



**The Queen Elizabeth II Medical Centre Trust**  
**Government of Western Australia**

# ANNUAL REPORT



**30 June 2007**

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## STATEMENT OF COMPLIANCE

**TO THE HONOURABLE JIM MCGINTY MLA**  
**MINISTER FOR HEALTH**

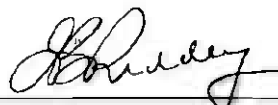
In accordance with Section 61 of the Financial Management Act we hereby submit for your information and presentation to Parliament, the Annual Report of the Queen Elizabeth II Medical Centre Trust for the financial year ended 30th June 2007.

The Annual Report has been prepared in accordance with the provisions of the Financial Management Act 2006 and the Queen Elizabeth II Medical Centre Act 1966.

A copy of this Report is being furnished to the Senate of the University of Western Australia in accordance with Section 15(2) of the Queen Elizabeth II Medical Centre Act 1966.



**Judge VJ French**  
**Chairperson**  
The Queen Elizabeth II Medical Centre Trust



**Professor I Puddey**  
**Member**  
The Queen Elizabeth II Medical Centre Trust

Date: 13/09/07

Date: 13/09/07

## **OVERVIEW OF AGENCY**

The Queen Elizabeth II Medical Centre Trust is responsible for the development, control and management of the Queen Elizabeth II Medical Centre Reserve.

The establishment of the Queen Elizabeth II Medical Centre Trust (previously known as the Perth Medical Centre Trust), arose out of the need for an independent body to monitor and control the usage of land previously owned by the University of Western Australia, upon which the Government of the day wished to establish a medical centre.

The Medical Centre Reserve (or “site”) covers 28.4749 hectares and accommodates over 34 organisations in 25 buildings. The major site users are Sir Charles Gairdner Hospital, The University of Western Australia, The Western Australian Centre for Pathology and Medical Research (PathWest), The Western Australian Institute for Medical Research (WAIMR), the Lions Eye Institute and “The Niche” which includes The Independent Living Centre, Cystic Fibrosis WA and The Neurological Council of Western Australia.

The Minister for Health is responsible for the Queen Elizabeth II Medical Centre Act, 1966 and consequently, the Queen Elizabeth II Medical Centre Trust.

The Trust plays no active part in the management of the respective facilities and operations of site users unless any activity is detrimental to the Reserve or adversely affects the facilities and/or operations of other site users.

### **Land Reserves**

The land known as the Queen Elizabeth II Medical Centre is a Class “A” Reserve Number 33244, Swan Location 9075.

The Reserve is generally bounded by Aberdare Road to the North, Winthrop Avenue and Kings Park to the East, Monash Avenue to the South, and Hollywood Private Hospital and residential areas to the West.

The Water Corporation of Western Australia compensating / drainage area (Swan Location 8448) is landscaped and maintained in part by the Trust to form a useful adjunct amenity to the Reserve itself.

## **Objectives**

The objectives of the Queen Elizabeth II Medical Centre Trust are to:

- Ensure the Queen Elizabeth II Medical Centre Reserve, as established under Section 6 of the Act, is developed within the existing geographic, environmental and functional constraints in a planned and methodical way and in accordance with the purposes of the Act as a Medical Centre of national and international repute.
- Ensure the development of the Medical Centre site is achieved through a cooperative approach between the Trust, site tenants, and the relevant academic and professional schools of learning providing teaching and research resources to the Medical Centre and the State.
- Ensure the provision of appropriate on-site facilities for the clinical teaching of undergraduates and graduates in medicine, nursing and allied health professions.

## **Functions & Services**

The Queen Elizabeth II Medical Centre Trust provides the means by which all existing and future facilities on the Reserve can be monitored and assessed so as to ensure compliance with the general objectives of the Act and with the intended utilisation of the Queen Elizabeth II Medical Centre Reserve.

## **Legislation**

The Queen Elizabeth II Medical Centre Trust was established under Section 7 of the Queen Elizabeth II Medical Centre Act, 1966 to undertake the development, control and management of the Queen Elizabeth II Medical Centre Reserve established under Section 6 of the Act.

## **Trust Delegate**

The Queen Elizabeth II Medical Centre Act, 1966 enables the Trust to appoint a Delegate to exercise most of its powers in relation to controlling and managing the site. A Delegation Instrument was published in the *Government Gazette* on 24 October 1986 in favour of the Board of Management of Sir Charles Gairdner Hospital.

The current Delegate is the Minister for Health as the Board of Management of Sir Charles Gairdner Hospital.

Under the instrument of delegation, Sir Charles Gairdner Hospital is the Accountable Authority for the day-to-day management of the Queen Elizabeth Medical Centre Reserve, including general administration, management and other statutory requirements in relation to the Reserve. All staff engaged in Trust activities are employed by the Minister for Health as the Board of the Sir Charles Gairdner Hospital under Section 7 of the *Hospitals and Health Services Act, 1927*.

The Director Finance for the North Metropolitan Area Health Service was appointed to the position as the Principal Accounting Officer for the Financial Statements of the Sir Charles Gairdner Hospital Delegate Account for the 2006/2007 financial year.

The business address and telephone number of the Queen Elizabeth II Medical Centre Trust are:

The Secretary  
Queen Elizabeth II Medical Centre Trust  
R Block 1<sup>st</sup> Floor  
Verdun Street  
NEDLANDS WA 6009  
Telephone: (08) 9346 3964

### ***Executive Summary***

The Queen Elizabeth II Medical Centre Trust is acutely aware of patient, visitor and staff concerns about the parking situation on site. As part of the Travel Plan, addressing car parking provision and charges is fundamental to significantly changing how employees get to work.

Reforms to parking management need to be matched with improved travel alternatives for employees, particularly improved public transport, marketing of alternative travel options, practical information and incentives to enable their uptake.

### ***Operational Structure***

The Queen Elizabeth II Medical Centre Trust has 5 members being:-

A person appointed by the Governor on the written nomination of the Minister for Health and the Senate of the University of WA, and holding office during the Governor's pleasure. The Act provides that this member shall be Chairman of the Trust.

*Judge VJ French.*

Two persons appointed by the Governor on the written nomination of the Minister for Health, and holding office during the Governor's pleasure.

*Mr I Anderson and Mr J Leaf*

Members welcomed John Leaf as a new member on 1<sup>st</sup> November 2006.

Two persons appointed by the Senate of the University of WA and holding office during the Senate's pleasure.

*Professor I Puddey and Ms G McMath.*

The Trust wishes to acknowledge the strong personal commitment and contributions of all members.

### **Secretarial Support**

The Trust also acknowledges the contribution of Mr D Sinclair who has served as Business Manager since February 2005 and the contribution of Ms L Murphy who acted in the position for much of the financial year.

### **Meetings of the Trust**

The Trust met on eight (8) occasions during the 2006 / 2007 financial year.

### ***Performance Management Framework***

#### **SCGH, Redevelopment**

The QEII Medical Centre will undergo major redevelopment over the next five years and beyond as part of the State Government's commitment to the ongoing improvement of health services for all Western Australians.

The QEII Medical Centre redevelopment site covers an area bounded by Winthrop Avenue, Monash Avenue, Aberdare Road and Hollywood Private Hospital in Nedlands.

The site includes the Sir Charles Gairdner Hospital which is part of the North Metropolitan Area Health Service, in turn, part of the Western Australian Department of Health.

The \$536m redevelopment of the QEII Medical Centre site offers an opportunity to develop a fully integrated healthcare, research and education precinct that incorporates sustainable design and delivery. It will also see Sir Charles Gairdner Hospital redeveloped further enhancing its role as a world-class tertiary hospital.



A transport assessment has been prepared as part of the site analysis and structure planning for the Queen Elizabeth II Medical Centre (QEII MC). The draft structure plan for the QEII MC is based on an increase in activity on the site to meet the anticipated level of development that will arise from the health reform initiatives now proposed.

The Trust has been involved in the Public Transport Master Planning process and participated on the committee known as the UWA / QEII MC/ HPH Precinct Public Transport Masterplan Steering Committee. This committee contributed to developing public transport routes to the site in order to provide operational requirements for a future public transport system to meet the needs of Queen Elizabeth II Medical Centre, Hollywood Private Hospital and the University of WA.

The committee has representatives from the Department for Planning and Infrastructure, City of Nedlands, City of Subiaco, City of Perth, Hollywood Private Hospital, University of WA, Main Roads, Public Transport Authority and the Queen Elizabeth Medical Centre Trust.

## **AGENCY PERFORMANCE, SIGNIFICANT ISSUES & TRENDS**

### **Performance Indicators**

Performance indicator information is provided on pages 15 - 19.

### **Principal Operations**

The principal day-to-day operations undertaken by Sir Charles Gairdner Hospital on the Trust's behalf are:

- Maintenance of the Reserve (gardens & grounds);
- Provision of parking facilities and control of traffic movement on site;
- Site Structure Planning and Master Planning issues associated with the current reforms of the Western Australian Health system;
- Management of tenancy agreements; and
- Security.

Financial aspects of these operations are contained in the financial statements attached to this report.

Parking fees apply to both staff and visitors bringing vehicles on to the Reserve. These fees are established under Delegate By-Laws and were unchanged in 2006/2007, pending finalisation of the Site Structure Plan, Travel Plan and the associated Parking Management and Access Plan.

It should be noted, however, that preparation of revised legislation to remove the need to amend the Trust's By-Laws each time a parking fee increase is required, and will be addressed in the coming year. This is in line with the Parking Management and Access Plan as stated in the QEII Medical Centre Travel Plan.

Rental levels for leaseholders are established by:

- the Trust's property management contractor for the retail/commercial tenants (based on market prices); and
- the Trust, based on indicative rental rates for representative areas as advised by the Valuer General's Office for non-commercial tenants such as research institutes.

