# Hawthorn Hospital

Annual Report 2002/2003

Department of Health
Government of Western Australia

# Statement of Compliance

To the Hon Jim McGinty 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 2003.

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

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

August 2003

# Director General's Overview

The 2002/2003 financial year was both eventful and challenging. What began as a busy year, with the Department in the midst of a major restructure of its operations, quickly became frenetic when several unforeseen events were thrust upon us, including the SARS epidemic and the aftermath of the Bali bombing incident.

It was testimony to the high quality of our staff, systems and infrastructure that the State's health service rose to meet these and many other challenges, and performed so well in the process.

During the year, a major restructure of the entire health system has been successfully completed, which brought together all parts of a previously fragmented system in terms of organisational reporting arrangements. This has resulted in a single health system with a State Health Management Team providing a solid basis for system-wide coordination, reporting and accountability. This has clearly been a time-consuming process, the outcome which ensures that our system is much better placed to address all the challenges that inevitably face health systems.

An important and successful development was the establishment of the WA Country Health Service, which has brought together the regional health services into one unified country system with six new administrative regions. This has led to greater coordination for country services, with the Executive Director also holding a place on the State Health Management Team.

District Health Advisory Councils have been established. Drawn from the community, consumers, agency providers and health services, their members will play a very important role in influencing health policies and developments. These councils will take us into a new era in community participation and ensure that country people are in a better position to influence policy and health developments.

The State's first Clinical Senate was established, with representation from a broad range of health sector professionals – including doctors, nurses and allied health professionals from the public and private sectors, and from metropolitan and rural areas. The Senate will provide advice to the Director General of Health and the State Health Management Team on the coordination and development of clinical planning, clinical and resource decision-making and other relevant clinical issues for health service delivery in Western Australia.

The new Health Reform Committee, which was established in March 2003, has provided the system with a tight focus on improving clinical services and ensuring expenditure growth remains sustainable. The committee has an ongoing role, with its final report due in March 2004.

In acknowledgment of the steady ageing of the Australian population a statewide consultation process was undertaken, drawing on the expertise of key health and aged care stakeholders and the wider community. This culminated in the release of the State Aged Care Plan in March 2003, which provides clear objectives for future services that will be diverse while at the same time sensitive to individual client preferences.

In August 2002 existing arrangements to improve quality care processes and patient outcomes in the WA health system were strengthened by the establishment of the WA Council for Safety and Quality in Health Care. This Council has a leadership and strategic management role in Safety and Quality and focuses on developing strategies and programs to support consumer focussed health care, clinical practice improvement, risk management and system improvement and accountability.

In May 2003 the Council, in conjunction with the Department's Office of Safety and Quality in Health Care finalised the 2003-2008 Strategic Safety and Quality Plan for Western Australia which provides a unified platform for an improved system approach to better meet the care needs of consumers and patients using WA health services.

A capital works program totalling almost $100 million was undertaken, including the provision of new facilities and major equipment upgrades and purchases. These ranged from state-of-the-art CT scanning facilities and a MRI scanner, to a $10.3 million expansion at Osborne Park Hospital.

Several milestones were reached: Royal Perth Hospital's Cardiac Transplant Unit undertook its 50$^{th}$ heart transplant operation and Osborne Park Hospital, which celebrated 40 years of operation, saw the delivery of its 50,000$^{th}$ baby. All health campuses that sought re-accreditation by the Australian Council on Healthcare Standards were successful, with many receiving bonus commendations.

The Centre for Nursing Research – a collaborative project between Sir Charles Gairdner Hospital and Edith Cowan University – was launched and will focus on acute care nursing, aged care nursing, and cancer care nursing.

The Department made a major effort to reduce the reliance on agency nursing staff. A high profile media campaign for attracting former nurses back to the profession was very successful. At Fremantle Hospital, for example, agency staff numbers were able to be reduced from 70 per day to an average of 15, resulting in both significant savings as well as improved productivity.

Throughout the year, the calibre of Department of Health services was acknowledged with awards and public accolades. For example:

- Fremantle Hospital and Health Service won the National Industry Award for Excellence in Training in Community Services and Health;
- The Department's State Forensic Mental Health Service Community Program and the Oral Health Centre (University of WA-Health Department joint project) were both finalists in the 2002 Premier's Award for Excellence in Public Sector Management category;
- Royal Perth Hospital's Shenton Park Campus received a Road Safety Council award for commitment to patients; and
- The Health Promotion Directorate's "Go for 2&5" nutrition education campaign won the Campaign Effectiveness Award at the major advertising and media industry awards event for WA. Quit WA won the award for Best Print Campaign.

Acknowledgments of excellence were also received by individual staff members. For example, the Indigenous Nurse of the Year award went to Ms Teresa Peucker,

a community nurse with the East Metropolitan Population Health Unit; while in January 2003 Professor Assen Jablensky accepted an invitation to join the Prime Minister's Science, Engineering and Innovation Council as a member of its Neuroscience Working Group.

The Department is also proud to be associated with colleagues in the system who have achieved wide National recognition; Professor Fiona Stanley – Australian of the Year, and Professor Linda Kristjanson, named Telstra's 2002 Business Woman of the Year (community and government category).

I want to pay a special tribute to the efforts of the army of volunteers and service sponsors. Their selfless contributions are greatly appreciated by patients, families and staff alike.

The significant progress that was made in service provision and administrative improvements during the year was punctuated by several unusual events that tested the system's resilience and capacity.

A unique infectious disease threat emerged in the form of the SARS epidemic (Severe Acute Respiratory Syndrome), which arose in East Asia. The Department's Communicable Disease Control Directorate worked closely with other Departmental staff and the Commonwealth in developing and implementing a National response, the result of which is that we are now in a high state of readiness should SARS cases emerge in Western Australia.

The Bali bombing incident in October 2002 was another test of the State's emergency preparedness. From the outset, there was excellent coordination and cooperation across the entire health system, within both Government and non-government agencies. Fremantle Hospital Disaster Response Team staff were on the tarmac to meet all aircraft carrying casualties. They set up an airport triage and stabilised all incoming casualties before sending them to various hospitals. The Royal Perth Hospital Burns Unit, assisted by the Princess Margaret Hospital Burns Team and staff from the entire system, received and treated over 34 badly injured victims, including some Balinese patients. A Bali Mental Health Disaster Management Strategy Group was formed and provided counselling for in-patients and their relatives. The experience was the impetus for establishment of a State Mental Health Disaster Response Plan.

The coordinated effort and rapid action taken in WA to address the SARS epidemic and the Bali bombing incident is a testimony to the professionalism and dedication of all of the staff involved.

The public health risks associated with international terrorism were acknowledged in a review of the State health system's chemical, biological and radiological response capabilities. In collaboration with other State and Commonwealth agencies the Department participated in Exercise New Horizon and Exercise Raw Horizon, which included a testing of Fremantle Hospital's decontamination procedures. In April 2003 the Emergency Management Service coordinated medical supplies from Perth to the Middle East, as part of Operation Baghdad Assist.

