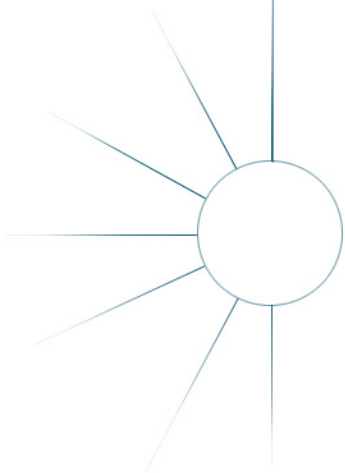




# Hawthorn Hospital



Annual Report 2001/2002



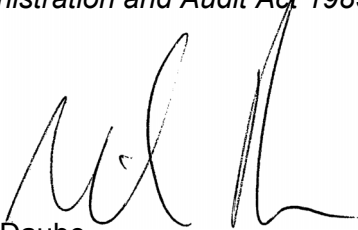
# Statement of Compliance

To the Hon Bob Kucera MLA

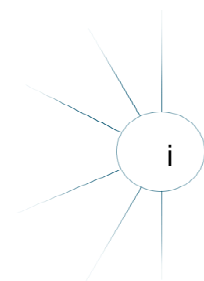
## **MINISTER FOR HEALTH**

In accordance with Section 66 of the *Financial Administration and Audit Act 1985*, I hereby submit for your information and presentation to Parliament, the Report of Hawthorn Hospital for the year ended 30 June 2002.

This report has been prepared in accordance with the provisions of the *Financial Administration and Audit Act 1985*.



Mike Daube  
**DIRECTOR GENERAL**  
**DEPARTMENT OF HEALTH**  
6 December 2002



## ANNUAL REPORT

The past year has seen significant changes in the WA health system, in the context of an increasing recognition of its place in to our national health system.

The State Government health system does not exist in isolation. We work alongside other Government and non-Government services in the context of a national health system that remains fragmented and at times competitive. Much of our work and many of our challenges are informed by national and international trends, and decisions taken elsewhere. Nowhere is this clearer than in areas that tend to attract most public attention and place the greatest stresses for our system, such as workforce issues and the pressures on our teaching hospitals. These are understandably seen locally as local problems for local solution, but the reality is that they are significantly influenced by international trends and national policy and funding decisions.

We in Western Australia face all the challenges of contemporary health systems, together with high community expectations and often optimistic or disingenuous expectations that long-standing problems faced by all health systems can be resolved overnight in our State.

Against this backdrop have been steadily implementing change to ensure that the WA Government health system is as well placed as possible to face the challenges of the future. While ever more conscious of the size and complexity of our system and the challenges we face, remain optimistic that with good support and community understanding we can move well towards achieving our common objectives.

Our community enjoys outstanding health and health care by any standards. When we see and hear about problems we face, it is tempting to imagine that our system is failing us overall or that we are doing badly by national or international standards.

Of course there are areas of deficit, but Western Australians enjoy some of the best health and health care in the world. We live longer than people in almost all other countries, and even within Australia some parts of Western Australia are notable for the longevity of their populations.

Our health professionals are as well trained and qualified as those anywhere around the world, and we rightly adopt the most stringent standards in relation to their training and practice.

Those in the system will be more aware than any others of areas in which we can do better, but above all our community should be aware and rightly proud that we have a system in which first class professionals deliver high quality health care to a community with health outcomes that would be envied in almost any other country.

The world of health and health care has changed dramatically in recent years, and especially in the last decade. Around Australia, Governments and health systems are faced with identical problems and pressures including increasing costs of labour, equipment and pharmaceutical products, the changing roles of health professionals, a

# Director General's Overview

very proper emphasis on quality (and the inevitable costs and changes that this will impose on us), the needs of ageing populations and more.

The Department of Health is a vast and complex organisation, employing some 30,000 staff operating from more than 650 sites around the State. It is not a simple agency. We deliver some services ourselves; we work collaboratively with Commonwealth and local Governments; and we fund several hundred non-Government organisations, ranging in size from those such as St John Ambulance Association and the Royal Flying Doctor Service to small groups providing equally important local services.

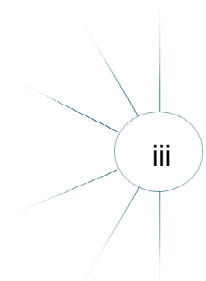
During 2001/2002 we restructured the Department so that it is now a single unified health system. We now have a State Health Management Team, which works as a single Departmental Executive Committee. The four Metropolitan Areas have been established. Our Country Health Services have been rationalised; and an enormous amount of work has been carried out to move away from silo mentalities and towards a recognition that we must indeed work as a unified system.

During the year, the Department has recognised its responsibilities arising out of matters such as the Douglas Report on King Edward Memorial Hospital, as well as resolving some important industrial negotiations.

As the work of consolidation, always slower than one would hope, develops, my hope is that during the coming year we will be able to address further some of the high profile priorities for both Government and the community – for example coping with winter pressures, reduce waiting lists and valuing and supporting our workforce; that we will be able to demonstrate our values as a health system committed to quality, prevention and remedying disadvantage; that we will be able to focus on the medium and long term planning that are crucial if the needs of the next generation are to be well serviced; and that we will be able to engender an understanding in the community of the national and international context within which our system works. In the latter regard, negotiations on the next phase of the Australian Health Care Agreements will be of fundamental importance.

I would like to convey special appreciation to all the staff and volunteers working within the Department of Health. They know as well as anyone else the pressures we all face, but also the excellent service they provide and the commitment they display on a daily basis.

Mike Daube  
DIRECTOR GENERAL



## Statement of Compliance

### Director General's Overview

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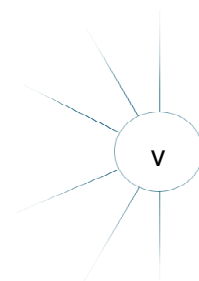
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## Address and Location

**Hawthorn Hospital**  
100 Flinders St  
MOUNT HAWTHORN WA 6016

☎ (08) 9444 8166

📠 (08) 9242 1318

## Mission Statement

### Our Mission

To offer care for clients who are waiting for a dementia hostel or nursing home bed. Priority is given to the maintenance of high quality care based on optimum skill, compassion, dedication and discipline. The belief is held that a happy, relaxed and caring environment should be provided for clients, families, relatives and friends. Staff will do all of the above and continue to strive to improve effectiveness in achieving the mission.

## Broad Objectives

The objectives of the Hawthorn Hospital are:

- To provide a high standard of care reflecting the needs of the elderly clients using the service.
- To observe the cultural requirements of clients of varying ethnicity.
- To actively monitor productivity, effectiveness and efficiencies of the Health Care Unit.
- To ensure the provision of a physically safe and wholesome environment for clients, relatives, staff and visitors.

## **Enabling Legislation**

Hawthorn Hospital is incorporated under the *Hospitals and Health Services Act 1927*, which provides for the establishment, maintenance and management of public hospitals, and for incidental and other purposes.

The Hospital is directed and controlled by a Board of Management constituted under Section 15 of the *Hospitals and Health Services Act 1927*.

As the Accountable Authority for the Hawthorn Hospital, the Board of Management is responsible to the Minister for Health, Hon. R. C. Kucera APM MLA, for the general administration of the Hospital.

The Hospital does not operate in coordination with any subsidiary, related or affiliated bodies.

## **Ministerial Directives**

The Minister for Health did not issue any directives on Hospital operations during 2001/2002.



## Statement of Compliance with Public Sector Standards

In the administration of Hawthorn Hospital, I have complied with the *Public Sector Standards in Human Resource Management*, the *Western Australian Public Sector Code of Ethics* and our *Code of Conduct*.

I have put in place procedures designed to ensure such compliance and have undertaken appropriate internal processes to satisfy myself the statement made above is correct.

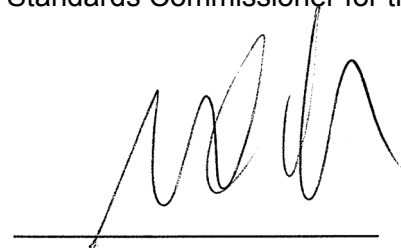
Such processes include:

- The hospital has updated policies supporting the *Public Sector Standards in Human Resource Management*.
- A *Code of Conduct* was adopted in 1998 and is provided on appointment to all staff. The Code outlines broad expectations of staff and provides direction to staff on a range of conduct issues.
- Policies and supporting guidelines are in the human resource manual, which is accessible to all staff.
- Staff have been advised they can access these policies and procedures and where they can be located.