### **Travel Plan**

The Travel Plan was initially developed as a Green Transport Plan for the QEII MC Trust under the TravelSmart Workplace Program through the support of the Department for Planning and Infrastructure.

The Travel Plan is an action plan for employers/site managers to manage travel generated by their workplaces. It aims to reduce car trips by enabling greater use of travel alternatives like public transport, cycling, walking, carpooling and teleaccess.

A TravelSmart Coordinator was appointed to a full-time position in July 2006 and the second "Big Bike Breakfast" was held on the 14th March 2007 to encourage staff to ride to work. The breakfast was held during Bike Week and the event promoted the health and environmental benefits of cycling. It was a great success once again and approximately 70 staff attended the event from various organisations across the QEII MC site.

The plan also includes actions that are aimed at reducing reliance on private cars for patients and for visitors, offering a wider choice of travel options to the site.

The rationale for managing travel demand to achieve this target includes:

- Building capacity for managing site access to support redevelopment plans;
- Promoting efficient access to the centre for all site users and ease pressure on limited car parking;
- Promoting employee health and well-being; and
- The impact on overflow parking on surrounding residential areas.

The Queen Elizabeth II Medical Centre Trust has encouraged the use of alternative transport options, such as the Subiaco Shuttle Bus Service, the Circle Route, and using bicycles to ride to work, where possible. The Trust has confirmed its ongoing contribution of 10% towards the cost of operating the Subiaco Shuttle Bus Service.

The Trust Business Manager and Travel Smart Coordinator attended Travel Smart forums throughout the year to remain conversant with the latest developments and initiatives regarding alternative modes of travel to work.

Each fortnight at the Sir Charles Gairdner Hospital's orientation day the Trust Manager presents parking and access information and the Travel Smart Coordinator presents alternative travel information to new employees.

### **Parking**

The Travel Plan will include a Parking Management and Access Plan for implementation during the redevelopment that incorporates:-

- Employees: user-pays principles (employee parking charges cover full costs of provision to reduce or remove the incentive to drive), pay-as-you go parking fees, carpool commuter program (including designated parking bays, ride-matching and promotion), reduction of parking permits during construction;
- Visitors and patients: increase of parking bays to meet demand, new fee structure and control mechanisms that deter employees from using patient parking areas;
- Participation in off-site parking management initiatives with the city of Subiaco and the City of Nedlands;
- Management of parking throughout the expansion and construction periods; and
- A new position will be created through the Redevelopment Team to address the parking management during the redevelopment.

### **Community and Site User Liaison**

The Trust has continued to publish a quarterly Campus Bulletin. The bulletin, which is distributed internally and externally, provides readers with an update of issues of interest on the Queen Elizabeth II Medical Centre site including information relating to the Site Structure Plan and future redevelopment of the site.

The Trust also convenes bi-monthly Site User Committee Meetings to discuss site and hospital-related issues. Tenants from the site are encouraged to attend for updated information on the redevelopment process.

The Trust has continued to upgrade the Queen Elizabeth II Medical Centre Intranet website and this can be accessed by [www.qeii.health.wa.gov.au](http://www.qeii.health.wa.gov.au)

Information about the Trust's activities, TravelSmart information, links to other site users and site maps are also available through this website.

## **DISCLOSURES & LEGAL COMPLIANCE**

### ***Financial Statements***

Financial Statements are provided on pages 25 - 48.

### ***Outcome of the Trust (External)***

The Trust and Sir Charles Gairdner Hospital as its delegate ensures that appropriate site facilities are provided for Queen Elizabeth II Medical Centre site users.

The Trust/Delegate provides the following services:

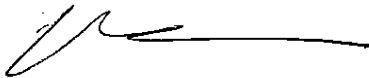
- *Construction, where required, and maintenance of roads, paths, parking areas, lighting, sewerage and drainage and like facilities;*
- *Landscaping and maintenance of gardens and grounds on the Reserve;*
- *Security of persons and property on and around the Reserve;*
- *Control of vehicular movement and parking on the Reserve;*
- *Control measures related to ingress to and egress from the Reserve.*

## **PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2007**

### **CERTIFICATION OF PERFORMANCE INDICATORS**

We hereby certify that the accompanying Performance Indicators are based on proper records, are relevant and appropriate for assisting end users to assess the Queen Elizabeth II Medical Centre Trust's performance, and fairly represent the performance of the Trust for the year ended 30 June 2007.

Signed at Perth this: 13 SEPTEMBER 2007



**Judge VJ French**  
Chairperson  
The Queen Elizabeth II Medical Centre Trust



**Professor I Puddey**  
Member  
The Queen Elizabeth II Medical Centre Trust

Date: 13/09/07

Date: 13/09/07



## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

#### THE QUEEN ELIZABETH II MEDICAL CENTRE TRUST FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2007

I have audited the accounts, financial statements, controls and key performance indicators of The Queen Elizabeth II Medical Centre Trust.

The financial statements comprise the Balance Sheet as at 30 June 2007, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

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

#### Trust's Responsibility for the Financial Statements and Key Performance Indicators

The Trust is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

#### Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators 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 and key performance indicators.

**The Queen Elizabeth II Medical Centre Trust**  
**Financial Statements and Key Performance Indicators for the year ended 30 June 2007**

**Audit Opinion**

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of The Queen Elizabeth II Medical Centre Trust at 30 June 2007 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Trust provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Trust are relevant and appropriate to help users assess the Trust's performance and fairly represent the indicated performance for the year ended 30 June 2007.



COLIN MURPHY  
AUDITOR GENERAL  
24 September 2007

## ***Detailed Key Performance Indicators Information***

### **Effectiveness Indicators**

1. The percentage of positive responses ('excellent', 'very good' and 'good') on the customer (Queen Elizabeth II Medical Centre site users) satisfaction survey covering:

- *Standard of maintenance and repair of roads, paths, parking areas and grounds/gardens on Reserve;*
- *Timeliness of maintenance and repair of roads, paths, parking areas and grounds/gardens on Reserve;*
- *Standard of lighting on Reserve;*
- *Standard of Security control for vehicular movement on and around Reserve and illegal parking;*
- *Timeliness of Security response time after requesting assistance;*
- *Convenience of the parking facilities provided to staff members; and*
- *Convenience of parking facilities to visitors.*

As one of the outcome of the Trust is to provide appropriate facilities for site users (customers), a key measure of effectiveness needs to include the customers' views on the service provided. Performance Indicator 1 provides information on how well the Queen Elizabeth II Medical Centre Trust meets customer needs.

A Site Users' Satisfaction Survey was issued in May 2007 for the 2006/2007 financial year. To maximise coverage and ensure that customers could be followed up if a proportional response had not been received, particularly from the larger site user groups, the following process was used for the 2006/2007 survey:

- A spreadsheet was developed listing the 25 major site user groups and key contact details;
  - Survey forms for each of the 25 major site user groups had different footers to enable the various response rates to be assessed;
  - Where a proportional response rate had not been received, or where there had been a nil response, a follow-up email was sent to the key contacts requesting that more responses be encouraged from their respective groups;
  - The questions used for the 2006/2007 Site User's Satisfaction Survey were unchanged from the 2005/2006 financial year to allow a direct comparison of Key Performance Indicators from the previous survey; and
- 
- An additional question was included to assist in the development of planning for services and the frequency of the Subiaco Shuttle Bus Service No. 97. The



City of Subiaco had requested some feedback on the use of the service, therefore the question asked if staff would use the service if improvements were made by extending the operating hours of the service.

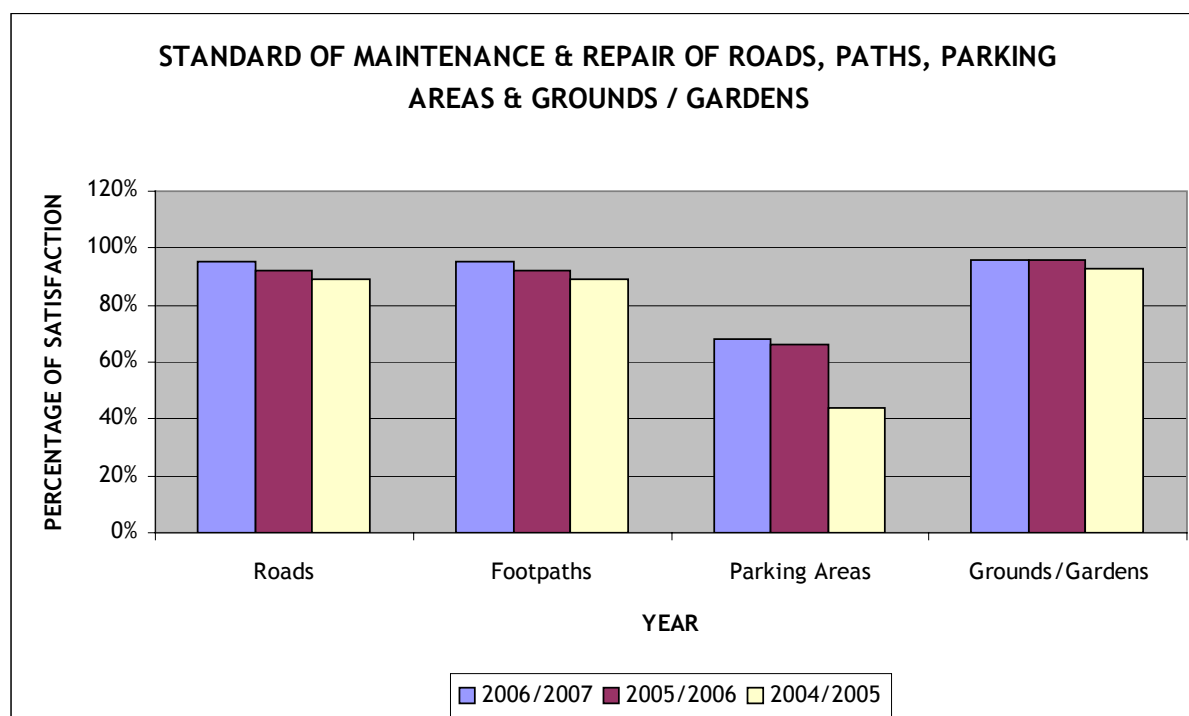
A total of 316 responses to the survey were received by the due date (compared to 294 in 2005/2006 and 406 in 2004/2005) with the results being recorded below.