A fire at the Brookdale Liquid Waste Treatment Facility saw the Department take a lead role, alongside the Department of the Environment, in identifying toxic emissions and assessing health complaints.

In 2002/2003, a comprehensive process was in place to ensure implementation of the recommendations of the Douglas Inquiry. A review of Western Australia's obstetric services was completed (Cohen Report). The report's recommendations are currently undergoing a period of public consultation. Meanwhile, major changes were made to the operation of the State's key maternity institution, King Edward Memorial Hospital and a new Medical Director for Obstetrics and Gynaecology was appointed to KEMH in March 2003. At year's end 233 of the 237 recommendations of the Douglas Inquiry had been implemented.

There has been a strong focus on emergency department issues, including a more than $20 million capital works program to improve emergency Departments at Sir Charles Gairdner Hospital, Rockingham/Kwinana District Hospital, Princess Margaret and Swan District Hospital, and a range of further initiatives. In recognition of the importance of addressing these issues on a coordinated, system-wide basis John Burns was appointed State Health Emergency Department Director, supported by the establishment of an Acute Demand Management Unit.

During the year the Department of Health also faced the enormous challenge of medical indemnity insurance. Despite the complexity of this issue, it was well handled with good cooperation from medical organisations and has led to some good and sustainable resolutions.

The health system is one of the State's largest organisations, providing a range of complex services across a vast area. Inevitably, there will be problems and some mistakes, but we should be proud of the calibre of the system and the high level of services the Western Australian public receive.

This was a momentous year but one which I have no doubt left the Department of Health stronger and more focussed than ever on its primary role of delivering to Western Australians health services of a quality equal to any in the world.

Mike Daube
**Director General of Health**

August 2003

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## ADDRESS AND LOCATION

Hawthorn Hospital
100 Flinders Street
MOUNT HAWTHORN WA 6016

☎ (08) 9444 8166
(08) 9242 1318

## MISSION STATEMENT

**Our Mission**
To provide high quality, accessible and integrated health services in the north metropolitan area in order to enhance the well being of the people within our community.

## BROAD OBJECTIVES

The objectives of Hawthorn Hospital are:

- To provide a high standard of interim 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.

## SERVICES PROVIDED

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 NMHS Rehabilitation and Aged Care Program.

Hawthorn Hospital is unique, as it provides interim care for clients who are waiting for nursing home or dementia hostel accommodation only. 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.

Hawthorn Hospital has the function of providing Care Awaiting Placement.

**DIRECT PATIENT SERVICES**
Medical Services
Nursing Services

**OTHER SUPPORT SERVICES**
Administration
Financial Services
Medical Records
Hotel Services
Engineering and Maintenance
Auxiliary
Chaplaincy

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

## ENABLING LEGISLATION

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

The Minister for Health is incorporated as the Board of the Hospital under Section 7 of the *Hospitals and Health Services Act 1927.* However, the Accountable Authority is the Commissioner of Health due to the gazettal of a notice under the *Financial Administration and Audit Act 1985* on 30 June 1986.

## MINISTERIAL DIRECTIVES

The Minister for Health did not issue any directives on health service operations during the 2002/2003 year.

## 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:

- Recruitment, Selection & Appointment processes are monitored (eg. Selection reports are vetted by Employment Services before appointment proceeds).
- Consultation with Employment Services is required in cases involving discipline and redundancy.
- Applications for Review are analysed to identify areas requiring remedy.
- Reviews of selection reports and documentation for compliance with procedures.
- Monitoring of complaints/grievances/disciplinary actions.
- Monitoring of Recruitment, Selection & Appointment processes.

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

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

The applications made to report a breach in compliance with the Code of Ethics/Code of Conduct and the corresponding outcomes for the reporting period are:

- Number investigated internally None
- Number investigated externally None
- Number of material breaches found None

Hawthorn Hospital has not been investigated or audited by the Office of Public Sector Standards Commissioner for the period to 30 June 2003.

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

August 2003

## ACCOUNTABLE AUTHORITY

The accountable authority is Mike Daube, Director General of Health, in his capacity as Commissioner of Health.

The day-to-day operational responsibilities are delegated through the Chief Executive of the North Metropolitan Health Service (NMHS) to the Nurse/Medical Co-Directors and Operations Manager of the Osborne Park Hospital Program.

## PECUNIARY INTERESTS

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

## SENIOR OFFICERS

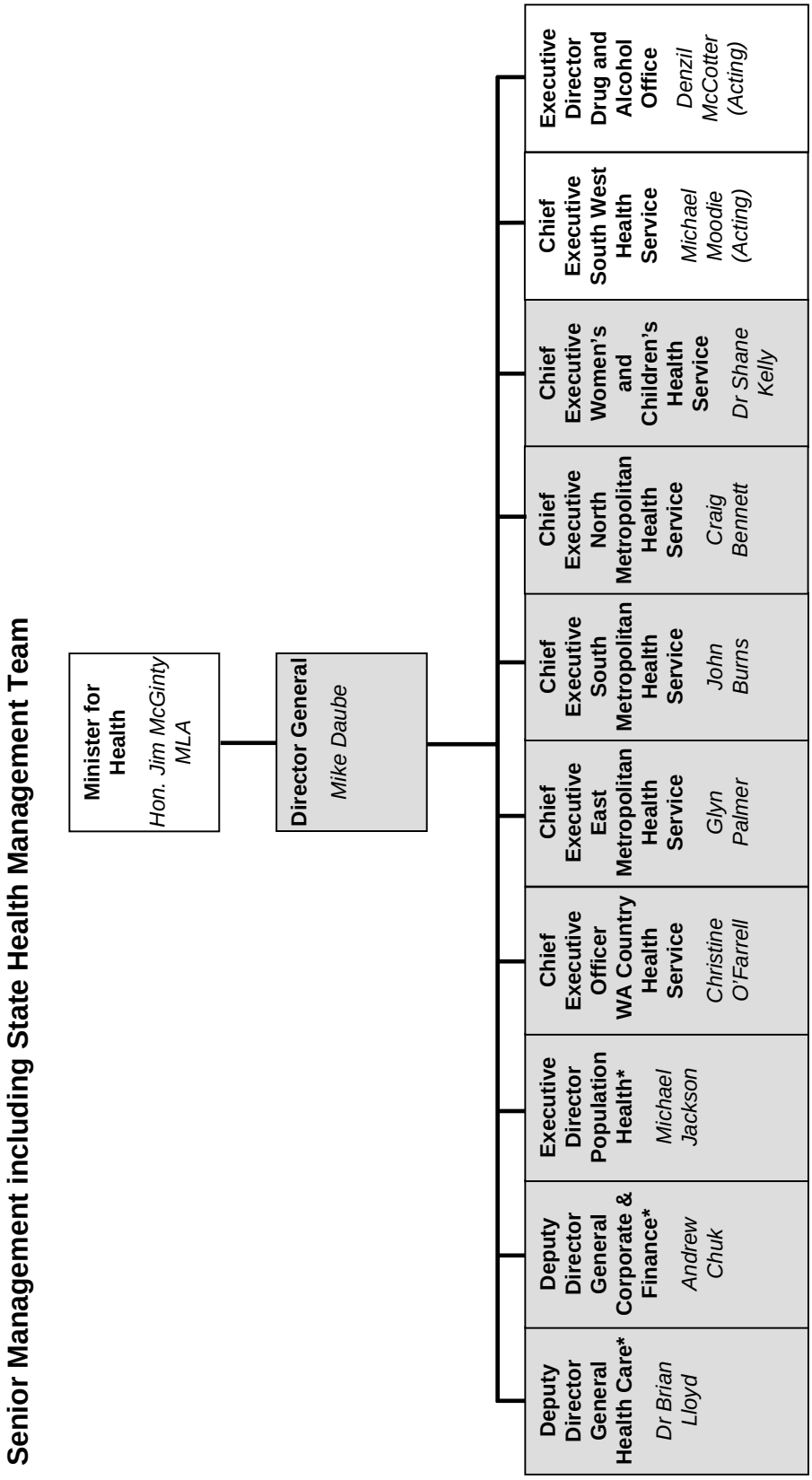
The Osborne Park Hospital Program Executive and their areas of responsibility are listed below:

