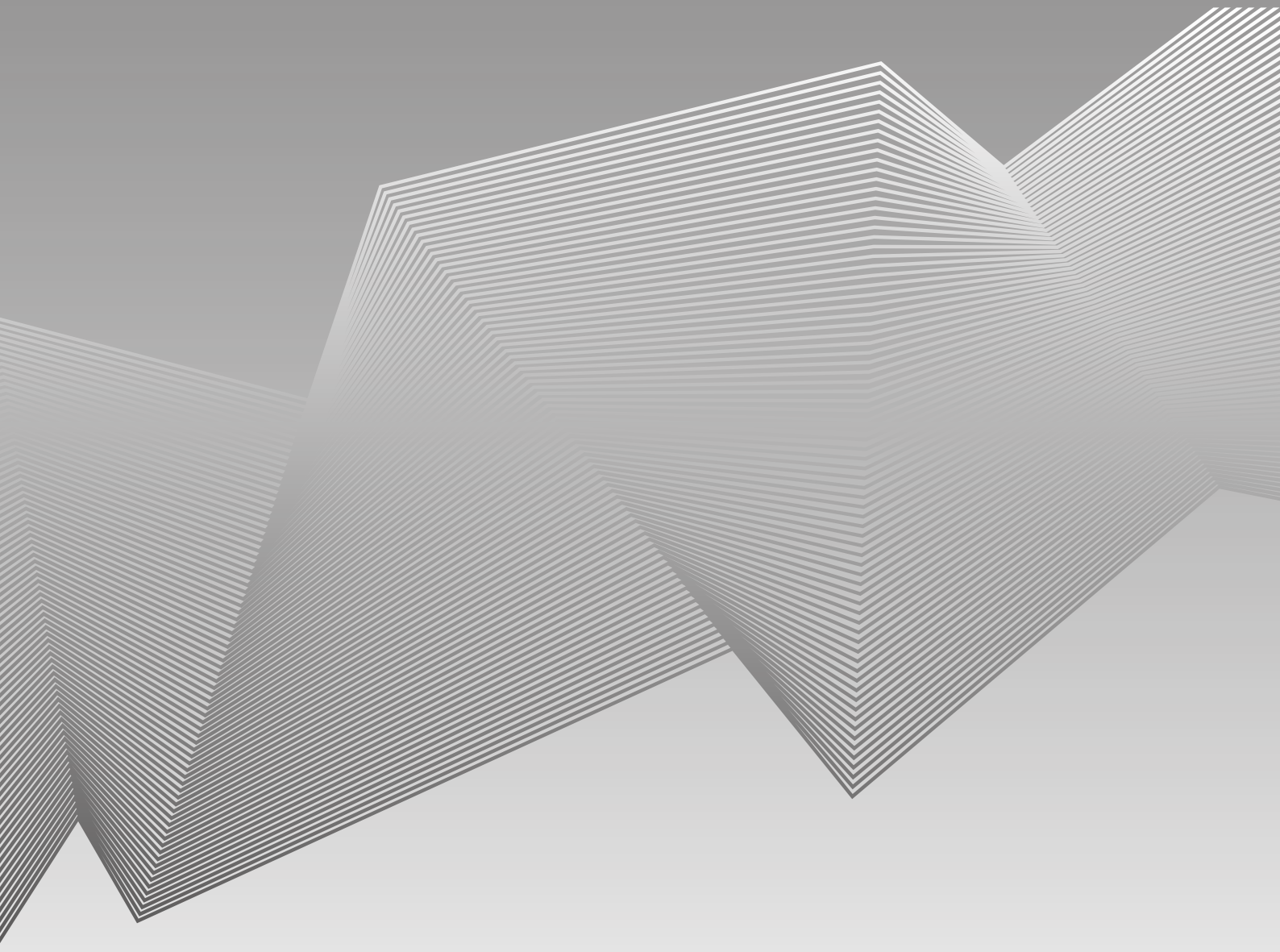
North West Hospital and Health Service

ANNUAL REPORT 2020–2021



Queensland Government

Purpose of the report

This annual report details the non-financial and financial performance of the North West Hospital and Health Service during financial year 2020–2021.

It highlights the achievements, performance, outlook and financial position of the North West Hospital and Health Service and satisfies the requirements of the *Financial Accountability Act 2019*, the *Financial and Performance Management Standard 2019* and detailed requirements set out in the Annual Report Requirements for Queensland Government agencies.

Open data

Information about consultancies, overseas travel, and the Queensland language services policy is available at the Queensland Government Open Data website (qld.gov.au/data).

Public availability statement

An electronic copy of this report is available at
https://www.northwest.health.qld.gov.au/about-us/corporate-documents-and-publications/

Hard copies of the annual report are available by phoning the Communications Team on 07 4744 4871. Alternatively, you can request a copy by emailing NWHHS_Communication@health.qld.gov.au.

Interpreter Service Statement

The Queensland Government is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding the annual report, you can contact us on telephone (07) 4744 4444 and we will arrange an interpreter to effectively communicate the report to you.

Licence

CC BY Licence Summary

Attribution

Content from this annual report should be attributed as:
State of Queensland (North West Hospital and Health Service) Annual Report 2020–21.

ISSN 2201-9863 (print) ISSN 2207-3329 (online)

Aboriginal and Torres Strait Islander people are advised that this publication may contain words, names, images and descriptions of people who have passed away.

Acknowledgement

The North West Hospital and Health Service (HHS) respectfully acknowledges the Elders past and present and the Traditional Owners of the land, sea and waterways which we service, and declare the North West HHS's commitment to reducing inequalities between Indigenous and non-Indigenous health outcomes in line with the National Indigenous Reform Agreement (Closing the Gap).

Recognition of Australian South Sea Islanders

The North West HHS formally recognises the Australian South Sea Islanders as a distinct cultural group within our geographical boundaries. The North West HHS is committed to fulfilling the Queensland Government Recognition Statement for Australian South Sea Islander Community to ensure that present and future generations of Australian South Sea Islanders have equality of opportunity to participate in and contribute to the economic, social, political and cultural life of the State.

Queensland
Government

1 Barkly Highway Mount Isa
PO Box 27 Mount Isa Queensland 4825
Telephone +61 7 4764 0210
Facsimile +61 7 4764 0217
Email NWHHS_Secretariat@health.qld.gov.au

13 September 2021

The Honourable Yvette D'Ath MP
Minister for Health and Ambulance Services
GO Box 48
Brisbane QLD 4001

Dear Minister

I am pleased to submit for presentation to the Parliament the Annual Report 2020-2021 and financial statements for North West Hospital and Health Service.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2019*, and
- the detailed requirements set out in the *Annual Report Requirements for Queensland Government agencies*.

A checklist outlining the annual reporting requirements can be found in Appendix C of this report.

Yours sincerely

Mr Michael Walsh
Administrator,
North West Hospital and Health Service

CONTENTS

Statement on Queensland Government objectives for the community

The health service's priorities are set in the *North West Hospital and Health Service's Strategic Plan 2017-2021*. This plan contributes to the Queensland Government's objectives for the community, through the delivery of quality, person-centred care, reflecting and responding to the needs of the community it serves.

The health service's priorities align with the Queensland Government's objectives for the community, *Unite and Recover - Queensland's Economic Recovery Plan*, which tackle key health challenges by:

- **Safeguarding our health;** focusing on implementing COVID safe guidelines, working with our key stakeholders to maintain bio-security for all our vulnerable communities, ensuring that we maintain a 'business as usual' approach to all health needs and ensuring that as many of our residents as possible are vaccinated – keeping them safe from the risks around COVID-19. Investing in innovative ways to provide care closer to home, making sure improving health outcomes are the priority for all.
- **Backing our frontline services;** working in partnership with multiple agencies to ensure that the healthcare provided to the residents of the North West region is the most appropriate for their needs clinically, culturally and emotionally. Ensuring the patient is the centre of the healthcare journey and working with our key stakeholders to make that journey as seamless, easy to navigate and most effective as possible.
- **Investing in skills;** supporting the continuous professional and operational development of all our staff across the North West HHS. Making the environment culturally and physically a place that people choose to work in by ensuring that we lead the way in promoting the service, the region and recognising the potential of all prospective employees. Continuing to support and develop local educational and experiential opportunities and partnering with local organisations to build a regional resource who live, work and play in the region.

FROM THE ADMINISTRATOR AND ACTING HEALTH SERVICE CHIEF EXECUTIVE

It is with great delight that we present the Annual Report for the North West Hospital and Health Service (HHS) for the 2020-2021 Financial Year.

Together with our respected partners in health, our communities and our ever-dedicated staff, we continue to strive for pathways to better health for everyone living in our communities, through improving health outcomes and delivering services that are closer to home.

While COVID-19 continues to impact many areas of healthcare, North West HHS has been fortunate to have no reported cases of the virus in North West Queensland at 30 June 2021. We would like to extend our genuine thanks and deep appreciation to all of our remote communities within the North West for their efforts in protecting our most vulnerable people. We would also like to express our gratitude to the people of North West Queensland for their understanding and patience when arrangements were implemented to prevent or minimise the spread of COVID-19, that impacted on healthcare service delivery.

It has been a difficult 12-month period for the health service and recruiting and retaining highly qualified staff in the North West has remained an ongoing challenge.

In May 2021, we farewelled our Board Chair, Mr Paul Woodhouse, after nine years of service. In June 2021, the North West HHS was appointed an Administrator who worked with the Executive Leadership Team to develop a seven-point plan outlining our vision for the Strategic Plan, that includes a focus on:

- primary care models
- health service planning
- renal services
- mental health
- hospital in the home
- sustainability
- COVID-19

Despite these, and other challenges, North West HHS achieved an operating surplus for the year and delivered on safety, quality and service delivery key performance indicators.

During the financial year the North West HHS continued to seek opportunities for innovation and improvement. The Sustainable Health Improvement Pathways (SHIP) program was launched in 2020 to identify innovative solutions for sustainable service provision, and to improve patient and staff outcomes and experience. Some of the initiatives the SHIP program has undertaken include:

- HiTH service in Mount Isa, which provides home-based acute care without the need for patients to come into hospital
- virtual care program on Mornington Island to support chronic disease managementthrough technology
- redesign of theatre services and development of improvement protocols andprocedures.

North West HHS has continued its efforts to improve health outcomes for our First Nations people. Our Making Tracks program continues to deliver services in the areas of chronic disease, sexual health, discharge against medical advice, healthy piccaninnies and the North Queensland STI Action Plan. We have also commenced preparation and community consultation for the development of our Health Equity Strategy.

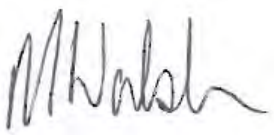
North West HHS is proud of the exemplary effort of our staff with the health and safety of our communities remaining at the forefront of everything we do. We would like to take this opportunity to thank all staff, volunteers, board members, stakeholders and the broader community for their service throughout this challenging financial year.

Looking forward, the North West HHS will continue to be COVID-19 ready whilst focusing on the delivery of those services that were delayed during the intense COVID-19 preparation phase. 2021-2022 will also see the completion of key infrastructure commitments including:

- staff accommodation for Dajarra and Camooweal
- solar projects for both the Cloncurry Multi Purpose Health Service and the Mount Isa Hospital
- Camooweal Primary Health Clinic build
- water treatment plant for Mount Isa and Mornington Island.

North West HHS will continue to progress our work to ensure the provision of renal services in our remote facilities.

The North West HHS Administrator and executive leadership team look forward to continuing to deliver excellence in remote healthcare to our patients and delivering services that are closer to home. We also look forward to welcoming a new Board in 2022.



Michael Walsh
Administrator

Dr Karen Murphy
Acting Chief Executive

ABOUT US

The North West HHS was established on 1 July 2012 under the *Hospital and Health Boards Act 2011* (the Act).

The North West HHS aspires to be Queensland's leading Hospital and Health service delivering excellence in rural and remote health.

For a rural and remote health service provider, this means providing access to clinical and clinical support services in specific locations throughout the region to deliver the right response on time by our skilled staff.

Mount Isa also has a Royal Flying Doctor Service base providing rural retrievals, transfers and numerous primary health care activities, including clinics at the health centres in the North West.

We operate according to the service agreement with the Department of Health, which identifies the services to be provided, funding arrangements, performance indicators and targets to ensure the expected health outcomes for our communities are achieved.

This service agreement is negotiated annually and is available publicly via the Queensland Health website at www.health.qld.gov.au.

We are also dedicated to fulfilling our role as a significant contributor to the Queensland health service landscape through continuing with integrated models of care with other hospital and health services, and clinical networks.

Our Strategic Direction

The Strategic Plan was reviewed and updated in June 2020 to ensure a continuation of our objectives for the period up until 30 June 2021. Our five key strategic objectives contribute to achieving our vision of healthier communities as well as guide our annual priorities.

Each of the strategic objectives is further defined through several key strategies for actioning through operational plans and health service planning with the engagement of the community and our healthcare partners.