The applications made for reporting a breach in standards, and the corresponding outcomes for the reporting period are:

- Number of applications lodged                      None
- Number of material breaches found              None
- Applications under review                              None

Hawthorn Hospital has not been investigated or audited by the Office of the Public Sector Standards Commissioner for the period to 30 June 2002.



Mike Daube  
**DIRECTOR GENERAL**  
**DEPARTMENT OF HEALTH**  
6 December 2002

## Advertising and Sponsorship – Electoral Act 1907

The following table lists the expenditure on advertising and sponsorship made by Hawthorn Hospital published in accordance with Section 175ZE of the *Electoral Act 1907*.

<b>CLASS OF EXPENDITURE</b>	<b>1999/2000 \$</b>	<b>2000/2001 \$</b>	<b>2001/2002 \$</b>
Advertising Agencies	–	–	–
Market Research Organisations	–	–	–
Polling Organisations	–	–	–
Direct Mail Organisations	–	–	–
Media Advertising Organisations — Marketforce Productions	–	–	2,573
<b>TOTAL</b>	<b>–</b>	<b>–</b>	<b>\$2,573</b>

## Freedom of Information Act 1992

Hawthorn Hospital received and dealt with no formal applications under the Freedom of Information guidelines during 2001/2002.

Formal applications are defined as requests which:

- Are in writing.
- Give enough information to enable the requested documents to be identified.
- Give an address in Australia to which notices under the *Freedom of Information Act 1992* can be sent.
- Give any other information or details required under FOI regulations.
- Are lodged at an office of the agency with any application fee required under FOI regulations.

The types of documents held by Hawthorn Hospital include:

- Patient medical records.
- Staff employment records.
- Department of Health reports, plans and guidelines.
- Other health related agency reports.
- Agreements with the Department of Health.
- Epidemiology and morbidity reports.
- Statistical data and reports.
- Books relating to health planning and management.
- Books relating to the treatment of illness and disease.
- General administrative correspondence.

In accordance with Part Five of the *Freedom of Information Act 1992*, an information statement detailing the nature and types of documents held by the organisation is available from the:

Coordinator Patient Information and Casemix Services  
Osborne Park Hospital  
Osborne Place  
STIRLING WA 6021

☎ (08) 9346 8000

## Hawthorn Hospital

### Key Operations and Achievements

- The Hospital operates as a care awaiting placement facility.
- New working arrangements were begun.
- Patient Survey was reviewed.

### Care Awaiting Placement Facility

The Hawthorn Hospital operates as a care awaiting placement facility. Its activities are directed towards providing temporary accommodation to patients whilst they wait for suitable vacancies at dementia hostels or nursing homes. Hawthorn's twenty-two beds have shown a daily bed average for the year of 20.20 (20.90 beds in 2000/2001). Total admissions to the hospital were 115, an increase of 10 over the 2000/2001 total of 105. Of the 115 admissions 80 (70 per cent) female and 35 (30 per cent) were male.

The increase in admissions was due to a decrease in the average length of stay, which was 70.42 days per admission compared with 71.27 days in 2000/2001. The average length of stay reflects the difficulties in locating suitable accommodation external to the public system (such as nursing homes and dementia hostels).

Hawthorn Hospital also provides beds for Joondalup Health Campus Care Awaiting Placement patients.

### New Working Arrangements

Resident Carers were introduced to assist with the delivery of care. Two four-hour shifts daily, across high activity times, have greatly improved the quality of care, overall patient management and staff satisfaction.

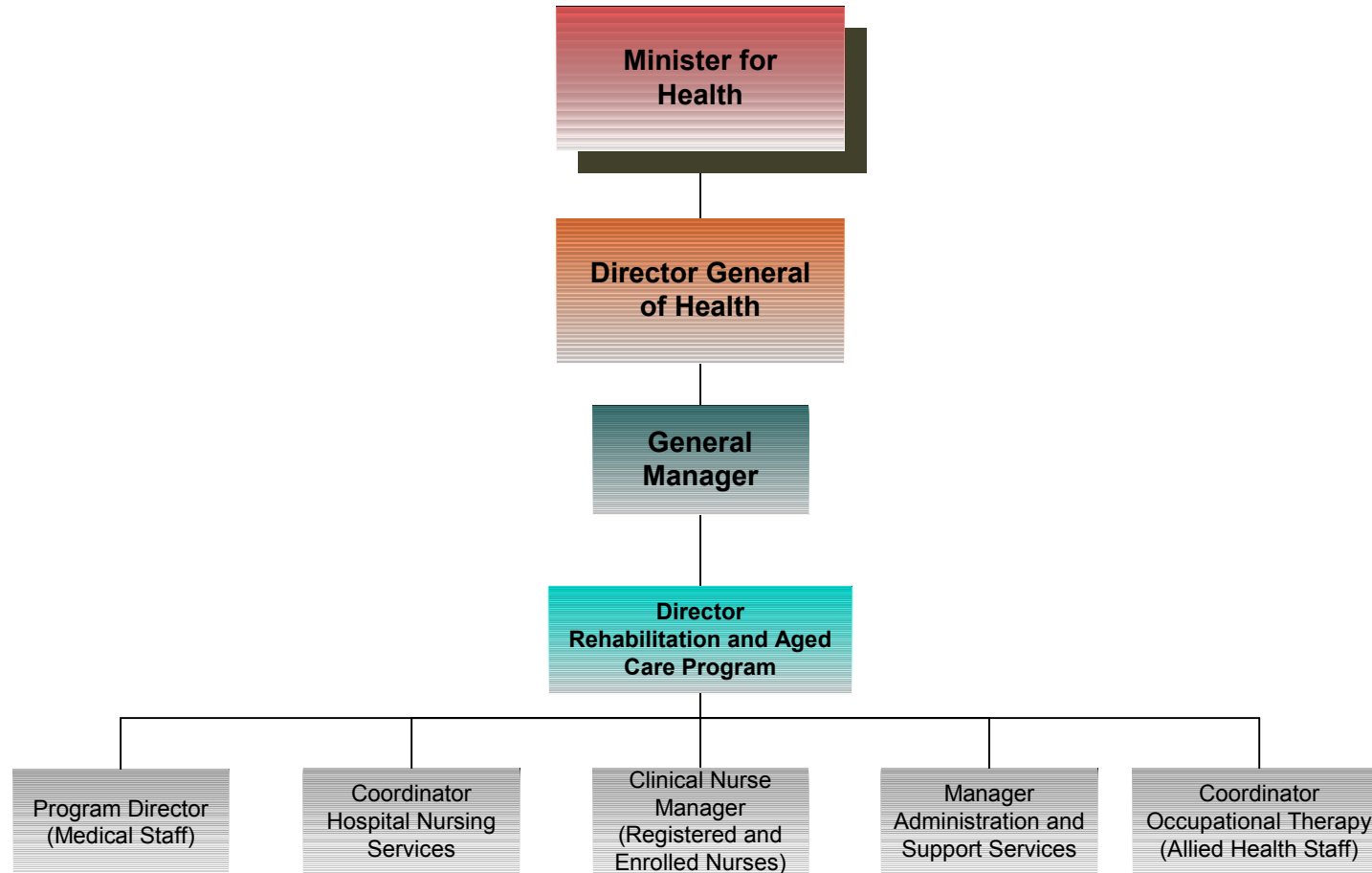
### Review of Patient Survey

The Patient Satisfaction survey was reviewed for relevance. The audit found it met the needs of the clients well. Overall, Patient Surveys have been extremely positive in their feedback.

## Major Capital Projects

The Hawthorn Hospital did not complete or make progress on any major capital projects during 2001/2002.

## Organisational Chart



## Accountable Authority

The accountable authority is Mike Daube, Director General of Health. The day-to-day responsibilities are delegated to the General Manager of the North Metropolitan Health Service.

## Senior Officers

The senior officers of the Hawthorn Hospital Management Team and their areas of responsibility are listed below:

Area of Responsibility	Title	Name	Basis of Appointment
Health Service	Acting General Manager	Steve Marshall	Permanent
Hospital Program and Nursing Services	Director	Heather Watts	Permanent
Medical Services	Coordinator	Dr Mark Salmon	Permanent
Representative of Visiting Medical Staff	Chairman, Medical Advisory Committee	Michael O'Halloran	Term Appointment
Mental Health Program	Director	Dr Ann Hodge	Permanent
Population and Community Health Program	Director	Dr Bret Hart	Permanent
Rehabilitation and Aged Care Program	Director	Dr Barry Vieira	Permanent
Corporate Services	Acting Director	Ron Shand	Permanent

## Pecuniary Interests

Members of the Hawthorn Hospital Board have declared no pecuniary interests other than those reported in the Financial Statements section of this report.