Responses were received from 15 of the 25 major site user groups, giving a response rate of 60%.

The levels of satisfaction are recorded as the percentage of respondents indicating “fair” to “excellent” on the survey form.

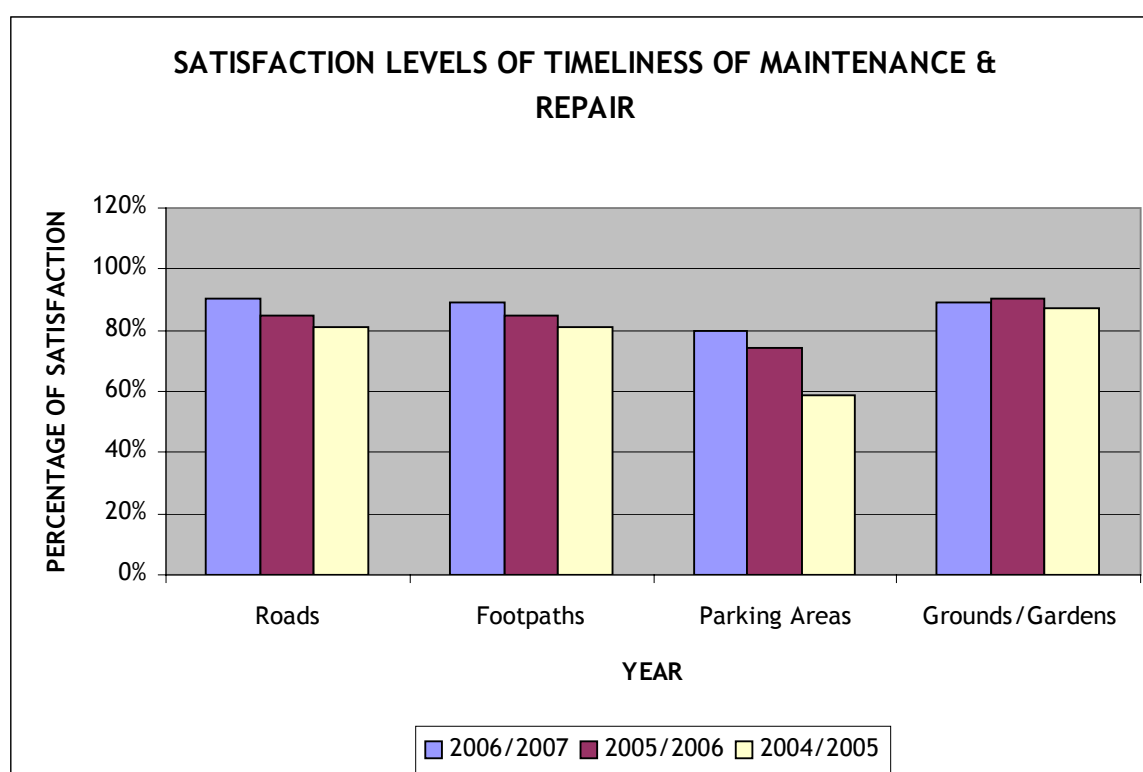
The level of satisfaction with the *standard of maintenance and repair of roads, paths, parking areas and grounds/gardens* on the Reserve are shown below:

Maintenance Area	2006/2007	2005/2006	2004/2005
Roads	95%	92%	89%
Footpaths	95%	92%	89%
Parking Areas	68%	66%	44%
Grounds/Gardens	96%	96%	93%



In relation to the *timeliness of maintenance and repairs*, the satisfaction levels were as shown below:

Maintenance Area	2006/2007	2005/2006	2004/2005
Roads	90%	85%	81%
Footpaths	89%	85%	81%
Parking Areas	80%	74%	59%
Grounds/Gardens	89%	90%	87%



82% of respondents were satisfied with the standard of lighting on the Reserve compared with 78% in 2005/2006, 78% in 2004/2005 and 84% in 2003/2004.

The standard of security control in relation to vehicular movement on and around the Reserve received a satisfaction level of 80% (76% in 2005/2006, 69% in 2004/2005 and 73% in 2003/2004). The management of illegal parking was rated as 62% (57% in 2005/2006, 44% in 2004/2005 and 56% in 2003/2004).

44% of respondents were satisfied with the timeliness of security response after requesting assistance compared with 59% in 2005/2006 and 43% in 2004/2005. This year 52% of respondents considered they were unable to respond to this indicator compared with 38% in 2005/2006 and 49% in 2004/2005, which still significantly affects the outcome of this response.

The survey showed that 53% of respondents were satisfied with the *convenience of staff parking* facilities compared with 55% in 2005/2006, 44% in 2004/2005 and 74% in 2003/2004.



In addition to Car Park improvements the Trust and the Sir Charles Gairdner Hospital acknowledge that parking capacity remains an issue on the site. This is currently being addressed by implementation of the Travel Plan and the Public Transport Master Planning for improved public transport facilities to the site.

62% of respondents were satisfied with the parking facilities provided for patients/visitors (66% in 2005/2006, 43% in 2004/2005 and 60% in 2003/2004).

2. The total number of Motor Vehicles stolen from car parks/year on the Reserve in comparison to the total number of car parking bays

An outcome of the Trust is to provide a security service to property on the Reserve. Performance Indicator 2 identifies the ratio of cars stolen from the site in relation to the number of car parking bays available. This provides a measure of the effectiveness of car park security over time.

In the financial year ended 30 June 2007 only one vehicle was stolen from Reserve car parks compared to 4 in the previous year and 2 in 2004/2005. The total number of car bays on the Reserve is 3073. These figures exclude the significant oversubscription of parking on the site occurring at peak times.

The proportion of vehicles stolen to car bays is 0.33 compared to 1.26 in 2005/2006, 0.66 vehicles per 1000 bays in 2004/2005 and 0.66 vehicles per 1000 bays in 2003/2004.

### **Efficiency Indicators**

#### **3. Overall Operating Expense per Hectare**

The Trust incurs costs related to repairs and maintenance of the Queen Elizabeth II Medical Centre Reserve, site security, car parking management, legal costs, depreciation and general administrative/management functions. This performance indicator is a measure of the total costs incurred per hectare in developing, controlling and managing the Reserve. The notional Capital User Charge shown in the Financial Statements is excluded for the purposes of this indicator.

In 2006/2007 the total operating expense per hectare was \$73,839.98 compared to \$77,140 in 2005/2006, \$88,455 in 2004/2005 and \$80,095 in 2003/2004.

##### **3.1 Maintenance Cost per Hectare**

An outcome of the Trust is to provide appropriate site facilities and a major component of the service is maintenance and repairs (roads, paths, car parks, lighting, grounds and gardens) on the Reserve. The expenses incurred are part of the overall operating expense but separately reported on for management purposes. This Performance Indicator is a measure of the cost per hectare directly related to provision of this maintenance service.

The total area of the Reserve is 28.4749ha. In 2006/2007, the cost per hectare was \$38,357 compared to \$37,912 in 2005/2006, \$28,670 in 2004/2005 and \$24,127 in 2003/2004.

The increase in this indicator is driven by increased expenditure on salaries and wages, repairs, maintenance and the upgrading of car parks. Work also includes repairs to ageing surfaces on footpaths, roads and kerbing as well as addressing public safety and disabled access requirements.

### ***Other Financial Disclosures***

#### **Capital Projects**

The Queen Elizabeth II Medical Centre Trust itself did not undertake any major capital projects on the Reserve during the year, pending finalisation of the Site Structure Plan and Master Plan.

The Trust opened up an overflow car park off Verdun Street in front of R Block. This was created to cater for the overflow of parking for visitors from Car Park 5.

Boom gates on Car Park's 2 & 3 were modified to improve traffic flow.

### **QEIMC - Non-Smoking Site**

Trust members were advised that the Sir Charles Gairdner Hospital Executive Committee and the Site Users Committee had endorsed the QEII Medical Centre becoming smoke free by 1 January 2007 for staff and visitors, and for patients by 1 July 2007.

Numerous non-smoking signs has been put in place across the Queen Elizabeth II Medical Centre Site.

### ***Other Legal Requirements***

In relation to the Trust itself, members complied with the Code of Conduct that the Trust adopted on 27 July 2000.

In relation to administrative and operational matters, staff engaged on Trust-related activities are employees of the Metropolitan Health Service and the compliance statement contained in the Metropolitan Health Service Annual Report applies to these personnel and related activities.

### **Advertising**

The QEII Medical Centre Trust did not incur any expenditure on advertising during the financial year.

The Trust did not incur any expenditure associated with Structure Planning and Master Planning for the redevelopment of Sir Charles Gairdner Hospital and associated research institutes.

The Trust, however, continued to issue the *QEIMC Campus Bulletin* which is distributed throughout the campus and includes site tenants, the wider community and the cities of Subiaco and Nedlands. During the past financial year the Trust issued three bulletins.

