivered to 73 young people at eight secondary schools in Mackay, Bowen, Dysart, Mirani and Moranbah. Deadly Choices is an eight part program that focuses on healthy lifestyle choices and healthy role modelling. The program increases knowledge of and decreases rates of alcohol use, smoking or illicit substance use and education around safe sex, pregnancy, birthing and parenting. Young people are given access to positive Aboriginal and Torres Strait Islander role models, empowering them to improve their decision making skills.

Ensuring safe, productive and fair workplaces

The Productive Series

Mackay Base Hospital's cleaning staff are part of an Australian first trial that aims to revolutionise the way hospitals and healthcare facilities are cleaned.

The Productive Cleaner gives staff the ability to find the efficiencies and shape the way their job is done.

Acting Environmental Services Supervisor Robyn Palmer-Field said the program had resulted in savings in cleaning product, more efficient training methods, clear task manuals and standard operating procedures.

"We want patients to feel their environment is safe and hygienic and we know that efficient cleaning helps reduce hospital-acquired infections," she said.

"We are looking at making the workflow more efficient so we are asking staff what they think about the way they work – basically every aspect of the job.

"For example we look at what times certain areas are cleaned. If we change the cleaning time to when a ward is less busy the job will be done faster.

"We're giving our staff the role of redesigning and improving their service because we recognise they have the most knowledge about their work area," she said.

The first joint exercise between Queensland Ambulance Staff and Mackay HHS clinicians in the new Simulation Centre.

Achieving better health related education and training outcomes

Simulation Centre

A brand new purpose-built Simulation Centre has opened as a training location for all health disciplines at Mackay Base Hospital.

The Simulation Centre uses simulation training to encourage learning in a safe environment that imitates the actual ward/ critical care area in the hospital

Coordinator Vicki Braithwaite says it's all about evidence-based practice.

"How we do things is constantly evolving as more is learned. The focus of learning is not just on content. The new Simulation Centre was designed as close as possible to replicate the actual work environments.

"Simulation allows the replication of real life events within a safe learning environment. Simulation is used to improve the quality of patient care by focusing on both technical and non-technical skills such as crisis resource management, team work and communication."

Our performance

Strategic Plan 2014–18 Key Performance Indicators

Mackay Hospital and Health Services activities in 2014 were aligned to our 2014–18 Strategic Plan. In accordance with the plan the HHS services focused on patients, people and empowering the community and our health workforce. There was a strong focus on providing clients with value in health services and investing, innovating and planning for the future. Mackay HHS's performance was measured by the following criteria:

Development of services in accordance with the Mackay HHS Service Plan and Clinical Services Plan

Cardiac Catheter Laboratory

Patients can now have coronary stents and pacemakers inserted in the Mackay Base Hospital's Cardiac Catheter Laboratory. The first stent was performed on 17 November 2014 and the first dual chamber permanent pacemaker insertion on 26 March 2015. More than 900 diagnostic and interventional procedures have been performed since May 2014.

Dedicated trauma theatre

Trauma patients with orthopaedic injuries now receive surgery in a dedicated theatre. This ensures availability of other theatres for elective surgery, giving all patients more certainty around their treatment times.

Coronary Care Unit

Cardiac patients are being treated in the most appropriate clinical environment following the expansion of the Coronary Care Unit. This year two more beds opened making a total of eight.

Delivering emergency, surgery and specialist outpatient services on time

Emergency Department

Mackay Base Hospital achieved a National Emergency Access Target (NEAT) of 87%, just below the 90% target. There were 47,740 presentations, a 2.3% increase from the previous year.

Surgery

Mackay Base Hospital met National Elective Surgery Targets with 99.9% of Category 1 and 100% of Category 2 and 3 patients receiving their surgery on time.

In 2014/15 a total of 8065 patients had surgery – 872 more than the previous year. Of these, 2647 were on the elective surgery list. Mackay exceeded the 60% target for treated in turn with 72% of patients treated in the order that they were placed on the list.

Specialist Outpatient Services

In 2014–15 there was increased activity to improve access to Specialist Outpatient Services and reduce the number of patients waiting longer than recommended. On 1 July 2015, 3269 people were waiting for Specialist Outpatient Services appointments with 80% or 2616 of these patients waiting within clinical recommended times. This compares to 8776 people waiting in July 2014 with only 36% waiting within clinical recommended time. Outpatient services also managed more than 34,500 referrals during 2014–15.

Lower rates of preventable hospital incidents and acquired infections

A Special Operations Clean Team was formed in 2014 to clean patient rooms after discharge. This initiative has achieved higher standards of infection control. Last year the team performed more than 10,500 bed and discharge cleans and 900 total cleans for infectious rooms.

The Mackay HHS Hospital Acquired Infection rate was low with just three cases of *Staph Aureus bacteraemia* and five cases of *Clostridium Difficile*. This is a rate of 0.3 infections per 10,000 occupied bed days, achieving a better result than the national allowable rate of 2 per 10,000.

The Mackay Hand Hygiene compliance was 85.79%, well above the national benchmark of 70%.

Achieve national Aboriginal and Torres Strait Islander closing the gap targets

Mackay HHS made great gains towards closing the gap in healthcare inequalities that exist between Aboriginal and Torres Strait Islander and non-Aboriginal and Torres Strait Islander Australians.

In 2014–15 the Mackay HHS rate of discharge against medical advice was 1.6% compared to a state average of 3.6%. In the same period the rate of potentially preventable hospitalisations for Aboriginal and Torres Strait Islander patients was 10.8% compared to a state average of 16.9%.

Cost of our services is at or below the Queensland efficient price

The efficient price for a weighted activity unit set by the Department of Health is $4676. Mackay HHS achieved $4832. Costs were slightly higher due to increased use of locums to allow more patients to be treated in the specialist outpatients department and operating theatres.

Productive Series

The Productive Series is being rolled out to find efficiencies to deliver services within price efficiency benchmarks. This involves reviewing work processes and flows to boost productivity. The Productive Services includes the operating theatres, wards and cleaning.

Partnerships and collaboration

Mackay Hospital Foundation

The Mackay Hospital Foundation is the charity for all public hospitals in the Mackay, Isaac and Whitsunday region. Mackay HHS and the Foundation partner to invest in medical and health technology, innovative health services and initiatives, support services for patients and their families. Staff training, education and research are also supported.

Improved communication with GPs

The use of electronic referrals from GPs to the Specialist Outpatients Department increased from 44% in July 2014 to 70% in June 2015. This allows for faster categorisation of referrals. We are working with GPs to improve these results.

Tertiary institutions

Mackay HHS provides training and clinical placement opportunities for students in medicine, nursing, midwifery, dental and allied health from universities including James Cook University and CQ University. The Mackay HHS's Medical Education Unit is co-located with the JCU Mackay Base Hospital campus. There is close collaboration with JCU with research opportunities. Mackay HHS has a partnership with CQU to develop on-going professional development, education, training and research opportunities. A number of Mackay staff have adjunct positions with JCU and CQU.

Community mental health support

The Division of Mental Health partnered with a non-government organisation to commence an eight-place Transitional Recovery Service in Mackay. The service provides short to medium term community based 'step-down' mental health support services to help people make sustainable transitions from acute care inpatient facilities to independent life in the community. The service aims to improve access to stable accommodation and support for people with severe and persistent mental illness and complex care needs.

Meeting National Patient Safety and Quality Standards

Accreditation

All facilities in the Mackay HHS underwent an independent, external accreditation survey by a team from the Australian Council on Healthcare Standards in September 2014 and was accredited until 2019.

Mackay HHS has achieved and/or maintained accreditation with a number of organisations including:

- Australasian College for Emergency Medicine (ACEM)
- Australian College of Midwives (Baby Friendly Health Initiative – Proserpine and Mackay)
- Australian Council on Healthcare Standards (ACHS)
- Emergo Training Disaster Exercise
- Health Quality and Complaints Commission
- National Association of Testing Authorities Australia (NATA), (MBH Laboratory)
- National Quality Management Committee (NQMC) (BreastScreen Queensland Mackay)
- Postgraduate Medical Education Council of Queensland (PMCQ)
- Royal Australasian College of Physicians
- Royal Australian and New Zealand College Obstetrics and Gynaecology (RANZCOG)
- Royal Australian College of Surgeons (RACS) and General Surgeons Australia
- Specialist Advisory Committee in General and Acute Care Medicine
- Workers' Compensation Regulatory Authority (Q-Comp) (Rehabilitation policy and procedures).

Operational challenges and opportunities

In 2014–15 the Mackay HHS experienced some challenges in service delivery targets or meeting demand in the areas outlined below, primarily due to increased demand for services, changing regional demographics, population movement and the clinical expertise required. These included:

- admitted National Emergency Access Target (the time taken to transfer from Emergency Department into the hospital);
- Mental Health (increased demand);
- BreastScreen (screening rate was 1000 below the target of 8000); and
- Mums and Bubs program (provides additional care and support to mothers and babies at home – 937 below the target 3913).

However, these challenges present opportunities for the Mackay HHS to consider and implement new and reviewed models of care for service delivery; using technology and focussing on our workforce capacity and capability to improve performance and provide quality patient care.

Rural Health Services

The Mackay HHS Rural Services comprises 11 facilities including Bowen, Proserpine, Sarina, Moranbah and Dysart hospitals, Collinsville and Clermont Multipurpose Health Services, Middlemount, Glenden and Cannonvale Community/Primary Health Centres and Monash Lodge aged care facility.

Services include emergency care, acute and non-acute care, peri-operative, community health, allied health, maternity services, child health, mental health, oral health and aged care services.

Rural Services has had a successful year in exceeding all revenue and fiscal targets. Community and stakeholder engagement remains a key priority for rural areas. Community advisory and network committees provided an invaluable medium for information sharing, as did partnering with other local service providers to enhance rural service delivery and meet community needs.

Clinical service improvements

Telehealth Emergency Management Support Unit (TEMSU) implemented

Increased access to Telehealth has been a focus and included implementing the Telehealth Emergency Management Support Service. TEMSU is a support service for Mackay HHS rural sites to manage non-critical emergency presentations. The TEMSU service improves access to rural generalist, emergency specialist and sub-specialist advice and support, generally for lower acuity presentations. The TEMSU model has ensured that early and appropriate clinical intervention is provided allowing patients to be managed locally, avoiding unnecessary patient transfers, increasing local clinical capacity and improving patient outcomes.

Proserpine Midwifery Group Practice (MGP) Model of Care

The Proserpine Midwifery Group Practice (MGP) Model of Care has been successfully embedded into the Proserpine Maternity Unit after a trial. The model was developed through community consultation to establish a new ideal maternity service that comprises two complementary service models – a midwifery group practice and a hospital team model. This replaces the historical hospital-based model and better meets the needs and priorities of Whitsunday women through supporting women to stay close to home. Women have a dedicated midwife and greater choice in their care. Feedback surveys showed women were satisfied with their care and would use the service again.

Bowen Tele-Oncology Service

The Bowen Oncology Service expanded to a Level 3 service supported through Townsville and Mackay oncology departments. There were 156 telehealth sessions in 2014–15. The service is facilitated by two Clinical Nurses who have completed specialised training to support service delivery. This innovative service model has ensured improved access to oncology services for the Bowen community, enhanced patient coordination across service streams and has also allowed for the establishment of a local oncology support group and education program. The service will be expanded next year to two days per week as a result of a successful funding application through the Revitalisation of Regional, Rural and Remote Health Service funding program.

Innovative service models

Rural Services has also been successful in a number of funding submissions to support and enhance innovative service models. More than $1.1 million of recurrent funding has been secured through the Revitalisation of Regional, Rural and Remote Health Service (RRRHS) program. This funding will allow for the expansion of the Bowen tele-oncology service,the expansion of rural radiography services across the Whitsunday region; the establishment of an integrated chronic disease management model across the Whitsunday region and the establishment of an Allied Health Rural Generalist Model of Care for the Hinterland region.

Hinterland Allied Health Rural Generalist

The new Hinterland Allied Health Rural Generalist Model of Care is an innovative way of providing allied health services to increase access for people living in rural areas. The Rural

Generalist Model involves allied health clinicians sharing clinical skills between the different professions under supervision. This reduces patient travel and increases access to services. The use of telehealth is a priority for the new team. The new model was developed over several months and included community and staff consultation. The evidence based model is underpinned by an extensive review of population demographics and local rural allied health services to determine community needs.

Whitsunday Radiography Service

Radiography services will be boosted in 2015–16 with the remodelling of the Whitsunday Radiography Service and the appointment of an additional senior radiography position. This position will undertake a Team Leader role to establish a sustainable and efficient service across the Whitsundays. This will improve waiting times for patients, provide services closer to patients' homes and offer better service coordination.

Whitsunday Chronic Disease Service Model

Adults and children with chronic diseases are receiving enhanced support through the creation of a Chronic Disease Service Model for the three Whitsunday facilities. This will ensure a coordinated and streamlined approach to chronic disease management. The service will facilitate increased access to local chronic disease services and provide an increase in group therapy and education. The new model is in response to increased demand for inpatient and outpatient chronic disease services from adult and paediatric patients.

Pioneering clinical training programs

Rural services received a total of $612,000 to establish pathways to support innovation in education for rural generalist doctors and workforce retention. The rural service area is pioneering a number of training programs.

Prevocational Integrated Extended Rural Clinical Experience (PIERCE)

Proserpine is one of three rural pilot sites in Queensland to start the PIERCE program. It aims to increase training capacity for doctors on the Rural Generalist Pathway (RGP) by offering Post-Graduate Year 1 and 2 and RGP trainees clinical training in Anaesthetics, Obstetrics and Gynaecology and Paediatrics in a rural setting. The program is approved by the Australian College of Rural and Remote Medicine for pre-vocation terms in the three specialty areas.

Emergency Medical Education and Training (EMET)

Proserpine Hospital received funding for a Fellow of the Australasian College for Emergency Medicine to provide education and training for non-specialists delivering emergency medicine in rural setting.

This will increase the teaching capacity and emergency skills base for rural facilities. Proserpine is the first rural hospital in Australia to offer the program. All Senior Medical Officers in Proserpine will undertake the Certificate Program in Emergency Medicine with two SMOs identified to progress to the Diploma qualification.

The Royal Australian and New Zealand College of Obstetricians and Gynaecologists training program (RANZCOG)

Proserpine Hospital is now accredited to deliver training in rural procedural obstetrics. The RANZCOG training program was implemented at Proserpine Hospital in 2014–15 for the first time. Proserpine is the second rural hospital of its size in Queensland to be accredited by RANZCOG for training. Proserpine has a Principal House Officer Rural Generalist undertaking the pathway.

Supporting rural doctors

Rural facilities received $350,000 through the Visiting Medical Officer Recruitment and Retention Taskforce funding. This initiative supports ongoing recruitment, education and retention of medical staff. The funding has also allowed the purchase of simulation equipment and other education and training opportunities to reduce professional isolation. An initiative from this funding is the videoconference-based Rural Grand Grounds is a weekly education session facilitated by Proserpine Hospital and has expanded to include Bowen, Collinsville, Moranbah, Weipa, Palm Island, Cooktown and Thursday Island.

Capital infrastructure works

A range of capital infrastructure projects have been delivered across the rural facilities including Telecommunications Infrastructure Replacement Program for Sarina, Proserpine and Clermont facilities and Fire Safety and Service upgrades under the Residential Care Buildings Programs (FSIERCB) for Collinsville and Clermont MPHSs. The construction of the new Dysart Medical Centre on the Dysart Hospital campus has progressed throughout the year and is nearing completion. Significant planning works have been underway throughout the year for major infrastructure projects planned to commence in coming year including Moranbah Hospital Essential Service upgrade, Clinical Footprint Redesign/Emergency Department upgrades at Proserpine and Bowen Hospitals, Essential Services and Ancillary Services upgrade for Bowen Hospital and the co-location of Queensland Ambulance Service at Collinsville MPHS.

Rural Health Services *(continued...)*

Challenges and future direction

Rural workforce sustainability, declining service needs in mining communities and ageing infrastructure are some of the major challenges for the rural service area. The future focus is on developing and implementing a range of innovative service models to breach the barriers of place and continue to improve facilities and service delivery. Our planned projects will enhance the future rural medical workforce, embed innovative education and retention strategies, implement alternative models of care and progress infrastructure development programs.

Bowen Hospital midwives and Senior Medical Officers.