**Table 1: Senior Officers**

| Area of Responsibility | Title | Name | Basis of Appointment |
|---|---|---|---|
| Hospital Program and Nursing Services | Nurse Co-Director | Mrs Heather Gluyas | Permanent |
| Hospital Program and Medical Services | Medical Co-Director | Dr Mark Salmon | Permanent |
| Corporate Services | Operations Manager | Mr Steve Marshall | Acting |

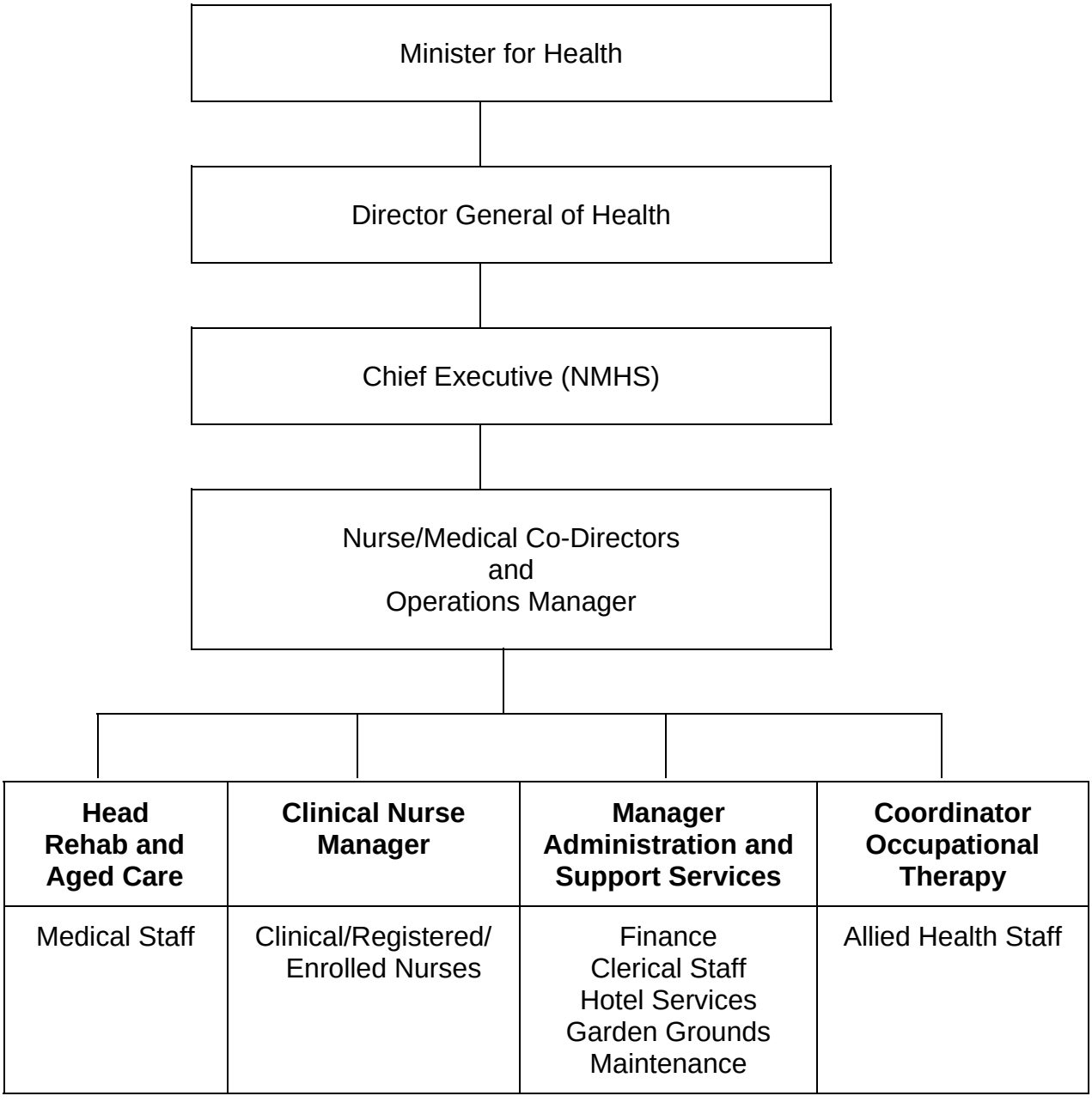
The following organisational chart outlines the unified health system including the State Health Management Team (SHMT). The organisational chart for the Hawthorn Hospital follows.

## DEPARTMENT OF HEALTH STRUCTURE AT 30 JUNE 2003




* The activities of the Divisions for which the Deputy Director Generals, Health Care and Corporate & Finance, and the Executive Director Population Health take responsibility are reported within the Department of Health Royal Street Annual Report. Organisational structures for these three Divisions (to Tier 3) are outlined over the next four pages.

## HAWTHORN HOSPITAL STRUCTURE AT 30 JUNE 2003




| **Head Rehab and Aged Care** | **Clinical Nurse Manager** | **Manager Administration and Support Services** | **Coordinator Occupational Therapy** |
|---|---|---|---|
| Medical Staff | Clinical/Registered/ Enrolled Nurses | Finance<br>Clerical Staff<br>Hotel Services<br>Garden Grounds<br>Maintenance | Allied Health Staff |

**Significant Operations**

The Hawthorn Hospital operates as an interim care facility. Its activities are directed towards providing temporary accommodation to patients from the Rehabilitation and Aged Care Unit of Osborne Park Hospital and some referrals from Joondalup Hospital, whilst they wait for suitable vacancies at dementia hostels or nursing homes.

