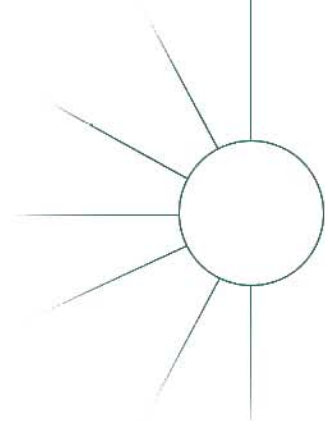


Hawthorn Hospital



Annual Report 2003-04



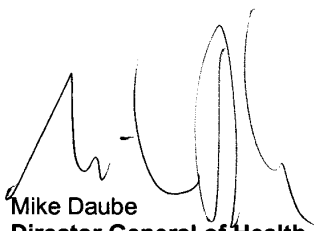
Department of Health
Government of Western Australia

Statement of Compliance

To the Hon J A 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 2004.

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



Mike Daube
Director General of Health
Accountable Authority for Hawthorn Hospital

31 August 2004

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Director General's Overview



During the financial year 2003-04, the West Australian health system has continued to deliver outstanding services to the community through a strong and committed workforce.

Despite the inevitable pressures placed on health systems everywhere, our teaching hospitals and health services have coped exceptionally well. Our community continues to enjoy some of the best health and health care in the world, by both national and international standards.

There have been several major achievements for the health system during this year.

We achieved a budget surplus of \$500,000 in a budget of \$3.1 billion, a major turnaround from budget deficits of previous years. A number of strategies have been implemented over the year to bring this about and simultaneously improve health care services throughout the State.

The system has coped well with the pressures on emergency departments, with ambulance diversions radically reduced by 77 per cent in the last quarter compared to the same period in 2003. Extra beds were opened across metropolitan hospitals, and two after-hours bulk billing GP clinics funded by the Federal Government were established adjacent to Royal Perth and Fremantle hospitals.

Elective surgery wait lists have reduced – a positive trend expected to continue as further initiatives are implemented. By the end of the financial year 2003-04, less than 13,000 people were on elective surgery wait lists at our public hospitals, the lowest number since waiting list records were established. This is due to the introduction of a \$10 million strategy to provide treatment for more than 3,250 patients who had

been waiting for elective surgery longer than 500 days.

The Department's strategies to reduce its reliance on agency nursing staff reaped substantial rewards, with a \$25.5 million reduction in expenditure on agency nurses. We now have over 1,100 more full time salaried nurses working in our system than in 2001.

The use of technology continues to expand, and more community-based services and strategies are being developed to facilitate and meet specific care needs in the community. Our focus on health promotion and illness prevention continues to be strong, and a greater acknowledgment of the social factors that impact on people's health such as employment, housing, income, education and transport ensures that we participate in whole-of-Government approaches.

This year also saw the presentation to and acceptance by Government of the report of the Health Reform Committee. Government accepted 85 out of 86 recommendations by the Committee to bring about a major and fundamental reconfiguration of our health system over the next 10 to 15 years. This bold new vision was facilitated by a comprehensive process of industry and community consultation, and has since resulted in healthy debate about the future of Perth's teaching hospitals.

Pivotal to these recommendations is the designation of north and south of the river major tertiary hospitals. Area Health Services would also be enhanced, including moving to a three-area model in metropolitan Perth to reflect the natural population divide of the metropolitan area, while preserving the important role of the Women's and Children's Health Service as a third metropolitan health service. In country areas further development of multi purpose services, integrated district health services and regional hospitals will occur.

Major advantages of the reform process will be improved accountability mechanisms and revenue generation, bringing the WA public health system up to the national average for per capita own source revenue, as well as increased safety, quality and workforce sustainability within the system, and long-term financial sustainability. Prior to the end of the financial year an action plan had been developed and implementation had commenced.

Director General's Overview

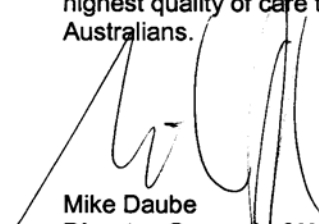
While health reform issues have clearly dominated public interest, it is important to note that excellent progress has continued in many other crucial areas of the health system in the last year, including:

- Expanded dental health services to schoolchildren, the aged and rural communities, with 240,000 school children receiving preventative/restorative care and 80,000 eligible patients receiving subsidised general dental care through the Country Patients' Dental Subsidy Scheme and Metropolitan Patients' Dental Subsidy Scheme.
- Dentist wait lists have reduced and dentist shortages in rural areas are being addressed through a new Public Sector Dental Workforce Scheme; and
- Mental health services have expanded with the addition of a new East Metropolitan Health Service Mental Health Directorate, a newly-created State Coordinator position for peri-natal mental health care to address postnatal depression among women, and a new community clinic for the Inner City Mental Health Service due for completion in FY2003-04.

New facilities and major equipment upgrades, purchases and cutting edge technologies have also been completed or announced as part of the Department's ongoing commitment to providing world-class public health infrastructure for Western Australians, including:

- Major upgrades to Emergency Department facilities at Sir Charles Gardiner Hospital and Rockingham/Kwinana District Hospital, and due for completion at Osborne Park Hospital in FY 2004-05;
- The announcement of a \$1.2 million Telstra Burns Reconstruction and Rehabilitation Centre at Royal Perth Hospital;
- Significantly enhanced medical imaging services through a \$7.85 million joint State/Commonwealth grant; and
- The commissioning of a \$1.5 million Computed Tomography scanner and \$3 million MRI scanner.

WA has a first class health system, which provides world-class health services to the community. I take this opportunity to personally thank all staff for their ongoing professionalism, dedication and commitment to delivering the highest quality of care to all Western Australians.



Mike Daube
Director General of Health

31 August 2004

ADDRESS AND LOCATION

Hawthorn Hospital
100 Flinders Street
MOUNT HAWTHORN WA 6016

Telephone: (08) 9444 8166
Facsimile: (08) 9242 1318

SERVICES PROVIDED AND CORE ACTIVITIES

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 Area Rehabilitation and Aged Care Service.

Hawthorn Hospital has the function of providing Care Awaiting Placement.

Direct Patient Services

Medical Services
Nursing Services

Medical Support Services

Social Work
Pharmacy
Pathology
Occupational Therapy
Nutrition and Dietetics
Podiatry
The above services are available from Osborne Park Hospital

Other Support Services

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

The above services are available from Osborne Park Hospital.