Our performance

Service Delivery Statements: 2014–15 Performance Statement

Mackay Hospital and Health Service – Service Standards	Notes*	2013–14 Actual	2014–15 Target	2014–15 Actual
Effectiveness Measures				
Percentage of patients attending emergency departments seen within recommended timeframes	1			
Category 1 (within 2 minutes)		100%	100%	99.83%
Category 2 (within 10 minutes)		79.65%	80%	83.34%
Category 3 (within 30 minutes)		76.29%	75%	77.78%
Category 4 (within 60 minutes)		81.46%	70%	80.28%
Category 5 (within 120 minutes)		92.93%	70%	95.15%
All Categories				87%
Percentage of emergency department attendances who depart within four hours of their arrival in the department	1	81.86%	86%	78.98%
Median wait time for treatment in emergency departments (minutes)		16	20	16
Percentage of elective surgery patients treated within clinically recommended times				
Category 1 (30 days)		100%	100%	99.86%
Category 2 (90 days)		100%	97%	100%
Category 3 (365 days)		100%	98%	100%
Median wait time for elective surgery (days)		35	25	34
Percentage of specialist outpatients waiting within clinically recommended times				
Category 1 (30 days)		..	47%	73.56%
Category 2 (90 days)		..	42%	75.44%
Category 3 (365 days)		..	90%	87.52%
Rate of healthcare associated Staphylococcus aureus (including MRSA) bloodstream (SAB)infections/10,000 acute public hospital patient days	2	0.44	‹2.0	0.3
Rate of community follow-up within 1–7 days following discharge from an acute mental health impatient unit	3	73%	›60%	73.4%
Proportion of readmissions to an acute mental health impatient unit within 28 days of discharge	4	11.03%	‹12%	14.9%

Service Delivery Statements: 2014–15 Performance Statement *(continued...)*

Mackay Hospital and Health Service – Service Standards	Notes*	2013–14 Actual	2014–15 Target	2014–15 Actual
Efficiency Measures				
Average cost per weighted activity unit for Activity Based Funding facilities	6	$4,792	$4,745	$4,832
Other measures Total weighted activity units:	5			
Acute Inpatients		23,825	23,954	25,593
Outpatients		7,866	8,289	9,962
Sub-acute		1,350	2,943	1,770
Emergency Department		8,376	8,942	9,309
Mental Health		1,806	3,172	2,946
Interventions and Procedures		3,011	4,203	3,778
Ambulatory mental health service contact duration (hours)	7		›27,106	31,154

** Please refer to notes page for further details.*

Notes for Service Delivery Statements: 2014–15 Performance Statement

1. *The triage category targets for 2014–15 are based on the Australasian Triage Scale (ATS). The 2014–15 Target/Est. aligned with the National Emergency Access Target. In recent years, Queensland has seen an increase in emergency department presentations which has impacted the achievement of this target. Despite the increase seen in admission, this measure has and continues to improve.*
2. *Staphylococcus aureus are bacteria commonly found on around 30% of people's skin and noses and often cause no adverse effect. Infections with this organism can be serious, particularly so when they infect the bloodstream. The data reported for this service standard are for bloodstream infections with staphylococcus aureus (including MRSA) and are reported as a rate of infections per 10,000 patient days, The Target for this measure aligns with the national benchmark of 2.0 cases per 10,000 acute public hospital patient days.*
3. *Target represents incremental progress towards the nationally recommended target.*
4. *2014–15 Actual figures are not available at time of publication – figure provided is Financial year to date figures as at the May 2015. Queensland has made significant progress in reducing readmission rates over the past 5 years, with continued incremental improvements towards the nationally recommended target. The 2014–15 Target is the nationally recommended target.*
5. *The weighted Units are as per the Final Offers finance and activity schedules of the 2014–15 Service Agreements.*
6. *The determination of cost (funding) per WAU has been based on the Final offers finance and activity schedules of the 2014–15 Services Agreements*
7. *The 2014–15 Target was set utilising a standard formula based upon available clinical staffing.*

Strategic risks, challenges and opportunities

There are many challenges facing the Mackay HHS as we plan the delivery of future health services. In the development of the 2014–2018 Strategic Plan we identified our strategic context and risk, noting the Mackay HHS is influenced by:

- Government policy and funding priorities
- Consumer expectation and the impacts of technology
- Workforce capability and capacity
- Regional demographics and demands
- Infrastructure and service models.

In 2014–15 we sought input from the Board, Executive, clinical directors, senior staff and private and external providers during a series of planning workshops to help shape clinical services by identifying the health needs of our population and future demand for hospital and health services. The Clinical Services Plan sets out evidence based service development priorities for the Mackay HHS for 2015–2018 with a key consideration to provide safe and sustainable services as close to home as possible.

An ageing population and a growing burden of complex and chronic disease will remain a challenge for the health service to manage within the context of financial sustainability. Opportunities for new and reviewed models of care for service delivery; forming the right partnerships; using technology and focussing on workforce optimisation will help improve capacity and productivity. We will continue to operate in an environment where learning, research and innovation will help find new ways to achieve our goals.

Mackay HHS was the lead consortium partner for the establishment of the North Queensland Primary Healthcare Network (NQPHN). Primary Health Networks (PHNs) have been established by the Commonwealth Government with the key objective of increasing the efficiency and effectiveness of medical services for patients. Partnering with the NQ PHN provides significant opportunity to improve the general health of our community, with a focus on reducing obesity, smoking and high levels of alcohol consumption and their influence on chronic disease and other health issues. Partnering opportunities also exist for the better coordination, accessibility and management of mental health, chronic disease conditions and primary care concerns in the community through such initiatives as HealthPathways, a system to connect patients to local services.

We will continue to look at ways to manage ageing infrastructure that requires replacement and/or maintenance and work with our communities to understand the safest and most sustainable way to provide access to health services.

The renovated and refurbished Mackay Birth Centre.

Our performance

Financial performance

Mackay HHS has achieved a financial surplus of $12.67 million for the year ending 30 June 2015.

The result was achieved through improvements in activity and efficiency in service delivery. Although Mackay HHS had a positive financial year we need to ensure financial stewardship as there are underlying cost pressures occurring in the Mackay HHS.

Income

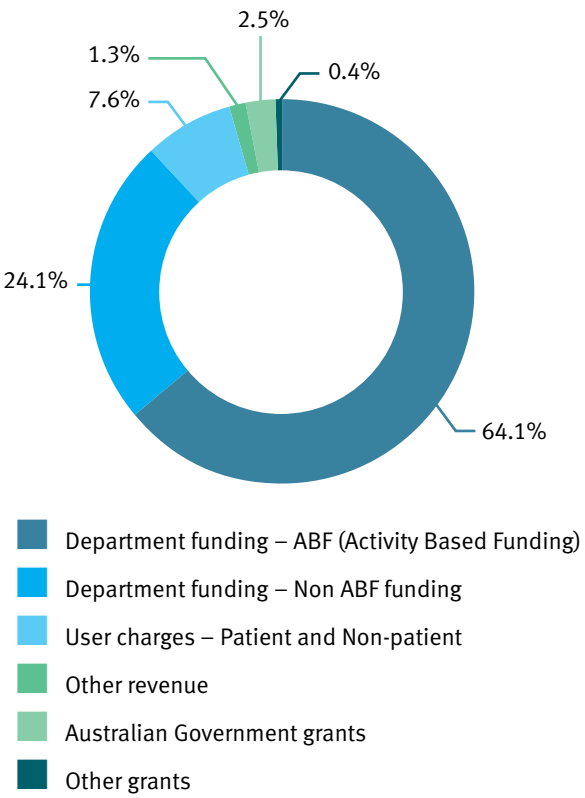
Mackay HHS's income includes operating revenue, which is sourced from three major areas:

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

Figure 1 details the extent of these funding sources for 2014–2015. Mackay HHS total income was $346.18 million which includes:

- The **Activity Based Funding (ABF)** for hospital services was 64.1 percent or $221.92 million
- **Non-ABF funding** was 24.1 percent or $83.3 million
- **User charges** comprising Patient and Non-patient funding was 7.6 percent or $26.4 million for health services
- **Other revenue** was 1.3 percent or $4.5 million
- **Australian Government grants** funding was 2.5 percent or $8.6 million
- **Other grants** was 0.4 percent or $1.4 million.

Figure 1. Revenue by funding type



Expenses

The total expenses were $333.5 million, an average of $0.91 million a day for providing health services.

Labour costs within Mackay HHS make up almost 70% of our expenditure with the remaining 30% being Non-Labour costs such as Supplies and Services.

These services include clinical supplies, electricity, pathology services, prosthetics, repairs and maintenance, communications, patient travel costs and medication.

Figure 2 shows the allocations to services within the Mackay HHS.

Figure 2. 2014–15 Expenses

Where the money goes	
Mackay Hospital – Patient Services	54%
Rural Health Services	18%
Mental Health	6%
HHS Support Functions	9%
HHS Corporate Services	14%
Other Support Services	0.5%

Land Building transfer

Following the completion of the Queensland Health Land Building Transfer Project in August 2014 ownership of 30 parcels of land and buildings and one registered expenditure lease was transferred to the Mackay HHS. This occurred under the provision of the *Hospital and Health Boards Act 2011* on 30 November 2014. The Mackay HHS assumed ongoing responsibility for the management and operation of the assets according to the transfer notice schedules and is performing an Assessment Management Capability Review.

The redeveloped Mackay Base Hospital.

Our people

Mackay HHS's capacity to deliver health services and achieve positive health outcomes depends on its health workforce. Workforce planning, development and engagement are important to create the right capability mix to meet current and future demands.

Activities were linked to the Mackay HHS Strategic Plan 2014–15 to:

- Support and inspire staff to maximise their personal wellbeing
- Ensure staff are appropriately skilled for the services they provide
- Invest in leadership, management, capability and foster emerging talent
- Embed a culture of safety in our workplace.

Workforce

Mackay HHS employs health professionals and support service staff. Medical, nursing, clinical and non-clinical support staff and volunteers work together to deliver quality care and service to the community.

As at 30 June 2015:

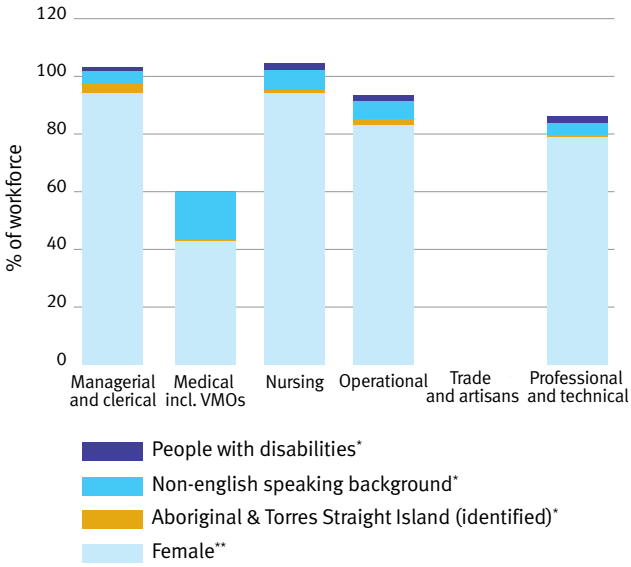
Classification Stream	Permanent	Temporary	Casual
Managerial and Clerical	259.28	79.23	3.80
Medical *(including Visiting Medical officers)*	66.63	142.09	0.50
Nursing	635.67	101.08	13.55
Operational	259.81	43.02	34.77
Trade and Artisans	5.00	0.00	0.00
Health Professional and Technical Officers	178.53	41.57	0.48
Totals	**1404.92**	**406.99**	**53.10**

The Mackay HHS turnover rate for 2014/15 was just over 14% compared to a permanent separation rate for 2013/14 of 18.95%

Sick leave (paid and unpaid) hours versus occupied FTE for the 2014/15 year was 3.31%.

At 30 June 2015, and based on information collected from the equal employment opportunity employee census form, the Health Service's workforce identified themselves as follows:

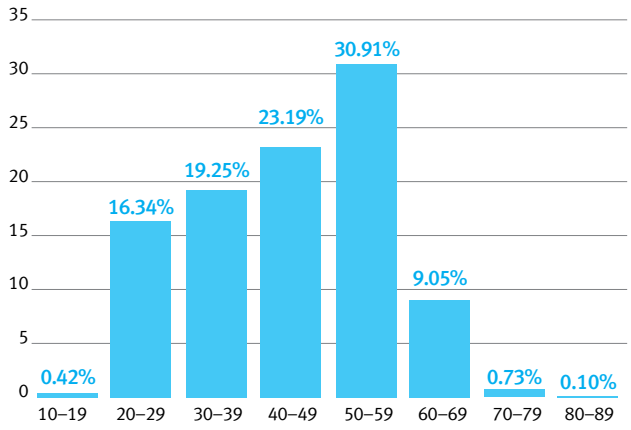
EEO Census Data – Mackay HHS % staff as at 30 June 2015



* *% of staff based on Mackay HHS Monthly Workforce profile June 2015 and staff who elected to return the EEO census data*

A breakdown of the workforce by age group follows:

Percentage of workforce by age group



1. Mackay HHS Monthly Workforce profile 30 June 2015

2. DSS Turnover report as at 20 July 2015

3. DSS Sick Leave Percent Report as at 20 July 2015

4. DSS WorkCover Percent Report as at 20 July 2015

Interns

Mackay HHS welcomed 40 junior doctors to start their careers in 2015. Mackay continues to be Queensland's biggest trainer of rural doctors with 10 interns on the Rural Generalist Pathway. All the new interns are Australian university trained with the majority from the University of Queensland and James Cook University. Four intern places were funded by the Commonwealth Medical Intern Program and these interns did rotations at the Mater Hospital. In 2015 calendar year 25 interns from the Greenslopes Private Hospital will visit Mackay HHS to complete rotations in rural medicine. This is a great opportunity for us to showcase the health service and region to a future workforce. An impressive 80% of the 2014 interns chose to stay in Mackay in 2015 to continue their training.

Graduate nurses

Mackay HHS welcomed 40 graduate nurses to start their careers at Mackay Base Hospital and in rural facilities, an increase from 37 in 2014. The new nurses were mostly graduates from CQ University and James Cook University. Of the 40 new nurses 11 are working in rural facilities including Sarina, Dysart, Moranbah, Collinsville, Clermont and Proserpine.

Mackay HHS welcomed 40 new graduate nurses in 2015.

Workforce optimisation

A Workforce Optimisation Strategy has been developed to attract and retain a highly valued workforce to meet current and emerging demands. Key elements of the strategy are:

Recruitment	Improve recruitment processes to ensure timely action to minimise vacancies
Workforce Development	Build and support capacity of the workforce
Staff Engagement	Developing ways to engage staff to enhance productivity and morale
Learning Environment	Developing a learning environment

Staff engagement

The annual Working for Queensland Employee Opinion Survey was carried out in April–May 2015 with a participation rate of 31%. Survey outcomes show the workforce has a genuine commitment to the community to deliver quality health care; are willing to put in extra effort and are committed to the organisation's goals and objectives. It also recognised opportunities to improve our workplace systems and processes and boost communication and engagement. Feedback from the survey will shape future strategies to support the workforce.

Safety, Health and Wellbeing program

Mackay Base Hospital staff have been actively involved in creating a health and well-being program to educate, encourage and enable staff to lead a healthier life within and beyond their workplace. The program acknowledges the importance of being healthy and active in the workplace and is intended to provide a supportive environment. Staff identified nutrition, mind and physical wellbeing as key needs.

The program launched in June focusing on weekly lunch time talk sessions, smoking cessation and weekly walks with the Chief Executive along the river.

Flexible working arrangements

Mackay HHS is committed to the provision of flexible work arrangements such as part time work. At 30 June 2015, 37.5% of staff had part-time working arrangements. Tools to support both line managers and employees to understand the options and processes around flexible working arrangements are available on the intranet.

Performance development

The Performance and Development (PaD) plan process assists employees to have meaningful and productive performance and development discussions. As at 30 June 2015 approximately 71% of Mackay HHS staff had an up to date PaD plan. Materials to support line managers and employees are available through the Mackay HHS intranet site.