## Demography

Hawthorn Hospital delivers services to communities covered by the City of Stirling. However, some patients are also accepted on referral from Joondalup Hospital.

The following table shows population figures for the City of Stirling:

<b>LOCAL AUTHORITY</b>	<b>Population as at 1996*</b>	<b>Population as at 2001*</b>	<b>Projected Population as at 2006*</b>
City of Stirling	182,792	177,281	183,306

\*Data sources:

Australian Bureau of Statistics 1996, *Estimated Resident Population by Age and Sex in Statistical Local Areas, WA*, Cat. No. 3203.5.

ABS 2001, *Population Estimates by Age, Sex and Statistical Local Area, WA*, Cat. No. 3235.5.

Ministry of Planning 2000, *Population Projections by Age, Sex and Local Government Area, WA*.

## Demographic Trends

The population structure will change to an ageing population with an upward trend in age distribution.

## Available Services

The services provided by Hawthorn Hospital are part of the Department of Health's program of Continuing Care and form an important part of the North Metropolitan Health Service Rehabilitation and Aged Care Program.

Hawthorn Hospital has the function of providing Care Awaiting Placement.

The following is a list of health services and facilities available to the community:

### Direct Patient Services

Medical Services  
Nursing Services

### Community Services

### Medical Support Services

Nutrition and Dietetics  
Occupational Therapy  
Pathology  
Pharmacy  
Physiotherapy  
Podiatry  
Social Work  
All other clinical services available from Osborne Park Hospital

### Other Support Services

Administration  
Auxiliary  
Chaplaincy  
Engineering and Maintenance  
Financial Services  
Hotel Services  
Medical Records

### Specialist Services

None

### Other Services

None



## Disability Services

### Our Policy

Hawthorn Hospital is committed to ensuring all people with disabilities can access the facilities provided by and within the Hospital.

### Programs and Initiatives

Hawthorn Hospital has aimed to improve its disability services plan during 2001/2002, according to objectives outlined in the *Disability Services Act 1993*. This goal has been achieved through programs and initiatives run on behalf of the following five key outcome areas:

#### **Outcome 1: Existing services are adapted to ensure they meet the needs of people with disabilities.**

- 'Ownership' of Disability Service Plan recommendations and responsibilities was introduced at a service level giving staff on the job control of task management.

#### **Outcome 2: Access to buildings and facilities is improved.**

- Safety for patients was improved by separating the outdoor work area from the garden.

#### **Outcome 3: Information about services is provided in formats which meet the communication requirements of people with disabilities.**

- Information about access was downloaded from the Ethnic Disability Advocacy Centre (Disability Services Commission) in multiple languages for dissemination through the North Metropolitan Health Service.

#### **Outcome 4: Advice and services are delivered by staff who are aware of and understand the needs of people with disabilities.**

- Disability services education in staff orientation was enhanced.

#### **Outcome 5: Opportunities are provided for people with disabilities to participate in public consultations, grievance mechanisms and decision-making processes.**

- Community Advisory Council Recruitment campaign was conducted. This has included a request for community members interested in disability access issues to be involved.

### Future Direction

Hawthorn Hospital will continue to review and amend its policies, practices and procedures to identify possible barriers experienced by people with disabilities.

## Cultural Diversity and Language Services

### Our Policy

Hawthorn Hospital strives to ensure there is no discrimination against members of the public based upon race, ethnicity, religion, language or culture.

### Programs and Initiatives

Hawthorn Hospital operates in conjunction with the *Western Australian Government Language Services Policy*, and has the following strategies and plans in place to assist people who might experience cultural barriers or communication difficulties while accessing the service's facilities:

- A Multicultural Contact Officer is available to assist patients who have difficulty with the English language by arranging interpreting services. Cultural and religious needs are respected.

### Youth Services

Hawthorn Hospital is focused on aged care, therefore a youth policy is not appropriate to the Hospital's activities.

## Employee Profile

The following table shows the number of full-time equivalent staff employed by Hawthorn Hospital.

CATEGORY	1999/2000	2000/2001	2001/2002
Nursing Services	17.18	17.12	16.24
Administration and Clerical*	1.06	1.00	1.00
Medical Support*	0.20	0.40	0.68
Hotel Services*	8.72	8.01	9.90
Maintenance	–	–	–
Medical (salaried)	–	–	0.11
Other	–	–	–
<b>TOTAL</b>	<b>27.16</b>	<b>26.53</b>	<b>27.93</b>

\*Note these categories include the following:

- **Administration and Clerical** — health project officers, ward clerks, receptionists and clerical staff.
- **Medical Support** — physiotherapists, speech pathologists, medical imaging technologists, pharmacists, occupational therapists, dietitians and social workers.
- **Hotel Services** — cleaners, caterers and patient service assistants.

## Recruitment Practices

The North Metropolitan Health Service provides industrial relations and human resource services to Hawthorn Hospital via its Human Resource Services Department.

Recruitment, selection and appointment procedures continue to be monitored to ensure compliance with public sector standards, and to ensure efficient and effective recruitment.

With the restructure of the North Metropolitan Health Service, a review will be conducted during the coming year. Its aim will be to standardise policy, procedure and documentation across the Health Service, and share training and general resources.

## Staff Development

It is mandatory for staff to attend manual handling, back care and fire safety programs during orientation and at an annual update session.

The following staff development programs were held during the year:

- Continenence Management.
- Risk Management, including Occupational Safety and Health.
- Management of Violence and Aggression.
- Cardio Pulmonary Resuscitation Updates.
- Infection Control Update.
- Permanent night staff rotated on to day duty for a period of four weeks each per year.
- Manutension.
- Australian Incident Monitoring System Documentation.
- Residential Aged Care Nursing Conference.

## Industrial Relations Issues

A number of new industrial agreements were implemented during the year, including new agreements for salaried officers and medical practitioners.

The Agreement for Salaried Officers commits the parties to a number of substantial projects during its term. These projects will require the commitment of resources from the Hospital.

## Workers' Compensation and Rehabilitation

The following table shows the number of workers' compensation claims made through Hawthorn Hospital:

CATEGORY	1999/2000	2000/2001	2001/2002
Nursing Services	0	1	1
Administration and Clerical*	0	0	0
Medical Support*	0	0	0
Hotel Services*	1	1	1
Maintenance	0	0	0
Medical (salaried)	0	0	0
Other	0	0	0
<b>TOTAL</b>	<b>1</b>	<b>2</b>	<b>2</b>

\*Note these categories include the following:

- **Administration and Clerical** — health project officers, ward clerks, receptionists and clerical staff.
- **Medical Support** — physiotherapists, speech pathologists, medical imaging technologists, pharmacists, occupational therapists, dietitians and social workers.
- **Hotel Services** — cleaners, caterers and patient service assistants.

Staff at Hawthorn Hospital have access to training via the North Metropolitan Health Service in manual handling and the management of violence and aggression.

## Equity and Diversity Outcomes

### Our Policy

The ability of an organisation to provide high quality health services to the general public is closely related to workforce diversity. That diversity needs to be tapped for planning, decision-making and service delivery.

The Hawthorn Hospital aims to achieve equity and diversity in the workplace by eliminating any discrimination in employment based on grounds of sex, marital status, pregnancy, family status, race, religious or political conviction, or age, and by promoting equal opportunity for all people.

### Programs and Initiatives

The Hospital aims to promote equal opportunity for all persons, according to the *Equal Opportunity Act 1984*. This goal is achieved through activities and programs run on behalf of the following outcomes:

#### **Outcome 1 – The organisation values EEO and diversity, and the work environment is free from racial and sexual harassment.**

- The organisation arranged training in EEO this year for Line Managers and EEO Contact Officers. This training was well received and has been recommended for all staff. It has been implemented in specific teams as required and is being considered for other staff.
- In addition, EEO Contact Officers have received a Resource Kit to assist them to support those who approach them with EEO issues. Ongoing training is planned for Contact Officers as part of the bi-monthly EEO Consultative Committee meetings.

#### **Outcome 2 – Workplaces are free from employment practices that are biased or discriminate unlawfully against employees or potential employees.**

- Policies and procedures have been revised in line with the revised Public Sector Standards in Human Resource Management, as issued in 2001. Any EEO issues raised with Contact Officers or Human Resources Department staff are dealt with as quickly as possible and at the least senior level possible. Staff are advised of the grievance process should they wish to formalise the issue, and are offered the support of the Employee Assistance Program. Training has been carried out in specific areas as required.
- The Office of Equal Employment Opportunity or Office of the Public Sector Standards Commissioner have been consulted about a number of proposed courses of action to identify and avoid potential issues before they arise.