MISSION STATEMENT

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.

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 Minister for Health, Hon J A McGinty MLA, is incorporated as the Board of the Hospital under Section 7 of the *Hospitals and Health Services Act (1927)*.

STATEMENT OF COMPLIANCE WITH PUBLIC SECTOR STANDARDS

In the administration of Hawthorn Hospital, I have complied with *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 and 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 and appointment processes.

MINISTERIAL DIRECTIVES

The Minister for Health did not issue any directives on health service operations during the 2003-04 year.

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 2004.



Mike Daube
Director General of Health
Accountable Authority for Hawthorn Hospital

31 August 2004

Management Structure

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 Area Chief Executive of the North Metropolitan Health Service (NMHS) to the Nurse/Medical Co-Directors 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.

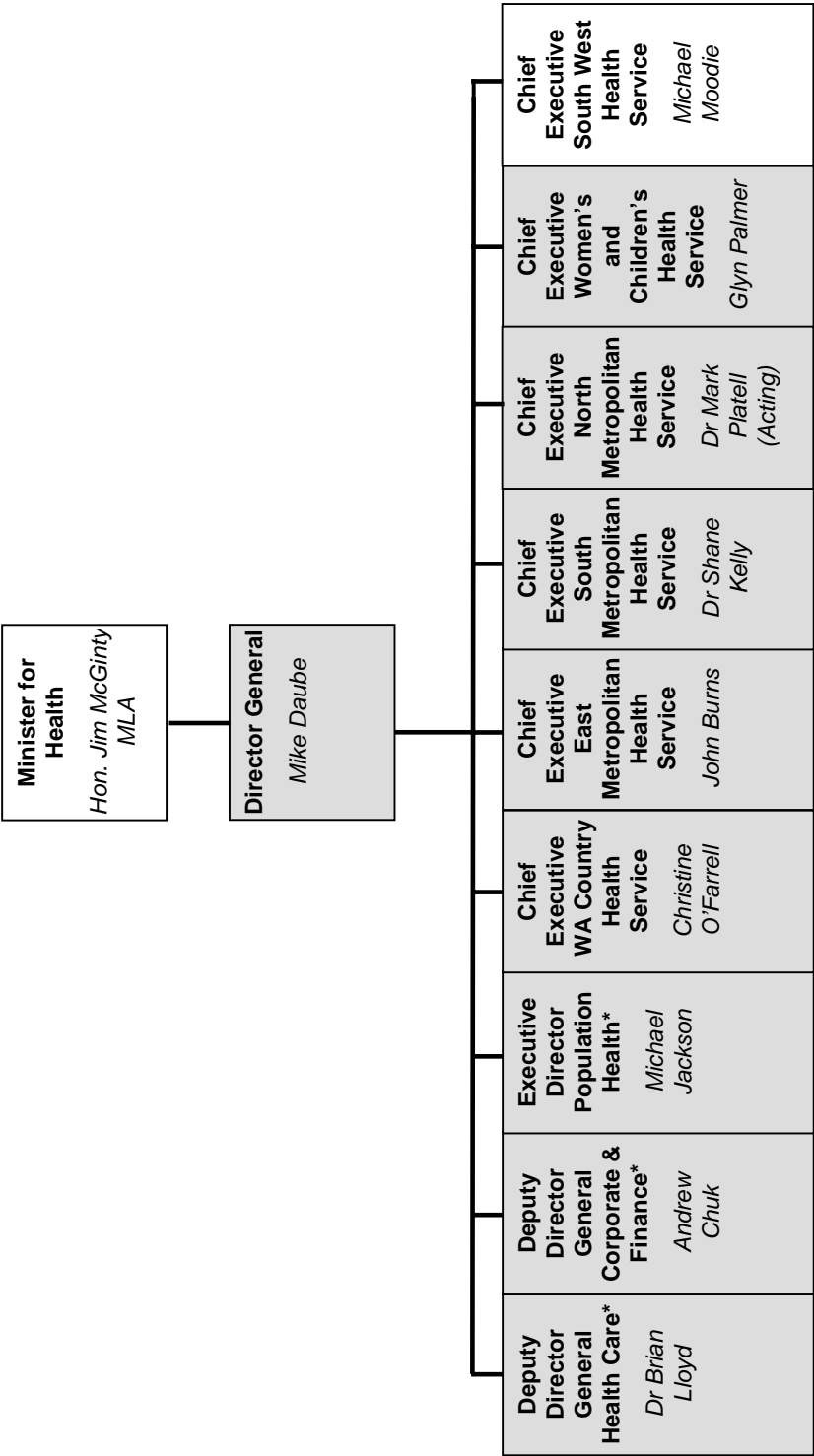
SENIOR OFFICERS

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

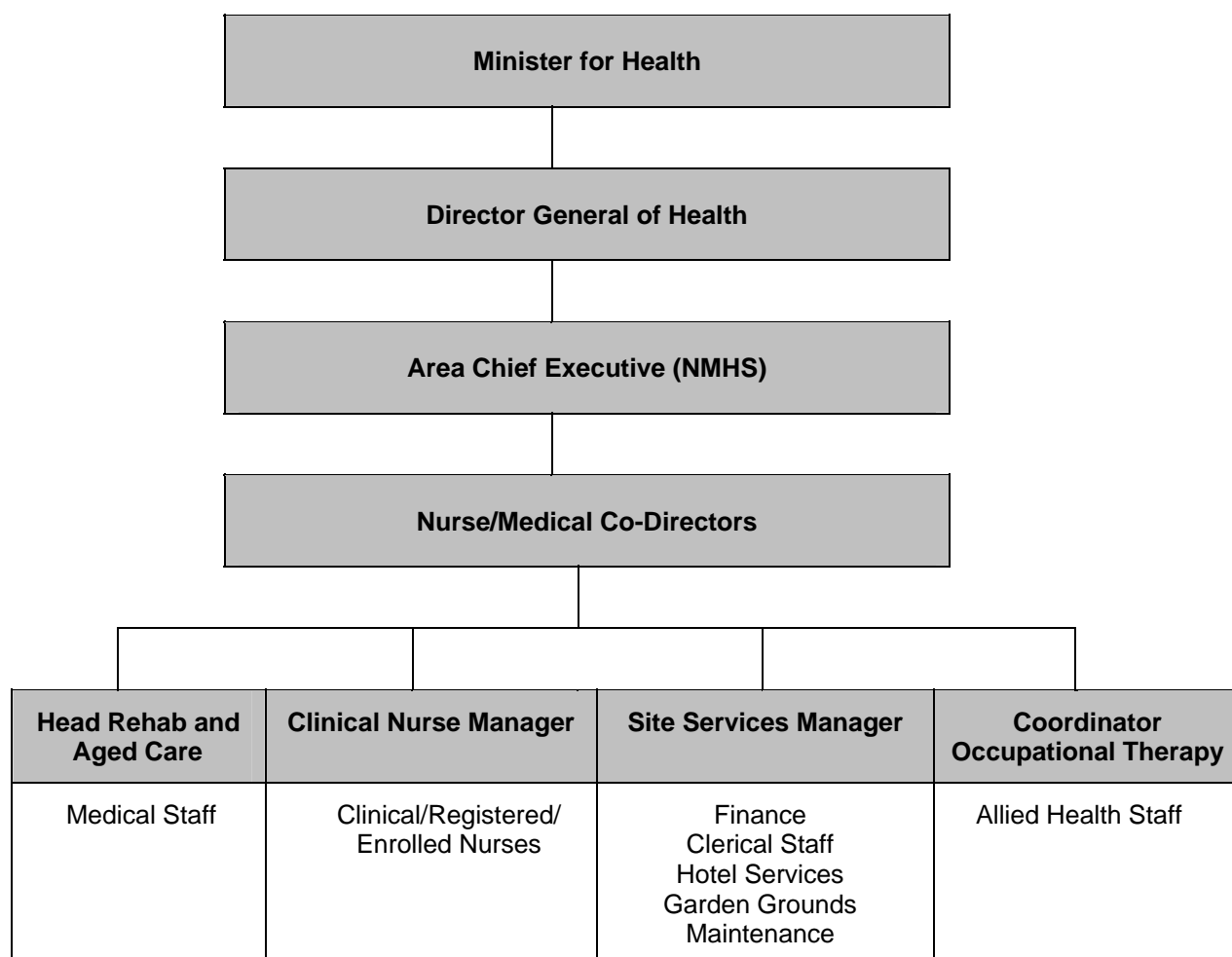
DEPARTMENT OF HEALTH - SENIOR MANAGEMENT INCLUDING STATE HEALTH MANAGEMENT TEAM (AS AT 30 JUNE 2004)



Form the State Health Management Team.,.

* The activities of the Divisions for which the Deputy Directors General, Health Care and Corporate & Finance, and the Executive Director Population Health take responsibility are reported within the Department of Health (Royal Street) Annual Report.

HAWTHORN HOSPITAL STRUCTURE AS AT 30 JUNE 2004



Achievements and Highlights/People and Communities

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 22 beds have shown a daily bed average for the year of 19.45 (20.88 beds in 2002-03). Total admissions to the hospital were 131, an increase of 23 over the 2002-03 total of 108.

Of the 131 admissions 63 (48%) were female and 68 (52%) were male.

The average length of stay was 52.83 days per admission compared with 65.06 days in 2002-03.

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

Following a successful tender by the Brightwater Care Group for the provision of Care Awaiting Placement beds, Hawthorn Hospital will no longer be used as a Care Awaiting Placement facility by the Osborne Park Hospital Program.

Major Achievements

Improved services were provided to patients through the appointment of an Area Manager to deal with operational issues and additional Occupational Therapy Assistant time.

Significant maintenance work was undertaken to remove asbestos from the building roof space requiring patients to be relocated to other facilities. Patients and staff were relocated to without major disruption to their care.

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 - LGA population figures for the City of Stirling

	0-14	15-24	25-44	45-64	65+	Total
Males	14,535	13,201	27,519	20,303	10,968	86,526
Females	14,060	13,424	27,140	21,856	14,956	91,436
Total	28,595	26,625	54,659	42,159	25,924	177,962

Data Sources

ABS Population Estimates by Age and Sex, Western Australia, 2002 at 30 June 2002.