### **Disability Access and Inclusion Plan**

In relation to disability access and inclusion planning, the Trust relies upon Sir Charles Gairdner Hospital in its role as Delegate to achieve the required outcomes.

However, the Trust recognises that people with disabilities are valued members of the community who make contributions to social, economic and cultural life.

Specific disability service planning issues pertaining to the Trust's area of responsibility include:

- Parking facilities - the Trust provides a total of 51 ACROD / disabled parking bays (compared to 48 in 2005/2006, 42 in 2004/2005 and 36 in 2003/2004) at appropriate locations around the site;
- This revised figure does not include disabled parking bays at "The Niche" and "Crawford Lodge". These facilities are on ground leases and are not available for general public parking. Sir Charles Gairdner Hospital also provides an electric passenger vehicle known as the Bankwest Buggy, to transport infirm, aged and health-compromised people from the car parks to various points within and around the buildings on the Reserve;
- A total of 5 Transperth bus routes traverse the Queen Elizabeth II Medical Centre including the Circle Route (route 98/99) and the Subiaco Shuttle (route 97). Most of the Public Transport Authority bus fleet has special provision for disabled access;
- The Trust has installed traffic lights on Hospital Avenue with tactile paving outside C Block for the visually impaired;
- The Queen Elizabeth II Medical Centre Trust also has information on ACROD / disabled parking bays on the Trust's web page  
<http://www.qeii.health.wa.gov.au/access/parking.html#acrod>;
- The visitors' site map included in the Sir Charles Gairdner Hospital Patient Information Booklet specifically outlines ACROD parking bays and the graphics are designed for easy reading for visual impaired readers; and
- All new and replacement signs for the Queen Elizabeth II Medical Centre are installed in accordance with Australian Standard 1428.1 - 1428.2 - 1992 Design for access and mobility.

### **Equal Employment Opportunity, Compliance with Public Sector Standards & Ethical Codes**

In relation to administrative and operational matters, staff engaged on Trust-related activities are employees of the Metropolitan Health Service and the compliance statement contained in the Metropolitan Health Service Annual Report applies to these personnel and related activities.

## **Recordkeeping Plans**

In relation to recordkeeping plans, staff engaged on Trust-related activities are employees of the Metropolitan Health Service and the compliance statement contained in the Metropolitan Health Service Annual Report applies to these personnel and related activities.

However, during the past year, as part of its ongoing commitment to improving its record keeping, the Trust has made the following improvements:

- All commercial lease documents and records of Trust meetings are kept in a fire proof cabinet;
- Details of old files and records have been included on a database and archived;
- Current files have been recorded on a spreadsheet; and
- All electronic records have been preserved as part of the Metropolitan Health Service records.

## ***Government Policy Requirements***

### **Corruption Prevention & Substantive Equality**

In relation to administrative and operational matters, staff engaged on Trust-related activities are employees of the Metropolitan Health Service and the compliance statement contained in the Metropolitan Health Service Annual Report applies to these personnel and related activities.

### **Sustainability**

In relation to most sustainability matters, Sir Charles Gairdner Hospital provides all utilities and engineering services to the various site user groups. Therefore the Metropolitan Health Service Annual Report addresses most sustainable issues.

***Waterwise initiatives*** that have been initiated on the QEII MC site include:

- Lawns are not being watered over winter months;
- Lawn areas are not fertilised - therefore not encouraging growth;
- Watering time for each reticulation station has been reduced by 10 minutes or 25%;
- A small section of lawn at the front of B block has been paved;
- Small sections of lawn at the entrances to the Consultant's Carpark, Cancer Centre and R block have been planted with native ground cover;
- Use of mulch on garden beds to reduce the loss of water through evaporation;
- The Aberdare Road verge is no longer reticulated and will be paved by the local govt authority;

- A number of lawned areas and a section of garden bed are being converted to hard standing for car parking with a corresponding reduction in the consumption of water;
- Upgrades to garden reticulation systems to optimise the utilisation of bore water by providing different cycles for lawns and garden areas, to allow different scheduled watering days per week ;
- Increased use of stream jet sprinklers to reduce water usage by 1/3; and
- Use of water retaining soil granules to existing beds and when replanting to assist water retention.

### **Sustainable Travel Behaviours**

The QEII MC Trust is encouraging sustainable travel behaviours through the implementation of the Travel Plan.

Managing access to the site to reduce the level of car use is important to moderate the impacts of car use on the community and the environment. Providing for efficient access to the site is part of QEII Medical Centre corporate responsibility for community impacts, which requires action to reduce the level of car travel and increase use of alternatives such as public transport, car pooling and bicycles.

Managing transport to QEII MC to reduce car trips promotes sustainability, especially the environmental impacts of vehicle emissions. Travel generated by the site, including commuter and visitor trips and the use of fleet vehicles, is considered to be part of an organisation's ecological footprint.

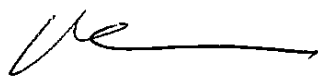
Moderating travel demand is a part of good environmental practice, helping reduce energy consumption and the emission of noise and air pollutants including climate changing greenhouse gases.



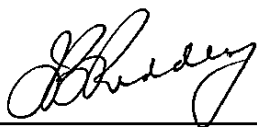
## **CERTIFICATION OF FINANCIAL STATEMENTS**

The accompanying financial statements of the Queen Elizabeth II Medical Centre Trust have been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the year ending 30 June 2007 and the financial position as at 30 June 2007.

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.



**Judge VJ French**  
Chairperson  
The Queen Elizabeth II  
Medical Centre Trust



**Professor I Puddey**  
Member  
The Queen Elizabeth II  
Medical Centre Trust



**Carl Cartwright**  
A/ Finance Director  
North Metropolitan Health Service  
Principal Accounting Officer

Date: 13/09/07

Date: 13/09/07

Date: 13/9/07

Queen Elizabeth II Medical Centre Trust

**Income Statement**

For the year ended 30th June 2007

	Note	2007 \$	2006 \$
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits expense	6	963,690	1,028,094
Patient support costs	7	7,600	30,275
Depreciation and amortisation expense	8	498,409	517,827
Capital user charge	9	1,513,000	1,700,000
Loss on disposal of non-current assets	10	2,573	-
Other expenses	11	630,314	999,239
<b>Total cost of services</b>		<b>3,615,586</b>	<b>4,275,435</b>
<b>INCOME</b>			
<b>Revenue</b>			
Parking revenue	12	1,634,971	1,604,611
Interest revenue		131,382	101,492
Other revenues	13	365,059	401,948
<b>Total revenue</b>		<b>2,131,412</b>	<b>2,108,051</b>
<b>Total income other than income from State Government</b>		<b>2,131,412</b>	<b>2,108,051</b>
<b>NET COST OF SERVICES</b>		<b>1,484,174</b>	<b>2,167,384</b>
<b>INCOME FROM STATE GOVERNMENT</b>			
Service appropriations	14	1,999,046	2,212,000
<b>Total income from State Government</b>		<b>1,999,046</b>	<b>2,212,000</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>514,872</b>	<b>44,616</b>

*The Income Statement should be read in conjunction with the notes to the financial statements.*

Queen Elizabeth II Medical Centre Trust

**Balance Sheet**

As at 30th June 2007

	Note	2007 \$	2006 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	15	2,613,396	2,067,741
Receivables	16	76,789	75,177
<b>Total Current Assets</b>		2,690,185	2,142,918
<b>Non-Current Assets</b>			
Amounts receivable for services	17	3,544,046	3,058,000
Property, plant and equipment	18	18,601,848	16,316,968
Intangible assets	20	28,066	41,204
<b>Total Non-Current Assets</b>		22,173,960	19,416,172
<b>Total Assets</b>		<b>24,864,145</b>	<b>21,559,090</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	21	14,031	60,823
Provisions	22	215,287	161,650
Other current liabilities	23	44,157	42,328
<b>Total Current Liabilities</b>		273,475	264,801
<b>Non-Current Liabilities</b>			
Provisions	22	54,320	43,669
<b>Total Non-Current Liabilities</b>		54,320	43,669
<b>Total Liabilities</b>		<b>327,795</b>	<b>308,470</b>
<b>NET ASSETS</b>		<b>24,536,350</b>	<b>21,250,620</b>
<b>EQUITY</b>			
Reserves	24	21,526,827	18,755,969
Accumulated surplus/(deficiency)	25	3,009,523	2,494,651
<b>TOTAL EQUITY</b>		<b>24,536,350</b>	<b>21,250,620</b>

*The Balance Sheet should be read in conjunction with the notes to the financial statements*

	Queen Elizabeth II Medical Centre Trust				
	<b>Statement of Changes in Equity</b>				
	<b>For the year ended 30th June 2007</b>				
		Note	2007	2006	
			\$	\$	
	<b>Balance of equity at start of period</b>		21,250,620	21,206,004	
	<b>RESERVES</b>	24			
	<b>Asset Revaluation Reserve</b>				
	Balance at start of period		18,755,969	18,755,969	
	Gains/(losses) from asset revaluation		2,770,858	-	
	<b>Balance at end of period</b>		<b>21,526,827</b>	<b>18,755,969</b>	
	<b>ACCUMULATED SURPLUS</b>	25			
	Balance at start of period		2,494,651	2,450,035	
	Surplus/(deficit) for the period		514,872	44,616	
	<b>Balance at end of period</b>		<b>3,009,523</b>	<b>2,494,651</b>	
	<b>Balance of equity at end of period</b>		<b>24,536,350</b>	<b>21,250,620</b>	
	<b>Total income and expense for the period (a)</b>		<b>3,285,730</b>	<b>44,616</b>	
	(a) The aggregate net amount attributable to each category of equity is: surplus \$514,869 plus gains from asset revaluation \$2,770,858 (2006: surplus \$44,616).				
	<i>The Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.</i>				