#### **Outcome 3 – Employment programs and practices recognise and include strategies for EEO groups to achieve workforce diversity.**

- There has been an increase in the number of positions advertised as suitable for 'job-share', leading to an increase in this flexible working practice.
- Restrictive requirements on job descriptions which might have EEO implications (such as the requirement for Driver's Licence for community-based positions) are being reviewed.

- This area is under review in light of the Equity and Diversity plan, which is currently being looked at across the entire metropolitan health services. The review will identify the target groups for increased employment and promotion opportunities within the organisation so that appropriate strategies can be introduced accordingly.

## EEO Indicators

The following table indicates strategic plans or processes the Department of Health aims to have in place across the health system to achieve equity and diversity in the workplace, and the level to which Hawthorn Hospital has been able to meet these goals:

Plan or Process	Level of Achievement
EEO Management Plan	Under review
Organisational plans reflect EEO	Under review
Policies and procedures encompass EEO requirements	Largely Implemented
Established EEO contact officers	Implemented
Training and staff awareness programs	Implemented for Managers and EEO contact officers  Under review for remaining staff
Diversity	Under Review

## **Marketing**

The Hawthorn Hospital did not use any major marketing during 2001/2002.

## **Publications**

A Hawthorn Hospital pamphlet containing information about the hospital is available to patients and visitors.



## Research and Development

The Hawthorn Hospital carried out no major research and development programs during 2001/2002.

## Evaluations

During the year the North Metropolitan Health Service took part in the Self-Assessment Review with the Australian Council on HealthCare Standards Evaluation and Quality Improvement Program Accreditation program. This provided the Hospital with feedback on areas in which improvements can be made.

Hawthorn Hospital has the longest history of accreditation status of any secondary health service in Western Australia with a total of 16 years.

### Title of Evaluation

- ACHS EQUiP accreditation program — Self-Assessment Review, January 2002.

### Purpose of Evaluation

- To maintain ACHS accreditation status.
- To provide feedback on the functions of Continuum of Care and Leadership and Management.
- To evaluate progress made on recommendations from the previous organisation-wide survey in November 2000, which were developed into a Quality Action Plan in March 2001.

### Main Outcomes

- Accreditation status was maintained.
- Feedback was developed into an action plan identifying areas to be addressed.
- The Quality Action Plan was revised and areas of progress towards addressing the recommendations identified.

### Action Taken or Proposed

- Continue to address issues on action plan.
- Continue to address the actions on the quality plan.
- Prepare for periodic review in November 2002.

## **Risk Management**

### **Our Policy**

Hawthorn Hospital aims to achieve the best possible practice in the management of all risks that threaten to adversely impact upon the Hospital itself, its patients, staff, assets, functions, objectives, operations, or upon members of the public.

### **Strategies and Initiatives**

Hawthorn Hospital is included in the North Metropolitan Health Service Risk Management Plan. The Hospital acknowledges its responsibility to identify the risks it is exposed to and to measure, assess and develop a prioritised action plan. The Hospital confirms that it has established, maintained, operated and demonstrated an appropriate framework of business controls, to cover all its operational, technical, commercial, financial and administrative activities and that these measures satisfy the requirements of Treasurer's Instruction T1109. The Hospital confirms further that it has established a Risk Register, which is used as part of the day-to-day risk management of the Hospital.

### **Future Direction**

The Hawthorn Hospital will continue to review its risk management and quality improvement processes in keeping with the above policy.

## **Internal Audit Controls**

The Hawthorn Hospital has established a system of internal controls as a means of providing reasonable assurance that assets are safeguarded, proper accounting records are maintained, and financial information is reliable.

An Audit Committee has been established to oversee the operation of internal audit functions and to ensure that management addresses any findings made by the Hospital's internal and external audit.

## **Waste Paper Recycling**

To date no independent contract has been entered into for the collection and recycling of quality waste paper. All quality waste paper is sent to Osborne Park Hospital as part of the overall recycling program.

## **Pricing Policy**

The Hawthorn Hospital raises a number of fees and charges to recover the estimated cost of providing certain services, except where a public service obligation exists.

As at 12 October 2001, the daily bed fee raised against patients of the hospital was increased to \$30.25 per day.

The Department of Social Security will adjust patient pensions accordingly whilst they are residing in Hawthorn Hospital to provide rent assistance.



## AUDITOR GENERAL

To the Parliament of Western Australia

### **HAWTHORN HOSPITAL PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2002**

#### **Scope**

I have audited the key effectiveness and efficiency performance indicators of Hawthorn Hospital for the year ended June 30, 2002 under the provisions of the Financial Administration and Audit Act 1985.

The Director General, Department of Health, is responsible for developing and maintaining proper records and systems for preparing and presenting performance indicators. I have conducted an audit of the key performance indicators in order to express an opinion on them to the Parliament as required by the Act. No opinion is expressed on the output measures of quantity, quality, timeliness and cost.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, evidence supporting the amounts and other disclosures in the performance indicators, and assessing the relevance and appropriateness of the performance indicators in assisting users to assess the Hospital's performance. These procedures have been undertaken to form an opinion as to whether, in all material respects, the performance indicators are relevant and appropriate having regard to their purpose and fairly represent the indicated performance.

The audit opinion expressed below has been formed on the above basis.

#### **Audit Opinion**

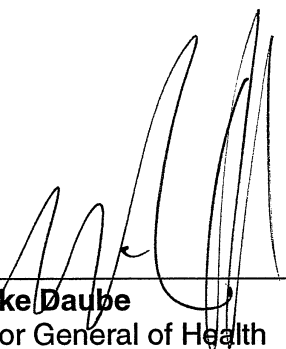
In my opinion, the key effectiveness and efficiency performance indicators of Hawthorn Hospital are relevant and appropriate for assisting users to assess the Hospital's performance and fairly represent the indicated performance for the year ended June 30, 2002.

A handwritten signature in black ink, appearing to read 'K O'Neil'.

K O O'NEIL  
ACTING AUDITOR GENERAL  
November 22, 2002

## PERFORMANCE INDICATORS CERTIFICATION

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Hawthorn Hospital and fairly represent the performance of the Hospital for the financial year ending 30 June 2002.



---

**Mr Mike Daube**  
Director General of Health

21 November 2002

## OUTCOME

To provide accessible hospital care to those who require it, and to provide these services according to recognised standards of quality and in a way that is acceptable to clients.

### Please Note

Hawthorn Hospital is unique, as it provides care awaiting placement for nursing home or dementia hostel accommodation only. It can therefore not be compared with other hospitals. The hospital provides temporary accommodation for patients from the Rehabilitation and Aged Care Program of Osborne Park Hospital and some referrals from Joondalup Hospital, until a longer term dementia hostel or nursing home accommodation is found.

## 3 EFFICIENCY AND EFFECTIVENESS INDICATORS

### 3.1 Effectiveness Indicators

#### 3.1.1 Quality

Aim: To provide patient care which is of world standard.

Indicator: **Hospital Accreditation Status**

The Health Service has been accredited for four years until 2005.
---

The Australian Council on Healthcare Standards (ACHS) focuses on continuous quality improvement to emphasise the measurement of quality outcomes. The ACHS functions of

- continuum of care
- leadership and management
- human resources management
- information management
- safe practice and environment
- improving performance

all assist in evaluating the processes and outcomes of our health service.

Accreditation is awarded by the Australian Council on Healthcare Standards (ACHS), after a process of rigorous external evaluation of the Health Service by ACHS surveyors. The Health Service must provide evidence that it substantially meets all the care/services standards set by the ACHS and its ability to monitor and evaluate outcomes.

Under the ACHS EQUIP Accreditation arrangements, the Hospital was surveyed in October 2000 and has been accredited for a further four years.

## 3.2 Efficiency Indicators

### 3.2.1 Inpatient

**Indicator: Use of Resources**

Item	Indicator	2000/2001	2001/2002
1	Average cost per occupied bed (Accrual Basis)	\$209.47	\$229.45
2	Average bed occupancy	95%	92%

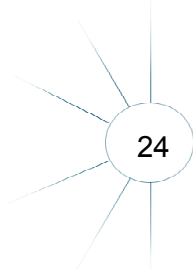
Comments:

This indicator identifies the average cost of treating a patient in a hospital for one day, and over a period of time can show whether a hospital is treating its patients more or less efficiently.