ABS 2001, Population Estimates by Age, Sex and Statistical Local Area, WA 3235.5.

Projected population as of 2011

The projected population for the City of Stirling for 2011 is 190,965.

Demographic Trends

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

DISABILITY SERVICE PLAN OUTCOMES

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 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 policies 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.

CULTURAL DIVERSITY AND LANGUAGE SERVICES OUTCOMES

Our Policy

Hawthorn Hospital strives to ensure there is no discrimination against members of the public or staff 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:

- Staff members who interpret are National Accreditation Authority for Translators and Interpreters (NAATI) accredited.
- Staff are trained in what to do when they are presented with a Western Australian Interpreter Card.
- Procedures are in place to record feedback from clients.
- Staff are trained in 'how to work with interpreters'.

Note: No medical procedures are performed at Hawthorn Hospital therefore interpreters are rarely used.

YOUTH OUTCOMES

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

The Economy, The Environment and The Regions

MAJOR CAPITAL WORKS

Hawthorn Hospital did not complete or make progress on any major capital projects during 2003-04.

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.

ENERGY SMART GOVERNMENT POLICY

Please refer to the Department of Health (Royal Street) Annual Report.

REGIONAL DEVELOPMENT POLICY

Please refer to the WA Country Health Service, South West Area Health Service and Peel Health Services Annual Reports.

Governance – Human Resources

EMPLOYEE PROFILE

The following table shows the number of full time equivalent staff by category employed by Hawthorn Hospital in comparison to 2002-03.

Category	2002-03	2003-04
Nursing	16.19	18.30
Administration and Clerical*	1.00	0.97
Medical Support*	0.79	0.66
Hotel Services*	10.55	7.77
Maintenance	0.0	0.0
Medical (salaried)	0.11	0.01
Other (agency staff)	0.0	1.97
Total	28.64	29.80

* 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, dieticians and social workers.
- **Hotel Services** – cleaners, caterers and patient service assistants.

RECRUITMENT

The current recruitment, selection and appointment policy and procedures are in line with Public Sector Standards.

Recruitment, selection and appointment practices are monitored and/or undertaken by employment services at Osborne Park Hospital to ensure compliance with the Public Sector Standards and to ensure efficient and effective recruitment.

Training in recruitment, selection and appointment is accessible to relevant Hawthorn Hospital staff through NMHS Area Education and Development.

STAFF DEVELOPMENT

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

The following staff development programs were held during the year:

- Continence management.
- Cardio Pulmonary Resuscitation updates.
- Infection Control update.
- Permanent night staff rotated onto day duty for a period of four weeks each.
- Manutension.
- Diabetes update.
- Bullying in the work place.