North West HHS strategic objectives

Safe delivery of high-quality hospital and health services

To provide our patients with high quality health-care which is well-coordinated, efficient and sustainable.

Strong partnerships with other health providers to improve health care for our communities

In accordance with privacy provisions, work with our health partners and local communities to ensure our people can access the health services they need.

Highly skilled and committed staff who drive quality patient care

To support our staff and develop their skills so they can perform at their best

A culture that embraces innovation, technology and research

To support new thinking and fresh ideas that help us achieve our vision

An accountable and flexible Hospital and Health Service that leads change

To effectively meet the government's requirements through good governance

Our Vision

To be Queensland's leading Hospital and Health Service delivering excellence in remote healthcare to our patients.

Our Purpose

To embrace change, to forge close partnerships, and to work closely with our communities to improve the health of people across North West Queensland.

Our Values

Our values are strengthened by our people and guide our actions.

- **Honesty,** we are true to ourselves and others.
- **Innovation,** we make things happen.
- **Respect,** we listen and learn from each other.
- **Engagement,** we work together to involve our communities.
- **Accountability,** we own our actions and behaviours.
- **Caring,** we treat people with kindness and look after each other.

The HHSs values underpin, and are consistent with, the Queensland Public Service values of customers first, ideas into action, unleash potential, and be courageous and empower people.

Our Priorities

- Managing COVID-19 pandemic, maintaining biosecurity in partnership with our local Disaster Management Groups, rolling out our vaccines and ensuring our testing and tracking processes were robust.
- Continuing our First Nations Workforce strategy to ensure proportional representation of our communities within our workforce.
- Embedding a 'Sustainable Improvement' approach to provision across the North West including within the clinical, operational and financial areas, ensuring sustainability for the North West HHS.
- Enhancing existing partnerships with our key stakeholder organisations and developing new, innovative and exciting partnerships to ensure healthcare provision meets the needs of our communities in the North West.

Key achievements for 2020-2021

- Hospital in the Home (HiTH) service in Mount Isa, providing home-based acute care instead of patients staying in hospital for treatment. The service hailed a success by the community, is offered to patients experiencing issues, including diabetes complications, cellulitis, chronic obstructive pulmonary disease, congestive cardiac failure, and urinary tract infection, and is free for eligible Queensland public hospital patients who consent and are eligible to transfer to HiTH.
- Mount Isa Hospital welcomed new Magnetic Resonance Imaging (MRI) services with the ability to offer MRI under general anaesthesia. In the past, MRI services had only been compatible with patient sedation rather than a general anaesthetic. The improved service now delivers enormous benefits to patients, their families and staff. It allows children and adults with claustrophobia or movement disorder the opportunity to access the service they need without travelling to Brisbane or Townsville.
- Sustainable Health Improvement Pathways (SHIP) launched in 2020 to identify ways to improve patient and staff experiences and help the North West HHS achieve its vision of being Queensland's leading Hospital and Health Service, delivering excellence in remote healthcare. The SHIP program is one of the North West HHS's most comprehensive operational and community engagement exercises, using public feedback to provide the best possible service to patients and the community.
- Mount Isa Hospital unveiled its newly built family rooms during National Aboriginal and Islander Day Observance Committee (NAIDOC) week celebrations. The family rooms are a culturally appropriate space where Indigenous patients and their families can meet, rest or engage with specialist hospital staff.
- Mount Isa Hospital became the first public hospital in Queensland to offer hair-saving services to cancer patients with its new scalp cooling technology. The Paxman scalp cooling machine has proven to retain hair in up to 70 per cent of eligible patients.
- Mount Isa Hospital's Maternity Ward opened its new Hummingbird room, a safe space where families who experience pregnancy or infant loss can grieve in private. The Hummingbird room is private and beautifully finished, with a comfortable bed, rocking chair, and equipment to ensure that families don't miss out on those early special moments.
- As part of the North West HHS Aboriginal and Torres Strait Islander Workforce Strategy 2019-2026, the North West HHS welcomed two new students completing their Certificate III in Aboriginal and Torres Strait Islander Primary Health Care, completing 120 hours of practical work experience at the North West HHS.

During 2021-2022, we will focus on improving our communities' access to healthcare and health outcomes, increasing health equity and parity of life expectancy for our Aboriginal and Torres Strait Islanders and building our workforce to reflect our communities.

Aboriginal and Torres Strait Islander Health

North West HHS implemented several initiatives in 2020-2021 to promote accessible and integrated services for Aboriginal and Torres Strait Islander people in the region. A large focus, however, was our Aboriginal and Torres Strait Islander workforce and broader health service engaging with the ongoing COVID-19 response and recovery strategies, including vaccination rollout. While we celebrate some of our achievements, we also recognise that we must continue to challenge, innovate, and improve our systems and services in order to achieve meaningful health equity outcomes for Aboriginal and Torres Strait Islander peoples.

In 2020-2021, the HHS received Making Tracks funding of $3.44 million to support a range of initiatives to Close the Gap in health outcomes. These include programs relating to maternity, chronic disease, sexual health outreach and screening, and cultural capability. The HHS also received $2.04 million in non-recurrent funding for a range of activities and new models of care for a targeted response to COVID-19 for Aboriginal and Torres Strait Islander people and communities. The HHS implemented initiatives ranging from preventative responses to virtual health, including: virtual health hub aiming to reduce hospital admission, improving self-managed healthcare, and reducing travel; support public health response activities; eConsult platform is the mechanism for secure transfer of digital images and enhancing high-risk foot care as well as orthotic lab; and nephrology support enabling an nephrology outreach visit to communities.

Key achievements for 2020-2021

- Partnering with Clinical Excellence Queensland in their Aboriginal and Torres Strait Islander Dental Assistant Traineeship Program. The HHS employed our first Indigenous Trainee Dental Assistant as a step to help improve access to dental care by encouraging opportunities to increase the number of Aboriginal health professionals, and in this case, health technicians delivering dental services.
- Aboriginal and Torres Strait Islander Kidney Transplant Yarning Workshop with the team from Queensland Kidney Transplant Service. The service met with the community to talk about kidney disease and what is involved with kidney transplants. Renal patients and their families were able to connect directly with the Brisbane-based clinicians who directly provide this care, including a nephrologist, transplant assessment coordinator, surgeon, health worker, pharmacist, and dietician.
- North West HHS Family Healing Place was officially opened during NAIDOC 2020 by members of the North West HHS Elders group. As part of the National Safety and Quality Health Service (NSQHS) standards, second edition, "Partnering with Consumers" we continue to improve on how we work to design our health services to fit the unique needs of our patients. With the six Aboriginal and Torres Strait Islander specific actions in the NSQHS Standards second edition, including "Creating safe and welcoming environments for Aboriginal and Torres Strait Islander consumers" the opening of the Family Healing Place is one example of this in action. There has been input and changes made to the design by our Elders and input from our First Nations staff that occurred over several years to get a facility like this on our grounds. The Family Healing Place will be a place where patients or families of loved ones in Hospital can come for a yarn, a cuppa, meet with the medical team or grieve in times of loss, in a safe and supported environment.
- Aboriginal and Torres Strait Islander vaccinators to administer COVID-19 vaccine. North West HHS had six Aboriginal Health Workers who undertook this training with the Cunningham Centre in Mount Isa and four who have been authorised to possess, receive, handle and administer COVD-19 vaccines in any COVID-19 vaccination clinic in the North West HHS.
- Progressing Closing the Registration Gap pilot to address the disparity between birth registration rates, including developing a comprehensive, cross-agency strategy to increase the rate of Aboriginal and Torres Strait Islander birth registrations.
- Cultural Practice Program continues to be delivered to enhance the cultural competency of HHS staff and support the delivery of services to Aboriginal and Torres Strait Islander consumers.

The health service continues to experience challenges associated with the following:

- Reduce Discharge Against Medical Advice (DAMA) to less than three per cent of patients seen. DAMA, where patients elect to leave facilities without prior completion of treatment. This is a particular issue within emergency departments but is reducing following the introduction of Indigenous Patient Liaison Officers to support patients receiving care. 2019–2020, DAMA rate for Aboriginal and Torres Strait Islander patients was 6.4 per cent. In this reporting period, the DAMA rate was 8.5 per cent which is a 2.1 per cent decrease/increase from 2019–2020.
- Reduce Potential Preventable Hospitalisations (PPH) by 15 per cent. In the 2019–2020 reporting period, the PPH rate was 19.6 per cent. In this reporting period, the PPH rate was 19.7 per cent, which is a [insert] per cent increase. The North West HHS aims to reduce PPH by the earlier intervention of patients and further engagement with GP providers.

Partnerships in health

Fundamental to the early intervention and prevention models of care, improved health equity and access to healthcare for the communities we serve are the partnership models we have developed, which include:

- Gidgee Healing, the regional Aboriginal Community Controlled Health Service for North West Queensland
- Western Queensland Primary Health Network
- the Ramsay Street General Practice, Cloncurry Shire Council and the Rural Health Management Services
- other outreach allied health and medical service commissioners and providers, including CheckUp, the Deadly Ears and Indigenous Respiratory Outreach Care (IROC) programs
- Royal Flying Doctor Service, which provides emergency evacuations and other primary health care services
- Queensland Ambulance Service and the Queensland Police Service
- Centacare, Headspace and other charitable or not for profit enterprises
- shire councils
- universities and other education providers, including Centre for Rural and Remote Health, hosted by James Cook University.

Consumer and Community Engagement

North West HHS acknowledges the many benefits of partnering with our communities and stakeholders in their healthcare journey. Their involvement is critical in determining the services and health pathways that North West HHS creates in our pursuit of better health outcomes for the region.

The North West HHS Board (Board) established the Engagement Committee in 2012 to provide independent assurance and assistance to the NWHHS Board regarding; clear communication with North West communities regarding the activities and actions of the NWHHS; the establishment of effective relationships and partnerships with key internal and external stakeholders; the establishment of any formal or informal relationships with stakeholders identified as necessary to facilitate and promote the goals and objectives of the NWHHS; the development and maintenance of a positive public image for the NWHHS and in order to protect the reputation of the NWHHS staff; and contribution to the Strategic Plan, the development of an organisation wide Engagement Plan and any associated operational plans.

The Engagement Committee membership comprises Board members, representatives of the Community Advisory Networks (CAGs) and Health Councils throughout the North West, and consumer representatives.

Supported by the North West HHS Partnering with Consumers committee, our eight active CAGs and Health Councils throughout the North West continue to engage with local health providers, including the North West Hospital and Health Service.

Our executive team regularly attend the meetings in Mount Isa, Julia Creek, Cloncurry, Doomadgee, Mornington Island, Burketown, Karumba and Normanton. The Health Council on Mornington Island has been running for more than 14 years and continues to provide valuable local advice to the Hospital and Health Service.

Doomadgee Health Council, Yellagungimara, meets regularly with the Hospital and Health Service, and these meetings are aligned with visits from the Chief Executive and the Board whenever possible.

North West HHS's community and consumer engagement was enhanced in 2020-2021 with the launch of the HHS's first localised website, giving North West communities greater access to heath literature, service information, and online feedback portals, attracting more than 1000 unique visits per month.

Where possible, community events were leveraged to provide communities with health news and information; and social media metrics showed strong engagement activity across the region, increasing the amount of followers from 2019-20 to 2020-21 by 198 per cent, and attracting a reach of 7500 people per post – an increase of 314 per cent from 2019-20.

Our community-based and hospital-based services

The North West HHS delivers health services to the communities of North West Queensland, serving a population of around 27,000 people across one regional hospital, two multi-purpose health services, three remote hospitals, four primary health clinics and five community health centres.

Mount Isa City

Mount Isa Hospital

Mount Isa Hospital is the primary referral centre within the North West HHS. Patients from other facilities across the North West region who require specialist treatment and care are referred to either the Mount Isa Hospital or to other major hospitals within Queensland, including Townsville, Cairns and Brisbane. North West HHS also utilises telehealth to enable patients and facilities to access specialist appointments and reviews. Specialist outreach patient services are managed from the hospital, which is the major hub for telehealth services across the entire North West service area, with five primary health care clinics and six hospital sites having access to 24/7 medical and nursing and midwifery support for the advice and management of lower risk emergency department presentations and other outpatient care.

Camooweal Primary Health Clinic

Camooweal Primary Health Clinic provides emergency treatment as well as low-risk ambulatory, acute and preventative care nursing, administration, and operational staff. The Camooweal Primary Health Clinic is a nurse-led facility, providing 24-hour acute and emergency on-call service with a hospital-based ambulance. The clinic incorporates the advanced nurse model and nurse practitioner model of care and focuses on chronic disease management, preventative health, health promotion and health education. The clinic offers pharmacy services, child health, immunisation, school-based wellness health checks and community home visits.