Workplace Health and Safety

The Mackay HHS strives to achieve best practice in the management and performance of our health and safety systems. Key activities included:

- The Workplace Health and Safety Checklist Program for 69 work areas to evaluate compliance with legislation and to identify and manage workplace risks. As at 30 June 2015 100% of work areas had completed the checklist.
- A Corrective Actions Audit in October 2014 for outstanding actions against the external OHS Audit undertaken in May 2013 (AS4801:2001 Audit) found all actions were implemented.
- Audits and inspections were conducted across work areas to ensure compliance. These included hazardous chemicals, healthcare ergonomics, emergency planning, fire and safety and occupational violence.
- Fire and evacuation plans, fire signs and diagrams were reviewed across all work areas.

The Mackay HHS WorkCover premium rate continued to remain favourable as a result of the implementation of preventative strategies to manage workplace injuries and return to work programs. The Health Service also continues to achieve positive outcomes against key WorkCover Indicators including WorkCover hours lost compared with FTE which at 0.24% remains below target of 0.35%.

Occupational Violence Prevention

Mackay HHS has a commitment to the reduction of Occupational Violence in the workplace and to ensure it meets current workplace and legislative obligations. The Aggressive Behaviour Management (ABM) training course was held on 41 days and attended by 294 staff. Another 243 staff completed the on-line training component.

Industrial and Employee Relations Framework

Mackay HHS respects and values its relationships with local unions. A series of regular consultative forums are held to facilitate productive partnerships with industrial representatives. These include the Health and Hospital Service Consultative Forum, Local Consultative forums and nursing and midwifery consultative forum

A specific local consultative forum was implemented to provide a regular vehicle for timely information sharing with key stakeholders including unions regarding preparations for the Mackay HHS to seek prescribed employer status. The forum met regularly throughout 2014–15. The change to Prescribed Employer is on hold pending government advice.

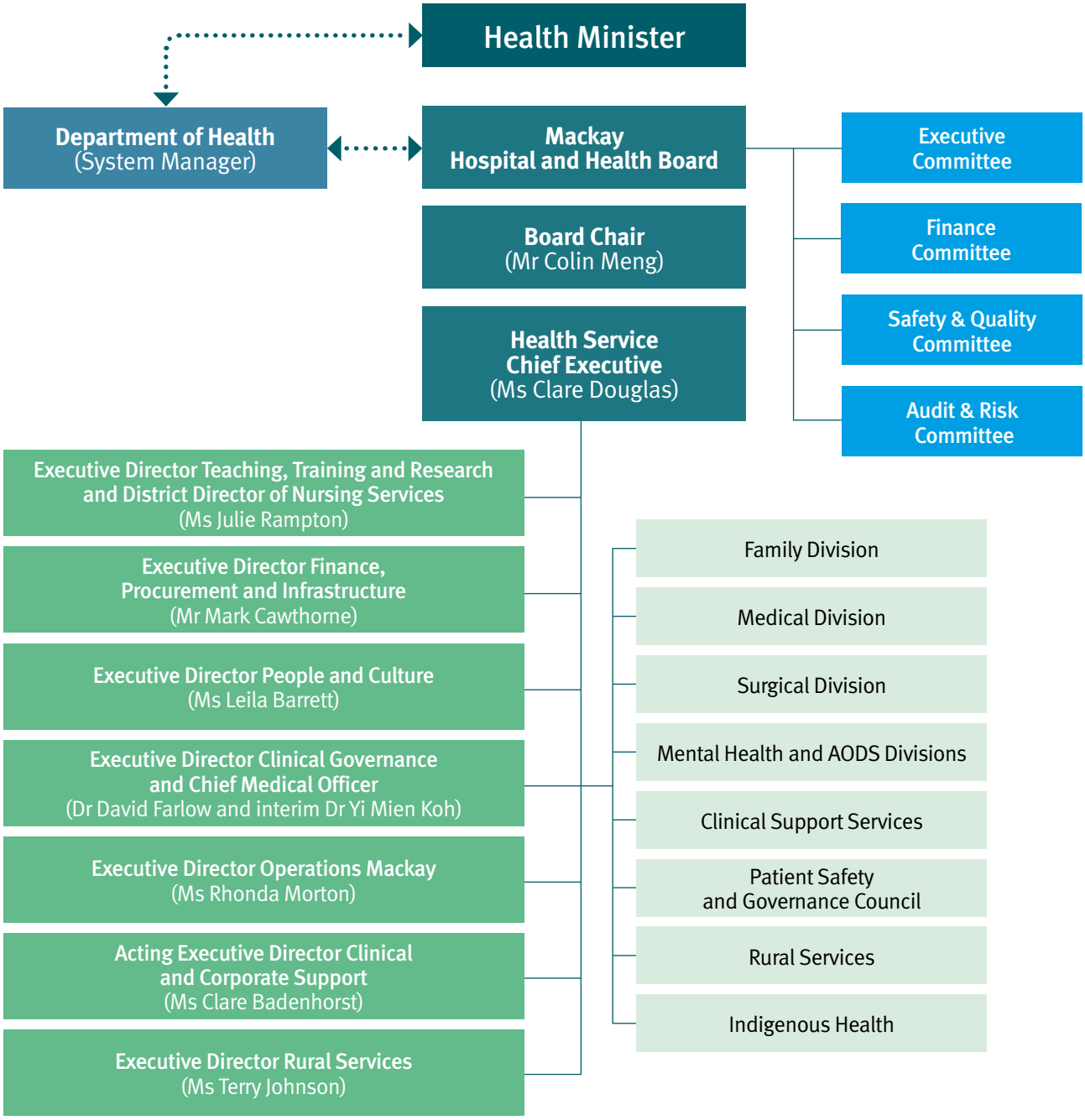
Early retirement, redundancy and retrenchment

During the financial year one employee received a redundancy package at a cost of $77,799.00.

Weekly walks by the river with the Chief Executive are part of the staff health and wellbeing program.

Our governance

Organisation structure



Our governance

Mackay Hospital and Health Board (Mackay HHB)

The Mackay Hospital and Health Board is appointed by the Governor of the State of Queensland acting by and with the advice of the Executive Council on the recommendation of the Queensland Health Minister. The Board derives its authority from the *Hospital and Health Board Act 2011* (the *Act*) and the *Hospital and Health Regulation 2012*. Board members act in accordance with their duties and abide by the Code of Conduct and Values for the Queensland Public Service in accordance with *Public Sector Ethics Act 1994*.

The Mackay HHB's functions include:

- Develop strategic direction and priorities for the Mackay HHS. The Board uses local decision-making to develop plans, strategies and budgets to ensure accountable provision of health services to meet the needs of the community.
- Monitor compliance and performance of the Mackay HHS. It oversees the operation of systems for compliance and risk management and audit reporting to meet legislative requirements and national standards.
- Focus on patient experience and quality outcomes. Meeting the challenges of distance and diversity is essential to providing patient care across the Mackay HHS.
- Ensure evidence-based practice education and research. The Board encourages partnering with universities and training providers boost clinical capability.

Colin Meng
Board Chair

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. He is a member of the Investment Review Committee which provides independent capital funding investment advice to the Director-General and Minister for Health.

Darryl Camilleri
Deputy Chair

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 a chartered accountant and has extensive experience in tax planning, finance and audits.

Dr Helen Archibald

Dr Helen Archibald is a general practitioner at Plaza Medical Mackay. Dr Archibald also lectures at James Cook University's School of Medicine.

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.

Member appointments are listed in the Financial Statements on page 5-32.

Board achievements for 2014–15

- Mackay HHS successfully retained accreditation by the Australian Council of Health Standards.
- Mackay Base Hospital Redevelopment and official opening.
- Strategic Plan 2014–2018 (2015 update) effective from 1 July 2015.
- Approved investment in:
  - Specialist Outpatient Long Wait Project which resulted in a 87.6% reduction in Specialist Outpatients waiting longer than clinically recommend between July 2014 and June 2015 while maintaining National Elective Surgery Target KPI.
  - Cardiac Catheter Laboratory activity expanded from three days to four days per week allowing for additional interventional and diagnostic procedures including the ability to now insert permanent pacemakers locally.
  - Commencement of Hospital in the Home in March 2015 meeting KPI within the first quarter of operation.
- Projects supported by the Board included establishment of HealthPathways and staff wellbeing programs.

The Mackay Hospital and Health Board meets monthly or as directed by Chair. The Board reviewed the structure and function of its committees in accordance with the *Hospital and Health Board Regulation 2012 s26* and approved the following new committee structure on 26 March 2015:

- Executive Committee
- Safety and Quality Committee
- Finance Committee
- Audit and Risk Committee.

Tom McMillan

Mr Tom McMillan is a Fellow of the Australian College of Physiotherapists (FACP) and a Director of the Physio Plus Group. He is a Company Director for a range of private health services in the Mackay district and interstate. Mr McMillan has a background in clinical education and clinical governance.

Prof 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. He is the Dean of Medicine at James Cook University.

John Nugent

Mr John Nugent has a strong and extensive background in hospital and healthcare management with more than 35 years' experience in that field, including 16 years as Chief Executive of Mater Misericordiae Hospital Mackay. He is a Board member of the Northern Queensland Primary Health Network. He has been closely involved in local community organisations having lived in Mackay since 1988.

Laura Veal

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

Our governance

Mackay Hospital and Health Board (Mackay HHB)

Board meeting attendance

	Meetings								
		Committee structure 27 March – 30 June 2015				Committee structure 1 July 2014 – 26 March 2015			
Board member	Mackay HHS Board	Finance Committee	Audit and Risk Committee	Safety and Quality Committee	Executive Committee	Finance and Audit Committee	Risk Committee	Patient Safety and Quality Committee	Strategy and Service Planning Committee
Total meetings	**12**	**3**	**2**	**1**	**0**	**10**	**2**	**4**	**3**
Colin Meng	12					3		1	
Darryl Camilleri	11	3	2			10	2		
Dr Helen Archibald*#	8							3	3
David Aprile*	11	3	2			9	2		
Tom McMillan*	12			1				3	3
Prof Richard Murray*	9							3	3
John Nugent	11	3	2				2		
Laura Veal*	11			1				3	

* *Members of the Board who satisfy the Clinical expertise requirements under s23(4) of the Act)*

\# *Dr (Judith) Helen Archibald's previous term commenced on 18 May 2014 and expired on 17 May 2015. She was reappointed to the MHHS Board on the 26 June 2015.*

Mackay Hospital and Health Board Committees

The following committees support the functions of the Board. Each operates with a terms of reference describing the purpose, role, responsibilities, composition, structure and membership.

Executive Committee

The Executive Committee provides strategic advice and recommendations to support the Mackay HHB in its role of controlling the Mackay HHS, by working with the Chief Executive to progress strategic issues identified by the Board.

The Executive Committee functions under the authority of the Board in accordance with section 32B of the *Hospital and Health Boards Act 2011*.

Functions and responsibilities include:

- Build and strengthen the relationship between the Mackay HHB and the Chief Executive to ensure accountability in the delivery of services
- Oversee the performance of the Mackay HHS against the performance measures stated in the Service Agreement with Queensland Health
- Approve the Chief Executive's performance agreement in accordance with Part 3 of the *Hospital and Health Boards Act 2011*
- Support the Mackay HHB in the development of engagement strategies and protocols with primary healthcare organisations, monitor their implementation and address issues that arise in their implementation
- Develop strategic, service and other plans for the Mackay HHS and monitor their implementation
- Work with the Chief Executive to respond to critical emergent issues.

Committee membership

- Colin Meng (Chair)
- Darryl Camilleri
- Helen Archibald
- Tom McMillan

Meetings are held biannually or as directed by Chair.

In accordance with the schedule this committee did not formally meet between 26 March 2015 and 30 June 2015.

Audit and Risk Committee

The Audit and Risk Committee supports the Mackay HHB in its responsibility for audit and risk oversight and management. This is in accordance with requirements under the *Financial and Performance Management Standard 2009*, section 15, 28 and 35 and was established under part 7, section 31 of the *Hospital and Health Boards Regulation 2012*. The committee functions under authority of the Board in accordance with part 7, section 34 of the *Hospital and Health Boards Regulation 2012*.

Functions and responsibilities include:

- Compliance with audit recommendations by the Queensland Audit Office, the *Financial Accountability Act 2009* and with the *Financial and Performance Management Standard 2009*
- Monitoring and advising the Mackay HHB about its internal audit function under the *Financial and Performance Management Standard 2009*, part 2, division 5
- Liaising with Queensland Audit Office in relation to assessing external audit reports and the adequacy of actions taken as a result of the reports
- Monitoring Mackay HHS's management of legal and compliance risks and internal compliance systems. This includes compliance with relevant laws and government policies
- Provide oversight of the preparations of annual financial statements having regard to the appropriateness of the accounting practices used
- Provide oversight of the Mackay HHS's Risk Management Framework to ensure effective risk identification, management and compliance with internal guidelines and external requirements.

Committee membership

- Darryl Camilleri (Chair)
- David Aprile
- John Nugent

Meetings are held quarterly or as directed by Chair.

Mackay Hospital and Health Board Committees

Finance Committee

The Finance Committee provides advice and recommendations to the Mackay HHB on matters relating to the financial and operational performance of Mackay HHS.

The committee was established under part 7, section 31 of the *Hospital and Health Boards Regulation 2012*. The committee functions under the authority of the Board in accordance with part 7, section 33 *Hospital and Health Boards Regulation 2012*.

The Finance Committee contributes to the management and delivery of health services and advises the Mackay HHB and Chief Executive.

Functions and responsibilities include:

- Reviewing the annual budget and ensuring it is consistent with the organisational objectives of the Mackay HHS
- Monitoring the Service's budgets, cash flow, financial and operating performance, financial systems, having regard to requirements and obligations under the *Financial Accountability Act 2009*
- Assessing financial risks or concerns as well as assessing complex or unusual financial transactions.

Committee membership

- David Aprile (Chair)
- Darryl Camilleri
- John Nugent

Meetings are held monthly or as directed by Chair.

Safety and Quality Committee

The Safety and Quality Committee provides strategic advice and recommendations to the Mackay HHB regarding patient safety and quality assurance. The committee was established under part 7, section 31 of the *Hospital and Health Boards Regulation 2012*. It functions under authority of the Board in accordance with part 7, section 32 of the *Hospital and Health Boards Regulation 2012*. Functions and responsibilities include:

- Advising the Board on matters relating to the safety and quality of health services
  - minimising preventable patient harm;
  - reducing unjustified variation in clinical care;
  - improving the experience of patients and carers of the service in receiving health services; and
  - complying with National and State strategies, policies, agreements and standards relevant to promoting consultation with health consumers and members of the community about the provision of health services by the service.
- Monitoring governance arrangements relating to the safety and quality of health services, including compliance with the service's policies and plans about safety and quality
- Promoting improvements in the safety and quality of health services and monitoring the safety and quality of health services using appropriate indicators
- Collaborating with other safety and quality committees, the department and State-wide quality assurance committees
- Ensure compliance with National Safety and Quality Health Service Standards September 2011, Australian Charter of Healthcare Rights by the Australian Commission on Safety and Quality in Health Care and the Queensland Health Public Patients' Charter and overseeing workplace health and safety practices.

Committee membership

- Dr Helen Archibald (Chair)
- Tom McMillan
- Prof Richard Murray
- Laura Veal

Meetings are held quarterly or as directed by Chair.

Mackay Hospital and Health Board Committees *(prior to 26 March 2015)*

Strategic and Service Planning Committee

Purpose

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

The Strategic and Service Planning Committee performed the function of an Executive Committee under the authority of the Board in accordance with section 32B of the *Hospital and Health Boards Act 2011*.

The Strategic and Service Planning Committee contributed to the management and delivery of health services. The Committee undertook 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.

Functions and responsibilities include:

- Provide recommendations for planning strategies to ensure evidence based resource deployment and service delivery that meets community health and wellbeing needs, congruent with State and National Health Reforms
- Oversight of planning and service delivery models approved by the Board and develop, monitor and maintain an effective framework and report on Mackay Hospital and Health Board strategic and operational planning outcomes.

The committee ceased on the 26 March 2015. This function now sits with the Mackay HHS Board's Executive Committee.

Committee membership

- Tom McMillan (Chair)
- Dr Helen Archibald
- Prof Richard Murray

Meetings were held quarterly. Three meetings were held prior to 26 March 2015.

Risk Committee

Purpose

Provide strategic advice and recommendations to the Board with regard to risk.

The primary purpose of the Risk Committee was 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 was to facilitate special reviews or investigations in relation to risk management as may be considered necessary.