WORKER'S COMPENSATION AND REHABILITATION

Table 3: Worker's Compensation and Rehabilitation Claims

Category	2002-03	2003-04
Nursing	1	2
Administration and Clerical*	0	0
Medical Support*	0	0
Hotel Services*	0	1
Maintenance	0	0
Medical (salaried)	0	0
Other	0	0
Total	1	3

*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

Unions and staff were informed on 25 June 2004 of the impending closure of Hawthorn Hospital as a Care Awaiting Placement facility, with an expected closure of the service on 22 September 2004.

All permanent staff were declared surplus under current redeployment/redundancy provisions and strategies implemented for their redeployment management.

Governance – Reports on Other Accountable Issues

EQUITY AND DIVERSITY

The North Metropolitan Health Service of which Osborne Park Hospital and Hawthorn Hospital are an integral part aims to promote equal opportunity for all persons according to the *Equal Opportunity Act 1984*.

OUTCOME 1

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

- A network of Contact Officers is in place.
- EEO Contact Officers have access to and attend regular forums run by the OEEU 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 orientation program for new staff, which is held regularly at Osborne Park Hospital.

OUTCOME 2

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

- Information and training sessions are available to all staff to inform on dealing with

issues where bias and discrimination might occur such as in cases of workplace bullying. "Leadership in Management" course also incorporates this training.

- Hospital Recruitment and Selection Guidelines 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 Description Forms for management and supervisory positions include appropriate EEO criteria in essential criteria.
- Recruitment and Selection guidelines have been reviewed to ensure they continue to meet EQuIP, Public Sector Standards and EEO requirements.
- Requests for job sharing and part-time hours are considered on a case-by-case basis to endeavour to meet 'family friendly' initiatives.
- The Hospital attempts to provide employment/work experience to persons with disabilities as circumstances permit.

Table 4: Equity and Diversity – EEO Level of Achievement

Indicators	Level of achievement
EEO Management Plan	The Hospital is linked to the Department of Health's EEO plan.
Policies and procedures encompass EEO requirements	Polices and procedures are reviewed regularly and updated to ensure consistency and compliance.
Established EEO contact officers	<ul style="list-style-type: none"> • Equal Opportunity contact officers have been appointed. • Equal Opportunity contact officers list is posted on notice boards and Intranet.
Training and staff awareness	<ul style="list-style-type: none"> • Bullying training offered following introduction of Bullying Policy and Procedures. • Equal Opportunity, Harassment and Workplace Bullying are raised at orientation.
Diversity	<ul style="list-style-type: none"> • Statistics on Workforce demographics maintained.

Governance – Reports on Other Accountable Issues

EVALUATIONS

Hawthorn Hospital continues to participate in the Australian Council on Healthcare Standards (ACHS) Evaluation and Quality Improvement Program (EQuIP). During 2003-04 the Hospital submitted a self-assessment report in preparation for an organisation-wide survey in February 2005.

ACHS EQuIP

As part of the ACHS EQuIP a self-assessment report of Osborne Park Hospital Program (OPHP), which included Hawthorn Hospital, was undertaken. The purpose of this was to receive feedback from ACHS surveyors in regards to preparation for survey and on progress of outstanding recommendations.

The main outcome was confirmed continued accreditation with the ACHS. Feedback was received and incorporated into the Quality Plan. Preparation is underway for an organisation wide survey in February 2005.

FREEDOM OF INFORMATION

Hawthorn Hospital did not receive any formal applications under the Freedom of Information guidelines during 2003-04. 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

Telephone: (08) 9346 8000

RECORD KEEPING

Standard 2, Principle 6 of *State Records Principles and Standards 2002* requires that the Department of Health include within its annual report an appropriate section that addresses the minimum compliance requirements of its Record Keeping Plan. These are:

- The efficiency and effectiveness of the department's record keeping systems is evaluated not less than once every five years.
- The department conducts a record keeping training program.
- The efficiency and effectiveness of the record keeping training program is reviewed from time to time.
- The department's induction program addresses employee roles and responsibilities in regard to their compliance with the department's record keeping plan.

The department will be implementing the following activities to ensure that all staff are aware of their record keeping responsibilities and compliance with the Record Keeping Plan:

- Presentations on various aspects of the Department of Health's record keeping plan will be delivered to all staff.
- Record keeping system users will be made aware of their *State Records Act* responsibilities.
- New employees will be provided with information to ensure they are aware of their role and responsibilities in terms of record keeping.
- Performance indicators will be developed to measure the efficiency and effectiveness of the department's record keeping systems. It is planned to have these in operation at a system-wide level by 2010.
- Reviews of the Department of Health's record keeping systems will be addressed progressively by 2011.

Governance – Reports on Other Accountable Issues

PUBLIC INTEREST DISCLOSURES

Appointments

Due to the size and complexity of the Department of Health, a number of Public Interest Disclosure (PID) Officers have been appointed to enable appropriate and easy reporting access for all staff.

To date the following PID officers have been registered with the Office of the Commissioner for Public Sector Standards:

- Wheatbelt Health Region, Mr Mark Hazelgrave.
- North Metropolitan Health Region, Mr Jon Frame.
- South Metropolitan Health Region, Ms Tracey Bennett and Ms Diane Barr.
- Women and Children's Health Service, Ms Claire Goodson.
- Department of Health, Royal Street, Mr Les Marrable.

To streamline the communication between the Department and the Office of the Commissioner for Public Sector Standards on matters that fall within the jurisdiction of the *Public Interest Disclosure Act 2003*, the Department has appointed Mr Les Marrable, Manager Accountability, 189 Royal Street, East Perth as a Principal PID officer.

Procedures

The Department of Health has advised and will continually update staff on processes and reporting procedures associated with the *Public Interest Disclosure Act 2003* through global e-mails, staff seminars and staff induction presentations.

Progress has been made in publishing the Department's internal procedures on the intranet and full access is planned for July 2004.

The Department of Health's procedures are compliant with the Public Sector Standards Commission guidelines.

Protection

The Department of Health has ensured all PID officers are fully aware of their obligations to strict confidentiality in all issues related to public interest disclosure matters.

Files and investigation notes are maintained in locked and secure cabinets at all times with strict access to authorised personnel only.

All efforts are made to ensure maximum confidentiality is maintained in all investigations and follow up action.