Mornington Shire

Mornington Island Hospital and Aboriginal Community Health Centre

Mornington Island Hospital provides 24-hour acute inpatient and accident and emergency care, Maternal Health; Mental Health; Dental; Diabetes Education and Renal Services. Following the transition to community control, Gidgee Healing Aboriginal Medical Service provides primary and community health care from the community health building. Plans to expand the primary care facility are underway. The model of care includes clinical review, health education and promotion programs. Examples of programs are Deadly Ears; Child and adult respiratory (lung health) care - provided by the Indigenous Respiratory Outreach Care Program; Women's health and child Health; Allied health services; Cardiac and respiratory services; Sexual health; Alcohol and Other Drugs counselling.

Doomadgee Shire

Doomadgee Hospital and Community Health Centre

Doomadgee Hospital provides 24-hour acute inpatient and accident and emergency care. The Doomadgee Hospital strives to provide culturally appropriate care by employing several Aboriginal and Torres Strait Islander health workers, nursing, medical, administration and operational staff.

Carpentaria Shire

Normanton Hospital

Normanton Hospital can provide respite/palliative care services and private admissions. The facility offers 24-hour acute inpatient and accident and emergency care. Outpatient services include general outpatients, dressings, pathology, immunisations, staff vaccination clinic, rheumatic heart program and medical clinic. Normanton's community health services include Aboriginal health workers, clinical nurse consultant and administration services offering a range of services including discharge planning, home visits, health screening, patient liaison and advocacy, education and support, visiting clinics including Australian Hearing Services, delivery of medication and patient recall for various other clinics including hospital-based clinics.

Carpentaria Shire

Karumba Primary Health Clinic

Karumba Primary Health Clinic provides a low-risk ambulatory care service provided by nursing, administration, and operational staff. The facility provides a nurse-led 24-hour acute and emergency on-call service; patients requiring higher levels of care are transferred for management to a higher-level facility by Queensland Ambulance Service or the Royal Flying Doctors Service. In addition to services offered by the nurse practitioner, Check Up provides doctors for skin check clinics, Women's Health GP, general practitioner including telehealth services for complex patient care and psychology services (both face-to-face and via telephone are available). This unique and innovative model of care is the first of its kind in Queensland.

Cloncurry Shire

Cloncurry Multipurpose Health Service

Cloncurry Multipurpose Health Service provides rural and remote hospital services including an inpatient facility, a residential aged care facility, an emergency department, and an outpatient department. Community health services provide an aged care assessment team, sexual health, chronic disease management, diabetes education, mental health, alcohol and drug service, school health, child and youth health, women's health, palliative care, physiotherapy, dietician, and optometry services. North and West Remote Health provides allied health services and diabetes education.

Dajarra Primary Health Clinic

Dajarra Primary Health Clinic functions as a nurse practitioner-led primary health care model providing emergency, outpatient, visiting specialist and chronic disease health to the community through a variety of options including traditional appointments, walk-in service, hospital-based ambulance and visiting specialist services. Visiting services include the Royal Flying Doctor Service, endocrinology, cardiology, child health nurse, women's health nurse, dentistry, diabetes nurse practitioner and the North and West Remote Health team which consists of diabetes nurse educator, podiatry, occupational therapy, and exercise physiologist.

McKinlay Shire

Julia Creek Multipurpose Health Service

Julia Creek Multipurpose Health Service, also known as Julia Creek Hospital, was completed 30 June 2019. The health service provides rural and remote hospital services, including an emergency department, general ward, and a general practice clinic. The facility coordinates visiting specialist services including dental, mental health, optometry, allied health, women's health, child health and diabetes education.

McKinlay Primary Health Clinic

McKinlay Primary Health Clinic provides low-risk ambulatory, acute and preventative care provided by nursing and operational staff. The McKinlay Primary Health Clinic provides a nurse led 24-hour acute and emergency on-call service. The clinic focuses on chronic disease management, preventative health, health promotion and health education.

Burke Shire

Burketown Primary Health Clinic

Burketown Primary Health Clinic provides low-risk ambulatory care provided by nursing, administration, and operational staff. The Burketown Primary Health Clinic encompasses a nurse-led and visiting Medical Officer model of care. Visiting services include allied health services, Mobile Women's Health, Indigenous Cardiac Outreach Program, endocrinology, diabetes nurse practitioner, ophthalmology, and breast screening.

Boulia Shire

Urandangi Health Clinic

Urandangi Health Clinic services around 20 people, with services provided by North West Remote Health and Royal Flying Doctors Service, who provide regular clinics in Urandangi including Maternal, Child and Youth and Women's Health.

Targets and challenges

Our targets

In 2020–2021, we focused on achieving our strategic objectives while continuing the COVID-19 response and recovery.

- Closing the gap in health outcomes for Aboriginal peoples and Torres Strait Islander peoples.
- Increasing our workforce diversity with a commitment to greater representation of our First Nations people within our workforce as part of our pathways to inclusion *North West HHS Aboriginal and Torres Strait Islander Workforce Strategy 2019-2026*.
- Continued success of the tri-partite Lower Gulf Strategy collaborative program between North West HHS, Gidgee Healing and the Western Queensland Primary Health Network to integrate culturally safe community-controlled health care across our indigenous communities.
- Increasing use of communication technologies, such as Telehealth, Teledental, Telepharmacy and TeleCare as well as, where possible, providing more acute care closer to home.
- Increasing travel and accommodation arrangements for those required to travel for treatment.
- Working closely with health partners to ensure our people can access the health services they need.
- Boosting our remote sites medical workforce and capability.
- Focusing on primary health care and prevention to reduce the burden of disease in the North West.
- Increasing capacity in Renal, Cancer Care, Orthopaedics and Neonatal Services to enable patients to access services closer to home.
- Attracting skilled and culturally capable staff who enjoy the challenges of rural and remote health provision.

Our challenges

- **Service demand and capacity** – the North West Queensland region has a declining, ageing and low socio-economic population with high levels of acute and chronic disease; placing increasing demand on public health services
- **Workforce** – recruiting and retaining highly qualified staff in rural, regional and remote areas remains an ongoing challenge. Border closures have exacerbated staffing recruitment issues due to the continuing COVID-19 pandemic, resulting in the reduction of services in the North West Queensland region.
- **Financial pressures** – difficulty in improving healthcare outcomes due to fragmented funding arrangements. Ever-increasing service demand pressures impact the delivery of a balanced budget. Patient transfer costs are high in delivering health services to a diverse population living in rural and remote areas.
- **Operating environment** – each of our communities has its own identity, history, and needs. We service the unique health needs of our diverse population and have one of the highest proportions of Aboriginal and Torres Strait Islander populations in Queensland.
- **Outdated infrastructure** – maturing hospital infrastructure across the region impacts staff and patient experience and challenges with attracting new staff. Limits capacity to introduce new and advanced service models and technology.

GOVERNANCE

Our people

Board membership

Throughout 2020-2021, there were some significant changes to the governance of the Health Service. In May 2021 Chair of the North West Hospital and Health Board (the Board), Paul Woodhouse retired from his position as member and Board Chair after nine years. Shortly afterwards, on 4 June 2021, an Administrator was appointed to oversee the Health Service for six months.

Previous Board

Mr Paul Woodhouse – Board Chair
Originally appointed: 18 May 2012
18 May 2019 - 17 May 2021

Dr Don Bowley – Deputy Chair
Originally appointed: 29 June 2012
18 May 2019 - 17 May 2021

Dr Christopher Appleby – Member
Originally appointed: 9 November 2012
18 May 2019 - 17 May 2021

Ms Karen (Kari) Arbouin – Member
Originally appointed: 18 May 2013
18 May 2019 - 23 April 2021

Dr Kathryn Panaretto – Member
Originally appointed: 16 May 2016
18 May 2020 - 28 May 2021

Ms Susan Sewter – Member
Originally appointed: 18 May 2019
18 May 2019 - 3 June 2021

Ms Catrina Felton-Busch – Member
Originally appointed: 18 May 2019
18 May 2019 - 3 June 2021

Ms Karen Read – Member
Originally appointed: 18 May 2019
18 May 2019 - 18 May 2021

Mr Terry Mehan – Member
Originally appointed: 18 May 2020
18 May 2020 - 4 February 2021

Karen Roach – Advisor
Originally appointed: 1 September 2020
1 September 2020 – 1 March 2021

Table 1: Board & Committee Meeting Attendance

Member	Position	Board	Finance, Audit and Risk Management Committee	Finance and Audit Committee	Risk Committee	Quality, Safety and Risk Committee	Quality and Safety Committee	Engagement Committee	Executive Committee
Paul Woodhouse	Board Chair and Committee Chair (resigned May 2021)	9/10	4/8			2/6		3/3	4/4
Dr Don Bowley OAM	Deputy Board Chair and Member (not reinstated from 18 May 2021)	10/10	5/8	3/5	2/2	4/6		3/3	4/4
Karen (Kari) Arbouin	Member and Committee Chair (resigned in May 2021)	3/10	3/8			2/6			2/4
Dr Christopher Appleby	Member and Committee Chair (not reinstated from 18 May 2021)	10/10	7/8	4/5	2/2	5/6	1/1	2/3	3/4
Dr Kathryn Panaretto	Member (dismissed 3 June 2021)	10/10	1/8	2/5	2/2	5/6	1/1	2/3	2/4
Karen Read	Member (resigned 18 May 2021)	10/10	7/8	3/5	2/2	1/6	0/1	2/3	3/4
Catrina Fulton-Busch	Member (dismissed 3 June 2021)	10/10	7/8	4/5		1/6	0/1		
Susan Sewter	Member (dismissed 3 June 2021)	7/10	1/8			5/6	1/1		
Terry Mehan	Member (resigned in January 2021)	7/10	7/8	1/5		5/6		1/3	
Karen Roach	Advisor (from September 2020 to February 2021)	6/6	5/5	2/2		4/4	1/1	1/1	
Michael Walsh	Administrator (from May 2021)	1/1		1/1					

Out of pocket expenses for the Board members for the reporting period totalled $611.02.

The Act and supporting *Hospital and Health Regulation 2012*, require Hospital and Health Boards to establish a range of prescribed committees relating to audit, safety and quality, finance and the executive management of the service.

The Board has also established a number of non-prescribed committees, such as the Engagement Committee.

These committees do not replace or replicate executive management responsibilities and delegations or the reporting lines and responsibilities of either internal audit or external audit functions.

Executive Committee

Under section 32B of the Act, its function is to support the Board in its role of Hospital and Health Service oversight by working with the Chief Executive to progress strategic issues.

Membership, at minimum, must comprise either the Board Chair or Deputy Chair (who will then Chair the committee) and at least two other Board members, of whom one must be a clinician. The Chief Executive is also required to attend each meeting.

The Executive Committee met on four occasions during the reporting period.

Finance, Audit and Risk Management (FARM) Committee

The FARM Committee comprises the two prescribed committees relating to finance and audit. The role of this committee is to provide independent assurance and assistance to the Board on a range of matters regarding:

- financial management of the North West HHS in accordance with its statutory and administrative obligations
- identification, monitoring and control of risk, compliance frameworks and other internal and external accountabilities
- ensuring, in conjunction with the Board's Quality Safety and Risk Committee/Quality and Safety Committee, that accurate and complete performance data is reported to the Board, external agencies and Government departments as required by the Board's Service Agreement with the Queensland Government and as otherwise required by legislation, funding instruments or benchmarking commitments
- identification and implementation of efficiencies and innovation in the areas of finance, audit and risk management.

The FARM Committee met on eight occasions, and the Finance and Audit Committee met on six occasions during the reporting period, with the FARM Chair also participating in the statewide Queensland Finance and Audit Committee HHS Chairs Forum, hosted by Queensland Health.

Key activities and achievements for 2020–2021

- Monitoring financial risks identified by the FARM Committee.
- Monitoring the work program and closing off the recommendations made by Internal Auditors, O'Connor Marsden & Associates, including the development of the 2021–2022 audit schedule.
- Receiving regular updates from external auditors appointed by the Queensland Audit Office for a five year term with regards to financial audit processes and asset valuation process and also receiving regular updates from the Queensland Audit Office.
- Ongoing executive participation at FARM meetings by the Executive Leadership Team.
- Monitoring contractual arrangements for radiology services and medical workforce numbers and expenditure.
- Monitoring the ongoing implementation and revision of the North West HHS Risk Management Framework.
- Supporting Board consideration of the 2021–2022 Service Agreement funding offer.
- Monitoring the revised financial delegation's manual.
- Monitoring and managing the financial impact of COVID-19.
- Monitoring and reviewing financial expenditure against the 2020-2021 budget in conjunction with the Board to engage with the Department of Health.

Looking ahead for 2021–2022

- Continue monitoring expenditure against service agreement components, ensuring the financial sustainability of the HHS.
- Continue monitoring the implementation of S4/HANA finance, business and logistics solution which replaced the Finance And Materials Management Information System (FAMMIS).
- Continue monitoring the ongoing implementation and revision of the North West HHS Risk Management Framework.
- Continue monitoring and management of financial impact of COVID-19.
- Continue monitoring and reviewing the financial expenditure against the budget in conjunction with the Board in order to continue engagement with the Department of Health.
- Continue review of supporting information, communication and technology systems to ensure efficiency and effectiveness of financial and other reporting and decision making.