Risk Committee functions included promoting a culture of proactive risk management throughout the organisation. Informing the Board all significant risks, incidents and provide assurance that actions were being taken to address those that have occurred and to ensure measures had been implemented to mitigate future occurrence.

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

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

The Risk functions are conducted in accordance with the *Financial Accountability Act 2009*, *Financial and Performance Management Standard 2009* and the *Treasury's Audit Committee Guidelines*.

Risk Committee ceased on the 26 March 2015. The Committee activities have been combined with the Audit functions previously provided by the Finance and Audit committee.

Committee membership

- David Aprile (Chair)
- Darryl Camilleri
- John Nugent

Two meetings were held prior to 26 March 2015.

Mackay Hospital and Health Board Committees *(prior to 26 March 2015)*

Finance and Audit Committee

Purpose

Provide strategic advice and recommendations the Board with regard to Finance and Audit. In accordance to requirements under the *Financial and Performance Management Standard 2009*, section 35 and was established under part 7, section 31 of the *Hospital and Health Boards Regulation 2012*. The committee functioned under authority of the Board in accordance with part 7, section 33 & 34 of the *Hospital and Health Boards Regulation 2012*.

The Finance and Risk Committee operated with due regard to its terms of reference and the *Treasury's Audit Committee Guidelines*. The terms of reference are consistent with the requirements of the *Hospital and Health Board Regulations 2012* and in consideration of audit recommendations by Queensland Audit Office, the *Financial Accountability Act 2009*; and *Financial and Performance Management Standard 2009*.

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

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

The Committee monitored 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 had appropriate policies and procedures in place and complying with the policies and procedures.

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

Finance and Audit Committee ceased on the 26 March 2015. The Committee activities have been separated into two new committees; Finance functions transferring to the Finance Committee; and Audit function transferring to Audit & Risk Committee.

Committee membership

- Darryl Camilleri (Chair)
- David Aprile

Meetings were held monthly. Ten meetings occurred prior to 26 March 2015.

Patient Safety and Quality Committee

Purpose

Provide strategic advice and recommendations to the Board with regard to governance of safety and quality.

The committee was established under part 7, section 31 of the *Hospital and Health Boards Regulation 2012*. The committee functioned under authority of the Board in accordance with part 7, section 32 of the *Hospital and Health Boards Regulation 2012*.

Functions

To contribute to the strategic management and delivery of health services the Patient Safety and Quality 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 and 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.

Committee membership

- Dr Helen Archibald (Chair)
- Tom McMillan
- Prof Richard Murray
- Laura Veal

Meetings were held quarterly. Three meetings were held prior to 26 March 2015.

The Mackay Hospital and Health Board.

Our governance

Mackay HHS Executive Team

Clare Douglas
Chief Executive

Clare Douglas joined Mackay Hospital and Health Service as the Chief Executive in September 2014. Ms Douglas has a background in nursing and progressed to a number of nursing management positions in both the public and private health care settings, culminating as the Chief Nursing Officer at the Royal Victorian Eye and Ear Hospital in 2001. Ms Douglas then moved to Eastern Health in Victoria where she held the positions of General Manager Clinical and Corporate Support, General Manager Box Hill Hospital and Acting Chief Executive. Ms Douglas worked in a temporary contract as the Chief Executive Officer Country Health South Australia, prior to accepting a national role as the General Manager Service Integration at St Vincent's Health Australia. Ms Douglas' focus is on delivering excellence in regional health care and to promote health prevention to reduce the burden of disease within our community. Ms Douglas holds a Masters of Management (Monash University), a Graduate Diploma in Health Administration (La Trobe), Bachelor of Applied Science, Nursing (ACU), Registered Nurse Certificate (St Vincent's Hospital, Melbourne) and graduate of the Australian Institute of Company Directors. Ms Douglas is a Surveyor for the Australian Council on Healthcare Standards.

Mark Cawthorne
Executive Director Finance, Procurement and Infrastructure

Mark Cawthorne commenced with Mackay HHS in April 2013 as Chief Finance Officer (CFO) after 25 years in Health Management and financing in Australia and the Middle East. During this time he was Deputy Chief Executive Officer (CEO) of the Statewide Pathology Service, served as Chairman of the Board for a company providing GP services in Regional and Rural settings, was CEO of a country hospital and led the finance function in tertiary and specialist hospitals. In the Middle East he was the health financing lead on the project to introduce a social health insurance scheme to the country of Qatar, as well working on that nation's national health strategy and leading the introduction of performance reporting systems for both the public and private sectors. He has also served on numerous state-wide and national committees with respect to industry, industrial and finance perspectives.

Mr Cawthorne holds tertiary qualifications in Law, Economics, Accounting and has a Masters degree in Business Administration. He has also completed the Advanced Management Program at Harvard Business School, a Fellow of CPA Australia and a Fellow of the College of Health Service Management.

Julie Rampton
Executive Director Teaching, Training and Research and District Director Nursing

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

Ms Rampton moved to Mackay in 2007 as Nursing Director Education and Research and after acting as District Director of Nursing was successful in gaining the position permanently in 2011. She 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. Ms Rampton holds the Executive portfolio for Education and has a keen interest in education, recruitment and retention of nurses and innovative models of care.

Dr Yi Mien Koh
Interim Executive Director Clinical Governance and Chief Medical Officer

Dr Koh is covering Dr David Farlow while he is on his sabbatical for 12 months. Dr Koh brings to the MHHS a wealth of experience in Clinical Management, Education and Research and Medical Administration. A medical graduate of the University of Melbourne, she has many years' experience as Chief Executive of trusts across the National Health Service in the UK. Her most recent experience is with St Vincent's Health Australia. Previous roles include Director of Public Health and Medical Director of North West London Strategic Health Authority, Visiting Professor London School of Hygiene and Tropical Medicine and honorary consultant at the UK Health Protection Agency.

Rhonda Morton

Executive Director Operations

Appointed as Mackay HHS Chief Operating Officer in November 2009, Rhonda Morton has provided leadership to the Mackay health service through major reforms including the $408 million redevelopment of Mackay Base Hospital, new and expanded clinical services, cultural and efficiency improvements and national health reform. She is chair of the Queensland Health Chief Operating Officer Network and represents the health service on a range of statewide forums. Her current focus includes clinical redesign projects, hospital in the home, specialist outpatient initiatives, development of local Health Pathways and integration with North Queensland Primary Health Network. Ms Morton has held a range of positions in clinical and corporate leadership including the Service Director for the Division of Surgery at Cairns Base Hospital, Manager of Medical Administration in Mackay, and Director of Corporate Services for Kolan Shire Council. In her home state of Western Australia, she managed corporate services in local government and the health sector, preceded by several years with Westpac Banking Corporation and the private resource sector while concurrently managing a contracting business owned with her partner. Ms Morton has particular interests in leadership development and integrated health systems that empower individuals.

Clare Badenhorst

Acting Executive Director Clinical and Corporate Support

Clare Badenhorst has worked in both the public and private healthcare sectors for the past twenty years in South Africa and Australia and holds a Bachelor of Health Science (Podiatry) and qualifications in Business and Project Management. She commenced her career in private practice and then moved into planning and development of health programs. Ms Badenhorst joined the Mackay Hospital and Health Service five years ago and has held a range of portfolios in senior management positions across both acute and community healthcare. Ms Badenhorst is passionate about driving innovation through clinical and corporate redesign, has led numerous projects and programmes and has multiple awards and career achievements in Excellence in Leadership and Fostering Innovation.

Terry Johnson

Executive Director Rural Services

Terry Johnson 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 late 2000 where she developed a passion for rural health and has been working in rural health 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 Laws through Queensland University of Technology, graduating with First Class Honours in 2002. Ms Johnson also holds a Practitioner's Certificate in Mediation and Conciliation through the Institute of Arbitrators and Mediators.

Ms Leila Barrett

Executive Director People & Culture

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

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

Dr David Farlow

Executive Director Clinical Services

David has been on sabbatical leave since January 2015. 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.

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. Meetings held twice a month or more frequently as required.

Purpose

- Oversee the implementation of the approved strategic plan and other associated plans
- Oversee the delivery of the HHS service level agreement.
- Oversee quality and safety of service delivery
- Monitor and mitigate risk within the HHS
- Ensure the operations of the HHS are carried out efficiently and effectively
- Ensure financial sustainability of the HHS
- Oversee the minor and major capital works being delivered in the HHS
- Ensure effective oversight of all people management including HR/IR
- Ensure compliance with legislation and Queensland Health directives
- Oversee major projects such as ICT and Vital
- Provide high level advice to the Chief Executive
- Oversee the development and implementation of workforce optimisation plan.

Clinical Governance Committee

The Committee's role is to oversee and monitor effectiveness of all aspects of patient safety and quality. Meetings are held monthly. It is responsible for the implementation of the clinical governance framework and Mackay HHS Safety and Quality Plan in order to ensure the efficient, safe and effective delivery of clinical services by:

- Minimising preventable harm to patients and clients
- Working to achieve best practice health outcomes
- Providing the governance structure to ensure the 10 National Standards from the Australian Commission on Safety and Quality in Health Care are met together with the additional mandatory requirements of the accrediting agency.

Credentialing and Scope of Clinical Practice Committee

The Credentialing and Scope of Clinical Practice Committee is responsible for considering an applicant's credentials and requested Scope of Clinical Practice (SOCP) and providing recommendations for defining a SOCP to the Mackay Hospital and Health Service's delegated decision. Meetings are held monthly.

Responsibilities

- The committee makes recommendations to the North Mackay Private Hospital Chief Executive Officer regarding a defined Scope of Clinical Practice for identified Medical Practitioners providing clinical services at the North Mackay Private Hospital.
- The committee reviews the credentials and granted defined Scope of Practice for Nurse Practitioners providing services within the Mackay Hospital and Health Service's facilities.
- The committee evaluates applications for new clinical interventions and procedures and considers the Scope of Clinical Practice for relevant medical practitioners who will be performing the new clinical intervention or procedure.
- The committee reports to the Mackay HHS Chief Executive through the Patient, Safety and Governance Council.

Education and Research Council

The Education and Research Council (ERC) provides the strategic agenda and support for education, training and research across the Mackay HHS.

The objectives of the Council are to:

- Provide leadership for education and training in accordance with organisational priorities
- Promote a culture of learning and inter-professional education and collaboration to facilitate continuous professional development and improvement of Mackay HHS staff
- Provide stewardship of research and evidence-based practice and identify opportunities to increase research capability and capacity within the Mackay HHS
- Provide strategic direction for the provision of education, allocation of funding and promotion of training across the Mackay HHS
- Monitor outcomes of the Mackay HHS education and research sub-committees.

Ethics and code of conduct

The *Public Sector Ethics Regulation 2010* defines Mackay HHS as a public service agency. Therefore the Code of Conduct for the Queensland Public Service is applicable to employees.

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 on 1 January 2011. The code of conduct consists of four core aspirational principles:

- integrity and impartiality
- promoting the public good
- commitment to the system of government
- accountability and transparency.

Each principle is strengthened by a set of values and standards of conduct describing the behaviour that will demonstrate that principle. All Mackay HHS employees are required to undertake training in the Code of Conduct for the Queensland Public Service during their induction and in orientation sessions. Staff are required to refresh their understanding of the Code of Conduct annually and following any change to the document through intranet based modules.

Risk management and accountability

Mackay HHS is committed to managing risk in a proactive, integrated and accountable manner. The health service's risk management practices recognise and manage risks 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 on the Australian/New Zealand ISO Standard 31000:2009 for risk management. The policy and framework outline Mackay HHS's intent, roles, responsibilities and implementation requirements. The Mackay HHS Risk Management Framework (RMF) defines the processes for risk identification, recording, rating, key controls identification, determination of risk treatment required and regular monitoring and reporting of risks.

Risks are controlled within the financial and management accountabilities of each position. Significant risks are reported to the Board and the Audit and Risk Committee on a regular basis.

Activities for 2014–2015 include: continued development of in-house capability and knowledge to identify and mitigate risk, and development of the internal audit function.

External scrutiny

Mackay HHS's operations are subject to regular scrutiny from external oversight bodies. These include Queensland Audit Office (QAO), Australian Council on Healthcare Standards (ACHS), Health Quality and Complaints Commission, Postgraduate Medical Education Council of Queensland, Medical and Surgical Colleges, National Association of Testing Authorities, Obstetrics and Gynaecology (RANZCOG), Royal Australasian College of Physicians, National Quality Management Committee, Specialist Advisory Committee in General and Acute Care Medicine, Australasian College for Emergency Medicine and Emergo Training Disaster Exercise.

Dysart Hospital Clinical Services Review

A review of the clinical services delivery at Dysart identified that the services delivered were of a good standard of care, however there were some recommendations relating to documentation and training. Recommendations are being implemented.

External Mental Health Review

The external Mental Health review identified opportunities for alternative models of care and processes to meet growing demand. An extensive action plan has been developed to enhance service delivery.

ACHS Accreditation Survey

Accreditation is a formal process to assist in the delivery of safe, high quality health care based on standards and processes devised and developed by health care professionals for health care services. It is public recognition of achievement of accreditation standards by a health care organisation, demonstrated through an independent external peer assessment of that organisation's level of performance in relation to the standards.

In September 2014 all facilities in the Mackay HHS underwent an independent, external accreditation survey by a team from the Australian Council on Healthcare Standards. This external review was against the requirements outlined in the National Safety and Quality Heath Service Standards. The Standards became mandatory on 1 January 2013. The Mackay HHS was granted accreditation until January 2019.

In the accreditation report, it was identified that Mackay HHS had met or exceeded the mandatory requirements across all standards with no high priority recommendation arising from the survey. This is a significant achievement and provides confidence to the community that the hospital meets or exceeds contemporary health service standards.

Patient feedback

Mackay HHS received 1318 pieces of feedback from consumers with 709 compliments and 609 complaints. The top issues were communication, treatment and access to services. Most complaints could be resolved at the health service level. Feedback from consumers helped shape service delivery and changed the hospital environment and equipment used.

Queensland Health – Small Hospitals Patients Experience Survey 2014

The Small Hospitals Patient Experience Survey 2014 was conducted by the Queensland Government Statistician's Office on behalf of the Queensland Health. The survey was conducted using computer assisted telephone interviewing from October to December 2014. A total of 938 patients responded. The survey asked participants about overall satisfaction; doctors and nurses, care and treatment, pain management, environment and facilities, leaving the hospital, medications, provision of information and arrangements for help after leaving hospital. Each rural facility has undertaken a review of its results and developed actions for identified areas for improvement.

QAO Audit

As a public sector entity, Mackay HHS is subject to an annual audit by the QAO. The QAO Final Management Report provided to the Mackay HHS for 2013–14 financial year contained no significant risks. Lower risk items are being managed through appropriated action plans or additional investigation.

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 charter, consistent with the internal auditors' standards. Internal Audit is an independent and objective assurance activity designed to improve the governance of the Mackay HHS providing reports to the Audit and Risk Committee for the effective, efficient and economical operation of the health service. The Internal Audit function operates with due regard to Queensland Treasury Audit Committee Guidelines.

The Internal Audit unit has a central role in improving operational processes and financial practices by:

- assessing the effectiveness and efficiency of Mackay HHS's financial and operating systems, reporting processes and activities
- identifying operational deficiencies and noncompliance with legislation or prescribed requirements
- assisting in risk management and identifying deficiencies in risk management
- bringing a broad range of issues to management's attention, including performance, efficiency and economy
- monitoring whether agreed remedial actions have been undertaken.

The annual audit plan, endorsed by the Audit and Risk Committee and approved by the Board, directs the unit's activities and provides a framework for its effective operation. A risk-based planning approach is used to develop audit plans, including considering risk registers and consulting with internal stakeholders and the QAO. Audit reports include recommendations to address deficiencies in risk treatment and all audit reports are reviewed by the Audit and Risk Committee.

Internal audits conducted during 2014/15 include reviews of:

- Leave management processes
- iPharmacy
- Training and professional development access and utilisation by clinical staff
- Financial Management Assurance testing of internal controls.

Birth suites in the Labour Ward at Mackay Base Hospital have been refurbished.

Information systems and record keeping

Management of health records and clinical information is the responsibility of the Health Information Unit. Patient clinical records are managed through strict procedures including health records documentation standards, health records management and tracking, health record transportation, security and procedures for accessing health records for research and clinical audits. Health record documentation standard audits are conducted regularly with the criteria based on the standards procedure.