Any staff member who attempts to take reprisal action or victimise another officer who has made, or intends to make, a disclosure of public information will be subject to legal action under the *Public Interest Disclosure Act 2003*.

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	2002-03	2003-04
Advertising Agencies	-	-
Market Research Organisations	-	-
Polling Organisations	-	-
Direct Mail Organisations	-	-
Media Advertising Organisations - Marketforce Productions/West Australian	1,374	-
Total	\$1,374	\$0

Governance – Reports on Other Accountable Issues

PUBLIC RELATIONS AND MARKETING

Hawthorn Hospital did not use any public relations and marketing during 2003-04.

PUBLICATIONS

The following publications are available at Hawthorn Hospital:

- Brochures regarding patient rights and responsibilities are available at Hawthorn Hospital's main entrance.
- Patients and visitors are able to obtain copies of the Annual Reports from reception.
- The official hospital newsletter 'Northern Lights' is available at reception.
- Pamphlets for patients and visitors are available at Hawthorn Hospital's main entrance.

RESEARCH AND DEVELOPMENT

Hawthorn Hospital did not carry out any major research and development programs during 2003-04.

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 4 May 2004, the daily bed fee raised against patients of the hospital was increased to \$33.90 per day.

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

RISK MANAGEMENT

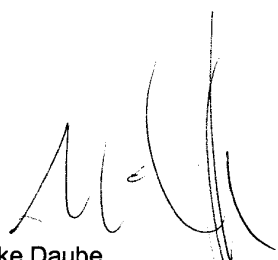
Hawthorn Hospital is included in the Osborne Park Hospital Program Risk Management Plan. The Hospital acknowledges its responsibility to identify the risks it is exposed to and to measure, assess and develop a prioritised action plan.

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 (TI) 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.

Performance Indicators Certification Statement

**DEPARTMENT OF HEALTH
CERTIFICATION OF PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2004**

I hereby certify 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 2004.



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

31 August 2004



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

HAWTHORN HOSPITAL PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2004

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, 2004.

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.

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R PEARSON
AUDITOR GENERAL
November 3, 2004

OUTCOME 3: IMPROVING THE QUALITY OF LIFE OF PEOPLE WITH CHRONIC ILLNESS AND DISABILITY

The achievement of this component of the health objective involves provision of services and programs that improve and maintain an optimal quality of life for people with chronic illness or disability. Continuing care activities include providing services for frail aged and disabled people (eg Aged Care Assessments, outpatient services for chronic pain and disability, Nursing Home Type hospital care).

Hawthorn Hospital is unique, as it provides interim care for clients who are waiting 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.

Hawthorn Hospital reports one effectiveness and one efficiency indicator to support the outcome statement.

EFFECTIVENESS INDICATOR

HOSPITAL ACCREDITATION STATUS

Rationale

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.

Hawthorn Hospital aims to provide patient care that is of world standard.

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 guidelines for the assessment of:

- continuum of care;
 - leadership and management;
 - human resources management;
 - information management;
 - safe practice and environment; and
 - improving performance;
- all assist in evaluating the processes and outcomes of our hospital.

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 EQulP Accreditation arrangements, the Hospital was surveyed in October 2000 and was accredited for a further four years. The service successfully underwent EQulP Periodic Review in November 2002. Following an internal review of accreditation and restructuring of the NMHS accreditation programs, the ACHS extended accreditation status to February 2005.

EFFICIENCY INDICATOR

AVERAGE COST PER OCCUPIED BED

This indicator measures the average cost per occupied bed.

Rationale

The efficient use of hospital resources can help minimise the overall costs of providing health care, or mean that more patients can be treated with a similar amount of resources.

In order to ensure quality and cost effectiveness, it is important to monitor the unit cost (cost per bed day) of admitted patient care in hospitals.

The increase of 4.45% in the average cost per occupied bed was mainly due to:

- increases in 'Salaries and Wages'; and
- a decrease in bed occupancy.

Results

Table 6: Average cost per occupied bed

	2002-03	2003-04
Actual cost	\$241.22	\$251.95
CPI adjusted	\$233.65	\$238.86

Data Source

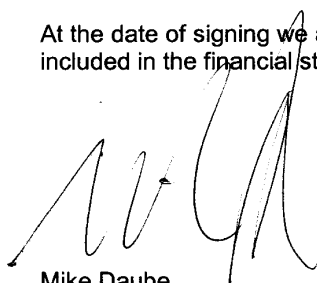
Local Health Service data systems.

Financial Statements Certification

CERTIFICATION OF FINANCIAL STATEMENTS for the year ended 30 June 2004

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 present fairly the financial transactions for the financial year ending 30 June 2004 and the financial position as at 30 June 2004.

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.



Mike Daube
Director General of Health
Accountable Authority for Hawthorn Hospital

31 August 2004



John Griffiths
Principal Accounting Officer for Hawthorn Hospital

30 August 2004



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

HAWTHORN HOSPITAL FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

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, 2004 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.

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R PEARSON
AUDITOR GENERAL
November 3, 2004

Hawthorn Hospital

Statement of Financial Performance

For the year ended 30th June 2004

	Note	2004 \$000	2003 \$000
COST OF SERVICES			
Expenses from Ordinary Activities			
Employee expenses	3	1,573	1,600
Patient support costs	4	175	189
Depreciation expense	5	15	14
Other expenses from ordinary activities	6	31	35
Total cost of services		1,794	1,838
Revenues from Ordinary Activities			
<i>Revenue from operating activities</i>			
Patient charges	7	218	233
Total revenues from ordinary activities		218	233
NET COST OF SERVICES		1,576	1,605
Revenues from State Government			
Output appropriations	8	1,555	1,620
Resources received free of charge	9	0	4
Total revenues from State Government		1,555	1,624
CHANGE IN NET ASSETS		(21)	19
Net initial adjustments on adoption of AASB 1028 "Employee Benefits"	18	0	1
Total revenues, expenses and valuation adjustments recognised directly in equity		0	1
Total changes in equity other than those resulting from transactions with WA State Government as owners		(21)	20