Quality, Safety and Risk (QSR) Committee

The QSR Committee ensures the provision of effective governance frameworks across the North West HHS and promotes delivery of safe and quality clinical patient services.

The QSR Committee also provides assurance and assistance to the Board on a range of matters:

- the identification and mitigation of risks for people receiving clinical care, occupational health and safety risks for employees and others.
- ensuring, in conjunction with the Board's FARM Committee, that accurate and complete performance data is reported to the Board, external agencies and Government departments as required by the Board's Service Agreement and as otherwise required by legislation, funding instruments or benchmarking commitments.
- analysis and critique of the operational performance of our facilities with respect to quality, risk and safety indicators.
- other relevant matters, as determined by the Board, to ensure a safe and efficient environment that continually fosters improvements to the wellbeing of the people who access our services and our staff.
- monitoring and making recommendations about factors and strategies affecting the health of residents within the North West, including our Aboriginal and Torres Strait Islanders and remote communities.
- planning with community and partner organisations to improve the reporting and monitoring of health outcomes for our Indigenous communities, with a focus on primary health care indicators and prevention strategies.

The QSR Committee met on seven occasions. The Quality and Safety Committee met on one occasion during the reporting period, with the Chair also participating in statewide forums of Quality and Safety Committee Chairs.

Key activities and achievements for 2020–2021

- Continuing oversight and monitoring of quality, safety and risk across the North West HHS, informed by a Clinical Governance Scorecard and RiskMan incident reporting system, both of which were initially introduced during the previous financial year.
- Monitoring hand hygiene compliance and other mandatory reporting, including occupational violence.
- Monitoring reporting and investigation of 10 SAC 1 incidents, indicating increased incident reporting within the HHS.
- Considered a revised North West HHS Clinical Governance Framework and endorsed the annual Governing Body Attestation Statement.
- Monitoring and managing the service impact of COVID-19.

Looking ahead for 2021–2022

- Continue to monitor safety and quality performance of the North West HHS and making recommendations to the Administrator or Board as required.
- Further develop governance processes for local research-related activities and clinical and health education initiatives in relation to strategic direction and priorities, including Aboriginal and Torres Strait Islander participation in the workforce and in the services provided by the HHS.
- Further support improvements in health outcomes for Aboriginal and Torres Strait Islander communities by way of monitoring key data and encouraging further partnership working with key stakeholders.
- Increase focus on staff culture, safety and wellbeing strategies and practice.
- Encourage wider implementation of best practice use of appropriate tests treatments and procedures, such as those informed by the Choosing Wisely program.
- Review, implement and monitor progress in response to findings and recommendations relating to the assessment against the NSQHS Standards second edition.
- Progress reports aligning to NSQHS Standards second edition methodology in preparation for accreditation assessment in late 2022.
- Review documentation provided to the Safety and Quality Committee to ensure the data received is appropriate and relevant and effectively monitors safety and quality, including consideration of how trend data and narrative might be better used.
- Further develop and implement 'closing the loop' meetings, which involves sharing the learnings and recommendations for the health service to prevent future reoccurrence of the same or similar clinical incidents from reoccurring.
- Continue to monitor and manage the service impact of COVID-19.

Risk Committee

The Risk Committee ensures the effective provision of the North West HHS Risk Management Framework. The Committee also provides assurance and assistance to the Board on a range of matters regarding:

- oversight of the effectiveness of risk management practices, including those relating to compliance and legal risk
- assessing and contributing to the internal audit planning processes relating to the risk and threats to the agency
- monitoring and reviewing the performance of the North West HHS Risk Register on a quarterly basis
- participating in annual Risk Workshops.

Key activities and achievements for 2020–2021

- Reviewed and progressed for Board endorsement the North West HHS Risk Management Framework
- Reviewed and progressed for Board endorsement the North West HHS Risk Appetite Statement.

The Risk Committee met on two occasions during the reporting period.

Engagement Committee

The Engagement Committee promotes effective relationships and communication between consumers, communities and the workforce across the North West region.

Membership includes Board members, the North West HHS's Senior Management Team and consumer representatives.

The Engagement Committee met on three occasions during the reporting period and received summaries of media and communication activities, minutes of local Community Advisory Groups and Networks and briefings regarding a range of health promotion initiatives, including COVID-19 vaccinations.

Executive management

The North West HHS executive was led in 2020-2021 by Acting Health Service Chief Executive, Dr Karen Murphy. The Health Service Chief Executive is responsible and accountable for the day-to-day management of the HHS and for operationalising the Board's strategic vision and direction. The Health Service Chief Executive is appointed by and reports to the Board.

As at 30 June 2021, the Acting Health Service Chief Executive was supported by an executive team comprised of:

Executive Director Aboriginal and Torres Strait Islander Health (Christine Mann)

- Provides strategic oversight and executive leadership for indigenous liaison, Aboriginal and Torres Strait Islander workforce management, cultural practices, consumer engagement and consumer liaison.
- Executive Lead for the Aboriginal and Torres Strait Islander Health Equity reform agenda collaboratively with the health sector to ensure local needs are met with a more regionally coherent system of health care.
- Ensure First Nation voice in COVID-19 preparedness, response and recovery strategies.
- Woppaburra woman who has spent most of her life living in Mount Isa and holds a Bachelor of Social Work and Graduate Certificate in Public Sector Management.
- Holds more than 20yrs experience, including in Queensland, interstate and overseas in the area of children protection, the private sector and health.
- Adjunct Associate Professor, clinical and professional, with the Centre for Rural and Remote Health.

Executive Director Nursing, Midwifery and Clinical Governance (Michelle Garner)

- Provides strategic oversight and executive leadership for nursing and midwifery workforce and clinical governance for the North West HHS.
- Provides clinical leadership in the education of the nursing and midwifery workforce.
- Monitors and reports on compliance and performance functions of the North West HHS, including clinical benchmarks, clinical performance, risk and credentialing.
- Provides high-level expert advice and input relating to clinical governance, patient safety.

Chief Finance Officer (Barry Moffatt)

- Provides strategic oversight and leadership of finance, Building, Engineering and Maintenance and ICT.
- Provides oversight of the financial direction of the North West HHS budget across a diverse portfolio of clinical and corporate streams.
- Provides expert and authoritative financial and commercial analysis and reporting.
- Ensures fidelity and reliability of funding and costing information and modelling as a key part of service planning and performance governance.
- Leads the annual financial audit process and audited financial accounts.

Executive Director People, Culture and Planning (Tamsyn Cullingford)

- Provides strategic oversight and executive leadership of human resources, workplace health and safety and corporate and support services.
- Provides oversight of key service planning activities.
- Strategic leadership and oversight of corporate governance, strategy development and innovation.
- Ensures compliance with all necessary legislation and statutory obligations through management systems, governance, policies and procedures.
- Provides leadership of recruitment and retention to ensure North West HHS is an employer of choice.

Executive Director Medical and Clinical Services (Dr Nadeem Siddiqui)

- Provides strategic oversight and executive leadership for medical and clinical workforce and clinical governance for the North West HHS.
- Provides clinical leadership in the education of the medical and clinical workforce.
- Monitors and reports on compliance and performance functions of the North West HHS, including clinical benchmarks, clinical performance, risk and credentialing.
- Provides high-level expert advice and input relating to clinical governance and patient safety and medico-legal.

Organisation structure and workforce profile

In accordance with the Act, the Board is accountable to the local community and the Minister for the services provided by the North West HHS.

The Health Service Chief Executive is accountable to the Board for ensuring patient safety through effective executive leadership and day-to-day operational management of all local hospital and health services, as well as the associated support functions.

Achieving the ambitions articulated through the North West HHS Strategic Plan 2017–2021 (revised June 2020) requires good governance, which includes robust organisational structures, clear accountabilities and a shift from acute models of care to an integrated primary health care model which focuses on preventative health care in the North West Queensland communities. It is also supporting stronger integration of clinically-led acute services across Mount Isa Hospital.

The North West HHS organisational structure, as at 30 June 2021, is shown on following page.

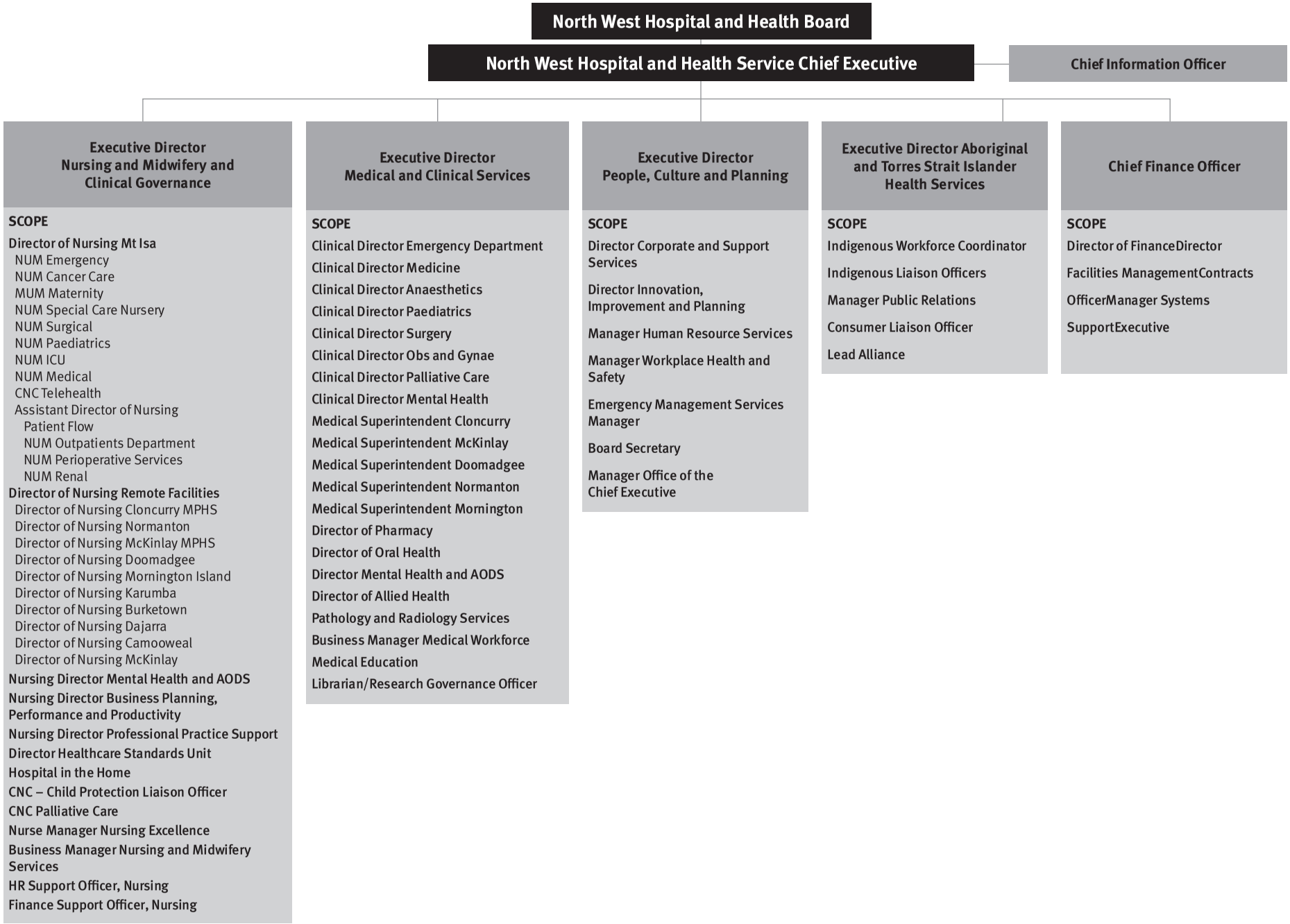

North West Hospital and Health Board
North West Hospital and Health Service Chief Executive
Chief Information Officer
Executive Director Nursing and Midwifery and Clinical Governance
SCOPE
Director of Nursing Mt Isa
NUM Emergency
NUM Cancer Care
MUM Maternity
NUM Special Care Nursery
NUM Surgical
NUM Paediatrics
NUM ICU
NUM Medical
CNC Telehealth
Assistant Director of Nursing
Patient Flow
NUM Outpatients Department
NUM Perioperative Services
NUM Renal
Director of Nursing Remote Facilities
Director of Nursing Cloncurry MPHS
Director of Nursing Normanton
Director of Nursing McKinlay MPHS
Director of Nursing Doomadgee
Director of Nursing Mornington Island
Director of Nursing Karumba
Director of Nursing Burketown
Director of Nursing Dajarra
Director of Nursing Camooweal
Director of Nursing McKinlay
Nursing Director Mental Health and AODS
Nursing Director Business Planning, Performance and Productivity
Nursing Director Professional Practice Support
Director Healthcare Standards Unit
Hospital in the Home
CNC – Child Protection Liaison Officer
CNC Palliative Care
Nurse Manager Nursing Excellence
Business Manager Nursing and Midwifery Services
HR Support Officer, Nursing
Finance Support Officer, Nursing
Executive Director Medical and Clinical Services
SCOPE
Clinical Director Emergency Department
Clinical Director Medicine
Clinical Director Anaesthetics
Clinical Director Paediatrics
Clinical Director Surgery
Clinical Director Obs and Gynae
Clinical Director Palliative Care
Clinical Director Mental Health
Medical Superintendent Cloncurry
Medical Superintendent McKinlay
Medical Superintendent Doomadgee
Medical Superintendent Normanton
Medical Superintendent Mornington
Director of Pharmacy
Director of Oral Health
Director Mental Health and AODS
Director of Allied Health
Pathology and Radiology Services
Business Manager Medical Workforce
Medical Education
Librarian/Research Governance Officer
Executive Director People, Culture and Planning
SCOPE
Director Corporate and Support Services
Director Innovation, Improvement and Planning
Manager Human Resource Services
Manager Workplace Health and Safety
Emergency Management Services Manager
Board Secretary
Manager Office of the Chief Executive
Executive Director Aboriginal and Torres Strait Islander Health Services
SCOPE
Indigenous Workforce Coordinator
Indigenous Liaison Officers
Manager Public Relations
Consumer Liaison Officer
Lead Alliance
Chief Finance Officer
SCOPE
Director of FinanceDirector
Facilities ManagementContracts
OfficerManager Systems
SupportExecutive