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

Mackay Base Hospital and Community Health's transition to electronic medical records continued with the successful implementation of the integrated electronic Medical Record (ieMR). Mackay is the only site in Queensland to implement all functional availability. Clinical forms were reduced from more than 1200 to less than 800. Fewer paper movements of clinical documents has made them available for viewing faster.

iPad trials are innovative and more progressed than other facilities and are being used for bedside data entry, image viewing, consent viewing and accessing programs such as Emergency Department Information System (EDIS). Staff have been trained and empowered to successfully implement this new technology with 91% of the workforce saying they had received adequate and prompt support.

Business Classification Scheme (BCS)

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

Principle 7 of Information Standard 40: Recordkeeping (IS40) includes a requirement for public authorities to 'classify records in accordance with a Business Classification Scheme based on an analysis of the public authority's functions and activities.' Under s47 of the *Hospital and Health Boards Act 2011* the Chief Executive of the Department of Health has issued a Health Service Directive to classify records in accordance with the BCS v2 and subsequent versions (QH-HSD-018:2012).

Mackay HHS adheres 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**

Mackay HHS has published the following data on the government's Open Data website:

- health service expenditure on consultancies
- information relating to staff overseas travel including employee name, costs, purpose and destination.

Health Information Unit

Health information statistics	
Medico-legal – Requests for patient information (releasing patient information through multiple legislative mechanism)	7248
Medico-Legal-Secure Web Transfer System (STS) – Patient information release with encryption	39,612
RTI/IP Applications received (annual)	157
RTI/IP Applications released in full	98
RTI/IP Applications partially released	13
RTI/IP denied in full	0
RTI/IP Applications withdrawn	22
No. of charts coded (MBH and Sarina) (annual)	38,818
No. of chart/ current encounter chart movements (annual)	326,796
Daily Average chart movements	895
No. of pages scanned into ieMR	1,796,084
No. of Letters transcribed	18,478
No. answered Incoming operator calls	569,143

This table represents the movement of health information.

Glossary of terms

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

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

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

Acute Having a short and relatively severe course.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Non-acute Not serious.

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

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

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

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

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

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

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

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

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

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

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

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

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

Sub-Acute Somewhat acute; between acute and chronic.

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

- Live, audio and/or video interactive 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.

Compliance checklist

The characteristics of a quality report are that it:

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

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs Annual report requirements for Queensland Government agencies

Summary of requirement	Basis for requirement	Annual Report reference
Letter of compliance		
A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 8	Page 1
Accessibility		
Table of contents	ARRs – section 10.1	Page 3
Glossary		Pages 48-49, 52
Public availability	ARRs – section 10.2	Inside Front Cover
Interpreter service statement	*Queensland Government Language Services Policy* ARRs – section 10.3	
Copyright notice	*Copyright Act 1968* ARRs – section 10.4	
Information Licensing	*QGEA – Information Licensing* ARRs – section 10.5	
General information		
Introductory Information	ARRs – section 11.1	Pages 4-7
Agency role and main functions	ARRs – section 11.2	Pages 8-9
Operating environment	ARRs – section 11.3	Pages 10-20
Machinery of government changes	ARRs – section 11.4	N/A
Non-financial performance		
Government's objectives for the community	ARRs – section 12.1	Pages 12-17
Other whole-of-government plans / specific initiatives	ARRs – section 12.2	Pages 12-17
Agency objectives and performance indicators	ARRs – section 12.3	Pages 18-24
Agency service areas and service standards	ARRs – section 12.4	Pages 9, 12-24
Financial performance		
Summary of financial performance	ARRs – section 13.1	Pages 26-27
Governance – management and structure		
Organisational structure	ARRs – section 14.1	Page 31
Executive management	ARRs – section 14.2	Pages 32-39
Government bodies (statutory bodies and other entities)	ARRs – section 14.3	N/A
Public Sector Ethics Act 1994	*Public Sector Ethics Act 1994* ARRs – section 14.4	Pages 9 and 43

Summary of requirement	Basis for requirement	Annual Report reference
Governance – risk management and accountability		
Risk management	ARRs – section 15.1	Pages 35,37 and 43
External scrutiny	ARRs – section 15.2	Page 44
Audit committee	ARRs – section 15.3	Pages 35 and 38
Internal audit	ARRs – section 15.4	Page 45
Information systems and recordkeeping	ARRs – section 15.5	Page 46
Governance – human resources		
Workforce planning and performance	ARRs – section 16.1	Pages 28-30
Early retirement, redundancy and retrenchment	*Directive No.11/12 Early Retirement, Redundancy and Retrenchment* ARRs – section 16.2	Page 30
Open Data		
Consultancies	ARRs – section 17 ARRs – section 34.1	Page 46
Overseas travel	ARRs – section 17 ARRs – section 34.2	
Queensland Language Services Policy	ARRs – section 17 ARRs – section 34.3	
Government bodies	ARRs – section 17 ARRs – section 34.4	
Financial statements		
Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 18.1	Pages 5-01 – 5-40
Independent Auditors Report	FAA – section 62 FPMS – section 50 ARRs – section 18.2	Pages 5-41 – 5-42
Remuneration disclosures	Financial Reporting Requirements for Queensland Government Agencies ARRs – section 18.3	Pages 5-30 – 5-32

Glossary of acronyms

ABF	Activity based funding
ACEM	Australasian College of Emergency Medicine
ACHS	Australian Council on Healthcare Standards
ACRRM	Australian College of Rural & Remote Medicine
ACWVET	Aged Care Workforce Vocational Education and Training
AH	Allied Health
AHMAC	Australian Health Ministers Advisory Council
AIDET	Acknowledge, Introduce, duration, explanation, thank you
AO	Administration Officer
APA	Australian Physiotherapy Association
APHRA	Australian Health Practitioner Regulation Agency
APP	Administrative Professional Program
ARP	Acute Resuscitation Plan
AODS	Alcohol and Other Drugs
BCS	Business Classification Standards
BPF	Business Planning Framework
CAF	Clinical Academic Fellowship
CALD	Culturally and Linguistically diverse
CaSS	Clinical and Statewide Services
CCTV	Closed Circuit Television
CCU	Coronary Care Unit
CEPS	Clinical Educator Preparation and Support
CFO	Chief Finance Officer
CHO	Chief Health Officer
CPoC	Consumer Perceptions of Care
CQU	Central Queensland University
CTG	Closing the Gap
DAMA	Discharge Against Medical Advice
DoH	Department of Health
DRG	Diagnosis Related Group
ED	Emergency Department
ERCP	Endoscopic Retrograde Cholangio Pancreatography
FACEM	Fellow, Australasian College for Emergency Medicine
FACRRM	Fellowship of Australian College of Rural and Remote Medicine
FTE	Full Time Employee
GPs	General Practitioners
HACC	Home and Community Care
HBCIS	Hospital Based Corporate Information System
HHS	Hospital and Health Service
HLO	Hospital Liaison Officer
HITH	Hospital in the Home
HHBR	*Hospital and Health Boards Regulation 2012*
HSCE	Health Service Chief Executive
MDMH&AODS	Mackay Division of Mental Health and AODS
MHHB	Mackay Hospital & Health Board
Mackay HHS	Mackay Hospital & Health Service
MOHRI	Minimum Obligatory Human Resource Information
MPHS	Multi-Purpose Health Service
ieMR	Integrated Electronic Medical Record
MRI	Magnetic Resonance Imaging
NA	Not applicable
NEAT	National Emergency Access Target
NEST	National Elective Surgery Target
NHS	National Health Standard
NPA	National Partnership Agreement
OO	Operational Officer
PaD	Performance and Development
PELCF	Prescribed Employer Local Consultative Forum
PHN	Primary Health Network
QH	Queensland Health
RACGP	Royal Australian College of General Practitioners
RANZOG	Royal Australian and New Zealand College of Obstetricians and Gynaecologists
RMF	Risk Management Framework
RTI/IP	Right to Information/Information Privacy
RTW	Return to Work
SBAR	Situation, Background, Assessment, Recommendation
SMS	Short Message Service
SOPD	Specialist Outpatients Department
SSU	Short Stay Unit
TEMSU	Telehealth Emergency Management Support Service
TMML	Townsville Mackay Medicare Local
VMO	Visiting Medical Officer
WAU	Weighted Activity Unit
WC	WorkCover
WELL	Workplace English, Language and Literacy Program
YTD	Year to Date

Mackay Hospital and Health Service

ABN 8742 789 6923

Financial Statements 2014–2015

Mackay Hospital and Health Service

Financial Statements 2014–2015

Contents

General Information

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

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

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

Mackay Base Hospital
475 Bridge Road
MACKAY QLD 4740

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 2015

	Notes	2015 $'000	2014 $'000
Income from Continuing Operations			
User charges and fees	2	24,908	22,697
Funding public health services	3	305,245	282,221
Grants and other contributions	4	9,997	9,742
Interest		66	58
Revaluation increment	5	-	10,872
Other revenue		5,964	5,678
Total revenue		346,180	331,267
Total Income from Continuing Operations		**346,180**	**331,267**
Expenses from Continuing Operations			
Employee expenses	6	27,402	1,733
Health service employee expenses	7	183,118	196,115
Other supplies and services	8	95,454	77,370
Depreciation and amortisation	13	18,757	15,208
Impairment losses		289	372
Revaluation decrement	5	2,945	-
Other expenses		5,542	4,732
Total Expenses from Continuing Operations		**333,507**	**295,531**
Operating Results from Continuing Operations		**12,673**	**35,737**
Other Comprehensive Income			
Items that will not be reclassified subsequently to Operating Result			
Increase/(decrease) in Asset Revaluation Surplus	14	(1,017)	21,537
Total items that will not be reclassified subsequently to Operating Result		(1,017)	21,537
Total Other Comprehensive Income		(1,017)	21,537
Total Comprehensive Income		**11,656**	**57,274**

The accompanying notes form part of these statements

QAO certified statements

Mackay Hospital and Health Service

Statement of Financial Position as at 30 June 2015

	Notes	2015 $'000	2014 $'000
Current Assets			
Cash and cash equivalents	9	72,799	66,073
Receivables	10	12,253	5,558
Inventories	11	2,191	1,645
Other		150	348
		87,393	73,625
Total Current Assets		**87,393**	**73,625**
Non-Current Assets			
Property, plant and equipment	12	435,771	360,159
Investment	26	-	-
Total Non-Current Assets		**435,771**	**360,159**
Total Assets		**523,164**	**433,784**
Current Liabilities			
Payables	13	19,558	21,368
Accrued employee benefits		717	25
Unearned revenue		-	58
Total Current Liabilities		**20,275**	**21,450**
Total Liabilities		**20,275**	**21,450**
Net Assets		**502,889**	**412,333**
Equity			
Contributed equity		417,823	338,924
Accumulated surplus/(deficit)		63,628	50,955
Asset revaluation surplus	14	21,438	22,455
Total Equity		**502,889**	**412,333**

The accompanying notes form part of these statements

QAO certified statements

Mackay Hospital and Health Service

Statement of Changes in Equity for the year ended 30 June 2015

	Accumulated Surplus $'000	Asset Revaluation Surplus (Note 14) $'000	Contributed Equity $'000	TOTAL *$'000*
Balance as at 1 July 2013	15,219	918	337,794	353,930
Operating Result from Continuing Operations	35,737	-	-	35,737
Other Comprehensive Income				
Increase in Asset Revaluation Surplus	-	21,537	-	21,537
Total Comprehensive Income for the year	35,737	21,537	-	57,274
Transactions with Owners as Owners:				
Net assets received (transferred during year via machinery-of-Government change) Note 1 (g)	-	-	9,574	9,574
Equity injections (Minor Capital works) Note 1 (d)	-	-	6,759	6,759
Equity withdrawals (Depreciation funding) Note 1 (d)	-	-	(15,202)	(15,202)
Total changes to contributed equity	-	-	1,130	1,130
Balance as at 30 June 2014	50,954	22,455	338,924	412,334
	$'000	**$'000**	**$'000**	***$'000***
Balance as at 1 July 2014	50,954	22,455	338,924	412,334
Operating Result from Continuing Operations	12,673	-	-	12,673
Other Comprehensive Income				
Increase/(Decrease) in Asset Revaluation Surplus	-	(1,017)	-	(1,017)
Total Comprehensive Income for the Year	12,673	(1,017)	-	11,656
Transactions with Owners as Owners:				
Net assets received (transferred during year via machinery-of-Government change) Note 1 (g)			93,654	93,654
Equity injections (Minor Capital works) Note 1 (d)			4,003	4,003
Equity withdrawals (Depreciation funding) Note 1 (d)	-	-	(18,757)	(18,757)
Net Transactions with Owners as Owners	-	-	78,900	78,900
Balance as at 30 June 2015	63,627	21,438	417,822	502,889

The accompanying notes form part of these statements

Mackay Hospital and Health Service

Statement of Cash Flows for the year ended 30 June 2015

	Notes	2015 $'000	2014 $'000
Cash flows from operating activities			
Inflows:			
User Charges and fees		26,066	21,104
Funding public health services		278,996	266,338
Grants and other contributions		9,948	9,323
Interest receipts		66	58
GST input tax credits from ATO		5,092	3,753
GST collected from customers		423	347
Other receipts		5,974	5,641
		326,565	**306,565**
Outflows:			
Employee expenses		(26,714)	(1,746)
Health service employee expenses		(188,125)	(193,473)
Other supplies and services		(92,757)	(73,956)
GST paid to suppliers		(5,606)	(3,914)
GST remitted to ATO		(470)	(320)
Other		(5,424)	(4,512)
		(319,096)	**(277,926)**
Net cash provided by (used in) operating activities	15	**7,469**	**28,638**
Cash flows from investing activities			
Inflows:			
Sales of property, plant and equipment		-	33
Outflows:			
Payments for property, plant and equipment		(4,746)	(7,262)
Net cash provided by (used in) investing activities		**(4,746)**	**(7,230)**
Cash flows from financing activities			
Inflows:			
Equity Injections		4,003	6,759
Net cash provided by (used in) financing activities		**4,003**	**6,759**
Net increase/(decreased) in cash and cash equivalents		**6,726**	**28,167**
Cash and cash equivalents at the beginning of the financial year		66,073	37,906
Cash and cash equivalents at the end of the financial year		**72,799**	**66,073**

The accompanying notes form part of these statements

QAO certified statements

Index of Notes

1. Summary of Significant Accounting Policies

(a) Statement of Compliance

The Hospital and Health Service has prepared these financial statements in compliance with section 62 (1) of the Financial *Accountability Act 2009* and section 43 of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury's *Minimum Reporting Requirements* for the year ending 30 June 2015, and other authoritative pronouncements.

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

(b) The Reporting Entity

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

(c) Trust Transactions and Balances

The Hospital and Health Service acts in a fiduciary trust capacity in relation to patient trust accounts. Consequently, these transactions and balances are not recognised in the financial statements. Although patient funds are not controlled by HHS, trust activities are included in the audit performed annually by the Auditor-General of Queensland. Note 20 provides additional information on the balances held in patient trust accounts.

(d) Funding for Provision of Public Health Services

Funding is received in accordance with Service Agreements with the Department of Health. The Department purchases delivery of health services based on nationally set funding and efficient pricing models determined by the Independent Hospital Pricing Authority (IHPA). The majority of services are funded on an activity unit basis. The service agreement is reviewed periodically and updated for changes in activities and prices of services delivered by MHHS. Funding is received fortnightly in advance. At the end of the financial year, a financial adjustment may be required where the level of services provided is above or below the agreed level. State funding is also provided for depreciation and minor capital works.

Depreciation funding

MHHS received $18.7 million funding in 2015 (2014: $15.2 million) from the Department of Health to account for the cost of depreciation. However as depreciation is a non-cash expenditure item, the Health Minister has approved a withdrawal of equity by the State for the same amount, resulting in a non-cash revenue and non-cash equity withdrawal.

Minor capital works

Purchases of equipment, furniture and fittings associated with capital works projects are managed by MHHS. In 2015 MHHS received $4 million (2014: $6.7 million) funding from the State as equity injections throughout the year. These outlays are paid by the Department of Health on behalf of the State.

1. Significant accounting policies continued

(e) Grants and Contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the Hospital and Health Service obtains control over them.

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

(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

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

In 2014, the Minister for Health signed an enduring designation of transfer for property, plant and equipment between Hospital & Health Services' (HHS) and the Department of Health. This transfer is recognised through equity when the Chief Finance Officers of both entities agree in writing to the transfer.