Formula: 
$$\frac{\text{Actual Expenditure}}{\text{Occupied Bed Days}} = \frac{\$1,692,665}{7,377} = \$229.45$$

The increase of 9.54% in the average cost per occupied bed was mainly due to:

- increases in ‘Salaries and Wages’; and
- using “Actual” rather than “Accrued” expenditure





## AUDITOR GENERAL

To the Parliament of Western Australia

### **HAWTHORN HOSPITAL FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2002**

#### **Scope**

I have audited the accounts and financial statements of Hawthorn Hospital for the year ended June 30, 2002 under the provisions of the Financial Administration and Audit Act 1985.

The Director General, Department of Health, is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing and presenting the financial statements, and complying with the Act and other relevant written law. The primary responsibility for the detection, investigation and prevention of irregularities rests with the Director General.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, the controls exercised by the Hospital to ensure financial regularity in accordance with legislative provisions, evidence to provide reasonable assurance that the amounts and other disclosures in the financial statements are free of material misstatement and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions so as to present a view which is consistent with my understanding of the Hospital's financial position, its financial performance and its cash flows.

The audit opinion expressed below has been formed on the above basis.

#### **Audit Opinion**

In my opinion,

- (i) the controls exercised by Hawthorn Hospital provide reasonable assurance that the receipt, expenditure and investment of moneys and the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and the Notes to and forming part of the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Hospital at June 30, 2002 and its financial performance and its cash flows for the year then ended.

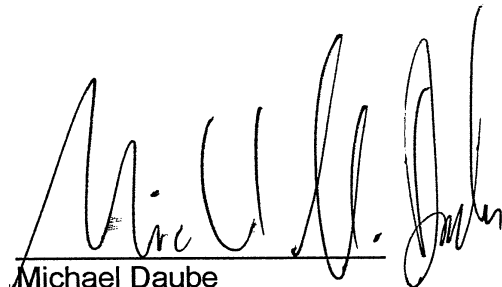
K O'NEIL  
ACTING AUDITOR GENERAL  
November 22, 2002

4th Floor Dumas House 2 Havelock Street West Perth 6005 Western Australia Tel: 08 9222 7500 Fax: 08 9322 5664

## CERTIFICATION OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002


The accompanying financial statements of the Hawthorn Hospital have been prepared in compliance with the provisions of the *Financial Administration and Audit Act 1985* from proper accounts and records to represent fairly the financial transactions for the twelve months ending 30 June 2002 and the financial position as at 30 June 2002.

At the date of signing, we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



Michael Daube  
**Director General of Health  
Accountable Authority for  
Hawthorn Hospital**

30 August 2002



Alex Kirkwood  
**Principal Accounting Officer  
Hawthorn Hospital**

30 August 2002



# Statement of Financial Performance

For the year ended 30 June 2002

	Note	2002 \$000	2001 \$000
<b>COST OF SERVICES</b>			
<b>Expenses from Ordinary Activities</b>			
Employee expenses	2	1,300	1,170
Superannuation expense		132	105
Patient support costs	3	169	199
Depreciation expense	4	18	17
Other expenses from ordinary activities	5	74	106
<b>Total cost of services</b>		<u><b>1,693</b></u>	<u><b>1,597</b></u>
<b>Revenues from Ordinary Activities</b>			
<b>Revenue from operating activities</b>			
Patient charges	6	216	212
Other revenues from ordinary activities	7	0	5
<b>Total revenues from ordinary activities</b>		<u><b>216</b></u>	<u><b>217</b></u>
<b>Net cost of services</b>		<u><b>1,477</b></u>	<u><b>1,380</b></u>
<b>REVENUES FROM GOVERNMENT</b>			
Output appropriations	8	1,470	1,265
Liabilities assumed by the Treasurer - superannuation		0	73
Resources received free of charge	9	4	4
<b>Total revenues from government</b>		<u><b>1,474</b></u>	<u><b>1,342</b></u>
<b>CHANGE IN NET ASSETS</b>		<u><b>(3)</b></u>	<u><b>(38)</b></u>
<b>Total changes in equity other than those resulting from transactions with WA State Government as owners</b>		<u><b>(3)</b></u>	<u><b>(38)</b></u>

The above Statement of Financial Performance should be read in conjunction with the notes to the financial statements.

# Statement of Financial Position

As at 30 June 2002

	Note	2002 \$000	2001 \$000
<b>Current assets</b>			
Cash assets	10	19	0
Receivables	12	39	33
<b>Total current assets</b>		<b>58</b>	<b>33</b>
<b>Non-current assets</b>			
Amounts receivable for outputs	11	21	0
Property, plant and equipment	13	512	531
<b>Total non-current assets</b>		<b>533</b>	<b>531</b>
<b>Total assets</b>		<b>591</b>	<b>564</b>
<b>Current liabilities</b>			
Payables	14	13	13
Provisions	15	257	254
Other liabilities	16	16	15
<b>Total current liabilities</b>		<b>286</b>	<b>282</b>
<b>Non-current liabilities</b>			
Provisions	15	346	320
<b>Total non-current liabilities</b>		<b>346</b>	<b>320</b>
<b>Total liabilities</b>		<b>632</b>	<b>602</b>
<b>Net assets</b>		<b>(41)</b>	<b>(38)</b>
<b>Equity</b>	17		
Accumulated surplus (deficiency)		(41)	(38)
<b>Total equity</b>		<b>(41)</b>	<b>(38)</b>

The above Statement of Financial Position should be read in conjunction with the notes to the financial statements.

# Statement of Cash Flows

For the year ended 30 June 2002

	Note	2002 \$000 Inflows (Outflows)	2001 \$000 Inflows (Outflows)
<b>Cash flows from Government</b>			
Output appropriations	18	1,449	1,265
<b>Net cash provided by Government</b>		<u>1,449</u>	<u>1,265</u>
<b>Utilised as follows:</b>			
<b>Cash flows from operating activities</b>			
<b>Payments</b>			
Employee costs		(1309)	(1169)
Supplies and services		(367)	(312)
<b>Receipts</b>			
Patient charges and fees		210	215
Other receipts		0	5
<b>Net cash provided by / (used in) operating activities</b>	19(a)	<u>(1466)</u>	<u>(1261)</u>
<b>Net increase / (decrease) in cash held</b>	19(b)	<b>19</b>	<b>4</b>
Cash assets at the beginning of the reporting period		0	(4)
<b>Cash assets at the end of the reporting period</b>	10	<u><u>19</u></u>	<u><u>0</u></u>

The above Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

# Notes to the Financial Statements

## For the year ended 30 June 2002

### Note 1 Significant accounting policies

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the previous year.

#### General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (UIG) Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording. The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect are disclosed in individual notes to these financial statements.

The statements have been prepared on the accrual basis of accounting using the historical cost convention, except for certain assets and liabilities which, as noted, are measured at valuation.

#### (a) Output Appropriations

Output Appropriations are recognised as revenues in the period in which the Health Service gains control of the appropriated funds. The Health Service gains control of appropriated funds at the time those funds are deposited into the Health Service's bank account or credited to the holding account held at the Department of Treasury and Finance.

#### (b) Acquisition of Assets

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Assets acquired at no cost or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

#### (c) Depreciation of non-current assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is calculated on the reducing balance basis, using rates which are reviewed periodically. Useful lives for each class of depreciable assets are:

Buildings	3%
Computer equipment	30%
Furniture and fittings	5% - 20%
Plant and equipment	5% - 20%

#### (d) Valuation of land, buildings and infrastructure

Valuation of land and buildings and infrastructure is at cost..

#### (e) Cash

For the purpose of the Statement of Cash Flows, cash includes cash assets and restricted cash assets. These include short-term deposits that are readily convertible to cash on hand and are subject to insignificant risk of changes in value.

#### (f) Inventories

Inventories are valued on a weighted average cost basis.

#### (g) Receivables

Receivables are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubts as to collection exists.

# Notes to the Financial Statements

## For the year ended 30 June 2002

### (h) Payables

Payables, including accruals not yet billed, are recognised when the Health Service becomes obliged to make future payments as a result of a purchase of assets or services. Payables are generally settled within 30 days.

### (i) Employee entitlements

#### Annual leave

The liability for annual leave represents the amount which the Health Service has a present obligation to pay resulting from employees' services up to the reporting date. The liability has been calculated on current remuneration rates and includes related on-costs.

#### Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given, when assessing expected future payments, to expected future wage and salary levels including related on-costs, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government securities to obtain the estimated future cash out-flows.