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

Hawthorn Hospital

Statement of Financial Position

As at 30th June 2004

	Note	2004 \$000	2003 \$000
CURRENT ASSETS			
Cash assets	10	5	153
Receivables	11	62	46
Total current assets		67	199
NON-CURRENT ASSETS			
Amounts receivable for outputs	12	56	39
Property, plant and equipment	13	484	499
Total non-current assets		540	538
Total assets		607	737
CURRENT LIABILITIES			
Payables	14	13	16
Provisions	15	267	307
Other liabilities	16	20	104
Total current liabilities		300	427
NON-CURRENT LIABILITIES			
Provisions	15	48	331
TOTAL NON-CURRENT LIABILITIES		48	331
Total liabilities		348	758
NET ASSETS/(LIABILITIES)		259	(21)
EQUITY			
Contributed equity	17	301	0
Accumulated surplus / (deficiency)	18	(42)	(21)
Total Equity		259	(21)

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

Hawthorn Hospital

Statement of Cash Flows

For the year ended 30th June 2004

	Note	2004 \$000 Inflows (Outflows)	2003 \$000 Inflows (Outflows)
CASH FLOWS FROM STATE GOVERNMENT			
Output appropriations	19(c)	1,535	1,599
Net cash provided by State Government		<u>1,535</u>	<u>1,599</u>
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Supplies and services		(209)	(254)
Employee costs		(1,681)	(1,436)
Receipts			
Receipts from customers		207	225
Net cash used in operating activities	19(b)	<u>(1,683)</u>	<u>(1,465)</u>
Net increase / (decrease) in cash held		(148)	134
Cash assets at the beginning of the financial year		153	19
CASH ASSETS AT THE END OF THE FINANCIAL YEAR	19(a)	<u>5</u>	<u>153</u>

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

Hawthorn Hospital

Notes to the Financial Statements

For the year ended 30th June 2004

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.

(a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with 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 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.

(b) Basis of Accounting

The financial 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 fair value.

(c) 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.

(d) Contributed Equity

Under UIG 38 "Contributions by Owners Made to Wholly-Owned Public Sector Entities", transfers in the nature of equity contributions must be designated by the Government (owners) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions in the financial statements. Capital contributions (appropriations) have been designated as contributions by owners and have been credited directly to Contributed Equity in the Statement of Financial Position. Capital appropriations which are repayable to the Treasurer are recognised as liabilities.

(e) Acquisitions 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.

Assets costing less than \$1,000 are expensed in the year of acquisition (other than where they form part of the group of similar items which are significant in total).

(f) Property, Plant and Equipment

Valuation of Land and Buildings

Land and buildings are carried at cost. It is anticipated that revaluations will be completed during the next financial year.

Depreciation of Non-Current Assets

All property, plant and equipment having a limited useful life are systematically depreciated over their estimated useful lives in a manner which reflects the consumption of their future economic benefits.

Depreciation is calculated on the reducing balance basis, using rates which are reviewed annually. Expected useful lives for each class of depreciable asset are:

Buildings	50 years
Computer equipment and software	5 to 15 years
Furniture and fittings	5 to 50 years
Motor vehicles	4 to 10 years
Other plant and equipment	4 to 50 years

Hawthorn Hospital

Notes to the Financial Statements For the year ended 30th June 2004

(g) Cash

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

(h) 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.

(i) Inventories

Inventories are valued on a weighted average cost basis or at the lower of cost and net realisable value.

(j) 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.

(k) Accrued Salaries

Accrued salaries (refer note 16) 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.

(l) 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.

This method of measurement of the liability is consistent with the requirements of Accounting Standard AASB 1028 "Employee Benefits".

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 is unfunded and the liability for future payments was provided for up to 30 June 2004. The pension liabilities were assumed by the Treasurer as from 30 June 2004. The transfer was accounted for as a contribution by owner.

The unfunded employer's liability in respect of the pre-transfer benefit for employees who transferred from the Pension Scheme to the Gold State Superannuation Scheme is assumed by the Treasurer. A revenue "Liabilities assumed by the Treasurer" equivalent to the change in this unfunded liability is recognised in the Statement of Financial Performance.

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.

Hawthorn Hospital

Notes to the Financial Statements

For the year ended 30th June 2004

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. (See notes 3 and 15)

(m) Revenue Recognition

Revenue from the sale of goods, disposal of other assets and the rendering of services, is recognised when the Health Service has passed control of the goods or other assets or has delivered the services to the customer.

(n) 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.

(o) Comparative Figures

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

(p) Rounding of amounts

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

Note 2 Outputs of the Health Service

Information about the Health Service's outputs and, the expenses and revenues which are reliably attributable to those outputs is set out in Note 29. The three key outputs of the Health Service are:

Prevention and Promotion

Prevention and promotion services aim to improve the health of Western Australians by reducing the incidence of preventable disease, injury, disability and premature death. This output primarily focuses on the health and well being of populations, rather than on individuals. The programs define populations that are at-risk and ensure that appropriate interventions are delivered to a large proportion of these at-risk populations.

Diagnosis and Treatment

The objective for the diagnosis and treatment services is to improve the health of Western Australians by restoring the health of people with acute illness. The services provided to diagnose and treat patients include emergency services; ambulatory care or outpatient services and services for those people who are admitted to hospitals, oral health services and other supporting services such as patient transport and the supply of highly specialised drugs.

Continuing Care

Continuing care services are provided to people and their carers who require support with moderate to severe functional disabilities and/or a terminal illness to assist in the maintenance or improvement of their quality of life.

Hawthorn Hospital

Notes to the Financial Statements

For the year ended 30th June 2004

Note	3	Employee expenses	2004 \$000	2003 \$000
		Salaries and wages (i)	1,291	1,258
		Superannuation	140	123
		Annual leave	41	281
		Long service leave	123	(70)
		Other related expenses	(22)	8
			<u>1,573</u>	<u>1,600</u>

(i) These employee expenses include employment on-costs associated with the recognition of annual and long service leave liability.

The related on-costs liability is included in employee benefit liabilities at Note 15.

Note 4 Patient support costs

Medical supplies and services	18	22
Domestic charges	36	39
Fuel, light and power	31	29
Food supplies	53	64
Patient transport costs	3	2
Purchase of external services	34	33
	<u>175</u>	<u>189</u>

Note 5 Depreciation expense

Buildings	13	13
Computer equipment and software	1	0
Other plant and equipment	1	1
	<u>15</u>	<u>14</u>

Note 6 Other expenses from ordinary activities

Insurance	1	2
Communications	14	11
Printing and stationery	3	3
Audit fees - external	0	4
Repairs, maintenance and consumable equipment expense	4	6
Other	9	9
	<u>31</u>	<u>35</u>

Note 7 Patient charges

Inpatient charges	218	233
	<u>218</u>	<u>233</u>

Note 8 Output appropriations

Appropriation revenue received during the year:		
Output appropriations	<u>1,555</u>	<u>1,620</u>

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.