During this year a number of assets have been transferred under this arrangement.

	2015	2014
	$'000	$'000
Transfer in - practical completion of projects from the Department *	94,750	10,399
Net transfer of property plant and equipment "from/to" the Department	(1,122)	(750)
Net transfers equipment between HHSs	26	(75)
	93,654	9,574

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

(h) Special payments

Special payments include ex gratia expenditure and other expenditure that the HHS is not contractually or legally obligated to make to other parties. In compliance with the *Financial and Performance Management Standard 2009* , the HHS maintains a register setting out details of all special payments exceeding $5,000. The total of all special payments (including those of $5,000 or less) is within the catergory other expenses in the financial statements. There were no special payments greater than $5,000 in 2015.

(i) Cash and Cash Equivalents

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

(j) Receivables

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

Impairment of financial assets

Throughout the year, MHHS assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes financial difficulties of the debtor, changes in debtor credit ratings and current outstanding accounts over 120 days. The allowance for impairment reflects MHHS's assessment of the credit risk associated with receivables balances and is determined based on historical rates of bad debts (by category) over the past three years and management judgement. Increases in the allowance for impairment are based on loss events as disclosed in Note 21 (c). All known bad debts are written off when identified.

1. Significant accounting policies continued

(k) Inventories

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

(l) 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.

(m) Property, Plant and Equipment

Acquisition of Assets

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

Where assets are received free of charge from another Queensland Government entity (whether as a result of a machinery-of-Government change or other involuntary transfer), the acquisition cost is recognised as the gross carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated depreciation. Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from another Queensland Government entity, are recognised at their fair value at the date of acquisition in accordance with AASB 116 *Property, Plant and Equipment*.

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

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

Land improvements undertaken by MHHS are included with buildings.

(n) Revaluations of non-current physical assets

Land and buildings are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment*, AASB 13 *Fair Value Measurement* and Queensland Treasury and Trade's *Non-Current Asset Policies for the Queensland Public Sector (NCAP)*.

These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and impairment losses where applicable.

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

Plant and equipment, is measured at cost in accordance with NCAP. The carrying amounts for plant and equipment at cost should not materially differ from their fair value.

Land and building classes measured at fair value, are revalued on an annual basis either by comprehensive valuations or by the use of appropriate and relevant indices undertaken by independent professional valuers/quantity surveyors.

Comprehensive revaluations are undertaken at least once every five years. However if a particular asset class experiences significant and volatile changes in fair value, that class is subject to specific appraisal in the reporting period, where practical, regardless of the timing of the last specific appraisal.

Materiality concepts (according to the *Framework for the Preparation and Presentation of Financial Statements*) are considered in determining whether the difference between the carrying amount and the fair value of an asset is material (in which case revaluation is warranted).

1. Significant accounting policies continued

(n) Revaluations of non-current physical assets continued

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

The fair values reported by MHHS are based on appropriate valuation techniques that maximises the use of available and relevant observable inputs and minimise the use of unobservable inputs (refer to Note 1 (o)).

On revaluation/buildings are:

- revalued using a cost valuation method (e.g. Depreciated replacement cost). Accumulated depreciation is adjusted to equal the difference between the gross amount and the carrying amount, after taking into account accumulated impairment losses and changes in remaining useful life. This is generally referred to as the 'gross method'.

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

Reflecting the specialised nature of health service buildings and on hospital-site residential facilities, fair value is determined using depreciated replacement cost methodology. Depreciated replacement cost is determined as the replacement cost adjusted for the cost to bring an asset to current standards. Buildings are measured at fair value by applying either, a revised estimate of individual asset's depreciated replacement cost, or an interim index which approximates movement in market prices for labour and other key resource inputs, as well as changes in design standards as at reporting date. These estimates are developed by independent quantity surveyors.

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

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

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

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

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

1. Significant accounting policies continued

(n) Revaluations of non-current physical assets continued

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

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

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

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that asset class.

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

(o) Fair value measurement

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

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued, and include, but are not limited to, published sales data for land and residual dwellings. Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by MHHS include, but are not limited to, subjective adjustments made to observable data to take account of the specialised nature of health service buildings and on hospital-site residential facilities, including historical and current construction contracts (and/or estimates of such costs), and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

* level 1 - represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
* level 2 - represents fair value measurements that are substantially derived from inputs (other than quoted prices included in level 1) that are observable, either directly or indirectly; and
* level 3 - represents fair value measurements that are substantially derived from unobservable inputs.

None of MHHS's valuations of assets or liabilities are eligible for categorisation into level 1 of the fair value hierarchy. As 2013-14 was the first year of application of AASB 13 by MHHS, there were no transfers of assets between fair value hierarchy levels during this period. More specific fair value information about the HHS's property, plant and equipment is outlined in Note 12

1. Significant accounting policies continued

(p) Depreciation

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

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

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

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

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

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

Class	Depreciation rates
Building and improvements	1.0% - 9.0%
Plant and equipment	3.0% - 20.0%

(q) Impairment of non-current assets

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Refer also Note 1 (n).

When an asset is revalued using either a market or income valuation approach, any accumulated impairment losses at that date are eliminated against the gross amount of the asset prior to restating for the revaluation.

(r) 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.

(s) Financial instruments

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.

1. Significant accounting policies continued

(t) Employee benefits and Health Service labour expenses

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

(i) Health Service employee expenses

In 2014-15 the Mackay Hospital and Health Service was not a prescribed service and accordingly all non-executive staff (excluding senior medical officers and visiting medical officers under direct contract) were employed by the department. Provisions in the *Hospital and Health Boards Act* enable HHS to perform functions and exercise powers to ensure the delivery of its operational plan.

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

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

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

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

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

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Annual leave

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

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

Long Service Leave

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

1. Significant accounting policies continued

(t) Employee benefits and Health Service labour expenses continued

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 22 for the disclosures on key executive management personnel and remuneration.

(u) Unearned revenue

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

(v) 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.

The Insurance Arrangements for Public Health Entities Health Service enables Hospital and Health Services to be named insured parties under the department's policy. For the 2014-15 policy year, the premium was allocated to each HHS according to the underlying risk of an individual insured party. The Hospital and Health Service premiums cover claims from 1 July 2012, pre 1 July 2012 claims remain the responsibility of the department, however MHHS must pay the $20,000 excess payment on these claims.

Mackay Hospital and Health Service pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(w) Federal taxation charges

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

All FBT and GST reporting to the Commonwealth is managed centrally by the department, with payments/ receipts made on behalf of the 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 10.

(x) Issuance of Financial Statements

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

(y) Rounding and comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest $1,000 or, where that amount is $500 or less, to zero, unless disclosure of the full amount is specifically required. Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

1. Significant accounting policies continued

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

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year . Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. historical experience and other factors that are considered to be relevant, and are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods as relevant.

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

- Property, plant and equipment – Note 12
- Contingencies – Note 18

(aa) New and revised accounting standards

Mackay Hospital and Health Service did not voluntarily change any of its accounting policies during 2014-15. The Australian Accounting Standard applicable for the first time as from 2014-15 that had the most significant impact on MHHS's financial statements is AASB 1055 *Budgetary Reporting.*

AASB 1055 became effective from reporting periods beginning on or after 1 July 2014. In response to this new standard, MHHS has included in these financial statements a comprehensive new note "Budget v's Actual Comparison (Note 25). This note discloses MHHS's original published budgeted figures for 2014-15 compared to actual results, with explanations of major variances, in respect of the MHHS's Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows.

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

At the date of authorisation of the financial report, the following new or amended Australian Accounting Standards are expected to impact on the Mackay Hospital and Health Service in future periods.

The following new and revised standards apply as from reporting periods beginning on or after 1 January 2015:

. AASB 15 Revenue from Contracts with Customers;
. AASB 2014-1 Amendments to Australian Accounting Standards;
. AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & AASB 138];
. AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15; and
. AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Sector Entities.

"AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities* amends AASB 13 *Fair Value Measurement* effective from annual reporting periods beginning on or after 1 July 2016. The amendments provide relief from certain disclosures about fair values categorised as level 3 under the fair value hierarchy (refer to note 1(o)). Accordingly, the following disclosures for level 3 fair values in Note 12 will no longer be required:

. the disaggregation of certain gains/losses on assets reflected in the operating result;
. quantitative information about the significant unobservable inputs used in the fair value measurement; and
. a description of the sensitivity of the fair value measurement to changes in the unobservable inputs.

As the amending standard was released in early July 2015, the Mackay Hospital and Health Service has not early adopted this relief in these financial statements, as per instructions from Queensland Treasury. However, MHHS will be early adopting this disclosure relief as from the 2015-16 reporting period (also on instructions from Queensland Treasury)

From reporting periods beginning on or after 1 July 2016, MHHS will need to comply with the requirements of AASB 124 *Related Party Disclosures* . That accounting standard requires a range of disclosures about the remuneration of key management personnel, transactions with related parties/entities, and relationships between parent and controlled entities. MHHS already discloses information about the remuneration expenses for key management personnel (refer to note 22) in compliance with requirements from Queensland Treasury. Therefore, the most significant implications of AASB 124 for MHHS's financial statements will be the disclosures to be made about transactions with related parties, including transactions with key management personnel or close members of their families.

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.

1. Significant accounting policies continued

(ab) Other events

Payroll system

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

2. User charges and fees

	2015 $'000	*2014 $'000*
Pharmaceutical Benefit Scheme	7,538	6,675
Sales of goods and services	1,033	1,045
Hospital fees	16,337	14,976
	24,908	**22,697**

3. Funding public health services

National Health Reform*		
Activity based funding	221,915	196,229
Block funding	38,934	36,144
Teacher Training funding	7,744	1,835
Depreciation funding	18,757	15,202
General purpose funding	17,894	32,811
Total National Health Reform funding	**305,245**	**282,221**

* - refer Note 1 (d). The Australian Government pays it share of National Health funding directly to the Department of Health, for on forwarding to the Hospital and Health Service.

4. Grants and other contributions

Australian Government grants		
Home and community care grants*	3,525	3,448
Specific purpose payments ^	5,063	4,189
Total Australian Government grants	8,588	7,637
Other		
Other grants	1,410	2,105
	9,998	**9,742**

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

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

5. Revaluation increment/decrement

Revaluation increment*/(decrement)	**2,945**	**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.

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

6. Employee expenses

		2015 $'000	2014 $'000
Employee benefits			
Wages and Salaries		23,343	1,384
Annual leave levy*		1,512	149
Employer superannuation contributions*		1,708	141
Long service leave levy*		481	22
Employee related expenses			
Workers compensation premium		77	4
Payroll tax		-	28
Other employee related expense		282	5
	*	**27,403**	**1,733**

Employee expenses represent the cost of engaging board members and the employment of health executives, senior medical and visiting medical officer who are employed directly by the HHS.

Effective 4 August 2014, Senior Medical Officers and Visiting Medical Officers transitioned to individual employment contracts. As a direct employment relationship was established with MHHS (not the Department), all the associated employee related costs were recognised as employee benefits from the date of the contracts. This has resulted in a significant increase in employee expenses and FTE numbers in 2015 over the previous year.

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

	2015	2014
Number of Employees*	**76**	**5**

* Refer to Note 1 (t).

Key executive management and personnel are reported in Note 22.

7. Health service employee expenses

	2015 $'000	2014 $'000
Department of Health - health service employees	**183,118**	**196,115**

The Hospital and Health Service through service arrangements with the Department of Health has engaged 1,789 (2014: 1,753) full-time equivalent persons. Refer to Note 1 (t) (i) for further details on the contractual arrangements.

8. Other supplies and services

Consultants and contractors	14,341	5,178
Electricity and other energy	4,583	4,328
Patient travel#	10,235	9,541
Other travel	1,297	648
Building services	1,841	1,513
Computer services	1,585	1,350
Motor vehicles	185	248
Communications	3,321	1,936
Repairs and maintenance	8,197	6,776
Minor works including plant and equipment	851	790
Operating lease rentals	1,855	2,083
Outsourced supplies and services	2,763	2,383
Inventories consumed		
Drugs	16,971	16,320
Clinical supplies and services	13,153	11,709
Catering and domestic supplies	1,888	1,776
Pathology, blood and parts	8,798	8,308
Other	3,590	2,483
	95,454	**77,370**

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

9. Cash and cash equivalents

	2015 $'000	2014 $'000
Imprest accounts	8	7
Cash at bank*	71,507	64,822
QTC cash funds*	1,284	1,244
	72,799	**66,073**

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. The annual effective interest rate was 2.84% (2014: 3.43%).

*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 2015, amounts of $1.7 million (2014:$1.7 million) in General Trust, $869 thousand (2014:$847 thousand) for excess earnings under Granted Private Practice, were set aside for the specified purposes underlying the contribution.

10. Receivables

Trade debtors	3,384	4,805
Payroll receivables	3	1
Less: Allowance for impairment	(258)	(319)
Sub total	3,129	4,487
GST receivable	976	462
GST payable	(25)	(72)
Sub total	951	390
Funding public health services	8,173	682
Total	**12,253**	**5,558**

Movements in the allowance for impairment loss

Balance at beginning of the year	319	-
Balance transferred in on establishment of HHS	-	317
Amounts written off during the year	(206)	(211)
Increase/(decrease) in allowance recognised in operating result	144	213
Balance at the end of the year	**259**	**319**

Trade debtors includes receivables of $2,600 thousand. (2014: $1,600 thousand) from health funds (reimbursement of patient fees), $135 thousand (2014: $912 thousand) from Department of Health (recovery of costs) and $646 thousand (2014: $105 thousand) external debtors/health funds.

11. Inventories

Inventories held for distribution - at cost		
Medical supplies and equipment	2,127	1,578
Catering and domestic	63	67
	2,190	**1,645**

	2015 $'000	2014 $'000
12. Property, plant and equipment		
Land*		
At fair value	16,173	18,926
Buildings*		
At fair value	489,182	378,001
Less: Accumulated depreciation	(93,641)	(61,376)
	395,541	316,625
Plant and equipment		
At cost	45,911	44,729
Less: Accumulated depreciation	(22,593)	(20,633)
	23,318	24,096
Capital works in progress		
At cost	740	512
Total property, plant and equipment	**435,772**	**360,159**

* Refer Note 1 (n).

Land

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

In 2015, Mackay Hospital and Health Service engaged the State Valuation Service to comprehensively revalue all land holdings. The fair value of land was based on publicly available data on sales of similar land in nearby localities in the twelve months prior to the date of the revaluation. In determining the values, adjustments were made to the sales data to take into account the location of MHHS's land, its size, street/road frontage and access, and any significant restrictions. The extent of the adjustments made varies in significance for each parcel of land - refer to the reconciliation table later in this note for information about the fair value categorisation of the HHS's land.

The revaluation program resulted in a decrement of $3,200 thousand (2014: $658 thousand decrement) to the carrying amount of land.

Buildings

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, progressively over a maximum five year period. In determining the values reported in the accounts for MHHS buildings we have relied on the information provided by the independent valuers and quantity surveyors.

The balance of assets have had indices applied, approximating movement in market prices for labour and other key resource inputs, as well as changes in design standards as at reporting date. Refer Note 1 (n) & (o) for further details on the revaluation methodology applied.

The revaluation program resulted in a decline of $757 thousand (2014: $33,000 thousand increment) to the carrying amount of buildings.

Plant and Equipment

MHHS has plant and equipment with an original cost of $1,800 thousand and a written down value of zero still being used in the provision of services. Most of the items identified were medical equipment assets.