The methods of measurement of the liabilities are consistent with the requirements of Australian Accounting Standard AAS 30 "Accounting for Employee Entitlements".

### Superannuation

Staff may contribute to the Pension Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit lump sum scheme now also closed to new members. All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. All of these schemes are administered by the Government Employees Superannuation Board (GESB).

The Pension Scheme and the pre-transfer benefit for employees who transferred to the Gold State Superannuation Scheme are unfunded and the liability for future payments under the Pension Scheme are provided for at reporting date.

The liabilities for superannuation charges under the Gold State Superannuation Scheme and West State Superannuation Scheme are extinguished by payment of employer contributions to GESB.

From July 2001 employer contributions were paid to the GESB in respect of the Gold State Superannuation Scheme and West State Superannuation Scheme. Prior to 1 July 2001, the liability was assumed by the Treasurer. An amount equivalent to the employer contributions which would have been paid to the Gold State Superannuation Scheme and the West State Superannuation Scheme if the health service had made concurrent contributions to those schemes, was included in superannuation expense. This amount was also included in the revenue item 'Liabilities assumed by the Treasurer'.

The note disclosure required by paragraph 51(e) of AAS30 (being the employer's share of the difference between employees' accrued superannuation benefits and the attributable net market value of plan assets) has not been provided. State scheme deficiencies are recognised by the State in its whole of government reporting. The GESB's records are not structured to provide the information for the Health Service. Accordingly, deriving the information for the Health Service is impractical under current arrangements, and thus any benefits thereof would be exceeded by the cost of obtaining the information.

### (j) Accrued Salaries

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. The Health Service considers the carrying amount approximates net fair value.

### (k) Resources Received free of Charge or for Nominal Value

Resources received free of charge or for nominal value which can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.

### (l) Comparative Figures

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented in the current reporting period.

### (m) Rounding

Amounts in the financial statements have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

# Notes to the Financial Statements

## For the year ended 30 June 2002

	<b>2002</b>	<b>2001</b>
	<b>\$000</b>	<b>\$000</b>
<b>Note 2 Employee expenses</b>		
Wages and salaries	1,133	1,019
Long service leave	39	18
Annual leave	<u>91</u>	<u>133</u>
	1,300	1,170
Employee expenses include superannuation oncosts associated with the recognition of annual and long-service leave liability. The related on-costs liability is included in employee entitlement liabilities at Note 15		
<b>Note 3 Patient support costs</b>		
Medical supplies and services	20	24
Purchased external services		
<i>Medical and Surgical</i>	4	9
<i>Laundry and Linen</i>	30	32
Domestic charges	38	32
Fuel, light and power	26	27
Food supplies	<u>51</u>	<u>75</u>
<b>Total</b>	<b><u>169</u></b>	<b><u>199</u></b>
<b>Note 4 Depreciation expense</b>		
Buildings	13	14
Plant and equipment	2	1
Computing equipment / software	1	0
Office equipment, furniture and fittings	<u>2</u>	<u>2</u>
<b>Total</b>	<b><u>18</u></b>	<b><u>17</u></b>
<b>Note 5 Other expenses from ordinary activities</b>		
Administrative expenses	1	3
Repairs and maintenance	3	12
Workers compensation insurance	21	40
Consumable equipment expenditure	8	5
Purchased external services	2	1
Insurance	1	0
Printing and stationery	3	2
Other support costs	15	27
Additions and alterations (non-capital)	5	1
Communications	10	10
Lease expense	1	0
Audit fees - external	<u>4</u>	<u>4</u>
<b>Total</b>	<b><u>74</u></b>	<b><u>105</u></b>
<b>Note 6 Patient charges</b>		
Inpatients Charges	<u>216</u>	<u>212</u>
<b>Total</b>	<b><u>216</u></b>	<b><u>212</u></b>
<b>Note 7 Other revenues from ordinary activities</b>		
Revenue from operating activities		
Other	<u>0</u>	<u>5</u>
<b>Total</b>	<b><u>0</u></b>	<b><u>5</u></b>

# Notes to the Financial Statements

## For the year ended 30 June 2002

	<b>2002</b>	<b>2001</b>
	<b>\$000</b>	<b>\$000</b>
<b>Note 8 Government appropriations</b>		
Appropriation revenue received during the year:		
Output appropriations (I)	<u>1,470</u>	<u>1,265</u>
Total appropriation revenue (Statement of Financial Performance):	<u>1,470</u>	<u>1,265</u>
Non-cash component of output appropriation (refer note 11)	<u>21</u>	<u>0</u>
	21	0
Total appropriations received as cash (Statement of Cash Flows):	<u><u>1,449</u></u>	<u><u>1,265</u></u>

(I) Output appropriations are accrual amounts as from 1 July 2001, reflecting the full price paid for outputs purchased by the Government. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the estimated depreciation expense for the year and any agreed increase in leave liability during the year.

(II) Capital appropriations were revenue in 2000/01 (year ended 30 June 2001). From 1 July 2001, capital appropriations, termed Capital Contributions, have been designated as contributions by owners and are credited directly to equity in the Statement of Financial Position.

### Note 9 Resources received free of charge

Resources received free of charge has been determined on the basis of the following estimates provided by agencies:

Office of the Auditor General - audit services	<u>4</u>	<u>4</u>
Total	<u><u>4</u></u>	<u><u>4</u></u>

### Note 10 Cash assets (unrestricted)

Cash at bank	<u>19</u>	<u>0</u>
Total	<u><u>19</u></u>	<u><u>0</u></u>

#### Comprising:

Operating cash assets	<u>19</u>	<u>0</u>
Total	<u><u>19</u></u>	<u><u>0</u></u>

### Note 11 Amounts receivable for outputs

Current	0	0
Non-current	<u>21</u>	<u>0</u>
	<u><u>21</u></u>	<u><u>0</u></u>

This asset represents the non-cash component of output appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

### Note 12 Receivables

Debtors	0	1
Patient fee debtors	29	23
Accrued Income	<u>10</u>	<u>9</u>
	39	33
Less: Provision for doubtful debts	<u>0</u>	<u>0</u>
<b>Total</b>	<u><u>39</u></u>	<u><u>33</u></u>

#### Credit risk

The Health Service does not have any significant exposure to any individual customer or counterparty.

#### Net fair values

The Health Service considers the carrying amounts of receivables approximate their net fair value.

# Notes to the Financial Statements

## For the year ended 30 June 2002

	<b>2002</b>	<b>2001</b>
	<b>\$000</b>	<b>\$000</b>
<b>Note 13 Property, plant and equipment</b>		
Land - at cost	<u>80</u>	<u>80</u>
Buildings - at cost	439	455
Less: accumulated depreciation	<u>13</u>	<u>16</u>
Net carrying amount	426	439
Plant and equipment - at cost	5	9
Less: accumulated depreciation	<u>2</u>	<u>4</u>
Net carrying amount	3	5
Office equipment / furniture and fittings - at cost	3	5
Less: accumulated depreciation	<u>2</u>	<u>2</u>
Net carrying amount	1	3
Computing equipment / software - at cost	4	5
Less: accumulated depreciation	<u>1</u>	<u>1</u>
Net carrying amount	3	4
Total property, plant and equipment	530	554
Less: accumulated depreciation	<u>18</u>	<u>23</u>
<b>Total property, plant and equipment</b>	<b><u>512</u></b>	<b><u>531</u></b>

### Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current reporting period are set out below.

#### (i) Land

Beginning cost	80	80
Additions	0	0
Disposals	<u>0</u>	<u>0</u>
<b>Ending cost</b>	<b><u>80</u></b>	<b><u>80</u></b>

#### (ii) Buildings

Beginning carrying amount	439	453
Additions	0	0
Disposals	0	0
Capitalisation from WIP	0	0
Depreciation expense	<u>(13)</u>	<u>(14)</u>
<b>Ending carrying amount</b>	<b><u>426</u></b>	<b><u>439</u></b>

#### (iii) Plant and equipment

Beginning carrying amount	5	7
Additions	3	5
Disposals	(3)	(6)
Capitalisation from WIP	0	0
Depreciation expense	<u>(2)</u>	<u>(1)</u>
<b>Ending carrying amount</b>	<b><u>3</u></b>	<b><u>5</u></b>

#### (iv) Office equipment / furniture and fittings

Beginning carrying amount	3	3
Additions	0	2
Disposals	0	0
Capitalisation from WIP	0	0
Depreciation expense	<u>(2)</u>	<u>(2)</u>
<b>Ending carrying amount</b>	<b><u>1</u></b>	<b><u>3</u></b>

#### (v) Computing equipment / software

Beginning carrying amount	4	5
Additions	0	0
Disposals	0	(1)
Capitalisation from WIP	0	0
Depreciation expense	<u>(1)</u>	<u>0</u>
<b>Ending carrying amount</b>	<b><u>3</u></b>	<b><u>4</u></b>



# Notes to the Financial Statements

## For the year ended 30 June 2002

	<b>2002</b>	<b>2001</b>
	<b>\$000</b>	<b>\$000</b>
(vi) <i>Total</i>		
Beginning carrying amount	531	548
Additions	2	7
Disposals	(3)	(7)
Capitalisation	0	0
Depreciation expense	(18)	(17)
<b>Ending carrying amount</b>	<b><u>512</u></b>	<b><u>531</u></b>

No revaluations have been taken up in the reporting period.