Hawthorn Hospital

Notes to the Financial Statements

For the year ended 30th June 2004

Note	9	Resources received free of charge	2004 \$000	2003 \$000
------	---	-----------------------------------	---------------	---------------

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

Office of the Auditor General (i)
- Audit services

0	4
0	4

Where assets or services have been received free of charge or for nominal consideration, the Health Service recognises revenues (except where the contribution of assets or services is in the nature of contributions by owners, in which case the Health Service shall make a direct adjustment to equity) equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable.

- (i) Commencing with the 2003-04 audit, the Office of the Auditor General will be charging a fee for auditing the accounts, financial statements and performance indicators. The fee of \$5,500 (GST inclusive) for the 2003-04 audit will be due and payable in the 2004-05 financial year.

Note 10 Cash assets (unrestricted)

Cash at bank - general

5	153
5	153

Note 11 Receivables

Patient fee debtors
Other receivables

44	35
18	11
62	46

Less: Provision for doubtful debts

0	0
62	46

Note 12 Amounts receivable for outputs

Current
Non-current

0	0
56	39
56	39

Balance at beginning of year
Credit to holding account
Balance at end of year

39	21
17	18
56	39

This asset represents the non-cash component of output appropriations which is held in a holding account at the Department of Treasury and Finance. It is restricted in that it can only be used for asset replacement or payment of leave liability.

Hawthorn Hospital

Notes to the Financial Statements

For the year ended 30th June 2004

Note	13	Property, plant and equipment	2004 \$000	2003 \$000
		Land		
		At cost	80	80
			80	80
		Buildings		
		<u>Clinical:</u>		
		At cost	429	429
		Accumulated Depreciation	(29)	(16)
			400	413
		Total of all land and buildings	480	493
		Computer equipment and software		
		At cost	5	5
		Accumulated depreciation	(4)	(2)
			1	3
		Other plant and equipment		
		At cost	8	7
		Accumulated depreciation	(5)	(4)
			3	3
		Total of property, plant and equipment	484	499

Reconciliations

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

	2004 \$000
Land	
Carrying amount at start of year	80
Additions	0
Disposals	0
Carrying amount at end of year	80
Buildings	
Carrying amount at start of year	413
Depreciation	(13)
Carrying amount at end of year	400
Computer equipment and software	
Carrying amount at start of year	3
Depreciation	(1)
Transfer between asset classes	(1)
Carrying amount at end of year	1
Other plant and equipment	
Carrying amount at start of year	3
Depreciation	(1)
Transfer between asset classes	1
Carrying amount at end of year	3
Total property, plant and equipment	
Carrying amount at start of year	499
Depreciation	(15)
Carrying amount at end of year	484

Hawthorn Hospital

Notes to the Financial Statements

For the year ended 30th June 2004

	2004 \$000	2003 \$000
Note 14 Payables		
Creditors and accruals	13	16

Note 15 Provisions

Current liabilities:		
Annual leave	203	323
Long service leave	64	(49)
Superannuation	0	33
	<u>267</u>	<u>307</u>
Non-current liabilities:		
Long service leave	48	55
Superannuation	0	276
	<u>48</u>	<u>331</u>
Total employee benefit liabilities	<u>315</u>	<u>638</u>

(i) The settlement of annual and long service leave liabilities give rise to the payment of superannuation and other employment on-costs. The liability for such on-costs is included here. The associated expense is included under Employee expenses at Note 3.

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

Under the revised arrangement with the Department of Treasury and Finance (DTF), pension liabilities were transferred to the Treasurer and reported centrally by the DTF as from 30 June 2004.

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

Note 16 Other liabilities

Accrued salaries	20	18
Other	0	86
	<u>20</u>	<u>104</u>

Note 17 Contributed equity

Balance at beginning of the year	0	0
Contributions by owners:		
Transfer of pension liabilities to the Treasurer	301	0
Balance at end of the year	<u>301</u>	<u>0</u>

Note 18 Accumulated surplus / (deficiency)

Balance at beginning of the year	(21)	(41)
Change in net assets	(21)	19
Net initial adjustments on adoption of AASB 1028 "Employee Benefits"	0	1
Balance at end of the year	<u>(42)</u>	<u>(21)</u>

Hawthorn Hospital

Notes to the Financial Statements For the year ended 30th June 2004

	2004 \$000	2003 \$000
Note 19 Notes to the statement of cash flows		
a) Reconciliation of cash		
Cash assets at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash assets (unrestricted) (Refer note 10)	5	153
	<u>5</u>	<u>153</u>
b) Reconciliation of net cash flows used in operating activities to net cost of services		
Net cost of services (Statement of Financial Performance)	(1,576)	(1,605)
(Increase) / decrease in assets:		
Other receivables	(16)	(8)
(Decrease) / increase in liabilities:		
Payables and other liabilities	(86)	91
Accrued salaries	2	0
Provisions	(22)	40
Non-cash items:		
Depreciation expense	15	13
Resources received free of charge	0	4
Net cash used in operating activities (Statement of Cash Flows)	<u>(1,683)</u>	<u>(1,465)</u>
c) Notional cash flows		
Output appropriations as per Statement of Financial Performance	1,555	1,620
	<u>1,555</u>	<u>1,620</u>
Less notional cash flows:		
Items paid directly by the Department of Health for the Health Service and are therefore not included in the Statement of Cash Flows:		
Accrual appropriations	(17)	(21)
Other non cash adjustments to output appropriations	(3)	0
	<u>(20)</u>	<u>(21)</u>
Cash Flows from State Government as per Statement of Cash Flows	<u>1,535</u>	<u>1,599</u>

Note 20 Remuneration of members of the accountable authority and senior officers

The Director General of Health is the Accountable Authority for Hawthorn Hospital. The Director General of Health's remuneration is paid by the Department of Health.

Note 21 Commitments for Expenditure

There are no expenditure commitments for Hawthorn Hospital as at 30 June 2004.

Note 22 Contingent liabilities and contingent assets

There are no contingent liabilities or contingent assets.

Note 23 Events occurring after reporting date

There were no events occurring after reporting date which have significant financial effects on these financial statements.

Hawthorn Hospital

Notes to the Financial Statements For the year ended 30th June 2004

Note 24 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.

Hawthorn Hospital does not provide financial assistance and does not receive remuneration for any services provided to any affiliated body.