Hawthorn's twenty-two (22) beds have shown a daily bed average for the year of 20.88 (20.20 beds in 2001/2002). Total admissions to the hospital were 108, a decrease of 7 over the 2001/2002 total of 115.

Of the 108 admissions 71 (66%) were female and 37 (34%) were male.

The average length of stay was 65.06 days per admission compared with 70.42 days in 2001/2002. The average length of stay still reflects the difficulties in locating suitable accommodation external to the public system (eg. Nursing Homes and Dementia Hostels).

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

Australian Council on Healthcare Standards periodic review was undertaken in November 2002 and accreditation status maintained.

## MAJOR CAPITAL WORKS

Hawthorn Hospital did not complete or make progress on any major capital projects during 2002/2003.

## DEMOGRAPHY

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

**Table 2: Demography - Population figures of the City of Stirling**

| Local Authority | Population as at 2001 * | Projected Population as at 2006 * | Change (%) |
|---|---|---|---|
| City of Stirling | 177,281 | 183,306 | + 3.40 |

**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.

## DISABILITY SERVICES

### Our Policy

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

### Programs and Initiatives

Programs and initiatives to that have been developed and/or implemented to improve access to services for all people with disabilities are outlined below.

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

- The Disability Services Policy and Disability Services Plan are current and have been endorsed by management.
- Disability service issues are considered when new polices are developed and endorsed.
- Appropriate patient transport is organised as required for patients with disabilities.

**OUTCOME 2**
**Access to building and facilities is improved.**

- Appropriate changes to existing facilities are made as funds become available to improve access.
- Safety for patients was improved with hand-rails/railings being added to facilities.
- Toilets and bathrooms have been upgraded to allow wheelchair access.
- Access ramps have been added to entrances.

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

- Published materials in large print can be made available as required.

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

- New staff are provided with disability awareness training as part of an orientation program.

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

- Complaint procedures have been redesigned to meet the needs of clients who are unable to make written complaints.

**Future Direction**

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

## EQUITY AND DIVERSITY OUTCOMES

**OUTCOME 1**
**The organisation values EEO and diversity and the work environment is free from racial and sexual harassment**

- An EEO Committee operates and meets regularly (currently being reviewed).
- A network of Contact Officers is in place.
- EEO Contact Officers have access to and attend regular forums run by the OEEO to keep abreast of current EEO issues.
- Appropriate policies are in place – EEO; Code of Conduct and Grievance Resolution – and available on Intranet site and departmental manuals.
- Hospital Equal Employment Opportunity Policy is promoted at the mandatory new staff induction which is held regularly by the Osborne Park Hospital Program.

**OUTCOME 2**
**Workplaces are free from employment practices that are biased or discriminate unlawfully against employees or potential employees**

- The Hospital participates on a Bullying Working Party formed to develop policy and procedures to raise awareness of and deal with Bullying issues including bias and discrimination. This is additional to current policies and practices in these areas.
- Hospital Recruitment and Selection Manual contains direction on Employment Equity practices.
- Selection panels are constructed appropriately so that appointments are free from nepotism and bias.
- Employment Services provides advice on the Recruitment and Selection process to Selection panels to support compliance in this area.

**OUTCOME 3**
**Employment programs and practices recognise and include strategies for EEO groups to achieve workforce diversity**

- Job Specification Forms for management and supervisory positions include appropriate EEO criteria in essential criteria.
- Recruitment and Selection Manual revised regularly in accordance with EQUIP, Public Sector Standards and EEO requirements.
- Policy on job sharing under development.
- The Hospital attempts to provide employment/work experience to persons with disabilities as circumstances permit.

## CULTURAL DIVERSITY AND LANGUAGE SERVICES OUTCOMES

**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 OUTCOMES

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

The Osborne Park Hospital Program provides industrial relations and human resource services to Hawthorn Hospital via its Human Resource Services Department.

## EMPLOYEE PROFILE

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

**Table 3: Employee Profile**

| CATEGORY | 2000/2001 | 2001/2002 | 2002/2003 |
|---|---|---|---|
| Nursing Services | 17.12 | 16.24 | 16.19 |
| Administration and Clerical* | 1.00 | 1.00 | 1.00 |
| Medical Support* | 0.40 | 0.68 | 0.79 |
| Hotel Services* | 8.01 | 9.90 | 10.55 |
| Maintenance | - | - | - |
| Medical (salaried) | - | 0.11 | 0.11 |
| Other | - | - | - |
| **Total** | **26.53** | **27.93** | **28.64** |

* 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

Recruitment, Selection and Appointment continues to be monitored to ensure compliance with the Public Sector Standard, and to ensure efficient and effective recruitment.

The current Recruitment, Selection and Appointment Policy and Procedure are presently being reviewed.

Training in Recruitment, Selection and Appointment provided by SCGH is now being accessible to relevant Hawthorn Hospital staff.

## 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:

- Continence Management
- Risk Management – including Occupational Safety and Health
- Management of Violence and Aggression
- Cardio Pulmonary Resuscitation Updates
- Infection Control Update
- Permanent night staff rotated onto day duty for a period of four weeks each
- Manutension

## WORKERS' COMPENSATION AND REHABILITATION

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

**Table 4: Workers' Compensation and Rehabilitation**

| Category | 2002/2003 |
|---|---|
| Nursing Services | 1 |
| Administration and Clerical | 0 |
| Medical Support | 0 |
| Hotel Services | 0 |
| Maintenance | 0 |
| Medical (salaried) | 0 |
| Other | 0 |
| **Total** | **1** |

*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 Osborne Park Hospital Program in manual handling and the management of violence and aggression.

## INDUSTRIAL RELATIONS

No issues have arisen during 2002/2003.

## FREEDOM OF INFORMATION

Hawthorn Hospital received and dealt with no formal applications under the Freedom of Information guidelines during 2002/2003.

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

## ADVERTISING AND SPONSORSHIP

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.*

**Table 5: Advertising and Sponsorship**

| Expenditure Category | 2001/2002 | 2002/2003 |
|---|---|---|
| Advertising Agencies | - | - |
| Market Research Organisations | - | - |
| Polling Organisations | - | - |
| Direct Mail Organisations | - | - |
| Media Advertising Organisations<br>- Marketforce Productions/West Australian | 2,573 | 1,374 |
| **Total** | **$2,573** | **$1,374** |

Marketforce Productions/West Australian = advertising staff vacancies

## PUBLIC RELATIONS AND MARKETING

Hawthorn Hospital did not use any public relations and marketing during 2002/2003.