Queen Elizabeth II Medical Centre Trust

**Cash Flow Statement**  
For the year ended 30th June 2007

	Note	2007 \$ Inflows (Outflows)	2006 \$ Inflows (Outflows)
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service appropriations		-	-
Holding account drawdowns		-	-
<b>Net cash provided by State Government</b>	26(c)	-	-
<b>Utilised as follows:</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Supplies and services		(684,706)	(1,023,851)
Employee benefits		(894,414)	(836,613)
GST payments to taxation authority		-	(7,718)
<b>Receipts</b>			
Receipts from customers		1,641,808	1,538,401
Interest received		119,774	100,551
GST refunds from taxation authority		-	49,288
Other receipts		365,059	401,948
<b>Net cash (used in) / provided by operating activities</b>	26(b)	547,521	222,006
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchase of non-current physical assets		(1,866)	-
<b>Net cash (used in) / provided by investing activities</b>		(1,866)	-
<b>Net increase / (decrease) in cash and cash equivalents</b>		545,655	222,006
Cash and cash equivalents at the beginning of period		2,067,741	1,845,735
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	26(a)	2,613,396	2,067,741

*The Cash Flow Statement should be read in conjunction with the notes to the financial statements*

## Queen Elizabeth II Medical Centre Trust

### Notes to the Financial Statements For the year ended 30th June 2007

#### Note 1 Australian equivalents to International Financial Reporting Standards

##### General

The Trust's financial statements for the year ended 30 June 2007 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations)

In preparing these financial statements the Trust has adopted where relevant to its operations new and revised Standards and Interpretations from their operative dates as issued by the Australian Accounting Standards Board (AASB) and formerly the Urgent Issues Group (UIG)

##### Early adoption of standards

The Trust cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by Treasurer's Instruction 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Trust for the annual reporting period ended 30 June 2007

#### Note 2 Summary of significant accounting policies

##### (a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board 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 Management Act and the Treasurer's instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

##### (b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land and buildings which have been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars.

The judgements that have been made in the process of applying the Trust's accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed at note 3 'Judgements made by management in applying accounting policies'.

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed at note 4 'Key sources of estimation uncertainty'.

##### (c) Income

###### Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised as follows:

###### *Sale of goods*

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership control transfer to the purchaser and can be measured reliably.

###### *Rendering of services*

Revenue is recognised on delivery of the service to the client.

## Revenue recognition (continued)

### *Interest*

Revenue is recognised as the interest accrues. The effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset, is used where applicable.

### *Service Appropriations*

Service Appropriations are recognised as revenues at nominal value in the period in which the Trust gains control of the appropriated funds. The Trust gains control of appropriated funds at the time those funds are deposited to the bank account or credited to the holding account held at Treasury. (See note 14 'Service Appropriations')

### *Grants, donations, gifts and other non-reciprocal contributions*

Revenue is recognised at fair value when the Trust obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the balance sheet date, the nature of and amounts pertaining to, those undischarged conditions are disclosed in the notes.

### **Gains**

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

## **(d) Property, Plant and Equipment**

### *Capitalisation/Expensing of assets*

Items of property, plant and equipment costing \$1,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$1,000 are immediately expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

### *Initial recognition and measurement*

All items of property, plant and equipment are initially recognised at cost.

For items of property, plant and equipment acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

### *Subsequent measurement*

After recognition as an asset, the revaluation model is used for the measurement of land and buildings and the cost model for all other property, plant and equipment. Land and buildings are carried at fair value less accumulated depreciation on buildings and accumulated impairment losses. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Where market-based evidence is available, the fair value of land and buildings is determined on the basis of current market buying values determined by reference to recent market transactions.

Where market-based evidence is not available, the fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, ie the depreciated replacement cost.

When buildings are revalued, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

Independent valuations of land and buildings are provided annually by the Western Australian Land Information Authority (Valuation Services) and recognised with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

The most significant assumptions in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated useful life. Professional judgement by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

Refer to note 18 'Property, plant and equipment' for further information on revaluations.

#### *Depreciation*

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

Land is not depreciated. Depreciation on buildings is calculated using the reducing balance method. Depreciation on plant and equipment is calculated using the reducing balance with a straight-line switch method under which the cost amounts of the assets are allocated on average on a reducing balance basis over the first half of their useful lives and a straight line basis for the second half of the useful lives

The assets' useful lives are reviewed annually. Expected useful lives for each class of depreciable asset are

Buildings	50 years
Other plant and equipment	8 to 10 years

#### **(e) Intangible Assets**

##### *Capitalisation/Expensing of assets*

Acquisitions of intangible assets costing \$1,000 or more and internally generated intangible assets costing \$1,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below these thresholds are immediately expensed directly to the Income Statement.

All acquired and internally developed intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost the cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the reducing balance basis using rates which are reviewed annually. All intangible assets controlled by the Trust have a finite useful life and zero residual value. The expected useful lives for each class of intangible asset are

Computer Software	5 years
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Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset.

#### **(f) Impairment of Assets**

Property, plant and equipment and intangible assets are tested for any indication of impairment at each balance sheet date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Trust is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at each balance sheet date irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at each balance sheet date.

Refer note 19 'Impairment of assets' for the outcome of impairment reviews and testing.

Refer also to note 2(m) 'Receivables' and note 16 'Receivables' for impairment of receivables.

#### **(g) Non-current Assets Classified as Held for Sale**

Non-current assets held for sale are recognised at the lower of carrying amount and fair value less costs to sell and are presented separately from other assets in the Balance Sheet. Assets classified as held for sale are not depreciated or amortised.

#### **(h) Leases**

Leases of property, plant and equipment, where the Trust has substantially all of the risks and rewards of ownership, are classified as finance leases.



Finance lease rights and obligations are initially recognised, at the commencement of the lease term, as assets and liabilities equal in amount to the fair value of the leased item or, if lower, the present value of the minimum lease payments, determined at the inception of the lease. The assets are disclosed as leased assets, and are depreciated over the period during which the Trust is expected to benefit from their use. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability according to the interest rate implicit in the lease.

Leases in which the lessor retains significantly all of the risks and rewards of ownership are classified as operating leases. Operating lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased items.

#### **(i) Financial Instruments**

The Trust has two categories of financial instruments:

- Loans and receivables (cash and cash equivalents, receivables), and
- Non trading financial liabilities (payables)

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

#### **(j) Cash and Cash Equivalents**

For the purpose of the Cash Flow Statement, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

#### **(k) Accrued Salaries**

Accrued salaries (refer note 23) represent the amount due to employees but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Trust considers the carrying amount of accrued salaries to be equivalent to its net fair value.

#### **(l) Amounts Receivable for Services (Holding Account)**

The Trust receives funding on an accrual basis that recognises the full annual cash and non-cash cost of services. The appropriations are paid partly in cash and partly as an asset (Holding Account receivable) that is accessible on the emergence of the cash funding requirement to cover items such as leave entitlements and asset replacement.

See also note 14 'Service appropriations' and note 17 'Amounts receivable for services'.

#### **(m) Receivables**

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Trust will not be able to collect the debts.

The carrying amount is equivalent to fair value as it is due for settlement within 30 days from the date of recognition. (See note 2(i) 'Financial instruments' and note 16 'Receivables').

#### *Change to accounting procedure for GST*

Rights to collect amounts receivable from the Australian Taxation Office and responsibilities to make payment for GST were assigned on the 1 January 2006 to the Minister for Health in his Capacity as the Deemed Board of the Metropolitan Public Hospitals. This change in accounting procedure was a result of application of the grouping provisions of 'A New Tax System (Goods and Service Tax) Act 1999' whereby the Minister for Health in his Capacity as the Deemed Board of the Metropolitan Public Hospitals became the representative member for Health entities as part of governments' shared services initiative.

#### **(n) Payables**

Payables are recognised at the amounts payable when the Trust becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value as they are generally settled within 30 days. See note 2(i) 'Financial instruments' and note 21 'Payables'.

## **(o) Provisions**

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date. See note 22 'Provisions'.

### **Provisions - Employee Benefits**

#### *Annual Leave and Long Service Leave*

The liability for annual and long service leave expected to be settled within 12 months after the end of the balance sheet date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the end of the balance sheet date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the balance sheet date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted using market yields at the balance sheet date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Trust does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

#### *Sick Leave*

Liabilities for sick leave are recognised when it is probable that sick leave paid in the future will be greater than the entitlement that will accrue in the future.

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

#### *Superannuation*

The Government Employees Superannuation Board (GESB) administers the following superannuation schemes.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members.

The Trust has no liabilities under the Pension or the GSS Schemes. The liabilities for the unfunded Pension Scheme and the unfunded GSS Scheme transfer benefits due to members who transferred from the Pension Scheme are assumed by the Treasurer. All other GSS Scheme obligations are funded by concurrent contributions made by the Trust to the GESB. The concurrently funded part of the GSS Scheme is a defined contribution scheme as these contributions extinguish all liabilities in respect of the concurrently funded GSS Scheme obligations.

Employees commencing employment prior to 16 April 2007 who are not members of either the Pension or the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Trust makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS Schemes.

The GESB makes all benefit payments in respect of the Pension and GSS Schemes, and is recouped by the Treasurer for the employer's share.

(See also note 2 (p) 'Superannuation expense').

### **Provisions - Other**

#### *Employment on-costs*

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment oncosts are included as part of 'Other expenses' and are not included as part of the Trust's 'Employee benefits expense'. Any related liability is included in 'Employment on-costs provision'. (See note 11 'Other expenses' and note 22 'Provisions').