### Note 14 Payables

Trade creditors	11	11
Accrued expenses	<u>2</u>	<u>2</u>
<b>Total</b>	<b><u>13</u></b>	<b><u>13</u></b>

The Health Service considers the carrying amounts of payables approximate their net fair values.

### Note 15 Provisions

Current liabilities		
Annual leave (i)	184	148
Long service leave (i)	33	75
Superannuation (ii)	<u>40</u>	<u>31</u>
<b>Total</b>	<b><u>257</u></b>	<b><u>254</u></b>
Non-current liabilities		
Long service leave (i)	59	28
Superannuation (ii)	<u>287</u>	<u>292</u>
<b>Total</b>	<b><u>346</u></b>	<b><u>320</u></b>

#### Employee entitlements

The aggregate employee entitlement liability recognised and included in the financial statements is as follows:

Provision for employee entitlements:

Current	257	254
Non-current	<u>346</u>	<u>320</u>
	<b><u>603</u></b>	<b><u>574</u></b>

(i) The settlement of annual and long service leave liabilities gives rise to the payment of employment superannuation oncosts. The liability for such oncosts is included here.

(ii) The superannuation provision is mainly comprised of monies owing Under the Old Pension Scheme and has been established under an actuarial assessment conducted by the Government Employee's Superannuation Board dated 31 March 2002.

The Health Service considers the carrying amount of employee entitlements approximates the net fair value.

The following weighted factors were used to estimate the net present value of non-current long service leave.

Staff retention factor	65.30%
Total oncosts	9.74%
Wages inflation rate	3.25%
Discount factor	6.10%

### Note 16 Other liabilities

Current		
Accrued salaries	13	12
Fringe Benefits Tax	<u>3</u>	<u>3</u>
<b>Total</b>	<b><u>16</u></b>	<b><u>15</u></b>

# Notes to the Financial Statements

## For the year ended 30 June 2002

	<b>2002</b>	<b>2001</b>
	<b>\$000</b>	<b>\$000</b>
<b>Note 17 Equity</b>		
Accumulated surplus (deficiency)		
Opening balance	(38)	0
Change in net assets	(3)	(38)
<b>Closing balance</b>	<u>(41)</u>	<u>(38)</u>
<b>Note 18 Notional cash flows and Accrual Appropriations</b>		
Output appropriations as per Statement of Financial Performance	1,470	1,265
Subsidy in Advance	0	0
Less Accrual appropriations	21	0
<b>Adjusted cash Output appropriations as per Statement of Cash Flows</b>	<u>1,449</u>	<u>1,265</u>
<b>Note 19 Notes to the statement of cash flows</b>		
<b>(a) Reconciliation of net cost of services to net cash flows provided by / (used in) operating activities</b>		
<b>Net cost of services</b>	(1,477)	(1,380)
Non-cash items:		
Depreciation	18	17
Resources received free of charge	4	4
Liabilities assumed by Treasurer	0	73
(Increase) / decrease in assets:		
Receivables	(5)	3
Increase / (Decrease) in liabilities:		
Provisions	(7)	10
Other liabilities	1	(2)
<b>Net cash provided by (used in) operating activities</b>	<u>(1,466)</u>	<u>(1,261)</u>
<b>(b) Reconciliation of cash assets at the end of the financial year as shown on the Statement of Financial Position</b>		
Cash assets - refer to note 10	19	0
Investments	0	0
<b>Total cash assets as per Statement of Financial Position</b>	<u>19</u>	<u>0</u>
<b>Cash assets at the end of the reporting period as per the Statement of Cash Flows</b>	<u>19</u>	<u>0</u>

### Note 20 Commitments for expenditure

There are no commitments for capital expenditure, operating leases, guarantees and undertakings or other expenditure commitments.

### Note 21 Contingent liabilities

There are no contingent liabilities

### Note 22 Remuneration of Accountable Authority and Senior Officers

#### Remuneration of Members of the Accountable Authority

The accountable authority for Hawthorn Hospital is the Director General of Health.

The remuneration of the Director General for Health is paid by the Department of Health.

#### Remuneration of Senior Officers

Senior Officers are defined as those employees who are chief executives, general managers and executive directors.

The remuneration of Senior Officers is paid by North Metropolitan Health Services.

### Note 23 Related Bodies

A related body is a body which is financially dependent (receives more than half its funding) on the Health Service, is subject to operational control by the Health Service and was formed independently of the Health Service.

The Health Service does not provide financial assistance to any related body or class of related bodies for which it does not receive remuneration at the cost of providing those services.

# Notes to the Financial Statements

## For the year ended 30 June 2002

**2002**  
**\$000**                      **2001**  
**\$000**

**Note 24 Affiliated bodies**

An affiliated body is a body which is financially dependent (received more than half its funding) on the Health Service, but is not subject to operational control by the Health Service.

The Health Service does not provide financial assistance to any affiliated body or class of affiliated bodies for which it does not receive remuneration at the cost of providing those services.

**Note 25 Remuneration of Auditor**

The total of notional fees charged or due and payable to the Auditor General for the reporting period is:

Fees for External Audit	4	4
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**Note 26 Financial instruments**

(a) Interest rate risk exposure

The following table details the Health service's exposure to interest rate risk as at the reporting date:

Fixed Interest Rate Maturities

	Weighted Average Effective Interest Rate	Floating Interest Rate	1 Year or less	1 to 5 Years	Over 5 Years	Non- Interest Bearing	Total
30 June 2002	%	\$000	\$000	\$000	\$000	\$000	\$000
<b>Financial assets</b>							
Cash assets	0.00%	-	-	-	-	19	19
Receivables		-	-	-	-	39	39
<b>Total</b>		0	0	0	0	58	58
<b>Financial liabilities</b>							
Payables		-	-	-	-	13	13
Accrued salaries		-	-	-	-	13	13
<b>Total</b>		0	0	0	0	26	26
<b>Net Financial assets (liabilities)</b>							32
<b>As at 30 June 2001</b>							
Financial assets		-	-	-	-	33	33
Financial liabilities		-	-	-	-	25	25
<b>Net Financial assets (liabilities)</b>		0	0	0	0	8	8

(b) Credit Risk Exposure  
All financial assets are unsecured

Amounts owing by other government agencies are guaranteed and therefore no credit risk exists in respect of these amounts.

In respect of financial assets carrying amounts represent the Board's maximum exposure to credit risk in relation to those assets.

(c) Net fair values

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values, determined in accordance with the accounting policies disclosed in note 1 to the financial statements.

# Notes to the Financial Statements

## For the year ended 30 June 2002

### Note 27 Explanatory Statement

#### (A) Significant variations between actual financial items for the reporting period and those for the immediately preceding reporting period.

Reasons for significant variations between actual results with the corresponding items of the preceding reporting period are detailed below. Significant variations are those greater than 0.07 or that are 4% or more of Total cost of services.

	Note	2002 \$000	2001 \$000	Variance \$000
<b>Statement of Financial Performance - Expenses</b>				
Employee expenses	(a)	1,300	1,170	130
Superannuation expense	(b)	132	105	27
Patient support costs	(c)	169	199	(30)
Other expenses from ordinary activities	(d)	74	106	(32)
<b>Statement of Financial Performance - Revenues</b>				
Output appropriations	(e)	1,470	1,265	205
Liabilities assumed by the Treasurer - superannuation	(f)	0	73	(73)

#### Explanations

- (a) Employee expenses  
Cost of award increases in 2001/2002.
- (b) Superannuation expense  
Amount increase in accord with wages increases.
- (c) Patient support costs  
Reduced food costs in 2001/2002.
- (d) Other expenses from ordinary activities  
Reduction in workers compensation insurance premium and other costs.
- (e) Output appropriations  
As per agreed allocation from the Department of Health.
- (f) Liabilities assumed by the Treasurer - superannuation  
Change in policy whereby funds were provided to the health service to pay superannuation costs directly to GESB.