## PUBLICATIONS

Brochures regarding patient rights and responsibilities and other patient information are available at Hawthorn Hospital's main entrance. Patients and visitors are also able to obtain copies of the Annual Reports from reception.

## RESEARCH AND DEVELOPMENT

Hawthorn Hospital did not carry out any major research and development programs during 2002/2003.

## EVALUATIONS

Overall statement:

> Hawthorn Hospital continues to participate in the Australian Council on HealthCare Standards (ACHS) Evaluation and Quality Improvement Program (EQuIP). During 2002/2003 the Hospital participated in a periodic review for the purpose of continuing their accreditation status with the ACHS.

**Evaluations and Reviews Completed in 2002/2003**

**ACHS EQuIP – Periodic Review of Osborne Park Hospital Program (OPHP) including Hawthorn Hospital (program and policy)**

***Purpose:*** On-site review by ACHS surveyors to identify demonstrable outcomes and improvements for previous recommendations and the standard pertaining to improving performance.

***Main Outcomes:*** Confirmed continued accreditation with the ACHS. A rating of 'Moderate Achievement' or above obtained for the reviewed criteria and standards.

***Action proposed/taken:*** Recommendations and comments are being followed up. Preparation for the follow-up Self-Assessment in November 2003.

## INTERNAL AUDIT CONTROLS

Hawthorn Hospital has established a system of internal controls to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained and financial information is reliable. An Audit Committee is 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.

## PRICING POLICY

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 of 9 June 2003, the daily bed fee raised against patients of the hospital was increased to $32.30 per day.

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

## RISK MANAGEMENT

Hawthorn Hospital is included in the Osborne Park Hospital Program 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 T.I. 109. 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.

## ENERGY SMART GOVERNMENT PROGRAM

In accordance with the Energy Smart Government policy the Department of Health is required to achieve a 12% reduction (relative to 2001/2002) in non-transport related energy use by 2006/2007 with a 5% reduction targeted for 2002/2003. The full Energy Smart Government Program report and interpretations – for the whole Department of Health – is reported in the Department of Health (Royal Street) Annual Report 2002/2003.

## 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.

**HAWTHORN HOSPITAL**
**CERTIFICATION OF PERFORMANCE INDICATORS**
**FOR THE YEAR ENDED 30 JUNE 2003**

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 2003.

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

August 2003

AUDITOR **GENERAL**

**INDEPENDENT AUDIT OPINION**

**To the Parliament of Western Australia**

**HAWTHORN HOSPITAL**
**PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2003**

**Audit Opinion**
In my opinion, the key effectiveness and efficiency performance indicators of the Hawthorn Hospital are relevant and appropriate to help users assess the Hospital's performance and fairly represent the indicated performance for the year ended June 30, 2003.

**Scope**
***The Director General, Department of Health's Role***
The Director General, Department of Health is responsible for developing and maintaining proper records and systems for preparing performance indicators.

The performance indicators consist of key indicators of effectiveness and efficiency.

***Summary of my Role***
As required by the Financial Administration and Audit Act 1985, I have independently audited the performance indicators to express an opinion on them. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the performance indicators is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the performance indicators.

D D R PEARSON
AUDITOR GENERAL
November 20, 2003

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

## 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.

## EFFICIENCY AND EFFECTIVENESS INDICATORS

## EFFECTIVENESS INDICATOR

**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 1 January 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.

The Australian Council on HealthCare Standards (ACHS) awards accreditation, 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. The service successfully underwent EQuIP Periodic Review in November 2002. This involved 3 surveyors on site for 2 days.

## EFFICIENCY INDICATOR

**Inpatient**

**Table 6: Indicator: Use of Resources**

| Indicator | 2001/2002 | 2002/2003 |
|---|---|---|
| Average cost per occupied bed (Accrual Basis) | $229.45 | $241.22 |
| Average bed occupancy | 91.8% | 94.9% |

**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.

The increase of 5.13% in the average cost per occupied bed was mainly due to:
- increases in 'Salaries and Wages'; and
- an increase in the bed occupancy

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

The accompanying financial statements of Hawthorn Hospital have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the year ending 30 June 2003 and the financial position as at 30 June 2003.

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**

August 2003

Philip Aylward
**Principal Accounting Officer**
**Hawthorn Hospital**

August 2003

AUDITOR **GENERAL**

**INDEPENDENT AUDIT OPINION**

**To the Parliament of Western Australia**

**HAWTHORN HOSPITAL**
**FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003**

**Audit Opinion**
In my opinion,

(i) the controls exercised by the Hawthorn Hospital provide reasonable assurance that the receipt, expenditure and investment of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and

(ii) 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, 2003 and its financial performance and cash flows for the year ended on that date.

**Scope**
***The Director General, Department of Health's Role***
The Director General, Department of Health is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and the Notes to the Financial Statements.

***Summary of my Role***
As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.

D D R PEARSON
AUDITOR GENERAL
November 20, 2003

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

# Statement of Financial Performance
For the year ended 30 June 2003

| | Note | 2003 $000 | 2002 $000 |
|---|---|---|---|
| **COST OF SERVICES** | | | |
| **Expenses from Ordinary Activities** | | | |
| Employee expenses | 2 | 1,592 | 1,432 |
| Patient support costs | 3 | 189 | 169 |
| Depreciation expense | 4 | 14 | 18 |
| Other expenses from ordinary activities | 5 | 43 | 74 |
| **Total cost of services** | | **1,838** | **1,693** |
| **Revenues from Ordinary Activities** | | | |
| **Revenue from operating activities** | | | |
| Patient charges | 6 | 233 | 216 |
| **Total revenues from ordinary activities** | | **233** | **216** |
| **Net cost of services** | | **1,605** | **1,477** |
| **REVENUES FROM STATE GOVERNMENT** | | | |
| Output appropriations | 7 | 1,620 | 1,470 |
| Resources received free of charge | 8 | 4 | 4 |
| **Total revenues from State Government** | | **1,624** | **1,474** |
| **CHANGE IN NET ASSETS** | | **19** | **(3)** |
| Net initial adjustments on adoption of AASB 1028 "Employee Benefits" | | 1 | - |
| **Total revenues, expenses and valuation adjustments recognised directly in equity** | | **1** | **-** |
| **Total changes in equity other than those resulting from transactions with WA State Government as owners** | | **20** | **(3)** |