**(p) Superannuation Expense**

The following elements are included in calculating the superannuation expense in the Income Statement

(a) Defined benefit plans - Change in the unfunded employer's liability (i.e. current service cost and, actuarial gains and losses) assumed by the Treasurer in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme (GSS), and

(b) Defined contribution plans - Employer contributions paid to the GSS, the West State Superannuation Scheme (WSS), and the GESE Super Scheme (GESBS)

Defined benefit plans - The Trust does not have any current employees who are members of the defined benefit plans

The GSS Scheme is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, apart from the transfer benefit, it is a defined contribution plan for the Trust's purposes because the concurrent contributions (defined contributions) made by the Trust to GESB extinguishes the Trust's obligations to the related superannuation liability.

**(q) Resources Received Free of Charge or for Nominal Cost**

Resources received free of charge or for nominal cost that can be reliably measured are recognised as income and as assets or expenses as appropriate, at fair value.

**(r) Goods and Services Tax (GST)**

Rights to collect amounts receivable from the Australian Taxation Office and responsibilities to make payment for GST have been assigned to the Minister for Health in his Capacity as the Deemed Board of the Metropolitan Public Hospitals. This is a result of application of the grouping provisions of "A New Tax System (Goods and Services Tax) Act 1999" whereby the Minister for Health in his Capacity as the Deemed Board of the Metropolitan Public Hospitals has become the representative member for Health entities as part of government's shared services initiative.

**(s) Comparative Figures**

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

**Note 3 Judgements made by management in applying accounting policies**

Judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The judgements that have been made in the process of applying accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

*Buildings*

A number of buildings that are located on the land of local government agencies have been recognised in the financial statements. The

Trust believes that, based on past experience, its occupancy in these buildings will continue to the end of their useful life.

**Note 4 Key sources of estimation uncertainty**

The key estimates and assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

*Buildings*

In order to estimate fair value on the basis of existing use, the depreciated replacement costs are determined on the assumption that the buildings will be used for the same functions in the future. A major change in utilisation of the buildings may result in material adjustment to the carrying amounts.

*Employee benefits provision*

In estimating the non-current long service leave liabilities, employees are assumed to leave the Trust each year on account of resignation or retirement at 10.6%. This assumption was based on an analysis of the turnover rates exhibited by employees over the past five years. Employees with leave benefits to which they are fully entitled are assumed to take all available leave uniformly over the following five years or to age 65 if earlier.

## Note 5 Disclosure of changes in accounting policy and estimates

### Initial application of an Australian Accounting Standard

The Trust has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2006

- 1) AASB 2005-9 Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132] (Financial guarantee contracts) The amendment deals with the treatment of financial guarantee contracts, credit insurance contracts, letters of credit or credit derivative default contracts as either an 'insurance contract' under AASB 4 Insurance Contracts or as a 'financial guarantee contract' under AASB 139 Financial Instruments Recognition and Measurement. The Trust does not currently undertake these types of transactions, resulting in no financial impact in applying the Standard.
- 2) UIG Interpretation 4 Determining whether an Arrangement Contains a Lease as issued in June 2005. This Interpretation deals with arrangements that comprise a transaction or a series of linked transactions that may not involve a legal form of a lease but by their nature are deemed to be leases for the purposes of applying AASB 117 Leases. At balance sheet date, the Trust has not entered into any arrangements as specified in the Interpretation, resulting in no impact in applying the Interpretation.
- 3) UIG Interpretation 9 Reassessment of Embedded Derivatives. This Interpretation requires an embedded derivative that has been combined with a non-derivative to be separated from the host contract and accounted for as a derivative in certain circumstances. At balance sheet date, the Trust has not entered into any contracts as specified in the Interpretation, resulting in no impact in applying the Interpretation.

The following Australian Accounting Standards and Interpretations are not applicable to the Trust as they have no impact or do not apply to not-for-profit entities

AASB Standards and Interpretation	
AASB 2005-1	'Amendments to Australian Accounting Standard' (AASB 139 – Cash flow hedge accounting of forecast intragroup transactions)
AASB 2005-5	'Amendments to Australian Accounting Standards [AASB 1 & AASB 139]'
AASB 2006-1	'Amendments to Australian Accounting Standards [AASB 121]'
AASB 2006-3	'Amendments to Australian Accounting Standards [AASB 1045]'
AASB 2006-4	'Amendments to Australian Accounting Standards [AASB 134]'
AASB 2007-2	'Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139] – paragraph 9
UIG 5	'Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds'
UIG 6	'Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment'
UIG 7	'Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies'
UIG 8	'Scope of AASB 2'

### Future impact of Australian Accounting Standards not yet operative

The Trust cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by T 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Trust has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued but are not yet effective. These will be applied from their application date.

- 1) AASB 7 Financial Instruments Disclosures (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]') This Standard requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Trust's exposure to risks, enhanced disclosure regarding components of the Trust's financial position and performance, and possible changes to the way of presenting certain items in the financial statements. The Trust does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.
- 2) AASB 2005-10 Amendments to Australian Accounting Standards (AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038) The amendments are as a result of the issue of AASB 7 'Financial Instruments Disclosures' which amends the financial instrument disclosure requirements in these standards. The Trust does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.

3) AASB 101 'Presentation of Financial Statements'. This Standard was revised and issued in October 2006 so that AASB 101 has the same requirements as IAS 1 'Presentation of Financial Statements' (as issued by the IASB) in respect of for-profit entities. The Trust is a not-for-profit entity and consequently does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.

4) AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments (AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038)'. This Standard introduces policy options and modifies disclosures. These amendments arise as a result of the AASB decision that, in principle, all options that currently exist under IFRSs should be included in the Australian equivalents to IFRSs and additional Australian disclosures should be eliminated, other than those now considered particularly relevant in the Australian reporting environment. The Department of Treasury and Finance has indicated that it will mandate to remove the policy options added by this amending Standard. This will result in no impact as a consequence of application of the Standard. The Standard is required to be applied to annual reporting periods beginning on or after 1 July 2007.

5) AASB 2007-5 'Amendment to Australian Accounting Standard – Inventories Held for Distribution by Not-for-Profit Entities (AASB 102)'. This amendment changes AASB 102 'Inventories' so that inventories held for distribution by not-for-profit entities are measured at cost, adjusted when applicable for any loss of service potential. The Trust does not have any inventories held for distribution so does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 July 2007.

6) AASB Interpretation 4 'Determining whether an Arrangement Contains a Lease [revised]'. This Interpretation was revised and issued in February 2007 to specify that if a public-to-private service concession arrangement meets the scope requirements of AASB Interpretation 12 'Service Concession Arrangements' as issued in February 2007, it would not be within the scope of Interpretation 4. At balance sheet date, the Trust has not entered into any arrangements as specified in the Interpretation or within the scope of Interpretation 12, resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.

7) AASB Interpretation 12 'Service Concession Arrangements'. This Interpretation was issued in February 2007 and gives guidance on the accounting by operators (usually a private sector entity) for public-to-private service concession arrangements. It does not address the accounting by grantors (usually a public sector entity). It is currently unclear as to the application of the Interpretation to the Trust if and when public-to-private service concession arrangements are entered into in the future. At balance sheet date, the Trust has not entered into any public-to-private service concession arrangements resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.

8) AASB Interpretation 129 'Service Concession Arrangements: Disclosures [revised]'. This Interpretation was revised and issued in February 2007 to be consistent with the requirements in AASB Interpretation 12 'Service Concession Arrangements' as issued in February 2007. Specific disclosures about service concession arrangements entered into are required in the notes accompanying the financial statements, whether as a grantor or an operator. At balance sheet date, the Trust has not entered into any public-to-private service concession arrangements resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.

The following Australian Accounting Standards and Interpretations are not applicable to the Trust as they have no impact or do not apply to not-for-profit entities:

AASB Standards and Interpretation	
AASB 8	'Operating Segments'
AASB 1049	'Financial Reporting of General Government Sectors by Governments'
AASB 2007-1	'Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]'
AASB 2007-2	'Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]' – paragraphs 1 to 8
AASB 2007-3	'Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]'
Interpretation 10	'Interim Financial Reporting and Impairment'
Interpretation 11	'AASB 2 – Group and Treasury Share Transactions'

<b>Note 6 Employee benefits expense</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Salaries and wages (a)	776,803	999,095
Superannuation - defined contribution plans (b)	47,995	22,510
Annual leave and time off in lieu leave (c)	97,456	5,592
Long service leave (c)	41,436	897
	<u>963,690</u>	<u>1,028,094</u>

(a) Includes the value of the fringe benefit to the employees plus the fringe benefits tax component

(b) Defined contribution plans include West State and Gold State (contributions paid)

(c) Includes a superannuation contribution component

Employment on-costs expense is included at note 11 'Other expenses' The employment on-costs liability is included at note 22 'Provisions'

**Note 7 Patient support costs**

Medical supplies and services	4,434	4,005
Fuel, light and power	23	12,400
Food supplies	2,478	107
Patient transport costs	-	13,275
Purchase of external services	665	485
	<u>7,600</u>	<u>30,272</u>

<b>Note 8 Depreciation and amortisation expense</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>Depreciation</b>		
Buildings	480,876	495,745
Other plant and equipment	4,395	14,805
	<u>485,271</u>	<u>510,550</u>
<b>Amortisation</b>		
Intangible assets	13,138	7,275
Total depreciation and amortisation	<u>498,409</u>	<u>517,825</u>

**Note 9 Capital user charge**

	<u>1,513,000</u>	<u>1,700,000</u>
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The charge was a levy applied by Government for the use of its capital. In 2006-07 the final year in which the charge was levied, the payments equal to the appropriation for 2006-07 less any adjustment relating to 2005-06. The charge was paid by the Department of Health on behalf of the Trust.