Note 25 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.

Hawthorn Hospital does not provide financial assistance and does not receive remuneration for any services provided to any affiliated body.

Note 26 The Impact of Adopting International Financial Reporting Standards

The International Financial Reporting Standards (IFRSs) will be applicable to reporting periods beginning on or after 1 January 2005. The Australian Accounting Standards Board (AASB) has adopted a convergence policy under which the Australian Accounting Standards are converged with their IFRS equivalents. The AASB will issue Australian equivalents to IFRSs, and Urgent Issues Group abstracts to harmonise with the International Financial Reporting Standards issued by the International Accounting Standards Board. Hawthorn Hospital will prepare its first Australian-equivalents-to-IFRSs financial statements for the year ending 30 June 2006.

The Department of Health has established a structure of project teams to manage the transition to IFRSs and report to executive management. These project teams include members representing pertinent function areas within the health sector, an internal audit officer, an expert consultant from an accounting firm and representatives from the Department of Treasury and Finance and the Valuer General's Office. The actions that have been undertaken include the preparation of a timetable, identification of system changes and training of staff. Considerable progress has been made on the projects for impairment of assets and revaluation of land and buildings. To date the project teams have analysed most of the Standards and have identified a number of accounting policy changes that will be required. A Treasurer's Instruction will be issued for application within the Western Australian public sector to mandate an accounting treatment and disclosure where there are alternatives under the IFRSs.

The following are the key differences in accounting policies identified to date that are expected to arise from adopting Australian equivalents to IFRSs:

(a) Revaluation of land and buildings

Under AASB 116, the Australian equivalent to IAS 16 "Property, Plant and Equipment", all land and buildings will be measured on the fair value basis.

This will result in a change to the current accounting policy, under which land and buildings are measured at costs.

(b) Impairment of assets

Under AASB 136, the Australian equivalent to IAS 36 "Impairment of Assets", assets will be measured at the recoverable amount if there is an indication of impairment.

This will result in a change to the current accounting policy, under which assets are not required to be measured at their recoverable amounts.

(c) Inventories

Under AASB 102, the Australian equivalent to IAS 2 "Inventories", inventories held for distribution will be measured at the lower of cost and current replacement cost, rather than the lower of cost and net realisable value, which will apply to other general inventories.

This will result in a change to the current accounting policy, under which all classes of inventories are valued at lower of cost and net realisable value.

(d) Employee benefits

Under the AASB 119, the Australian equivalent to IAS 19 "Employee Benefits", annual leave that are not short term employee benefits, will be measured at present value.

This will result in a change to the current accounting policy, under which liabilities for annual leave are measured at nominal amounts in all circumstances.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to IFRSs, as not all Standards have been analysed as yet. For these reasons it is not yet possible to quantify the impacts of the transition to IFRSs on Hawthorn Hospital's reported financial position and financial performance.

Hawthorn Hospital

Notes to the Financial Statements For the year ended 30th June 2004

Note 27 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 10% or \$50,000.

	Note	2004 Actual \$000	2003 Actual \$000	Variance \$000
Expenses				
Other expenses from ordinary activities	(a)	31	35	(4)
Revenues				
Output appropriations	(b)	1,555	1,620	(65)
Resources received free of charge	(c)	0	4	(4)

(a) Other expenses from ordinary activities

The decrease is primarily due to a reduced food cost expenses compared to the previous financial year.

(b) Output appropriations

A slight decrease (by 4%) in output appropriations is mainly due to a decrease in salaries and wages costs.

(c) Resources received free of charge

The decrease was caused by the introduction of the full cost recovery of audit services by the Office of the Auditor General. The audit fee for 2003-04 audit will be due and payable in the 2004-05 financial year. Accordingly, no expense or corresponding revenue has been recognised for audit fees in the 2003-04 financial year.

(B) Significant variations between estimates and actual 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.

	Note	2004 Actual \$000	2004 Estimates \$000	Variance \$000
Operating expenses				
Employee expenses		1,573	1,515	58
Other goods and services	(a)	221	381	(160)
Total expenses from ordinary activities		1,794	1,896	(102)
Less: Revenues from ordinary activities		(218)	(233)	15
Net cost of services		1,576	1,663	(87)

(a) Other goods and services

Workers compensation is now included in employee expenses but was budgeted for under other goods and services. The level of activities is slightly lower than expected.

Hawthorn Hospital

Notes to the Financial Statements For the year ended 30th June 2004

Note 28 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 \$'000	Fixed interest rate maturities Less than 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Non interest bearing \$'000	Total \$'000
As at 30th June 2004							
Financial Assets							
Cash assets	0%	5	0	0	0	0	5
Receivables	0%	0	0	0	0	62	62
		5	0	0	0	62	67
Financial Liabilities							
Payables	0%	0	0	0	0	13	13
Accrued salaries	0%	0	0	0	0	20	20
		0	0	0	0	33	33
Net financial assets / (liabilities)		5	0	0	0	29	34
As at 30th June 2003							
Financial Assets	0%	0	0	0	0	199	199
Financial Liabilities	0%	0	0	0	0	31	31

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 those 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.

c) Net fair values

The carrying amounts 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.

Hawthorn Hospital

Notes to the Financial Statements For the year ended 30th June 2004

Note 29 Output information

	Prevention & Promotion		Diagnosis & Treatment		Continuing Care		Total
	2004	2003	2004	2003	2004	2003	
	\$000	\$000	\$000	\$000	\$000	\$000	
COST OF SERVICES							
Expenses from Ordinary Activities							
Employee expenses	0	0	0	0	1,573	1,600	1,600
Patient support costs	0	0	0	0	175	189	189
Depreciation expense	0	0	0	0	15	14	14
Other expenses from ordinary activities	0	0	0	0	31	35	35
Total cost of services	0	0	0	0	1,794	1,838	1,838
Revenues from Ordinary Activities							
Revenue from operating activities	0	0	0	0	218	233	233
Patient charges	0	0	0	0	218	233	233
Total revenues from ordinary activities	0	0	0	0	218	233	233
NET COST OF SERVICES	0	0	0	0	1,576	1,605	1,605
Revenues from State Government							
Output appropriations	0	0	0	0	1,555	1,620	1,620
Resources received free of charge	0	0	0	0	0	4	4
Total revenues from State Government	0	0	0	0	1,555	1,624	1,624
CHANGE IN NET ASSETS	0	0	0	0	(21)	19	19