Table 2: More doctors and nurses*

	2016–17	2017–18	2019–19	2019–20	2020–21
Medical staff [a]	61	60	64	66	70
Nursing staff [a]	314	327	336	358	357
Allied Health staff [a]	54	52	48	59	63

Table 3: Greater diversity in our workforce*

	2016–17	2017–18	2019–19	2019–20	2020–21
Persons identifying as being First Nations [b]	76	69	63	66	63

Note: * Workforce is measured in MOHRI – Full-Time Equivalent (FTE). Data presented reflects the most recent pay cycle at year's end. Data presented is to Jun-21.
Source: a DSS Employee Analysis
b Queensland Health MOHRI, DSS Employee Analysis

Strategic workforce planning and performance

The North West HHS has developed a comprehensive strategic workforce plan, workforce framework and operational workforce plan to attract and retain a highly-skilled workforce to service the needs of the communities we serve.

The North West HHS employed 859 full-time equivalent staff as at 30 June 2021. Our committed and highly valued team continue to focus on meeting the challenges of an ageing workforce, the changing needs of our communities and the impact of the COVID-19 pandemic.

At the end of the financial year:

- the majority of our staff continue to be permanently employed, which remains unchanged from the previous financial year. On average, across all staff disciplines, 1.5 per cent were long term temporary employees (greater than two years)
- the permanent staff separation rate for the reporting period was 15 per cent
- To strengthen our response to the COVID-19 pandemic, the North West HHS has established a dedicated COVID-19 immunisation team and COVID-19 testing clinic to focus on service delivery
- Although the immediate need for flexible and remote working arrangements has reduced, granting of flexible and remote working arrangements, where possible, remain an essential tool for staff retention.

Workforce engagement

We aim to cultivate a highly skilled and committed workforce who drive quality patient care. To achieve this, the North West HHS uses an annual staff survey to ensure staff feel engaged, supported and have development opportunities.

The 2020 Working for Queensland survey reported that 90 per cent of North West HHS respondents felt that North West HHS has an inclusive culture where diversity is valued and respected. Additionally, 93 per cent of staff indicated that gender was not a barrier to achieving success in the workplace at North West HHS.

Overall, an additional five per cent of respondents indicated job satisfaction with North West HHS over the job satisfaction results from the 2019 survey.

In response to the 2020 Survey, to improve communication from the Executive Leadership Team to the whole of the workforce, regular staff forums, known as Town Hall Meetings, were initiated. The forums offer the opportunity for staff to submit questions about the services offered by North West HHS and the direction of the Health Service.

Ongoing actions taken to address feedback include leader development workshops, reward and recognition framework, and continuance of flexible working opportunities.

Workforce diversity and inclusion

In designing and providing appropriate healthcare for each of our discrete communities, North West HHS seeks to ensure that our workforce is reflective of the communities we serve as well as becoming a leader in promoting workforce diversity and inclusion.

Workplace health and wellbeing

The wellbeing of people is the focus of the North West HHS. The service is committed to protecting the people who work in the hospitals and healthcare facilities and those who access the health services and visit the sites. The development of a detailed health, safety and wellbeing plan as well our current Occupational Violence and Aggressive Behaviour Management Strategic Framework ensures that the North West HHS provides a safe environment for staff, patients and visitors. The ongoing management of our COVID-19 Safety Plan, as well as the implementation of our COVID-19 Workplace Assessment Tool enabled the North West HHS to continue to meet directives and guidelines whilst still being able to provide quality healthcare. The North West HHS recognises the health benefits of working and is committed to ensuring employees receive the support they need to return to work safely and, where possible, participate in a staged early return-to-work program following illness or injury. The North West HHS WorkCover premium remains below the industry standard.

Early retirement, redundancy and retrenchment

No redundancy, early retirement or retrenchment packages were paid during the period.

OUR RISK MANAGEMENT

The Act requires annual reports to state each direction given by the Minister to the HHS during the financial year and the action taken by North West HHS as a result of the direction. During the 2020-2021 period, no directions were given by the Minister to the North West HHS.

Internal audit

The *Financial Accountability Act 2009* requires each accountable officer and statutory body to establish and maintain appropriate systems of internal control and risk management.

During the reporting period, North West HHS worked closely with Internal Auditors, O'Connor Marsden & Associates, which undertook a range of operational reviews regarding:

- Patient Journey Review.
- Workplace, Health and Safety Framework Review.
- Pharmacy Stock Control.
- Financial Assurance Review.
- Information Security Management System Assurance.

Following each audit, a range of practical recommendations and other observations were provided to enhance our internal processes and procedures further. Recommendation progression is monitored with recommendations independently validated once implemented.

We will continue to work closely with O'Connor Marsden & Associates and both the FARM and QSR committees during the 2021-2022 financial year in relation to an ongoing work program that will further consolidate and strengthen its internal controls.

External audit, information systems and recordkeeping

The Queensland Auditor-General holds a statutory appointment as auditor of all public sector entities and is responsible for reporting independently to Parliament on a range of matters including conducting financial audits and undertaking performance audits of important aspects of public services — examining efficiency and effectiveness and sharing opportunities to apply best practice.

The 2020–2021 financial statements are provided from page 25 of this annual report.

Queensland Public Service Ethics

North West HHS is committed to its values of Innovation, Respect, Engagement, Accountability, Caring and Honesty.

We are committed to upholding the values and standards in the Code of Conduct for the Queensland Public Service. All staff are required to undertake training related to the Code of Conduct for the Queensland Public Service and, more specifically, ethics, integrity and accountability.

Code of Conduct requirements are included in the terms of employment in all appointment letters and training is provided in the central orientation program and via online training modules. Human Resource Officers are also available to provide in-house training where requested.

Information systems and recordkeeping

The North West HHS is separately contributing towards Queensland Health's statewide Information Security Annual Return including attestation to the Department of Health information security posture and its compliance with the Queensland Government Enterprise Architecture (QGEA) Information security policy (IS18:2018).

All North West HHS employees have specific responsibilities regarding security, confidentiality and the management of records and other information accessible to them during the course of their work. Staff understand their responsibilities in accordance with the *Information Privacy Act 2009*.

Our skilled staff are responsible for the management of central information systems and record keeping. The Medical Records Unit is responsible for the lifecycle management of clinical records, including audit. Staff are informed of audit results and are involved in continuous improvement activities.

Administration officers responsible for processing medical records complete mandatory training, and ongoing competency assessments, to ensure they comply with recordkeeping requirements. Individual service areas manage non-clinical records. To assist in maintaining a high level of service, written and electronic support resources are available to staff.

Medical records are currently tracked with the Hospital-Based Corporate Information System (HBCIS) database. Clinical records are retained and disposed of in accordance with the Health Sector (Clinical Records) Retention and Disposal Schedule (QDAN 683) and public records in accordance with the *Public Records Act 2002*.

All photo consent forms have transitioned from paper-based records to digital recordkeeping.

The Communicare system is an integrated patient information application for Primary Health Care services with application across all North West HHS facilities. It provides a comprehensive real-time electronic health record for accessing each patient's demographics, social and family history, adverse reactions, medications, pathology and clinical history.

Human rights

The North West HHS is committed to embedding human rights in all that we do. We endeavour to exercise our operations in a principled way, compatible with human rights, by putting people first in all our actions, decisions and interactions. Queensland's Human Rights Act 2019 came into effect on 1 January 2020. The previous anti-discrimination HR policy was renamed 'anti-discrimination, human rights and vilification', and amended to include the human rights complaints process. All patient complaints are thoroughly assessed for human rights violations by a panel of executive members and Healthcare Standards staff.

In the financial year 2020-2021, the health service received one complaint; this complaint is currently under investigation.

North West HHS Human Rights noted in the 2019-2020 Annual Report that a human rights complaint was received in the financial year 2019-2020. This was found to be erroneous; no complaint was received in that period.

Confidential information

The *Hospital and Health Boards Act 2011* requires annual reports to state the nature and purpose of any confidential information disclosed in the public interest during the financial year. The Health Service Chief Executive did not authorise the disclosure of confidential information during the reporting period.

PERFORMANCE

The Board is responsible for the delivery of the organisation's strategy and monitoring of performance. In accordance with our Strategic Plan (2017-2021) and the Service Agreement with Department of Health. In 2020-2021 COVID-19 significantly impacted the North West HHS's performance against the Service Agreement, requiring us to operate in new or different ways. As COVID-19 rapidly spread across the globe, we tried to ensure our staff, patients and community were as safe as possible. In March 2020, we established a Health Emergency Operations Committee (HEOC) to guide our actions. The committee consists of executive leaders and senior managers covering planning, operations, clinical, workforce, equipment supplies and facilities, and information management and technology.

While some services were reduced and workforce was redeployed where necessary to effectively respond to the pandemic, the HHS successfully implemented plans and processes to respond efficiently to the COVID-19 pandemic response and recovery including the introduction of:

- the establishment of fever clinics throughout the region
- rapid response plans in place to respond to community outbreaks
- staff training for administration of vaccine
- comprehensive communications plan for all pandemic phases
- vaccine booking and information hotline set up to support staff
- coordination of outreach COVID-19 vaccination clinics throughout 13 locations

North West HHS Strategic Plan's Measures of Success

The North West HHS Strategic Plan 2016-2020 includes measures of success for identifying our progress against each of the strategic plan objectives.

1. **Safe delivery of high-quality hospital and health services**

- Maintained accreditation with Australian Council on Healthcare Standards
- Continued work to ensure Activation of the COVID-19 Pandemic Response Plans within 24 hours of trigger event
- There is more work to be done around Discharge Against Medical Advice, with the percentage of 4.79 per cent for patients seen against a target of 3 per cent or less. The introduction of the Hospital in the Home (HITH) model of care has been developed to help reduce DAMA rates.

2. **Strong partnerships with other health providers to improve health care for our communities**

- Patient satisfaction in 2020-21 increased by 60 per cent from 2019-20 as evidenced by the number of positive patience feedback reports.

3. **Highly skilled and committed staff who drive quality patient care**

- Aboriginal and Torres Strait Islander workforce make up 8 per cent of our total workforce, with more work to be done to achieve the 26 per cent target by 2026

4. **A culture that embraces innovation, technology, and research**

- Hospital in the Home was introduced to provide home-based acute care in the patient's own home. Patient and community feedback has been overwhelmingly positive and the model has been deemed a success.
- Mount Isa Hospital welcomed new Magnetic Resonance Imaging (MRI) services with the ability to offer MRI under general anaesthesia. It now allows children and adults with claustrophobia or movement disorder the opportunity to access the service they need without travelling to Brisbane or Townsville.
- Mount Isa Hospital became the first public hospital in Queensland to offer hair-saving services to cancer patients with its new scalp cooling technology. The Paxman scalp cooling machine has proven to retain hair in up to 70 per cent of eligible patients.
- The Family Healing Place was officially opened during NAIDOC 2020 and supports Indigenous consumers with a place to meet with the medical team or grieve in times of loss, in a safe and supported environment.
- Partnered with Clinical Excellence Queensland in their Aboriginal and Torres Strait Islander Dental Assistant Traineeship Program. The HHS employed our first Indigenous Trainee Dental Assistant as a step to help improve access to dental care by encouraging opportunities to increase the number of Aboriginal health professionals, and in this case, health technicians delivering dental services.

5. **An accountable and flexible Hospital and Health Service that leads change**

- North West HHS recieved adequete funding in 2020-21 to deliver community heathcare needs.