**Note 10 Net gain / (loss) on disposal of non-current assets**

<b>Cost of disposal of non-current assets</b>		
Other plant and equipment	2,573	-
<b>Proceeds from disposal of non-current assets:</b>		
Other plant and equipment	-	-
<b>Net gain/(loss)</b>	<u>(2,573)</u>	<u>-</u>

See note 2(g) 'Non-current assets held for sale' and note 18 'Property, plant and equipment'

**Note 11 Other expenses**

Communications	1,301	95
Computer services	1,362	-
Employment on-costs (a)	15,800	24,966
Motor vehicle expenses	540	719
Operating lease expenses	3,574	-
Printing and stationery	48,425	17,830
Rental of property	350	1,100
Repairs, maintenance and consumable equipment expense	492,884	859,353
Purchase of external services	22,825	34,511
Other	43,253	60,662
	<u>630,314</u>	<u>999,239</u>

(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 22 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

(b) Non-current assets available for sale measured at lower of carrying amount and fair value less selling costs.

**Note 12 Parking revenues**

Staff parking fees	879,102	868,256
Other parking fees	720,099	693,563
Fines and penalties	35,770	42,790
	<u>1,634,971</u>	<u>1,604,611</u>

**Note 13 Other revenues**

Rent from commercial properties	245,350	294,029
Other	119,709	107,919
	<u>365,059</u>	<u>401,948</u>

**Note 14 Service appropriations**

	2007	2006
	\$	\$
Appropriation revenue received during the year		
Service appropriations	<u>1,999,046</u>	<u>2,212,000</u>

Service appropriations are accrual amounts reflecting the net cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

**Note 15 Cash and cash equivalents**

Cash on hand	200	200
Cash at bank - general	872,161	324,731
Deposits at call	1,741,035	1,742,810
	<u>2,613,396</u>	<u>2,067,741</u>

**Note 16 Receivables****Current**

Parking revenue due	25,283	38,558
Fines revenue due	7,430	8,030
Rental due	26,843	23,612
Interest due	11,608	-
Other receivables	5,625	4,971
Less Allowance for impairment of receivables	-	-
	<u>76,789</u>	<u>75,171</u>

See also note 2(m) 'Receivables' and note 36 'Financial instruments'

**Note 17 Amounts receivable for services****Current****Non-current**

	-	-
	<u>3,544,046</u>	<u>3,058,000</u>
	<u>3,544,046</u>	<u>3,058,000</u>
Balance at start of the year	3,058,000	2,546,000
Credit to holding account	486,046	512,000
Less holding account drawdown	-	-
Balance at end of the year	<u>3,544,046</u>	<u>3,058,000</u>

This asset represents the non-cash component of service 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. See note 2(i) 'Amounts receivable for services'

**Note 18 Property, plant and equipment****Land****At fair value**

	305,000	244,000
	<u>305,000</u>	<u>244,000</u>

**Buildings****Clinical****At fair value****Accumulated depreciation**

	18,739,060	16,524,951
	<u>(480,876)</u>	<u>(495,749)</u>
	<u>18,258,184</u>	<u>16,029,202</u>
<b>Total land and buildings</b>	<u>18,563,184</u>	<u>16,273,202</u>

**Other plant and equipment****At cost****Accumulated depreciation**

	80,798	85,234
	<u>(42,134)</u>	<u>(41,468)</u>
	<u>38,664</u>	<u>43,766</u>
<b>Total of property, plant and equipment</b>	<u>18,601,848</u>	<u>16,316,968</u>

Land and buildings were revalued as at 1 July 2006 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2007 and recognised at 30 June 2007. In undertaking the revaluation, fair value for land and buildings was determined on the basis of depreciated replacement cost. See note 2(d) 'Property, plant and equipment'



	2007	2006
<b>Note 18 Property, plant and equipment (continued)</b>	\$	\$

To ensure the valuations provided by Valuation Services were compliant at 30 June 2007 with the fair value requirements under AASB 116, Valuation Services provided the Department of Treasury and Finance (DTF) with information that tracked the general movement in the market value of land and in building construction costs from the 1 July 2006 (the date of valuation) to 31 March 2007. DTF reviewed the information and determined that the valuations provided by the Valuation Services (as at 1 July 2006) were compliant with fair value requirements for 30 June 2007 reporting without further adjustment.

**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.

**Land**

Carrying amount at start of year	244,000	244,000
Revaluation increments / (decrements)	61,000	-
Carrying amount at end of year	305,000	244,000

**Buildings**

Carrying amount at start of year	16,029,202	16,524,951
Revaluation increments / (decrements)	2,709,858	-
Depreciation	(480,876)	(495,749)
Carrying amount at end of year	18,258,184	16,029,202

**Other plant and equipment**

Carrying amount at start of year	43,766	58,570
Additions	1,866	-
Disposals	(2,573)	-
Depreciation	(4,395)	(14,804)
Carrying amount at end of year	38,664	43,766

**Total property, plant and equipment**

Carrying amount at start of year	16,316,968	16,827,521
Additions	1,866	-
Disposals	(2,573)	-
Revaluation increments / (decrements)	2,770,858	-
Depreciation	(485,271)	(510,553)
Carrying amount at end of year	18,601,848	16,316,968

**Note 19 Impairment of Assets**

There were no indications of impairment to property, plant and equipment, and intangible assets at 30 June 2007.

The Trust held no goodwill or intangible assets with an indefinite useful life during the reporting

period and at the balance date there were no intangible assets not yet available for use.

All surplus assets at 30 June 2007 have been classified as assets held for sale or written off.

**Note 20 Intangible assets**

Computer software

*At cost*

113,513

113,513

*Accumulated amortisation*

(85,447)

(72,309)

28,066

41,204

**Reconciliation**

Reconciliation of the carrying amount of intangible assets at the beginning and end of the current financial year is set out below

**Computer software**

Carrying amount at start of year

41,204

48,477

Amortisation expense

(13,138)

(7,273)

Carrying amount at end of year

28,066

41,204

**2007****2006**

\$

\$

**Note 21 Payables****Current***Trade creditors*

5,856

20,584

*Accrued expenses*

8,175

40,239

14,031

60,823

(See also note 2(n) 'Payables' and note 36 'Financial instruments')

**Note 22 Provisions****Current**

Employee benefits provision

Annual leave (a)

147,690

106,613

Time off in lieu leave (a)

6,794

11,233

Long service leave (b)

60,803

43,804

215,287

161,650

**Non-current**

Employee benefits provision

Long service leave (b)

54,320

43,669

54,320

43,669

Total Provisions

269,607

205,319

(a) Annual leave liabilities and time off in lieu leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date

Assessments indicate that actual settlement of the liabilities will occur as follows

Within 12 months of balance sheet date

95,443

72,398

More than 12 months after balance sheet date

59,041

45,448

154,484

117,846

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows

Within 12 months of balance sheet date

15,947

10,999

More than 12 months after balance sheet date

99,176

76,474

115,123

87,473

(c) The settlement of annual and long service leave liabilities give rise to the payment of employment on-costs including workers compensation premiums. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is included at note 11 'Other expenses'.

	2007	2006
	\$	\$

**Note 23 Other liabilities**

**Current**

Accrued salaries	13,165	8,177
Income received in advance	30,992	34,151
	<u>44,157</u>	<u>42,328</u>

**Note 24 Reserves**

Asset revaluation reserve (a)		
Balance at start of year	18,755,969	18,755,969
Net revaluation increments / (decrements) (b) (c)		
Land	61,000	-
Buildings	2,709,858	-
Balance at end of year	<u>21,526,827</u>	<u>18,755,969</u>

(a) The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets

(b) Any increment is credited directly to the asset revaluation reserve, except to the extent that any increment reverses a revaluation decrement previously recognised as an expense

(c) Any decrement is recognised as an expense in the Income Statement, except to the extent that any decrement reverses a revaluation increment previously credited to the asset revaluation reserve

**Note 25 Accumulated surplus/(deficiency)**

Balance at start of year	2,494,651	2,450,035
Result for the period	514,872	44,616
Balance at end of year	<u>3,009,523</u>	<u>2,494,651</u>

**Note 26 Notes to the Cash Flow Statement**

a) **Reconciliation of cash**

Cash assets at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows

Cash and cash equivalents (see note 15)	2,613,396	2,067,741
	<u>2,613,396</u>	<u>2,067,741</u>

b) **Reconciliation of net cash flows to net cost of services used in operating activities**

Net cash used in operating activities (Cash Flow Statement)	547,521	222,006
Increase/(decrease) in assets		
GST receivable	-	(40,430)
Other current receivables	1,612	(1,512)
Decrease/(increase) in liabilities		
Payables	46,792	24,070
Accrued salaries	(4,988)	(8,177)
Current provisions	(53,637)	(161,650)
Non-current provisions	(10,651)	(43,669)
Income received in advance	3,159	(1,432)
Other liabilities	-	61,237
Non-cash items		
Depreciation and amortisation expense (note 8)	(498,409)	(517,827)
Net gain / (loss) from disposal of non-current assets (note 10)	(2,573)	-
Capital user charge paid by Department of Health (note 9)	(1,513,000)	(1,700,000)
Net cost of services (Income Statement)	<u>(1,484,174)</u>	<u>(2,167,386)</u>

	2007 \$	2006 \$
c) <b>Notional cash flows</b>		
Service appropriations as per Income Statement	1,999,046	2,212,000
Less notional cash flows		
Items paid directly by the Department of Health for the Trust and are therefore not included in the Cash Flow Statement		
Capital user charge	(1,513,000)	(1,700,000)
Accrual appropriations	(486,046)	(512,000)
	<u>(1,999,046)</u>	<u>(2,212,000)</u>
<b>Cash Flows from State Government as per Cash Flow Statement</b>	<u>-</u>	<u>-</u>

At the reporting date, the Trust had fully drawn on all financing facilities, details of which are disclosed in the financial statements

**Note 27 Remuneration of members of the Accountable Authority and senior officers**

Remuneration of members of the Accountable Authority

The members of the Accountable Authority are appointed on a voluntarily basis and do not receive any remuneration

Remuneration of senior officers

The Trust is under the management of the North Metropolitan Area Health Service. The senior officers are paid by the Metropolitan Health Services (The Minister for the Health in his capacity as the Deemed Board of the Metropolitan Public Hospitals)

**Note 28 Remuneration of auditor**

Remuneration payable to the Auditor General for the financial year is as follows

Auditing the accounts, financial statements and performance indicators	<u>15,500</u>	<u>11,800</u>
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**Note 29 Commitments**

The Trust had no commitments for expenditure at the balance sheet date

**Note 30 Contingent liabilities and contingent assets**

At the balance sheet date, the Trust is not aware of any contingent liabilities and contingent assets

Contaminated Sites

Under the Contaminated Sites Act 2003, the Trust is required to report known and suspected contaminated sites to the Department of Environment and Conservation (DEC). In accordance with the Act, DEC classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as contaminated – remediation required or possibly contaminated – investigation required, the Trust may have a liability in respect of investigation or remediation expenses.