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 2003

| | Note | 2003 $000 | 2002 $000 |
|---|---|---|---|
| **Current assets** | | | |
| Cash assets | 9 | 153 | 19 |
| Receivables | 10 | 46 | 39 |
| **Total current assets** | | **199** | **58** |
| **Non-current assets** | | | |
| Amounts receivable for outputs | 11 | 39 | 21 |
| Property, plant and equipment | 12 | 499 | 512 |
| **Total non-current assets** | | **538** | **533** |
| **Total assets** | | **737** | **591** |
| **Current liabilities** | | | |
| Payables | 13 | 13 | 13 |
| Provisions | 14 | 307 | 257 |
| Other liabilities | 15 | 107 | 16 |
| **Total current liabilities** | | **427** | **286** |
| **Non-current liabilities** | | | |
| Provisions | 14 | 331 | 346 |
| **Total non-current liabilities** | | **331** | **346** |
| **Total liabilities** | | **758** | **632** |
| **Net assets** | | **(21)** | **(41)** |
| **Equity** | 16 | | |
| Accumulated surplus (deficiency) | | (21) | (41) |
| **Total equity** | | **(21)** | **(41)** |

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 2003

| | Note | 2003 $000 Inflows (Outflows) | 2002 $000 Inflows (Outflows) |
|---|---|---|---|
| **Cash flows from State Government** | 17 | | |
| Output appropriations | | 1,599 | 1,449 |
| **Net cash provided by State Government** | | **1,599** | **1,449** |
| | | | |
| **Utilised as follows:** | | | |
| | | | |
| **Cash flows from operating activities** | | | |
| **Payments** | | | |
| Employee costs | | (1,321) | (1,309) |
| Supplies and services | | (369) | (367) |
| | | | |
| **Receipts** | | | |
| Patient charges and fees | | 225 | 210 |
| **Net cash provided by / (used in) operating activities** | 18(b) | **(1,465)** | **(1,466)** |
| | | | |
| **Net increase / (decrease) in cash held** | | **134** | **19** |
| | | | |
| Cash assets at the beginning of the reporting period | | 19 | - |
| | | | |
| **Cash assets at the end of the reporting period** | 18(a) | **153** | **19** |

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

**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 | 50 years |
| Computer equipment | 5 to 15 years |
| Furniture and fittings | 5 to 50 years |
| Other plant and equipment | 4 to 50 years |

(d) Valuation of land, buildings and infrastructure

Valuation of land and buildings is at cost. It is anticipated that revaluations will be completed during the next financial vear.

(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 or at the lower of cost and net realisable value.

(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.

(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 benefits

Annual leave

This benefit is recognised at the reporting date in respect to employees' services up to that date and is measured at the nominal amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provisions for employee benefits, and is measured at the nominal amounts expected to be paid when the liability is settled. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provisions for employee benefits and is measured at 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 relevant on costs, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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 further 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 the GESB.

The note disclosure required by paragraph 6.10 of AASB 1028 (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.

Deferred Salary Scheme

With the written agreement of the Health Service, an employee may elect to receive, over a four-year period, 80% of the salary they would otherwise be entitled to receive. On completion of the fourth year, an employee will be entitled to 12 months leave and will receive an amount equal to 80% of the salary they were otherwise entitled to in the fourth year of deferment. An employee may withdraw from this scheme prior to completing a four-year period by written notice. The employee will receive a lump sum payment of salary forgone to that time.

The liability for deferred salary scheme represents the amount which the Health Service is obliged to pay to the employees participating in the deferred salary scheme. The liability has been calculated on current remuneration rates in respect of services provided by the employees up to the reporting date and includes related on-costs.

Employee benefit on-costs

Employee benefit on-costs are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities and expenses.

(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.

| | 2003 $000 | 2002 $000 |
|---|---|---|

**Note 2 Employee expenses**

| | | |
|---|---|---|
| Wages and salaries | 1,274 | 1,133 |
| Long service leave | (60) | 39 |
| Annual leave | 255 | 91 |
| Other related expenses | 123 | 169 |
| | 1,592 | 1,432 |

Employee expenses include superannuation and other employment oncosts associated with the recognition of annual and long-service leave liability. The related on-costs liability is included in employee benefit liabilities at Note 14.

**Note 3 Patient support costs**

| | | |
|---|---|---|
| Medical supplies and services | 21 | 20 |
| Purchased external services | | |
| *Medical and Surgical* | 4 | 4 |
| *Laundry and Linen* | 31 | 30 |
| Domestic charges | 39 | 38 |
| Fuel, light and power | 29 | 26 |
| Food supplies | 65 | 51 |
| **Total** | **189** | **169** |

**Note 4 Depreciation expense**

| | | |
|---|---|---|
| Buildings | 13 | 13 |
| Plant and equipment | 1 | 2 |
| Office equipment, furniture and fittings | - | 2 |
| Computing equipment / software | - | 1 |
| **Total** | **14** | **18** |

**Note 5 Other expenses from ordinary activities**

| | | |
|---|---|---|
| Administrative expenses | 1 | 1 |
| Repairs and maintenance | 3 | 3 |
| Workers compensation insurance | 7 | 21 |
| Consumable equipment expenditure | - | 8 |
| Purchased external services | 3 | 2 |
| Insurance | 1 | 1 |
| Printing and stationery | 3 | 3 |
| Other support costs | 8 | 15 |
| Additions and alterations (non-capital) | 1 | 5 |
| Communications | 11 | 10 |
| Lease expense | 1 | 1 |
| Audit fees - external | 4 | 4 |
| **Total** | **43** | **74** |

**Note 6 Patient charges**

| | | |
|---|---|---|
| Inpatients Charges | 233 | 216 |
| **Total** | **233** | **216** |

| | 2002 $000 | 2003 $000 |
|---|---|---|

**Note 7 Output appropriations**

| | | |
|---|---|---|
| Appropriation revenue received during the year: | | |
| Output appropriations | 1,620 | 1,470 |
| - Other non cash adjustments to output appropriations | 21 | 21 |
| | 21 | 21 |
| Total appropriations received as cash (Statement of Cash Flows): | 1,599 | 1,449 |

Output appropriations are accrual amounts reflecting the full cost of outputs delivered. 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.

**Note 8 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 | 4 | 4 |
| **Total** | **4** | **4** |

**Note 9 Cash assets (unrestricted)**

| | | |
|---|---|---|
| Cash at bank | 153 | 19 |
| **Total** | **153** | **19** |
| Comprising: | | |
| Operating cash assets | 153 | 19 |
| **Total** | **153** | **19** |

**Note 10 Receivables**

| | | |
|---|---|---|
| Patient fee debtors | 34 | 29 |
| Accrued Income | 12 | 10 |
| | 46 | 39 |
| Less: Provision for doubtful debts | - | - |
| **Total** | **46** | **39** |

**Note 11 Amounts receivable for outputs**

| | | |
|---|---|---|
| Current | - | - |
| Non-current | 39 | 21 |
| | **39** | **21** |
| Balance at beginning of year | 21 | - |
| Credit to holding account | 18 | 21 |
| Balance at end of year | **39** | **21** |