During 2020–2021, North West HHS continued to meet, and in most cases exceed, service targets in several areas, including: emergency department length of stay; elective surgery and specialist outpatients waiting times and long waits.

Our performance against 2020–2021 Service Delivery Statement targets, as summarised in the following table:

Service standards

Table 4: Service Standards – Performance 2020-2021

Service standards	2020-21 Target	2020-21 Actual
Effectiveness measures		
Percentage of patients attending emergency departments seen within recommended timeframes [1]		
Category 1 (within 2 minutes)	100%	**100%**
Category 2 (within 10 minutes)	80%	**93%**
Category 3 (within 30 minutes)	75%	**84%**
Category 4 (within 60 minutes)	70%	**85%**
Category 5 (within 120 minutes)	70%	**98%**
Percentage of emergency department attendances who depart within four hours of their arrival in the department [1]	›80%	**87%**
Percentage of elective surgery patients treated within clinically recommended times [2]		
Category 1 (30 days)	›98%	**86%**
Category 2 (90 days) [3]	..	**88%**
Category 3 (365 days) [3]	..	**100%**
Rate of healthcare associated Staphylococcus aureus (including MRSA) bloodstream (SAB) infections/10,000 acute public hospital patient days [4]	‹2	**0.3**
Percentage of specialist outpatients waiting within clinically recommended times [5]		
Category 1 (30 days)	98%	**51%**
Category 2 (90 days) [6]	..	**79%**
Category 3 (365 days) [6]	..	**99%**
Percentage of specialist outpatients seen within clinically recommended times [7]		
Category 1 (30 days)	98%	**81%**
Category 2 (90 days) [6]	..	**86%**
Category 3 (365 days) [6]	..	**99%**
Median wait time for treatment in emergency departments (minutes) [1]	..	**10**
Median wait time for elective surgery (days) [2]	..	**28**
Efficiency measure		
Average cost per weighted activity unit for Activity Based Funding facilities [8]	$4,791	**$5,124**
Other measures		
Number of elective surgery patients treated within clinically recommended times[2]		
Category 1 (30 days)	230	**233**
Category 2 (90 days) [3]	..	**233**
Category 3 (365 days) [3]	..	**205**
Number of telehealth outpatient occasions of service events [9]	5,482	**5,870**
Total weighted activity units (WAU)[10]		
Acute Inpatient	12,070	**12,338**
Outpatients	2,719	**3,024**
Sub-acute	858	**1,180**
Emergency Department	5,781	**6,457**
Mental Health	190	**212**
Prevention and Primary Care	339	**469**
Ambulatory mental health service contact duration (hours) [11]	›7,591	**6,958**
Staffing [12]	808	**788**

Explanatory notes

1 During the rapid response to the COVID-19 pandemic, facilities utilised existing systems to manage presentations at fever clinics. In some cases, the management of these clinics was closely related to the management of the emergency department meaning that some fever clinic activity was managed via the emergency department systems. As a result, the 2020-21 Actual includes some fever clinic activity.

2 In preparation for COVID-19 and consistent with the National Cabinet decision, Queensland Health temporarily suspended non-urgent elective surgery in 2019-20. This has impacted the treat in time performance and has continued to impact performance during 2020-21 as the system worked to reduce the volume of patients waiting longer than clinically recommended.

3 Given the System's focus on reducing the volume of patients waiting longer than clinically recommended for elective surgery, and the continual impacts to services as a result of responding to COVID-19, treated in time performance targets for category 2 and 3 patients are not applicable for 2020-21.

4 Staphylococcus aureus (including MRSA) bloodstream (SAB) infections Actual rate is based on data reported between 1 January 2020 and 31 December 2020.

5 Waiting within clinically recommended time is a point in time performance report and was impacted by preparing for COVID-19 in 2019-20.

6 Given the System's focus on reducing the volume of patients waiting longer than clinically recommended for specialist outpatients, and the continual service impacts as a result of responding to COVID-19, seen in time performance targets for category 2 and 3 patients are not appli-cable for 2020-21.

7 As a result of preparing for COVID-19, the seen in time performance was impacted in 2019-20. This impact has continued throughout 2020-21 as the system has worked to address provision of care to those patients waiting longer than clinically recommended.

8 The 2020-21 Target varies from the published 2020-21 Service Delivery Statement due to a change in the WAU phase. All measures are re-ported in QWAU Phase Q23. The variation in difference of Cost per WAU to target is a result of the additional costs of the COVID-19 pandemic. Data reported as at 23 August 2021.

9 Telehealth data reported as at 23 August 2021.

10 The 2020-21 Target varies from the published 2020-21 Service Delivery Statement due to a change in the WAU phase. All measures are re-ported in QWAU Phase Q23. As HHSs have operational discretion to respond to service demands and deliver activity across services streams to meet the needs of the community, variation to target can occur. Data reported as at 23 August 2021.

11 Mental Health measures reported as at 22 August 2021.

12 Corporate FTEs are allocated across the service to which they relate. The department participates in a partnership arrangement in the delivery of its services, whereby corporate FTEs are hosted by the department to work across multiple departments.

Financial summary

Total revenue received by North West HHS for 2020–2021 totalled $206.7 million, up from $201.1 million in 2019–2020.

Expenditure for the year totalled $206.336 million, with an $0.366 million operating surplus for the year. North West HHS strives to achieve a balanced budget and maintain a sustainable financial position in order to meet the health care needs of our community.

The North West HHS has developed an Innovation, Improvement and Planning Department to ensure the HHS is delivering health services within the annual level of funding with no impact on patient safety. Key components of the Innovation Improvement and Planning initiatives include achieving and maintaining cost efficiencies and expenditure reductions across labour and non-labour areas, improving own source revenue and redesigning service delivery by adopting and implementing the latest best practices, where applicable.

North West HHS is expected to overdeliver in activity against the Activity Based Funding health services target in 2020-2021 however payment for the additional health services delivered is not expected. Labour cost remains proportionally high at 64 per cent of total expenditure, the same as the 2019–2020 level.

Patient travel remains a major and integral part of our service provision, making up 6.8 per cent of total expenditure in 2020–2021. Expenditure on drugs remains proportionally consistent with 2019–2020 levels.

Other expenditure increased marginally from 22.6 per cent of the total expenditure in 2019-2020, up to 23.8 per cent in 2020–2021.

Expenditure is further itemised in the financial statements.

Open data

Additional annual report disclosures – relating to expenditure on consultancies and implementation of the Queensland Language Services Policy are published on the Queensland government's open data website, available via www.data.qld.gov.au.

North West HHS has no open data to report for overseas travel in the 2020-2021 reporting period.

Anticipated maintenance

Anticipated maintenance is a common building maintenance strategy utilised by public and private sector industries. All Queensland Health entities comply with the Queensland Government Maintenance Management Framework, which requires the reporting of anticipated maintenance.

Anticipated maintenance is defined as maintenance that is necessary to prevent the deterioration of an asset or its function but which has not been carried out. Some anticipated maintenance activities can be postponed without immediately having a noticeable effect on the functionality of the building. All anticipated maintenance items are risk assessed to identify any potential impact on users and services and are closely managed to ensure all facilities are safe.

Anticipated maintenance items are identified through the completion of triennial condition assessments, and the value and quantum of anticipated maintenance will fluctuate in accordance with the assessment programs and completed maintenance works.

As of 30 June 2021, the North West HHS had reported anticipated maintenance of $27.1 million.

The North West HHS continues to negotiate with the Department to obtain Priority Capital Program funding for any historical structural maintenance requirements.

GLOSSARY

Activity-based funding (ABF): Funding framework for public health care services delivered across Queensland based on standardised costs of health care services, referred to as 'activities'. The ABF framework applies to those facilities which are operationally large enough to support the framework. For the North West HHS, this currently applies to the Mount Isa Hospital only, with all other hospital facilities receiving block funding (see definition below).

Ambulatory care: Care provided to hospital patients who are not admitted to the hospital, such as patients of emergency departments and outpatient clinics.

Block funding: Block funding is typically applied for small public hospitals where there is an absence of economies of scale that means some hospitals may not be financially viable under Activity Based Funding.

COVID-19: A disease caused by a new strain of coronavirus. 'CO' stands for corona, 'VI' for virus, and 'D' for disease. Formerly, this disease was referred to as '2019 novel coronavirus' or '2019-nCoV.

Deadly Ears: Queensland Health's State-wide Aboriginal and Torres Strait Islander Ear Health Program for children. Middle ear disease, medically known as otitis media, affects up to 8 out of 10 Aboriginal and Torres Strait Islander children living in remote communities and is conducive to hearing loss, which impacts upon health, child development and educational outcomes of children, their families and communities.

Emergency Department: Dedicated area of a hospital organised and administered to provide emergency care to those in the community who perceive the need for, or are in need of, acute or urgent care.

Human rights: Human rights are moral principles or norms that describe certain standards of human behaviour and are regularly protected as natural and legal rights in municipal and international law.

ICT: Information Communications Technology

North and West Remote Health: A not-for-profit primary health care company, recognised as a significant Commonwealth and State Government primary health care organisation, servicing 14 Local Government Areas and 39 communities across an area of over 600,000 kilometres of remote Queensland.

Outpatient: A non-admitted, non-emergency patient provided with a service such as an examination, consultation, treatment or other service.

Performance indicator: Measures the extent to which agencies are achieving their objectives.

Primary care: First level healthcare, including health promotion, advocacy and community development, provided by general practitioners (GPs) and a range of other healthcare professionals.

Primary Health Networks (PHNs): Established by Federal Government with the key objectives of increasing the efficiency and effectiveness of medical services for patients – particularly those at risk of poor health outcomes – and improving coordination of care to ensure patients receive the right care in the right place at the right time.

Royal Flying Doctor Service (RFDS): A not-for-profit organisation, supported by the Commonwealth, State and Territory Governments but also relying heavily on fundraising and donations from the community to purchase and medically-equip its aircraft, and to finance other major capital initiatives. Today, the RFDS has a fleet of 63 aircraft operating from 21 bases located across the nation and provides medical assistance to over 290,000 people every year.

Service standard: A standard of efficiency and effectiveness to which an agency will deliver services within its budget. Standards define a level of performance that is appropriate for the service and are expected to be achieved.

Strategic plan: A short, forward-looking document to set direction and provide local objectives and strategies to ensure alignment with the government's objectives for the community.

Telehealth: The delivery of health services and information using telecommunication technology, including:

- Live interactive video and audio links for clinical consultations and education.
- Store and forward systems to enable the capture of digital images, video, audio and clinical data stored on a computer and forwarded to another location to be studied and reported on by specialists.
- Remote reporting and provision of clinical advice associated with diagnostic images.
- Other services and equipment for home monitoring of health.

COMPLIANCE CHECKLIST

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	• A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 7	Page 4
Accessibility	• Table of contents • Glossary	ARRs – section 9.1	Page 5 Page 28
	• Public availability	ARRs – section 9.2	Inside front cover
	• Interpreter service statement	*Queensland Government Language Services Policy* ARRs – section 9.3	Inside front cover
	• Copyright notice	*Copyright Act 1968* ARRs – section 9.4	Inside front cover
	• Information Licensing	*QGEA – Information Licensing* ARRs – section 9.5	Inside front cover
General information	• Introductory Information	ARRs – section 10	Inside front cover
Non-financial performance	• Government's objectives for the community and whole-of-government plans/specific initiatives	ARRs – section 11.1	Pages 9 -14
	• Agency objectives and performance indicators	ARRs – section 11.2	Pages 6, 10-11
	• Agency service areas and service standards	ARRs – section 11.4	Pages 9, 24-25
Financial performance	• Summary of financial performance	ARRs – section 12.1	Pages 25 -26
Governance – management and structure	• Organisational structure	ARRs – section 13.1	Pages 19-20
	• Executive management	ARRs – section 13.2	Pages 18-19
	• Government bodies (statutory bodies and other entities)	ARRs – section 13.3	Not applicable
	• Public Sector Ethics	*Public Sector Ethics Act 1994* ARRs – section 13.4	Page 22
	• Human Rights	*Human Rights Act 2019* ARRs – section 13.5	Page 23
	• Queensland public service values	ARRs – section 13.6	Page 9
Governance – risk management and accountability	• Risk management	ARRs – section 14.1	Pages 16,22
	• Audit committee	ARRs – section 14.2	Page 17
	• Internal audit	ARRs – section 14.3	Page 22
	• External scrutiny	ARRs – section 14.4	Page 22
	• Information systems and recordkeeping	ARRs – section 14.5	Pages 22-23
	• Information Security attestation	ARRs – section 14.6	Pages 22-23
Governance – human resources	• Strategic workforce planning and performance	ARRs – section 15.1	Page 21
	• Early retirement, redundancy and retrenchment	Directive No.04/18 *Early Retirement, Redundancy and Retrenchment* ARRs – section 15.2	Page 21
Open Data	• Statement advising publication of information	ARRs – section 16	Inside front cover
	• Consultancies	ARRs – section 33.1	https://data.qld.gov.au
	• Overseas travel	ARRs – section 33.2	https://data.qld.gov.au
	• Queensland Language Services Policy	ARRs – section 33.3	https://data.qld.gov.au
Financial statements	• Certification of financial statements	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1	Page 62
	• Independent Auditor's Report	FAA – section 62 FPMS – section 46 ARRs – section 17.2	Following financial statements

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2019*

ARRs *Annual report requirements for Queensland Government agencies*

FINANCIAL STATEMENTS 2020-2021
as at 30 June 2021

North West Hospital and Health Service

For the year ended 30 June 2021

FINANCIAL STATEMENTS CONTENTS

North West Hospital and Health Service

For the year ended 30 June 2021

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2021 $'000	2020 $'000
Income			
User charges and fees	A1-1	**6,742**	6,597
Funding for public health services	A1-2	**195,123**	190,580
Grants and other contributions	A1-3	**3,189**	2,635
Other revenue	A1-4	**1,648**	1,328
Total income		**206,702**	201,140
Expenses			
Employee expenses	A2-1	**22,621**	109,617
Health service employee expenses	A2-2	**94,392**	3,611
Other supplies and services	A2-3	**74,493**	82,632
Grants and subsidies	A2-4	**422**	1,015
Depreciation	B5,B8	**11,463**	9,970
Interest on lease liabilities	B8	**40**	29
Revaluation decrement	A2-5	**-**	78
Other expenses	A2-6	**2,905**	2,543
Total expense		**206,336**	209,495
Operating result for the year		**366**	(8,355)
Other comprehensive income			
Items that will not be subsequently reclassified to operating result:			
Increase in asset revaluation surplus		**36**	11,445
Total other comprehensive income		**36**	11,445
Total comprehensive income		**402**	3,090

The accompanying notes form part of these financial statements.