#### (B) Significant variations between estimates and actual operating results for the reporting period.

There are no significant variations between annual estimates and the actual operating results.

	Note	Actual \$000	Estimates \$000	Variance \$000
<b>Cost of Services</b>				
Employee expenses		1,300	1,270	(30)
Other goods and services		393	400	7
<b>Total expenses from ordinary activities</b>		<b>1,693</b>	<b>1,670</b>	<b>(23)</b>
Revenues from ordinary activities		216	240	24
<b>Cost of services</b>		<b>1,477</b>	<b>1,430</b>	<b>(47)</b>

# Notes to the Financial Statements

## For the year ended 30 June 2002

### Note 28 Operating and special purpose transactions

This information is provided to assist readers to distinguish between Operating transactions and Special Purpose transactions.

#### Statement of Financial Performance

	Operating funds	All other funds	Total funds
	2002	2002	2002
	\$000	\$000	\$000
<b>COST OF SERVICES</b>			
<b>Expenses from Ordinary Activities</b>			
Employee expenses	1,300	0	1,300
Fees for visiting medical practitioners	0	0	0
Superannuation expense	132	0	132
Patient support costs	169	0	169
Borrowing costs expense	0	0	0
Depreciation expense	18	0	18
Net loss on disposal of non-current assets	0	0	0
Asset revaluation decrement	0	0	0
Capital User Charge	0	0	0
Other expenses from ordinary activities	73	0	73
<b>Total cost of services</b>	<b>1,692</b>	<b>0</b>	<b>1,692</b>
<b>Revenues from Ordinary Activities</b>			
Revenue from operating activities			
Patient charges	216	0	216
Commonwealth grants and contributions	0	0	0
Grants and subsidies from non-government sources	0	0	0
Other revenues from ordinary activities	0	0	0
Trading result	0	0	0
Net profit on disposal of non-current assets	0	0	0
Revenue from non-operating activities			
Interest revenue	0	0	0
Other revenues from ordinary activities	0	0	0
<b>Total revenues from ordinary activities</b>	<b>216</b>	<b>0</b>	<b>216</b>
<b>Net cost of services</b>	<b>1,476</b>	<b>0</b>	<b>1,476</b>
<b>REVENUES FROM GOVERNMENT</b>			
Output appropriations	1,470		
Capital appropriations			
Liabilities assumed by the Treasurer - superannuation			
Resources received free of charge	4		
<b>Total revenues from government</b>	<b>1,474</b>	<b>0</b>	<b>1,474</b>
<b>Change in net assets before extraordinary items</b>	<b>(2)</b>	<b>0</b>	<b>(2)</b>
Extraordinary revenue / (expense)			
<b>Change in net assets</b>	<b>(2)</b>	<b>0</b>	<b>(2)</b>
Net increase (decrease) in asset revaluation reserve	0	0	0
Net initial adjustments on adoption of a new accounting standard (state which standard) or UIG consensus view	0	0	0
#REF!	0	0	0
<b>Total changes in equity other than those resulting from transactions with WA State Government as owners</b>	<b>(2)</b>	<b>0</b>	<b>(2)</b>

# Notes to the Financial Statements

## For the year ended 30 June 2002

### Note 28 Operating and special purpose transactions (continued)

	Operating funds	All other funds	Total funds
	2002	2002	2002
	\$000	\$000	\$000
	0	0	0
<b>Cash flows from Government</b>			
Output appropriations	1,449	0	1,449
Capital contributions (2001/02 appropriation)	0	0	0
<b>Net cash provided by Government</b>	<b>1,449</b>	<b>0</b>	<b>1,449</b>
Utilised as follows:			
<b>Cash flows from operating activities</b>			
<b>Payments</b>			
Employee costs	(1,309)	0	(1,309)
Supplies and services	(367)	0	(367)
Borrowing costs	0	0	0
GST payments on purchases	0	0	0
GST payments to taxation authority	0	0	0
GST payments on purchases	0	0	0
GST payments to taxation authority	0	0	0
<b>Receipts</b>			
Patient charges and fees	210	0	210
Commonwealth grants and contributions	0	0	0
Grants and subsidies from non-government sources	0	0	0
Interest received	0	0	0
GST receipts on charges and fees	0	0	0
GST receipts from taxation authority	0	0	0
Other	0	0	0
GST receipts on sales	0	0	0
GST receipts from taxation authority	0	0	0
<b>Net cash provided by / (used in) operating activities</b>	<b>(1,466)</b>	<b>0</b>	<b>(1,466)</b>
<b>Cash flows from investing activities</b>			
Purchase of non-current physical assets	0	0	0
Proceeds from sale of non-current physical assets	0	0	0
Receipts from term deposits	0	0	0
Purchase of term deposits	0	0	0
<b>Net cash provided by / (used in) investing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	0	0	0
Repayments of borrowings	0	0	0
<b>Net cash provided by / (used in) financing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net increase / (decrease) in cash held</b>	<b>19</b>	<b>0</b>	<b>19</b>
Cash assets at the beginning of the reporting period	0	0	0
Cash reallocations	0	0	0
<b>Cash assets at the end of the reporting period</b>	<b>19</b>	<b>0</b>	<b>19</b>

# Notes to the Financial Statements

## For the year ended 30 June 2002

### Note 29 Health Service output information

Hawthorn Hospital operates a continuing care service.  
This Output group is defined in the 2001 / 2002 Budget Papers as follows:

#### Continuing Care

Continuing care services are provided to improve the quality of life for those who need continuing care.

Services provided within this output include:

- \* home care services
- \* specialist geriatric services
- \* inpatient and home palliative care services and
- \* residential services

All of the Hospital outputs from Hawthorn Hospital are categorised as 'Continuing Care'.

	Prevention and Promotion		Diagnosis and Treatment		Continuing Care		Total	
	2002	2001	2002	2001	2002	2001	2002	2001
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>COST OF SERVICES</b>								
<b>Expenses from Ordinary Activities</b>								
Employee expenses	0	0	0	0	1,300	1,170	1,300	1,170
Fees for visiting medical practitioners	0	0	0	0	0	0	0	0
Superannuation expense	0	0	0	0	132	105	132	105
Patient support costs	0	0	0	0	169	199	169	199
Borrowing costs expense	0	0	0	0	0	0	0	0
Depreciation expense	0	0	0	0	18	17	18	17
Net loss on disposal of non-current assets	0	0	0	0	0	0	0	0
Asset revaluation decrement	0	0	0	0	0	0	0	0
Capital User Charge	0	0	0	0	0	0	0	0
Other expenses from ordinary activities	0	0	0	0	74	106	74	106
<b>Total cost of services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,693</b>	<b>1,597</b>	<b>1,693</b>	<b>1,597</b>
<b>Revenues from Ordinary Activities</b>								
Revenue from operating activities								
Patient charges	0	0	0	0	0	216	0	216
Commonwealth grants and contributions	0	0	0	0	0	0	0	0
Grants and subsidies from non-government sources	0	0	0	0	0	0	0	0
Other revenues from ordinary activities	0	0	0	0	0	0	0	0
Trading result	0	0	0	0	0	0	0	0
Net profit on disposal of non-current assets	0	0	0	0	0	0	0	0
Revenue from non-operating activities								
Interest revenue	0	0	0	0	0	0	0	0
Other revenues from ordinary activities	0	0	0	0	0	0	0	0
<b>Total revenues from ordinary activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>216</b>	<b>217</b>	<b>216</b>	<b>217</b>
<b>Net cost of services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,477</b>	<b>1,380</b>	<b>1,477</b>	<b>1,380</b>
<b>Total Revenues from Government</b>								
Output appropriations	0	0	0	0	1,470	1,265	1,470	1,265
Capital appropriations	0	0	0	0	0	0	0	0
Liabilities assumed by the Treasurer - superannuation	0	0	0	0	0	73	0	73
Resources received free of charge	0	0	0	0	4	4	4	4
<b>Total revenues from government</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,474</b>	<b>1,342</b>	<b>1,474</b>	<b>1,342</b>
Change in net assets before extraordinary items	0	0	0	0	(3)	(38)	(3)	(38)
Extraordinary revenue / (expense)	0	0	0	0	0	0	0	0
<b>CHANGE IN NET ASSETS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(3)</b>	<b>(38)</b>	<b>(3)</b>	<b>(38)</b>