During the year the Trust had not reported any suspected contaminated sites to DEC.

**Note 31 Events occurring after balance sheet date**

There were no events occurring after the balance sheet date which had significant financial effects on these financial statements.

**Note 32 Related bodies**

A related body is a body which receives more than half its funding and resources from the Trust and is subject to operational control by the Trust.

The Trust had no related bodies during the financial year.

**Note 33 Affiliated bodies**

An affiliated body is a body which receives more than half its funding and resources from the Trust and is not subject to operational control by the Trust

The Trust had no affiliated bodies during the financial year

**Note 34 Not for profit leases**

A number of not-for profit organisations lease space from the Queen Elizabeth II Medical Centre on a peppercorn rental basis

Based on indicative rental rates from the Valuer General's Office this represents \$2,172,700

Tenant	Area (sqm)	Annual Value \$
Allergy & Asthma Research Institute	103	13,000
Australian Neuromuscular Research Institute	3,279	295,000
Cancer Foundation - Crawford Lodge (land)	6,300	260,000
Heart Research Institute	491	137,500
Institute of Radiochemical Engineering	31	4,200
Keogh Institute for Medical Research - 3rd floor A block	705	85,000
Lions Ear & Hearing - 2nd floor A block	2,964	265,000
Lions Eye Institute - AA (land)	2,600	180,000
State Head Injuries Unit	313	40,000
The Niche - Cystic Fibrosis WA (land)	6,200	435,000
WA Institute for Medical Research	1,508	420,000
WA Sleep Disorders Research Institute	281	38,000
		<u>\$2,172,700</u>

**Queen Elizabeth II Medical Centre Trust**  
**Notes to the Financial Statements**  
**For the year ended 30th June 2007**

**Note 35 Explanatory Statement**

**(A) Significant variances between actual results for 2006 and 2007**

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

	<b>Note</b>	<b>2007 Actual \$</b>	<b>2006 Actual \$</b>	<b>Variance \$</b>
<b>Expenses</b>				
Employee benefits expense		963,690	1,028,094	(64,404)
Patient support costs	(a)	7,600	30,275	(22,675)
Depreciation and amortisation expense		498,409	517,827	(19,418)
Capital user charge	(b)	1,513,000	1,700,000	(187,000)
Loss on disposal of non-current assets		2,573	-	2,573
Other expenses	(c)	630,314	999,239	(368,925)
<b>Income</b>				
Parking revenue		1,634,971	1,604,611	30,360
Interest revenue	(d)	131,382	101,492	29,890
Other revenues		365,059	401,948	(36,889)
Service appropriations	(e)	1,999,046	2,212,000	(212,954)

(a) Patient support costs

A reduction due to there being a reduced allocation to patient support costs in the 2006/2007 financial year. Catering and cleaning have significantly reduced in the 2006/2007 financial year.

(b) Capital user charge

A reduction in capital user charge resulted from a decrease in the net assets.

(c) Other expenses

There has been a general decrease in General Administration, Printing & Stationery charges for the 2006/2007 year. Repairs and maintenance expenses in 2006/2007 have reduced as the 2005/2006 was higher due to road resurfacing and relocation of a temporary carpark. A number of planned upgrades to roads and carparks in the 2006/2007 year were postponed pending finalisation of the Queen Elizabeth Medical Centre Site Structure Plan and associated Master Plan.

(d) Interest revenue

More funds were invested during the 2006/2007 financial year at a higher interest rate resulting in an increase in the interest revenue received.

(e) Service appropriations

The service appropriation was decreased to reflect the decrease in capital user charge allocation.

**Note 35 Explanatory Statement (continued)****(B) Significant variations between estimates and actual results for 2007**

Significant variations between the estimates and actual results for income and expenses are detailed below. Significant variations are considered to be those greater than 10% of the budget estimates.

	<b>Note</b>	<b>2007 Actual \$</b>	<b>2007 Estimates \$</b>	<b>Variance \$</b>
<b>Operating expenses</b>				
Employee benefits expense		963,690	1,000,000	(36,310)
Other goods and services	(a)	2,651,896	3,113,645	(461,749)
<b>Total expenses</b>		3,615,586	4,113,645	(498,059)
Less: Revenues	(b)	(2,131,412)	(1,931,000)	(200,412)
<b>Net cost of services</b>		1,484,174	2,182,645	(698,471)

**(a) Other goods and services**

There has been a general decrease in General Administration, Printing & Stationery charges for the 2006/2007 year. Repairs and maintenance expenses in 2006/2007 have reduced as the 2005/2006 was higher due to road resurfacing and relocation of a temporary carpark. A number of planned upgrades to roads and carparks in the 2006/2007 year were postponed pending finalisation of the Queen Elizabeth Medical Centre Site Structure Plan and associated Master Plan.

**(b) Revenues**

There has been a slight increase in fees revenue and more funds were invested during the 2006/2007 financial year at a higher interest rate resulting in an increase in the interest revenue received.

# Queen Elizabeth II Medical Centre Trust

## Notes to the Financial Statements For the year ended 30th June 2007

### Note 36 Financial instruments

#### a) Financial risk management objectives and policies

Financial instruments held by the Trust are cash and cash equivalents, receivables and payables. The Trust has limited exposure to financial risks. The Trust's overall risk management program focuses on managing the risks identified below.

##### *Credit risk*

The Trust trades only with recognised, creditworthy third parties. The Trust has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Trust's exposure to bad debts is minimal. There are no significant concentration of credit risk.

##### *Liquidity risk*

The Trust has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

##### *Cash flow interest rate risk*

The Trust's exposure to market risk for changes in interest rates relate primarily to the cash and cash equivalents and restricted cash. Cash and cash equivalents and restricted cash are held in interest bearing bank accounts.

#### b) Financial instrument disclosures

##### *Interest rate risk exposure*

The following table details the Trust's exposure to interest rate risk as at the balance sheet date.

	<u>Weighted average effective interest rate</u>	<u>Variable interest rate</u>	<u>Fixed interest rate maturities</u>						<u>Non- interest bearing</u>	<u>Total</u>
<u>As at 30th June 2007</u>	<u>%</u>	<u>\$</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>3-4 years</u>	<u>4-5 years</u>	<u>More than 5 years</u>	<u>\$</u>	<u>\$</u>
<b>Financial Assets</b>										
Cash and cash equivalents	6.2%	872,361	1,741,035							2,613,396
Receivables									76,789	76,789
		872,361	1,741,035	-	-	-	-	-	76,789	2,690,185
<b>Financial Liabilities</b>										
Payables									14,031	14,031
		-	-	-	-	-	-	-	14,031	14,031
Net financial assets / (liabilities)		872,361	1,741,035	-	-	-	-	-	62,758	2,676,154



Note 36 Financial instruments (continued)

	<u>Weighted average effective interest rate</u> %	<u>Variable interest rate</u> \$	<u>Fixed interest rate maturities</u>					<u>More than 5 years</u> \$	<u>Non- interest bearing</u> \$	<u>Total</u> \$
			<u>Within 1 year</u> \$	<u>1-2 years</u> \$	<u>2-3 years</u> \$	<u>3-4 years</u> \$	<u>4-5 years</u> \$			
<b>As at 30th June 2006</b>										
<b>Financial Assets</b>										
Cash and cash equivalents	5.6%	324,931	1,742,810	-					-	2,067,741
Receivables									75,177	75,177
		324,931	1,742,810	-	-	-	-	-	75,177	2,142,918
<b>Financial Liabilities</b>										
Payables									60,823	60,823
		-	-	-	-	-	-	-	60,823	60,823
Net financial assets / (liabilities)		324,931	1,742,810	-	-	-	-	-	14,354	2,082,095

*Fair Values*

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

**The Queen Elizabeth II Medical Centre Trust**

**Section 40 Estimates**

**for the 2007-2008 financial year**

	<b>2006-07</b>	<b>2007-08</b>
	<b>Estimates</b>	<b>Estimates</b>
	<b>\$000</b>	<b>\$000</b>
<b>Operating expenses</b>		
Employee expenses	1,000	1,050
Other goods and services	1,416	1,593
<b>Total expenses from ordinary activities</b>	<b>2,416</b>	<b>2,643</b>
Less: Revenues from ordinary activities	1,931	2,292
<b>Net cost of services</b>	<b>485</b>	<b>351</b>