North West Hospital and Health Service

As at 30 June 2021

STATEMENT OF FINANCIAL POSITION

	Notes	2021 $'000	2020 $'000
Current assets			
Cash and cash equivalents	B1	**518**	591
Receivables	B2	**2,288**	2,078
Inventories	B3	**1,136**	1,358
Other	B4	**730**	405
Total current assets		**4,672**	4,432
Non-current assets			
Property, plant and equipment	B5	**123,745**	125,951
Right-of-use assets	B8	**2,236**	2,060
Other	B4	**208**	-
Total non-current assets		**126,189**	128,011
Total assets		**130,861**	132,443
Current liabilities			
Bank overdraft	B6	**1,466**	2,843
Payables	B7	**15,673**	13,680
Lease liabilities	B8	**762**	316
Accrued employee benefits		**200**	950
Total current liabilities		**18,101**	17,789
Non-current liabilities			
Lease liabilities	B8	**1,426**	1,710
Total non-current liabilities		**1,426**	1,710
Total liabilities		**19,527**	19,499
Net assets		**111,334**	112,944
Equity			
Contributed equity		**86,119**	88,131
Accumulated deficit		**(9,538)**	(9,904)
Asset revaluation surplus	B9	**34,753**	34,717
Total equity		**111,334**	112,944

The accompanying notes form part of these financial statements.

North West Hospital and Health Service

For the year ended 30 June 2021

STATEMENT OF CHANGES IN EQUITY

	Contributed equity $'000	Accumulated deficit $'000	Asset revaluation surplus $'000	Total equity $'000
Balance as at 1 July 2019	95,232	(1,550)	23,272	116,954
Operating Result	-	(8,355)	-	(8,355)
Total other comprehensive income				
- Increase/(decrease) in asset revaluation surplus (Note B5)	-	-	11,445	11,445
Transactions with owners				
- Non-appropriated equity injections	2,834	1	-	2,835
- Non-appropriated equity withdrawals	(9,935)	-	-	(9,935)
Balance at 30 June 2020	88,131	(9,904)	34,717	112,944
Balance as at 1 July 2020	**88,131**	**(9,904)**	**34,717**	**112,944**
Operating Result	**-**	**366**	**-**	**366**
Total other comprehensive income			.	
- Increase/(decrease) in asset revaluation surplus (Note B5)	**-**	**-**	**36**	**36**
Transactions with owners				
- Non-appropriated equity injections	9,451	-	-	9,451
- Non-appropriated equity withdrawals	(11,463)	-	-	(11,463)
Balance at 30 June 2021	**86,119**	**(9,538)**	**34,753**	**111,334**

The accompanying notes form part of these financial statements.

North West Hospital and Health Service

For the year ended 30 June 2021

STATEMENT OF CASH FLOWS

	Notes	2021 $'000	2020 $'000
Cash flows from operating activities			
Inflows:			
User charges, fees and funding for public health		**191,614**	188,386
Grants and other contributions		**1,832**	2,297
GST collected from customers		**211**	344
GST input tax credits from ATO		**4,264**	5,244
Other		**1,675**	342
Outflows:			
Employee expenses		**(23,435)**	(114,080)
Health service employee expenses		**(96,916)**	-
Supplies and services		**(70,528)**	(77,604)
Grants and subsidies		**(422)**	(1,015)
GST paid to suppliers		**(4,341)**	(5,336)
GST remitted to ATO		**(216)**	(362)
Other		**(2,621)**	(2,051)
Net cash provided by / (used in) operating activities		**1,117**	(3,835)
Cash flows from investing activities			
Inflows:			
Sales of property, plant and equipment		**1**	4
Outflows:			
Payments for property, plant and equipment		**(8,414)**	(5,061)
Net cash used in investing activities		**(8,413)**	(5,057)
Cash flows from financing activities			
Inflows:			
Equity injections		**9,451**	2,835
Outflows:			
Lease payments		**(851)**	(334)
Net cash provided by financing activities		**8,600**	2,501
Net increase/(decrease) in cash and cash equivalents		**1,304**	(6,391)
Cash and cash equivalents at the beginning of the financial year		**(2,252)**	4,139
Cash and cash equivalents at the end of the financial year	**B1**	**(948)**	(2,252)

*Cash and equivalents include a bank overdraft that are repayable on demand and form an internal part of NWHHS cash management.

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

NOTES TO THE STATEMENT OF CASH FLOWS

CF-1 Reconciliation of surplus to net cash from operating activities

	2021 $'000	2020 $'000
Operating result	**366**	(8,355)
Adjustments for:		
Depreciation and amortisation	**11,463**	9,970
Depreciation and amortisation funding	**(11,463)**	(9,935)
Plant and Equipment write off/disposal	**29**	125
Asset valuation decrement	**-**	78
Provision for Doubtful Debts	**218**	(47)
Doubtful Debts Written Off	**59**	81
Inventory Write Off	**63**	114
Changes in assets and liabilities:		
(Increase)/decrease in receivables	**(487)**	(786)
(Increase)/decrease in inventories	**159**	(375)
(Increase)/decrease in contract assets	**55**	1,679
(Increase)/decrease in prepayments	**(588)**	(66)
Increase/(decrease) in contract liabilities	**948**	603
Increase/(decrease) in accrued health services labour (DOH)	**(2,524)**	3,611
Increase/(decrease) in accrued employee benefits	**(750)**	(3,644)
Increase/(Decrease) in contract liabilities and unearned revenue	**442**	(378)
Increase/(decrease) in payable	**3,127**	3,490
Net cash from operating activities	**1,117**	(3,835)

CF-2 Changes in liabilities arising from financing activities

2021

		Non-cash changes			Cash flows		
	Opening balance $'000	Transfers to/(from) other Queensland Government entities $'000	New leases acquired $'000	Other $'000	Cash received $'000	Cash repayments $'000	Closing balance $'000
Lease liabilities	**2,026**		**1,412**	**(399)**		**(851)**	**2,188**
Total	**2,026**	**-**	**1,412**	**(399)**	**-**	**(851)**	**2,188**

2020

		Non-cash changes			Cash flows		
	Opening balance $'000	Transfers to/(from) other Queensland Government entities $'000	New leases acquired $'000	Other $'000	Cash received $'000	Cash repayments $'000	Closing balance $'000
Lease liabilities	2,076		284			(334)	2,026
Total	2,076	-	284	-	-	(334)	2,026

Non-Cash investing and financing activities

Assets received or liabilities donated/transferred by the Hospital and Health Service to agencies outside of State Health portfolio agencies are recognised as revenues (refer Note A1-3) or expenses (refer Note A2-4) as applicable. Assets received or liabilities transferred by the Hospital and Health Service as a result of administrative arrangements are set out in the Statement of Changes in Equity.

BASIS OF FINANCIAL STATEMENT PREPARATION

General Information

The North West Hospital and Health Service (North West HHS) is a not-for-profit statutory body under the *Hospital and Health Boards Act 2011* and is domiciled in Australia. The North West HHS is responsible for providing public sector health services to communities within the area assigned under the Hospital and Health Boards Regulation 2012. Its principal place of business is:

30 Camooweal Street

Mount Isa QLD 4825

Funding is obtained predominately through the purchase of health services by the Department of Health (DOH) on behalf of both the State and Australian Governments. In addition, health services are provided on a fee for service basis mainly for private patient care.

The ultimate parent entity is the State of Queensland.

The Reporting Entity

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of North West Hospital and Health Service. The North West HHS does not have any controlled entities.

Investment in Western Queensland Primary Care Collaborative Limited

Western Queensland Primary Care Collaborative Limited (WQPCC) was registered in Australia as a public company limited by guarantee on 22 May 2015. North West HHS is one of three founding members with Central West HHS and South West HHS, each holding one voting right in the company. The principal place of business of WQPCC is Mount Isa, Queensland. Each founding member is entitled to appoint one Director to the Board of the company.

Since formation, 12 additional members have been added to the company membership. On 12 January 2018 the constitution of WQPCC was amended to allow the transition from a public-sector entity to a non-public sector entity to meet the requirements of the WQPCC funding agreement with the Commonwealth. At this time the Queensland Audit Office were consulted and agreed to the amendment of the Constitution to remove the Auditor-General from auditing WQPCC.

WQPCC's principal purposes is to increase the efficiency and effectiveness of health services for patients in Western Queensland, particularly those at risk of poor health outcomes; and improve co-ordination to facilitate improvement in the planning and allocation of resources enabling the providers to provide appropriate patient care in the right place at the right time. These purposes align with the strategic objective of North West HHS to integrate primary and acute care services to support patient wellbeing.

Each member's liability to WQPCC is limited to $10. WQPCC's constitution legally prevents it from paying dividends to the members and also prevents the income or property of the company being transferred directly or indirectly to the members. This does not prevent WQPCC from making loan repayments to North West HHS or reimbursing North West HHS for goods or services delivered to WQPCC.

North West HHS's interest in WQPCC is immaterial in terms of the impact on North West HHS's financial performance because it is not entitled to any share of profit or loss or other income of WQPCC. Accordingly, the carrying amount of North West HHS's investment and subsequent changes in its value due to annual movements in the profit and loss of WQPCC are not recognised in the financial statements.

North West HHS does not have any contingent liabilities or other exposures associated with its interests in WQPCC.

Investment in Tropical Australian Academic Health Centre Limited

Tropical Australian Academic Health Centre Limited (TAAHCL) registered as a public company limited by guarantee on 3 June 2019. North West Hospital and Health Service is one of seven founding members along with Cairns and Hinterland Hospital and Health Service, Mackay Hospital and Health Service, Torres and Cape Hospital and Health Service, Townsville Hospital and Health Service, Northern Queensland Primary Health Network and James Cook University. Each founding member holds two voting rights in the company and is entitled to appoint two directors.

The principal place of business of TAAHCL is Townsville, Queensland. The company's principal purpose is the advancement of health through the promotion of the study and research topics of special importance to people living in the tropics.

As each member has the same voting entitlement (14.3%), it is considered that none of the individual members has power or significant influence over TAAHCL (as defined by AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures). Each member's liability to TAAHCL is limited to $10. TAAHCL's constitution prevents any income or property of the company being transferred directly or indirectly to or amongst the members. Each member must pay annual membership fees as determined by the board of TAAHCL.

As TAAHCL is not controlled by North West HHS and is not considered a joint operation or an associate of North West HHS, financial results of TAAHCL are not required to be disclosed in these statements.

Statement of Compliance

The financial statements:

- have been prepared in compliance with section 62(1) of the *Financial Accountability Act 2009* and section 43 of the *Financial and Performance Management Standard 2019*;
- are general purpose financial statements prepared on a historical cost basis, except where stated otherwise;
- are presented in Australian dollars;
- have been rounded to the nearest $1,000 or, where the amount is $500 or less, to zero unless the disclosure of the full amount is specifically required;
- present reclassified comparative information where required for consistency with the current year's presentation;
- have been prepared in accordance with all applicable new and amended Australian Accounting Standards and Interpretation as well as the Queensland Treasury's *Financial Reporting Requirements for Queensland Government Agencies for reporting periods beginning on or after 1 July 2020*, and other authoritative pronouncements.

Current/Non-Current Classification

Assets and Liabilities are classified as either 'current' or 'non-current' in the statement of financial position and associated notes.