12. Property, plant and equipment continued

Property, Plant and Equipment Reconciliation	Land	Buildings	Plant & equipment	Work in progress	Total
	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July 2013	20,385	283,591	20,555	1,383	325,914
Acquisition major infrastructure transfers	-	10,399	-	-	10,399
Transfers in from other Queensland Government entities	-	-	734	-	734
Acquisitions	-	329	6,934	-	7,262
Donated assets	-	-	419	-	419
Disposals	-	-	(243)	-	(243)
Transfers out to other Queensland Government entities	(725)	(758)	(75)	-	(1,558)
Transfer between classes	(76)	975	(28)	(871)	-
Reversal Impairment losses recognised in operating surplus/(deficit)	-	31	-	-	31
Net revaluation increments/(decrements)*	(658)	33,067	-	-	32,409
Depreciation charge	-	(11,008)	(4,201)	-	(15,208)
Carrying amount at 30 June 2014	**18,926**	**316,625**	**24,096**	**512**	**360,159**

	Land	Buildings	Plant & equipment	Work in progress	Total
	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July 2014	18,926	316,625	24,096	512	360,159
Acquisition major infrastructure transfers	1,201	93,549	-	-	94,750
Transfers in from other Queensland Government entities	-	-	595	-	595
Acquisitions	-	804	3,202	740	4,746
Donated assets	-	-	49	-	49
Disposals	-	-	(118)	-	(118)
Transfers out to other Queensland Government entities	(749)	(933)	(7)	-	(1,689)
Transfer between classes	-	440	71	(511)	-
Net revaluation increments/(decrements)*	(3,204)	(757)	-	-	(3,961)
Depreciation charge	-	(14,187)	(4,570)	-	(18,757)
Carrying amount at 30 June 2015	**16,174**	**395,541**	**23,317**	**741**	**435,771**

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

12. Property, plant and equipment continued

Categorisation of fair values recognised as at 30 June 2015 (refer to note 1 (o)).

	Level 2 $'000		Level 3 $'000		Total $'000	
	2015	2014	2015	2014	2015	2014
Land	16,174	18,926	0	0	16,174	18,926
Buildings	-	-	395,541	316,625	395,541	316,625

MHHS has three land lots classified as reserve in nature. Reserved land is land dedicated by the Minister for a community purpose. Reserves are not sold and therefore there are no directly observable inputs. This land can only be sold when un-gazettted and converted to freehold by the state. Property sales and values derived from the Queensland market assist the determination of values for reserves. To derive a value for reserved land considering current restrictions and classifications, valuations reference sales of land of a restricted nature. Where sales of land with a potential alternate use are used, appropriate allowance is included to reflect the nature of the restrictions on the land.

All buildings (and land improvements) have historically been valued using depreciated replacement cost methodology and accordingly are assigned a level 3 fair value hierarchy. The majority of buildings controlled by MHHS reflect the specialised nature of health service buildings and on hospital-site residential facilities. These facilities are considered to already be used at highest and best use, taking into consideration the tests of physically possible, financially feasible and legally permissible.

Level 3 fair value reconciliation (Refer Note 1 (o))

	Land 2014 $'000	Buildings 2014 $'000	Total 2014 $'000
Carrying amount at 1 July 2013	1,147	283,591	284,738
Acquisition major infrastructure transfers	-	10,399	10,399
Acquisitions	-	329	329
Transfers out to other Queensland Government entities	-	(758)	(758)
Transfer between classes	-	975	975
Reversal Impairment losses recognised in operating surplus/(deficit)	-	31	31
Net revaluation increments/(decrements)*	-	33,067	33,067
Depreciation charge		(11,008)	(11,008)
Carrying amount at 30 June 2014	1,147	316,625	317,772

	Land 2015 $'000	Buildings 2015 $'000	Total 2015 $'000
Carrying amount at 1 July 2014	1,147	316,625	317,772
Acquisition major infrastructure transfers	-	93,549	93,549
Acquisitions	-	804	804
Transfers out to other Queensland Government entities	-	(933)	(933)
Transfer between classes		440	440
Reversal Impairment losses recognised in operating surplus/(deficit)	-	-	-
Net revaluation increments/(decrements)*	111	(757)	(646)
Depreciation charge	-	(14,187)	(14,187)
Carrying amount at 30 June 2015	1,258	395,541	396,799

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12. Property, plant and equipment continued

Level 3 significant valuation inputs and relationship to fair value

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

Description	Significant unobservable inputs	Unobservable inputs quantitive measures Ranges used in valuations	
Buildings - health service sites fair value $102 million			
	Replacement cost estimates	Hospitals $667,159 to $69,408,944 Other buildings $30,417 to $1,362,744	Replacement cost based on tender pricing and historical building cost data. An increase in the estimated replacement cost would increase the fair value of the assets. A decrease in the estimated replacement cost would reduce the fair value of the assets.
	Remaining lives estimate	11 years to 38 years	The remaining useful lives are based on industry benchmarks. An increase or decrease in the estimated remaining useful lives would have no impact on the fair value of the assets. However, such changes would impact on the depreciation.
	Cost to bring to current standards	Hospitals $0 to $ 5,073,885 Other buildings $ 1,801 to $ 311,168	Costs to bring to current standards are based on tender pricing and historical building cost data. An increase in the estimated costs to bring to current standards would reduce the fair value of the assets. A decrease in the estimated costs to bring to current standards would increase the fair value of the assets.
	Condition rating	1 to 4	The condition rating is based on the physical state of the assets. An improvement in the condition rating (possible high of 1) would increase the fair value of the assets. A decline in the condition rating (possible low of 5) would reduce the fair value of the assets.

For further information on Condition Ratings refer to Note 1 Significant Accounting Policies (n) Property, plant and equipment. The condition rating of an asset is used as a mechanism to determine the cost to bring to current standards and also to estimate the remaining life. There are no other direct or significant relationships between the unobservable inputs which materially impact fair value.

Change in estimate
During the financial year, MHHS revised the useful lives of buildings revalued to reflect the estimated remaining useful life. The impact of this change in estimate is not considered material.

13. Payables

	2015 $'000	2014 $'000
Trade creditors	12,459	9,260
Accrued health service labour - Department of Health*	7,091	12,098
Other	8	9
	19,558	**21,368**

* Refer Note 1 (t) (ii)

14. Asset revaluation surplus by class

Land		
Balance at the beginning of the financial year	260	-
Revaluation increment/(decrement)	(260)	260
Impairment gain through equity	-	-
Balance at the end of the financial year	-	260
Buildings		
Balance at the beginning of the financial year	22,195	-
Revaluation increment/(decrement)	(757)	22,195
Balance at the end of the financial year	21,438	22,195
Total	**21,438**	**22,455**

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

15. Cash flows

	2015 $'000	2014 $'000
Reconciliation of operating result to net cash flows from operating activities		
Operating Result	12,673	35,737
Non-cash movements :		
Depreciation and amortisation	18,757	15,208
Depreciation grant funding	(18,757)	(15,202)
Revaluation decrement	2,945	(10,872)
Net (gain)/loss on disposal/revaluation of non-current assets	118	210
Reversal impairment loss on plant and equipment	-	(31)
Impairment losses	289	372
Donated assets	(49)	(419)
Change in assets and liabilities:		
(Increase)/decrease in receivables	1,213	(1,651)
(Increase)/decrease in funding receivables	(7,491)	(682)
(Increase)/decrease in GST receivables	(514)	(161)
(Increase)/decrease in inventories	(691)	(111)
(Increase)/decrease in prepayments	199	192
Increase/(decrease) in accounts payable	3,198	3,333
Increase/(decrease) in accrued contract labour	(5,008)	2,642
Increase/(decrease) in unearned revenue	(58)	58
Increase/(decrease) in accrued employee benefits	692	(12)
Increase/(decrease) in GST payable	(47)	27
Total non-cash movements	(5,204)	(7,100)
Cash flows from operating activities	**7,469**	**28,638**

16. 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 1 (g).

17. Expenditure commitments

(a) Non-cancellable operating leases

	2015 *$'000*	*2014* *$'000*
Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:		
Not later than one year	226	249
Later than one year and not later than five years	21	287
Total	**247**	**536**

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

(b) Capital expenditure commitments

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

	2015 $'000 Plant and Equipment	2014 $'000 Plant and Equipment
Not later than 1 year	316	592
	316	**592**

18. Contingent assets and liabilities

(a) Litigation in progress

As at 30 June 2015, the following cases were filed in the courts naming the State of Queensland acting through the Mackay Hospital and Health Service as defendant:

	2015 Number of cases	2014 Number of cases
Supreme Court	-	-
Magistrates Court	-	-
Tribunals, commissions and boards	2	2
	2	2

Health litigation is underwritten by the Queensland Government Insurance Fund (QGIF). MHHS's liability in this area is limited to an excess per insurance event of $20 thousand - refer Note 1(v). As at 30 June 2015, MHHS has 25 claims currently managed by QGIF, some of which may never be litigated or result in payments to claims (excluding initial notices under Personal Injuries Proceedings Act). Tribunals, commissions and board figures represent the matters that have been referred to QGIF for management. Mackay HHS's legal advisers and management believe it would be misleading to estimate the final amounts payable (if any) in respect of the litigation before the courts at this time.

One Industrial matter is at present before the courts.

19. Granted private practice

Implemented on 4 August 2014, the Right of Private Practice system was replaced with the Granted Private Practice system and permits Senior Medical Officers (SMOs) employed in the public health system to treat individuals who elect to be treated as private patients. SMOs receive a private practice allowance subject to performance measures and assign private practice revenue generated to the Hospital (Assignment arrangement). Alternatively SMOs pay a facility charge and administration fee to the Hospital and retain an agreed proportion of the private practice revenue (Retention arrangement) with the balance of revenue deposited into a trust account to fund research and education of medical staff. In addition all SMOs engaged in private practice receive an incentive on top of their regular remuneration. Receipts and payments relating to both the granted private practice arrangements and right of private practice system during the financial year are as follows:

	2015	*2014*
Receipts	$'000	$'000
Billings - (Doctors and Visiting Medical Officers)	7,662	7,365
Interest	12	11
Total receipts	7,674	7,376
Payments		
Payments	7,144	6,910
Hospital and Health Service recoverable administrative costs	442	316
Hospital and Health Service education/travel fund	64	89
Total payments	7,650	7,315
Closing balance of bank account under a trust fund arrangement not yet disbursed, and not restricted cash	693	669

20. Fiduciary trust transactions and balances

MHHS acts in a custodial role in respect of these transactions and balances. As such, they are not recognised in the financial statements, but are disclosed below for information purposes. The activities of trust accounts are audited by the Queensland Audit Office (QAO) on an annual basis.

	2015	2014
Patient Trust receipts and payments	$'000	$'000
Receipts		
Patient trust receipts	6	7
Total receipts	6	7
Payments		
Patient trust related payments	6	10
Total payments	6	10
Increase/decrease in net patient trust assets	-	(3)
Patient trust assets opening balance 1 July 2014	-	3
Patient Trust assets closing balance	-	-
Patient trust assets		
Current assets		
Cash at bank and on hand	-	-
Patient trust and refundable deposits	-	-
Total current assets	-	-

21. Financial Instruments

(a) Categorisation of financial instruments

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

Category	***Note***	***2015 $'000***	***2014 $'000***
Financial assets			
Cash and cash equivalents	9.	72,799	66,073
Receivables	10.	12,253	5,558
Total		**85,052**	**71,631**
Financial liabilities			
Financial liabilities measured at amortised cost:			
Payables	13.	19,558	21,368
Total		**19,558**	**21,368**

21. Financial Instruments continued

(b) Financial risk management

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

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

Risk Exposure	*Measurement method*
Credit risk	Ageing analysis, cash inflows at risk
Liquidity risk	Monitoring of cash flows by active management of accrual accounts
Market risk	Interest rate sensitivity analysis

(c) 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.

(d) Credit risk exposure

Credit risk in cash is considered minimal.

Maximum exposure to credit risk	***Note***	***2015 $'000***	***2014 $'000***
Trade and other Receivables	10	12,253	5,558

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.

No collateral is held as security and no credit enhancements relate to financial assets held by MHHS. (2014:Nil)

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position. (2014:Nil)

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

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

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

Impairment loss expense for the current year regarding receivables is $258 thousand (2014: $213 thousand).

21. 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 2015

	Not overdue $'000	Overdue $'000 Less than 30 days	30-60 days	61-90 days	More than 90 days	Total
Receivables	8,859	1,726	809	351	508	12,253
Total	**8,859**	**1,726**	**809**	**351**	**508**	**12,253**

Financial assets past due but not impaired 2014 -

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

* Mackay HHS does not individually impair receivables. Refer Note 1 (j)

(e) 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 $3,000 thousand (2014: $3,000 thousand) under Whole-of-Government banking arrangements to manage any short term cash shortfalls has been established. No funds had been withdrawn against this debt facility as at 30 June 2015, (2014:Nil).

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

(f) Market risk

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

MHHS does not trade in foreign currency and is not materially exposed to commodity price changes.
MHHS has interest rate exposure on the 24 hour call deposits, however there is no significant market risk on its cash deposits. The HHS does not undertake any hedging in relation to interest rate risk.

(g) Interest rate sensitivity analysis

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

2015 Interest rate risk

Financial instrument	*Carrying amount*	-1%		1%	
		Profit	*Equity*	*Profit*	*Equity*
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Cash and cash equivalents	1,284	(13)	-	13	-
Potential impact		(13)	-	13	-

2014 Interest rate risk

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

With all other variables held constant, MHHS would have a surplus and equity increase/(decrease) of $13 thousand (2014: $12 thousand).

22. 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 2014-15. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities	Current Incumbents	
		Contract classification and appointment authority	Date appointed to position (date resigned from position)
Health Service Chief Executive - Ms.Clare Douglas	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)).	15 September 2014.
A/Health Service Chief Executive - Ms.Danielle Hornsby	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)).	23 May 2014.
Chief Operations Officer-Ms.Rhonda Morton	Responsible to the Chief Executive for the strategic and operational management of the service divisions within Mackay, and corporate services functions of the MHHS.	HES 2 Appointed by Chief Executive	1 July 2013.
Chief Finance Officer -Mr Mark Cawthorne	Responsible to the Chief Executive to ensure the financial and fiscal responsibilities of the HHS are met. Provides governance arrangements to meet financial performance targets and imperatives. Provides strategic and financial advice in all aspects of finance management and activity performance.	HES 2 Appointed by Chief Executive	1 July 2013.
Executive Director Rural Services - MsTerry Johnson	Responsible to the Chief Executive for the leadership and operational management of the rural facilitites within the MHHS.	HES 2 Appointed by Chief Executive	1 July 2013.
Executive Director, People and Culture - Ms Leila Barrett	Responsible to the Chief Executive for the management of people and cultural issues within the MHHS. Provides strategic development and strategies to acheive maximum employee engagement, safety and productivity and to ensure the HHS's capacity to attract and retain the skilled resources required.	HES 2 Appointed by Chief Executive	21 Oct 2013.
Executive Director Clinical Services -Dr David Farlow	Responsible to the Chief Executive for clinical governance and leadership and direction of clinical services across the HHS. Provides executive leadership, strategic focus, authorative counsel and expert advice on a wide range of professional and policy issues that meet safe clinical practice standards.	MMOI1-MMOI2 Appointed by Chief Executive	17 September 2009.
A/Executive Director Clinical Services -Dr Yi Mein Koh	Responsible to the Chief Executive for clinical governance and leadership and direction of clinical services across the HHS. Provides executive leadership, strategic focus, authorative counsel and expert advice on a wide range of professional and policy issues that meet safe clinical practice standards.	MMOI1-MMOI2 Appointed by Chief Executive	12 January 2015.
District Director Nursing Services - Ms Julie Rampton	Responsible to the Chief Executive for strategic and professional leadership of nursing workforce across MHHS.	NRG11 Appointed by Chief Executive	30 May 2011.
Executive Director Allied Health-Ms Danielle Hornsby	Responsible to the Chief Executive for strategic and professional leadership of the health practitioner workforce across MHHS. Responsible for operational management of Clinical Support Functions across MHHS.	DHSEA-HP	01 July 2012.
A/Executive Director Allied Health-Ms Clare Badenhorst	Responsible to the Chief Executive for strategic and professional leadership of the health practitioner workforce across MHHS. Responsible for operational management of Clinical Support Functions across MHHS.	DHSEA-HP	26 May 2014.

22. Key executive management personnel and remuneration continued

(b) Remuneration

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

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

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

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

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

22. Key executive management personnel and remuneration continued.

1 July 2013 - 30 June 2014

Position (date resigned if applicable)	*Short Term Employee Benefits*		*Long Term Employee Benefits*	*Post Emp. Benefits*	*Termination Benefits*	*Total Remuneration*
	Base $'000	*Non-Monetary Benefits $'000*	*$'000*	*$'000*	*$'000*	*$'000*
Health Service Chief Executive - Mr.Kerry McGovern	300	-	6	32	-	338
A/Health Service Chief Executive - Ms.Danielle Hornsby	21	-	-	3	-	24
Chief Operations Officer-Ms.Rhonda Morton	148	-	4	19	-	171
Chief Finance Officer -Mr Mark Cawthorne	163	-	4	19	-	186
Executive Director Rural Services - MsTerry Johnson	142	-	4	18	-	164
Executive Director, People and Culture - Ms Leila Barrett	114	-	3	10	-	127
Executive Director Clinical Services -Dr David Farlow	454	2	5	41	-	502
District Director Nursing Services - Ms Julie Rampton	163	-	4	18	-	185
Executive Director Allied Health-Ms Danielle Hornsby	126	-	3	17	-	146
A/Executive Director Allied Health-Ms Clare Badenhorst	17	-	-	2	-	19
Executive Director, People and Culture - Ms Raelene Burke	73	-	(7)	5	2	73

22. Key executive management personnel and remuneration continued.

(b) Remuneration continued.