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

| | 2002 $000 | 2003 $000 |
|---|---|---|
| **Note 12 Property, plant and equipment** | | |
| Land - | 80 | 80 |
| Buildings - at cost | 429 | 439 |
| Less: accumulated depreciation | (16) | (13) |
| Net carrying amount | 413 | 426 |
| Plant and equipment - at cost | 7 | 5 |
| Less: accumulated depreciation | (4) | (2) |
| Net carrying amount | 3 | 3 |
| Office equipment / furniture and fittings - at cost | - | 3 |
| Less: accumulated depreciation | - | (2) |
| Net carrying amount | 0 | 1 |
| Computing equipment / software - at cost | 5 | 4 |
| Less: accumulated depreciation | (2) | (1) |
| Net carrying amount | 3 | 3 |
| Total property, plant and equipment | 521 | 530 |
| Less: accumulated depreciation | (22) | (18) |
| **Total property, plant and equipment** | **499** | **512** |
| **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. | | |
| *Land* | | |
| Beginning carrying amount | 80 | 80 |
| Additions | - | - |
| Disposals | - | - |
| Revaluations increments / (decrements) | - | - |
| Write-off of assets | - | - |
| **Ending carrying amount** | **80** | **80** |
| *Buildings* | | |
| Beginning carrying amount | 426 | 439 |
| Additions | - | - |
| Disposals | - | - |
| Revaluations increments / (decrements) | - | - |
| Write-off of assets | - | - |
| Depreciation expense | (13) | (13) |
| **Ending carrying amount** | **413** | **426** |
| *Plant and equipment* | | |
| Beginning carrying amount | 3 | 5 |
| Additions | - | 3 |
| Disposals | - | (3) |
| Revaluations increments / (decrements) | - | - |
| Write-off of assets | - | - |
| Depreciation | - | (2) |
| **Ending carrying amount** | **3** | **3** |
| *Office equipment / furniture and fittings* | | |
| Beginning carrying amount | 1 | 3 |
| Additions | - | - |
| Disposals | (1) | - |
| Revaluations increments / (decrements) | - | - |
| Write-off of assets | - | - |
| Depreciation | - | (2) |
| **Ending carrying amount** | **0** | **1** |

| | 2002 $000 | 2003 $000 |
|---|---|---|
| *Computing equipment / software* | | |
| Beginning carrying amount | 3 | 4 |
| Additions | - | - |
| Disposals | - | - |
| Revaluations increments / (decrements) | - | - |
| Write-off of assets | - | - |
| Depreciation | - | (1) |
| **Ending carrying amount** | **3** | **3** |

**Note 13 Payables**

| | | |
|---|---|---|
| Trade creditors | 11 | 11 |
| Accrued expenses | 2 | 2 |
| **Total** | **13** | **13** |

**Note 14 Provisions**

| | | |
|---|---|---|
| Current liabilities | | |
| Annual leave (i) | 323 | 184 |
| Long service leave (i) | (49) | 33 |
| Deferred salary scheme | - | - |
| Superannuation (ii) | 33 | 40 |
| | **307** | **257** |
| Non-current liabilities | | |
| Long service leave (i) | 55 | 59 |
| Deferred salary scheme | - | - |
| Superannuation (ii) | 276 | 287 |
| | **331** | **346** |
| Total employee benefit liability | **638** | **603** |

(i) The settlement of annual and long service leave liabilities gives rise to the payment of employment superannuation and other on-costs. The liability for such oncosts is included here. The associated expense is included under Employee expenses at Note 2.

(ii) The superannuation liability has ben established from data supplied by the Government Employees Superannuation Board.

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

**Note 15 Other liabilities**

| | | |
|---|---|---|
| Current | | |
| Accrued salaries | 18 | 13 |
| Fringe Benefits Tax | 3 | 3 |
| Other | 86 | - |
| **Total** | **107** | **16** |

**Note 16 Equity**

| | | |
|---|---|---|
| Accumulated surplus / (deficiency) | | |
| Opening balance | (41) | (38) |
| Change in net assets - funds balance from financial year 2001/2002. | 19 | (3) |
| Net initial adjustments on adoption of AASB 1028 "Employee Benefits" | 1 | - |
| Closing balance | **(21)** | **(41)** |

| | 2003 $000 | 2003 $000 |
|---|---|---|
| **Note 17 Notional cash flows** | | |
| Output appropriations as per Statement of Financial Performance | 1,620 | 1,470 |
| | **1,620** | **1,470** |
| Less notional cash flows: | | |
| - Accrual appropriations - Depreciation | (17) | (17) |
| - Accrual appropriations - Employee Entitlements | (4) | (4) |
| **Total notional cash flow** | **(21)** | **(21)** |
| **Cash flows from State Government as per Statement of Cash Flows** | **1,599** | **1,449** |

**Note 18 Notes to the statement of cash flows**

**(a) Reconciliation of cash**

Cash assets at the end of the financial year as shown on the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

| | | |
|---|---|---|
| Cash assets (unrestricted) (Refer note 9) | 153 | 19 |
| | **153** | **19** |

**(b) Reconciliation of net cost of services to net cash flows provided by / (used in) operating activities**

| | | |
|---|---|---|
| **Net cost of services** | **(1,605)** | **(1,477)** |
| (Increase) / decrease in assets: | | |
| Receivables | (8) | (5) |
| Increase / (Decrease) in liabilities: | | |
| Provisions | 40 | (7) |
| Other liabilities | 91 | 1 |
| Non-cash items: | | |
| Depreciation | 13 | 18 |
| Resources received free of charge | 4 | 4 |
| **Net cash provided by / (used in) operating activities** | **(1,465)** | **(1,466)** |

**Note 19 Contingent liabilities and contingent assets**

There are no contingent liabilities or contingent assets.

**Note 20 Events occurring after reporting date**

There were no events that occurred after reporting date that have a material effect on these financial statements.

**Note 21 Remuneration of Members of the Accountable Authority and Senior Officers**

| Remuneration of Members of the Accountable Authority | 2003 | 2002 |
|---|---|---|

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

Remuneration of Senior Officers

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

**Note 22 Related Bodies**

A related body is a body which receives more than half its funding and resources from the Health Service and is subject to operational control by the Health Service. Related bodies are generally government agencies which have no financial administration responsibilities.

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.

**Note 23 Affiliated bodies**

An affiliated body is a body which receives more than half its funding and resources from the Health Service and is not subject to operational control by the Health Service. Affiliated bodies are generally non-government agencies, such as charitable, welfare and community interest groups which receive financial support from government.

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 24 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:

| | Weighted average effective interest rate | Variable interest rate | Fixed Interest Rate Maturities | | | Non-interest bearing | |
|---|---|---|---|---|---|---|---|
| | | | Less than 1 year | 1 to 5 years | Over 5 years | | Total |
| **As at 30 June 2003** | % | $000 | $000 | $000 | $000 | $000 | $000 |
| **Financial assets** | | | | | | | |
| Cash assets | 0.00% | - | - | - | - | 153 | 153 |
| Receivables | 0.00% | - | - | - | - | 46 | 46 |
| | | - | - | - | - | 199 | 199 |
| **Financial liabilities** | | | | | | | |
| Payables | 0.00% | - | - | - | - | 13 | 13 |
| Accrued salaries | 0.00% | - | - | - | - | 18 | 18 |
| | | - | - | - | - | 31 | 31 |
| Net Financial assets / (liabilities) | | - | - | - | - | 168 | 168 |
| **As at 30 June 2002** | | | | | | | |
| Financial assets | | - | - | - | - | 58 | 58 |
| Financial liabilities | | - | - | - | - | 26 | 26 |
| Net Financial assets / (liabilities) | | - | - | - | - | 32 | 32 |

**(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. The carrying amounts of financial assets recorded in the financial statements, net of any provisions or losses, represent the Health Service's maximum exposure to credit risk.

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.

**Note 25 Explanatory Statement**

**(A) Significant variations between actual revenues and expenditures for the financial year and revenues and expenditures for the immediately preceding financial year.**

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 7% or that are 4% or more of the current year's Total Cost of Services.

| | Note | 2003 $000 | 2002 $000 | Variance $000 |
|---|---|---|---|---|
| **Statement of Financial Performance - Expenses** | | | | |
| Employee expenses | 1 | 1,592 | 1,432 | 160 |
| Patient support costs | 2 | 189 | 169 | 20 |
| Depreciation expense | 3 | 14 | 18 | (4) |
| Other expenses from ordinary activities | 4 | 43 | 74 | (31) |
| **Statement of Financial Performance - Revenues** | | | | |
| Patient charges | 5 | 233 | 216 | 17 |
| Output appropriations | 6 | 1,620 | 1,470 | 150 |
| Resources received free of charge | 7 | 4 | 4 | 0 |

| | | | | |
|---|---|---|---|---|
| 1 | Employee expenses<br>Cost of award increases in 2002/2003. Super expenses now in employee expenses. | 1,592 | 1,432 | 160 |
| 2 | Patient support costs<br>Minor escalation of costs for food,electricity and drugs. | 189 | 169 | 20 |
| 3 | Depreciation expense<br>Decrease is not significant in dollar terms | 14 | 18 | (4) |
| 4 | Other expenses from ordinary activities<br>Decrease in workers compensation premium. | 43 | 74 | (31) |
| 5 | Patient charges<br>Increased income due increased rate charges and higher collection rate. | 233 | 216 | 17 |
| 6 | Output appropriations<br>As per agreed allocation from the Department of Health. | 1,620 | 1,470 | 150 |
| 7 | Resources received free of charge | 4 | 4 | 0 |

**(B) Significant variations between estimates and actual results results for the financial year**

Section 42 of the Financial Administration and Audit Act requires the health service to prepare annual budget estimates. Details and reasons for significant variations between these estimates and actual results are detailed below. Significant variations are considered to be those greater than 10% of budget and will always include any reported extraordinary items in the statement of financial performance.

| | Note | 2003 Actual $000 | 2003 Estimates $000 | Variance $000 |
|---|---|---|---|---|
| **Cost of Services** | | | | |
| Employee expenses | (a) | 1,592 | 1,303 | (289) |
| Other goods and services | (b) | 246 | 400 | 154 |
| **Total expenses from ordinary activities** | | **1,838** | **1,703** | **(135)** |
| Revenues from ordinary activities | (c) | 233 | 225 | (8) |
| **Cost of services** | | 1,605 | 1,478 | (127) |

| | | | | |
|---|---|---|---|---|
| (a) | Employee expenses<br>Cost of award increases in 2002/2003. Super expenses now in employee expenses. | 1,592 | 1,303 | (289) |
| (b) | Other goods and services<br>Super expenses now in employee expenses. Decrease in workers compensation premium. | 246 | 400 | 154 |
| (c) | Revenues from ordinary activities | 233 | 225 | (8) |

**Note 26 Output information**

| | Prevention and Promotion | | Diagnosis and Treatment | | Continuing Care | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| **COST OF SERVICES** | $000 | $000 | $000 | $000 | $000 | $000 | $000 | $000 |
| **Expenses from Ordinary Activities** | | | | | | | | |
| Employee expenses | - | - | - | - | 1,592 | 1,432 | 1,592 | 1,432 |
| Fees for visiting medical practitioners | - | - | - | - | - | - | - | - |
| Patient support costs | - | - | - | - | 189 | 169 | 189 | 169 |
| Borrowing costs expense | - | - | - | - | - | - | - | - |
| Depreciation expense | - | - | - | - | 14 | 18 | 14 | 18 |
| Asset revaluation decrement | - | - | - | - | - | - | - | - |
| Capital User Charge | - | - | - | - | - | - | - | - |
| Other expenses from ordinary activities | - | - | - | - | 43 | 74 | 43 | 74 |
| **Total cost of services** | **-** | **-** | **-** | **-** | **1,838** | **1,693** | **1,838** | **1,693** |
| **Revenues from Ordinary Activities** | | | | | | | | |
| **Revenue from operating activities** | | | | | | | | |
| Patient charges | - | - | - | - | 233 | 216 | 233 | 216 |
| Commonwealth grants and contributions | - | - | - | - | - | - | - | - |
| Grants and subsidies from non-government sources | - | - | - | - | - | - | - | - |
| Other revenues from ordinary activities | - | - | - | - | - | - | - | - |
| Trading result | - | - | - | - | - | - | - | - |
| **Revenue from non-operating activities** | | | | | | | | |
| Interest revenue | - | - | - | - | - | - | - | - |
| Proceeds from disposal of non-current assets | - | - | - | - | - | - | - | - |
| Other revenues from ordinary activities | - | - | - | - | - | - | - | - |
| **Total revenues from ordinary activities** | **-** | **-** | **-** | **-** | **233** | **216** | **233** | **216** |
| **Net cost of services** | **-** | **-** | **-** | **-** | **1,605** | **1,477** | **1,605** | **1,477** |
| **REVENUES FROM STATE GOVERNMENT** | | | | | | | | |
| Output appropriations | - | - | - | - | 1,620 | 1,470 | 1,620 | 1,470 |
| Assets assumed/(transferred) | - | - | - | - | - | - | - | - |
| Liabilities assumed by the Treasurer | - | - | - | - | - | - | - | - |
| Resources received free of charge | - | - | - | - | 4 | 4 | 4 | 4 |
| **Total revenues from State Government** | **-** | **-** | **-** | **-** | **1,624** | **1,474** | **1,624** | **1,474** |
| **Change in net assets before extraordinary items** | **-** | **-** | **-** | **-** | **19** | **(3)** | **19** | **(3)** |
| Extraordinary revenue / (expense) | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **CHANGE IN NET ASSETS** | **-** | **-** | **-** | **-** | **19** | **(3)** | **19** | **(3)** |