1 July 2014 - 30 June 2015

Position (date resigned if applicable)	*Short Term Employee Benefits*		*Long Term Employee Benefits*	*Post Emp. Benefits*	*Termination Benefits*	*Total Remuneration*
	Base $'000	*Non-Monetary Benefits $'000*	*$'000*	*$'000*	*$'000*	*$'000*
Health Service Chief Executive - Ms.Clare Douglas	258	3	5	23	-	289
A/Health Service Chief Executive - Ms.Danielle Hornsby	32	-	1	4	-	37
Chief Operations Officer-Ms.Rhonda Morton	149	-	3	14	-	166
Chief Finance Officer -Mr Mark Cawthorne	175	-	3	17	-	195
Executive Director Rural Services - MsTerry Johnson	176	-	3	17	-	196
Executive Director, People and Culture - Ms Leila Barrett	190	-	4	15	-	209
Executive Director Clinical Services -Dr David Farlow	417	1	9	28	-	455
A/Executive Director Clinical Services -Dr Yi Mein Koh	190		4	15	-	209
District Director Nursing Services - Ms Julie Rampton	206	-	4	20	-	230
Executive Director Allied Health-Ms Danielle Hornsby	38	-	-	5	-	43
A/Executive Director Allied Health-Ms Clare Badenhorst	85	-	-	3	-	88

22. Key executive management personnel and remuneration continued

(c) Board remuneration

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

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

Remuneration paid or owing to board members during 2014-15 was as follows:

Board Member	*Short Term Employee Benefits*		*Post Emp. Benefits*	*Total Remuneration*
	Base $'000	*Non-Monetary Benefits $'000*	*$'000*	*$'000*
Mr. Colin Meng	79		7	86
Mr.Darryl Camilleri	50		4	54
Mr.David Aprile	47		4	51
Mr.Tom McMillan	44		4	48
Professor Richard Murray	43		4	47
Dr.Judith(Helen) Archibald	39		4	43
MS Laura Veal	44		4	48
Mr. John Nugent	44		4	48

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

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

Board Member	*Short Term Employee Benefits*		*Post Emp. Benefits*	*Total Remuneration*
	Base $'000	*Non-Monetary Benefits $'000*	*$'000*	*$'000*
Mr. Colin Meng	66	-	6	72
Mr.Darryl Camilleri	34	-	3	37
Mr.David Aprile	33	-	3	36
Mr.Tom McMillan	33	-	3	36
Professor Richard Murray	33	-	3	36
Dr.Judith(Helen) Archibald	33	-	3	36
MS Laura Veal	35	-	3	38
Mr. John Nugent	28	-	2	30

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

23. Auditors remuneration disclosure

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

	2015 $	2014 $
Audit services - Queensland Audit Office		
Audit of financial Statements	165,000	166,000

24. Related party transactions

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

Key Management personnel
Disclosures relating to key management personnel are set in Note 22.

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.

25. Budget vs actual comparison

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

Statement of Comprehensive Income

	Variance Notes	Original Budget 2015 $'000	Actual 2015 $'000	Variance $'000	Variance % of Budget
Income from continuing operations					
User charges and fees	1	21,395	24,908	3,513	16%
Funding public health services	2	288,307	305,245	16,938	6%
Grants and other contributions		9,198	9,997	799	9%
Interest		66	66	0	0%
Other revenue		1,864	5,964	4,100	220%
Total revenue		**320,830**	**346,180**	**25,350**	
Total income from continuing operations		**320,830**	**346,180**	**25,350**	
Expenses from continuing operations					
Employee expenses	3	296	27,402	27,106	9158%
Health service employee expenses	4	199,746	183,118	(16,628)	-8%
Other supplies and services	5	100,131	95,454	(4,677)	-5%
Depreciation and amortisation		19,607	18,757	(850)	-4%
Impairment losses		215	289	74	35%
Revaluation decrement		-	2,945	2,945	0%
Other expenses		835	5,542	4,707	564%
Total expenses from continuing operations		**320,830**	**333,507**	**12,678**	
Operating result for the year		**-**	**12,674**	**12,673**	
Other comprehensive income					
Items that will not be reclassified subsequently to operating result					
Increase in asset revaluation surplus	6	9,938	(1,017)	(10,955)	
Total other comprehensive income		9,938	(1,017)	(10,955)	
Total comprehensive income		**9,938**	**11,656**	**1,718**	

25. Budget vs actual comparison continued

Statement of Financial Position

	Variance Notes	Original Budget 2015 $'000	Actual 2015 $'000	Variance $'000	Variance % of Budget
Current Assets					
Cash and cash equivalents	7	39,672	72,799	33,127	84%
Receivables	8	3,489	12,253	8,764	251%
Inventories		1,732	2,191	459	26%
Other		618	150	(468)	-76%
		45,511	87,393	41,882	
Total Current Assets		**45,511**	**87,393**	**41,882**	
Non-Current Assets					
Property, plant and equipment		442,119	435,771	(6,348)	-1%
Total Non-Current Assets		**442,119**	**435,771**	**(6,348)**	
Total Assets		**487,630**	**523,164**	**35,534**	
Current Liabilities					
Payables		18,156	19,558	1,402	8%
Accrued employee benefits		37	717	680	1837%
Total Current Liabilities		**18,193**	**20,275**	**2,082**	
Total Liabilities		**18,193**	**20,275**	**2,082**	
Net Assets		**469,437**	**502,889**	**33,452**	
Equity	9	**469,437**	**502,889**	**33,452**	

25. Budget vs actual comparison continued

Statement of Cash Flows	Variance Notes	Original Budget 2015 $'000	Actual 2015 $'000	Variance $'000	Variance % of Budget
Cash flows from operating activities					
Inflows:					
User Charges	1	21,248	26,066	4,818	23%
Funding public health services	2	268,700	278,996	10,296	4%
Grants and other contributions		9,198	9,948	750	8%
Interest receipts		66	66	0	0%
GST input tax credits from ATO		5,300	5,092	(208)	-4%
GST collected from customers		347	423	76	22%
Other receipts		1,864	5,974	4,110	220%
		306,723	326,565	19,842	
Outflows:					
Employee expenses	3	(296)	(26,714)	(26,418)	8925%
Health service employee expenses	4	(199,746)	(188,125)	11,621	-6%
Supplies and services	5	(98,486)	(92,757)	5,729	-6%
GST paid to suppliers		(5,304)	(5,606)	(302)	6%
GST remitted to ATO		(347)	(470)	(123)	35%
Other		(849)	(5,424)	(4,575)	539%
		(305,028)	**(319,096)**	**(14,068)**	
Net cash provided by (used in) operating activities		**1,695**	**7,468**	**5,773**	
Cash flows from investing activities					
Inflows:					
Sales of property, plant and equipment		-	-	-	0%
Outflows:					
Payments for property, plant and equipment	10	(2,667)	(4,746)	(2,079)	78%
Net cash provided by (used in) investing activities		**(2,667)**	**(4,746)**	**(2,079)**	
Cash flows from financing activities					
Inflows:					
Equity Injections	11	2,667	4,003	1,336	50%
Net cash provided by (used in) financing activities		**2,667**	**4,003**	**1,336**	
Net increase/(decreased) in cash and cash equivalents		**1,695**	**6,725**	**5,030**	
Cash and cash equivalents at the beginning of the financial year		37,977	66,073	-28,096	-74%
Cash and cash equivalents at the end of the financial year		**39,672**	**72,798**	**(33,126)**	

25. Budget vs actual comparison continued

Explanation of major variances.

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

1 User charges

Statement of Comprehensive Income

User charges exceeded budget by $3,513 thousand for the year ended 30 June 2015. The increase is primarily attributable to an increase in sale of goods and services by $1,775 thousand; and an increase in hospital fees by $1,806 thousand with other minor offsets.

The variances were attributalve to the recoveries from the Private Practice and Child Dentist Benefits Schedule of $1,294 thousand and increased reimbursements from the Pharmaceutical Benefits Scheme ($862 thousand, included in sale of goods and services above). Increased activity in the private shared bed fees, the main reason for the variance in respect of hospital fees.

Cashflows

Actual cash flows exceeded budget by $4,818 thousand. The key contributors to this are largely consistent with the reasons set out above.

2 Funding public health services

Statement of Comprehensive Income

Funding for public health services exceeded the SDS budget by $16,938 thousand for the year ended 30 June 2015. The increase is primarily attributable to an increase in ABF funding by $8,448 thousand; and an increase in system manager funding by $10,268 thousand with other minor offsets.
.
The difference in regards to ABF funding was largely in respect of additional funding received through exceeding activity targets. This accounts for $4,626 thousand of the increase. The remaining $3,822 thousand relates to a number of smaller miscellaneous funding adjustments which includes additional funding received due to higher than budgeted endoscopy treatments ($976 thousand) and a further $500 thousand not originally budgeted for as the result of achieving waitlist targets.

Cashflows

Actual cashflows exceeded budget by $10,296 thousand. The key contributors to this are largely consistent with the reasons set out above, adjusted for $8,173 thousand of Funding Public Health Services which is receivable at year end.

3 Employee expenses

Statement of Comprehensive Income

Employee expenses were $27,402 thousand compared to $296 thousand as per the SDS budget. The increase is primarily attributable to the reclassification of the cost of engaging senior medical officers from health service employee expenses to employee expenses. Effective 4 August 2014, senior medical officers and visiting medical offices transitioned to individual employment contracts. As a direct employment relationship was established with the HHS, all associated employee costs were recorded under employee expenses instead of health services employee expenses.

Cashflows

Actual cashflows exceeded budget by $26,418 thousand. The key contributors to this are largely consistent with the reasons set out above.

4 Health service employee expenses

Statement of Comprehensive Income

Employee expenses were below budget by $16,628 thousand for the year ended 30 June 2015. The reduction is primarily attributable to the reclassification of the cost of engaging senior medical officers from health service employee expenses to employee expenses (as noted above).
The reduction on the above account is partially offset by an increase in health service employee expenses on account of an increase in the number of FTE's.

Cashflows

Actual cashflows were below budget by $11,621 thousand. The key contributors to this are largely consistent with the reasons set out above adjusted for a reduction in the amount payable to employees at year end (increasing cash outflows) by $5,007 thousand.

25. Budget vs actual comparison continued

5 Other supplies and services

Statement of Comprehensive Income

Other supplies and services expenditure was below budget by $4,677 thousand for the year ended 30 June 2015. The reduction is primarily attributable to a reduction in general expenditure by $18,367 thousand. This is primarily attributable to a reduction in expenses as compared to the original budget on the back of cost savings initiatives. In particular, $3,080 thousand relates to catering and domestic supplies:

The reduction is partially offset by:

- An increase in payments to contractors by $9,067 thousand on account of increased outsourced activity to meet activity targets and managing vacancies;
- An increase in repairs and maintenance expenses $3,633 thousand; and
- An increase in travel expenses by $1,757 thousand primarily in relation to increased travel costs associated with the outsourcing of key roles as the result of managing vacancies.

Cashflows

Actual cashflows were less than budget by $5,729 thousand. The key contributors to this are largely consistent with the reasons set out above.

6 Other comprehensive income
Increase in asset revaluation surplus

The asset revaluation surplus was $1,017 thousand as opposed to an increase as per the budget of $9,938 thousand. In the financial year 2015, a revaluation decrement was recognised for both land and buildings.

7 Cash and cash equivalents

Cash and cash equivalents have increased by $33,127 thousand from $39,672 thousand as per the SDS budget to $72,799 thousand for the year ended 30 June 2015. The increase is primarily attributable to a difference in the budgeted opening cash balance in comparison to actual opening cash balance ($66,073 thousand). This was largely attributable to last year's surplus and the timing of the budget. The increase in the cash and cash equivalents is also reflective of the performance of the hospital and significant operating surplus for the year.

8 Receivables

Receivables have increased by $8,764 thousand from $3,489 thousand as per the SDS budget to $12,253 thousand for the year ended 30 June 2015. The increase is primarily attributable to an increase in accrual of revenue from services receivable from the department for public health services aggregating $8,173 thousand.

9 Equity

The Equity is split into 3 main areas, Contributed equity, Accumulated Surplus and asset revaluation surplus. Equity was $33,452 thousand over the budget. This is attributable to the following:

- Contributed equity was higher than budget following the transfer of Block A & B buildings at Mackay Base Hospital for $81,100 thousand which was higher than budget. Other variations to budget relate to non appropriated equity injections and withdrawals associated with minor capital works as well as depreciation funding.
- The budgeted accumulated surplus was impacted by a $12,674 thousand surplus for the year (budget of nil) and also a difference between the final 30 June 2014 accumulated surplus compared to budget. The operating result for the year was $12,674 thousand which (as discussed above) was largely attributable to exceeding budget by $16,938 thousand for Funding public health services as well as exceeding budget for user charges and fees plus other revenue. This was partially offset by higher employee related expenses of $10,478 thousand.
- Asset revaluation surplus was $10,955 less than budget as a result of a decline in land and building valuations.

10 Cash flows - payments for property, plant and equipment

Payments for property, plant and equipment were higher than budgeted by $2,079 thousand following the purchase of additional medical equipment, computer hardware and engineering equipment.

11 Cash flows - equity injections

Higher than forecast health technology equipment purchases in 2014-15 has been matched by higher equity injections from the Department of Health.

26. Investment in North Queensland Primary Health Network Limited

North Queensland Primary Health Network Limited (NQPHNL) was established as a public company limited by guarantee on 21 May 2015. Mackay Hospital and Health Service is one of five founding members along with Cairns and Hinterland Hospital and Health Service, Torres and Cape Hospital and Health Service, the Pharmacy Guild of Australia (Queensland Branch) and FNQ Docs Inc with each member holding one voting right in the company. In approving the establishment of the company, the Under Treasurer requested that Townsville Hospital and Health Service also become a member of the company. This had not occurred prior to 30 June 2015.

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

As each member has the same voting entitlement, it is considered that none of the individual members has power over NQPHNL (as defined by AASB 10 Consolidated Financial Statements) and therefore none of the members individually control NQPHNL. While Mackay Hospital and Health Service currently has 20% of the voting power of the NQPHNL and may be presumed to have significant influence (in accordance with AASB 128 Investments in Associates and Joint Ventures), the fact that each other member also has 20% voting power limits the extent of any influence that Mackay Hospital and Health Service may have over NQPHNL.

Voting power would be further diminished once Townsville Hospital and Health Service becomes a member of the company. Each member's liability to NQPHNL is limited to $10. NQPHNL is legally prevented from paying dividends to its members and its constitution also prevents any income or property of the Company being transferred directly or indirectly to or amongst the Members. As NQPNHL is not controlled by Mackay HHS and is not considered a joint operation or an associate of Mackay HHS, financial results of NQPHNL are not required to be disclosed in these statements.

Mackay Hospital and Health Service

Certificate of Mackay Hospital and Health Service

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

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

b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Mackay Hospital and Health Service for the financial year ended 30 June 2015 and of the financial position of the Hospital and Health Service at the end of that year.

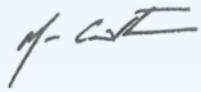
c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.

Chairperson, Mr Colin Meng
GAICD and FAIM

Chair, MHH Board
27/8/15

Ms. Clare Douglas
B App Sci(Nursing),
Grad Dip Health Admin,
M Management,
GACID.

Chief Executive Officer
27/8/15



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

Chief Finance Officer
27/Aug/2015.

QAO
certified statements

Mackay Hospital and Health Service

Independant Auditor's Report

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 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Chairperson, Chief Executive Officer and Chief Finance Officer.

The Board's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

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

Opinion

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

(a) I have received all the information and explanations which I have required; 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 2014 to 30 June 2015 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.

D J OLIVE CPA
as Delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane

Queensland
Government

Mackay Hospital and Health Service

2015