Assets are classified as 'current' when the carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or North West HHS doe does not have an unconditional right to defer settlement to beyond 12 months after the reporting date.

Authorisation of financial statements for issue

The general-purpose financial statements are authorised for issue by the Chair and the Chief Executive, at the date of signing the Management Certificate.

Further information

For information in relation to NWHHS's financial statements:

- Email nwhhs.finance@health.qld.gov.au or
- Visit the NWHHS website at: www.health.qld.gov.au/mt_isa

A NOTES ABOUT FINANCIAL PERFORMANCE

This section considers the income and expenses of North West Hospital and Health Service.

A1 INCOME

Note A1-1: User charges and fees

	2021 $'000	2020 $'000
Revenue from contracts with customers		
Sales of goods and services	**1,839**	1,844
Pharmaceutical benefits scheme	**2,543**	3,147
Hospital fees	**2,360**	1,606
Total user charges and fees	**6,742**	6,597

Revenue in this category primarily consists of hospital fees (patients who elect to utilise their private health cover or are not covered by Medicare) and sale of goods and services which includes retail sales and reimbursement of pharmaceutical benefits. Revenue from the sale of goods is recognised at the time of transfer of the goods to the customer, which is the sole performance obligation. Revenue from the sale of services is recognised progressively as the services are provided, in line with the agreement, and a contract asset is recognised representing the HHS's right to consideration for services delivered but not yet billed.

Note A1-2: Funding for public health services

	2021 $'000	2020 $'000
Revenue from contracts with government agencies		
Activity based funding	**90,895**	90,143
Block funding	**39,618**	49,691
General Purpose Funding	**53,147**	40,811
Depreciation funding	**11,463**	9,935
Total funding for public health services	**195,123**	190,580

Funding is provided predominantly from the Department of Health (DOH) for specific public health services purchased by the Department in accordance with a service agreement. The Australian Government pays its share of National Health funding directly to the Department of Health, for on forwarding to the Hospital and Health Service. The service agreement is reviewed periodically and updated for changes in activities and prices of services delivered by North West HHS. Cash funding from the Department of Health is received fortnightly for State payments and monthly for Commonwealth payments and is recognised as revenue as the performance obligations under the service level agreement are discharged. Commonwealth funding to North West HHS in 2021 was $54.18M (2020, $53.09M).

The service agreement between the Department of Health and North West HHS specifies that the Department funds North West HHS's depreciation and amortisation charges via non-cash revenue. The Department retains the cash to fund future major capital replacements. This transaction is shown in the Statement of Changes in Equity as a non-appropriated equity withdrawal.

At the end of the financial year, an agreed technical adjustment between the Department of Health and North West HHS may be required for the level of services performed above or below the agreed levels, which may result in a receivable or unearned revenue. This technical adjustment process is undertaken annually according to the provisions of the service level agreement and ensures that the revenue recognised in each financial year correctly reflects North West HHS's delivery of health services.

Ordinarily, activity-based funding is recognised as public health services are delivered, however, due to the impacts of COVID-19, activity-based funding was guaranteed by the Commonwealth government for 2019-20 and 2020-21 financial years under the National Health Reform Agreement. As such, the Department of Health will not make any adjustments for under delivery against activity-based funding targets.

The HHS received funding from the Aboriginal and Torres Strait Islander Health Branch of the Department of Health in 2020-21 for the Making Tracks Investment Strategy of $2.609 million. In 2020-21, $0.253 million of the total funding was deferred to 2021-22 and reinvested in the HHS to support the Virtual Healthcare Program initiative.

Note A1-3: Grants and other contributions

	2021 $'000	2020 $'000
Other grants and contributions		
State Government grants	**600**	409
Grants from other bodies	**1,229**	760
Other donations and contributions	**3**	111
Services received below fair value	**1,357**	1,355
Total grants and contributions	**3,189**	2,635

Grants and contributions are transactions where North West HHS receives funds to further its objectives. Where an agreement is enforceable and contains sufficiently specific performance obligations for North West HHS to transfer goods or services to a third-party on the grantor's behalf, the transaction is accounted for under AASB 15 Revenue from Contracts with Customers

In this case, revenue is initially deferred (as a contract liability) and recognised as or when the performance obligations are satisfied. A contract asset representing North West HHS's right to consideration for services delivered but not yet billed will be raised where applicable. Otherwise, the grant is accounted for under AASB 1058 Income of Not - for - Profit Entities, whereby revenue is recognised upon receipt of the grant funding.

North West HHS receives corporate services support from the Department of Health for no direct cost. Corporate services received would have been purchased if they were not provided by the Department of Health and include payroll services, accounts payable and banking services. The fair value of corporate services received in 2020-21 are estimated by the Department of Health as $1.081 million (2020: $1.062 million) for payroll services and $0.276 million (2020: $0.293 million) for accounts payable and banking services. An equal amount of expense is recognised as services below fair value, under supplies and services, refer Note A2-3.

Note A1-4: Other revenue

	2021 $'000	2020 $'000
Interest	**4**	7
Other[1]	**1,644**	1,321
Total other revenue	**1,648**	1,328

[1]Other predominantly relates to lease revenue, salary recoveries and other ad-hoc reimbursements.

Revenue recognition for other revenue is based on either invoicing for related goods, services and/or the recognition of accrued revenue based on estimated volumes of goods or services delivered.

A2 EXPENSES

Note A2-1: Employee expenses

	2021 $'000	2020 $'000
Employee expenses		
Wages and salaries	**19,786**	88,891
Annual leave levy	**906**	9,112
Employer superannuation contributions	**1,337**	8,789
Long service leave levy	**478**	2,144
Redundancies	**85**	304
Workers compensation premium	**29**	377
Total employee expenses	**22,621**	109,617

Effective 15 June 2020, a legislative change to the employer arrangements within Queensland Health was implemented. From this date, all non-executive employees of the North West Hospital and Health Service (i.e. other than senior executives, senior medical officers and visiting medical officers) became the employees of the Director-General, Queensland Health. Direct labour postings, in addition to related assets and liabilities including accrued employee benefits, for these employees will be classified from employee expense to contract labour expense. These changes were a result of the Government's implementation of recommendations from the "Advice on Queensland Health's governance framework report", issued in June 2019 and introduce consistency of employment arrangements for non-executive staff across all Queensland Health entities.

The amounts paid are separately classified and disclosed on the face of the Statement of Comprehensive Income.

Salaries and wages due but unpaid at reporting date are recognised in the statement of financial position at the remuneration rates expected to apply at the time of settlement.

Workers' compensation insurance is a consequence of employing employees but is not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

Annual leave, long service leave and sick leave

Under the Queensland Government's Annual Leave Central Scheme and Long Service Leave Central Scheme, levies are payable by North West HHS to cover the cost of employees' annual leave (including leave loading and on-costs) and long service leave. No provisions for long service leave or annual leave are recognised in North West HHS financial statements as the provisions for these schemes are reported on a Whole-of-Government basis pursuant to AASB 1049 Whole of Government and General Government Sector Financial Reporting. These levies are expensed in the period in which they are paid or payable. Amounts paid to employees for annual leave and long service leave are claimed from the schemes quarterly in arrears. Non-vesting employee benefits such as sick leave is recognised as an expense when taken.

Superannuation

Superannuation schemes comprise of defined benefit and defined contribution categories. Employer superannuation contributions are paid to employee nominated superannuation funds, however payments to the defined benefit superannuation scheme for Queensland Government employees are at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid, or payable and North West HHS's obligation is limited to the rate determined by the Treasurer on the advice of the State Actuary. The liability for defined benefits is held on a Whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 Whole of Government and General Government Sector Financial Reporting.

Key management personnel and remuneration disclosures are detailed in Note D1.

Pandemic Leave

An additional 2 days of leave was granted to all non-executive employees of the Department of Health and HHS's in November 2020 based on set eligibility criteria as recognition of the effects of the COVID-19 pandemic on staff wellbeing. This leave must be taken with 2 years or eligibility is lost. The entire value of the leave was paid by North West HHS to the Department of Health in advance. The leave is expensed in the period it which it is taken, and the remaining balance treated as a prepayment to the Department of Health, disclosed in Note B4.

Number of full time equivalent employees (FTE)*	**2021**	**2020**
	No.	**No.**
Number of Employees	**36**	31
Number of Health Service Employees	**752**	763
Total FTE as at 30 June	**788**	794

*reflecting Minimum Obligatory Human Resource Information (MOHRI)

Note A2-2: Health service employee expenses

	2021	**2020**
	$'000	**$'000**
Department of Health	**94,392**	3,611
Total health service employee expenses	**94,392**	3,611

Health Services Employee Expenses

The North West HHS through service agreements with the Department of Health has engaged 752 full time equivalent persons at 30 June 2021.

In accordance with the Hospital and Health Boards Act 2011, the employees of the Department of Health are referred to as Health service employees. Under this arrangement:

- The Department provides employees to perform work for the North West HHS and acknowledges and accepts its obligations as the employer of these employees.
- North West HHS is responsible for the day to day management of these departmental employees.
- North West HHS reimburses the Department for the salaries and on-costs of these employees. This is disclosed as Health service employee expense.

Recoveries of salaries and wages costs for North West HHS employees working for other agencies are recorded as revenue. Refer Note A1-4 Other Revenue.

Note A2-3: Supplies and services

	2021 $'000	2020 $'000
Medical consultancies and contract labour	**8,054**	9,619
Other consultancies and contract labour	**8,842**	14,025
Electricity and other energy	**2,049**	2,151
Patient travel	**14,226**	16,283
Other travel	**2,381**	3,406
Water	**360**	986
Building services	**1,915**	1,140
Computer services	**1,339**	1,114
Motor vehicles	**195**	278
Communications	**2,560**	2,801
Repairs and maintenance	**5,591**	5,144
Minor plant and equipment	**856**	737
Rental expenses	**4,386**	4,566
Drugs	**4,056**	4,138
Outsourced service delivery[1]	**3,822**	3,619
Clinical supplies and services	**4,146**	3,389
Catering and domestic supplies	**1,627**	1,666
Pathology and blood supplies and services	**5,097**	4,629
Services received below fair value[2]	**1,357**	1,355
Other	**1,634**	1,586
Total supplies and services	**74,493**	82,632

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

Rental expenses: Rental expenses include lease rentals for short-term leases, leases of low value assets and variable lease payments. Refer to Note B8 for breakdown of lease expenses and other lease disclosures.

[1] Outsourced service delivery consists of externally provided radiology services and blue care fees.

[2] Services received below fair value relates to corporate services support from the Department of Health. An equal amount of revenue is recognised as donations under grants and contributions, refer Note A1-3

Note A2-4: Grants and subsidies

	2021 $'000	2020 $'000
Public hospital support services	**422**	1,015
Total grants and subsidies	**422**	1,015

Public hospital support services include grants provided to James Cook University for patient rehabilitation services and Gidgee Healing for community health services. In 2020-21 financial year, no grants were provided to Gidgee Healing.

Note A2-5: Revaluation decrements

	2021 $'000	2020 $'000
Revaluation decrement	**-**	78
	-	78

Note A2-6: Other expenses

	2021 $'000	2020 $'000
External audit fees	**233**	174
Other audit fees	**135**	140
Insurance	**1,536**	1,484
Inventory written off	**63**	114
Net (gain)/loss from disposal of property, plant and equipment	**29**	125
Other legal costs	**20**	16
Special payments	**4**	2
Other	**885**	488
Total other expenses	**2,905**	2,543

Total audit fees paid or payable in the 2020-21 financial year were $0.368 million (2020: $0.314 million); equating to $0.233 million (2020: $0.174 million) paid or payable to Queensland Audit Office and $0.135 million (2020: $0.14 million) for internal audit fees. There are no non-audit services included in these amounts.

The HHS's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund (QGIF), premiums being paid on a risk assessment basis.

Certain losses of public property are insured with the QGIF. Upon notification by QGIF of the acceptance of the claims, revenue will be recognised for the agreed settlement amount and disclosed as Other Revenues.

B NOTES ABOUT OUR FINANCIAL POSITION

This section provides information on the assets used in the operation of NWHHS's service and the liabilities incurred as a result.

B1 CASH AND CASH EQUIVALENTS

	2021 $'000	2020 $'000
Cash at bank and on hand	**262**	341
Queensland Treasury Corporation cash fund	**256**	250
Cash and cash equivalents in the statement of financial position	**518**	591
Bank overdrafts used for cash management purposes	**(1,466)**	(2,843)
Total cash and cash equivalents in the statement of cash flows	**(948)**	(2,252)

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions.

North West HHS's bank accounts are grouped with the whole of Government set-off arrangement with Commonwealth Bank of Australia. As a result, North West HHS does not earn interest on surplus funds. Interest earned on the aggregate set-off arrangement balance accrues to the Consolidated Fund.

Overdraft Facility

North West HHS has approval from Queensland Treasury to operate bank accounts in overdraft up to a limit of $2.5 million (2020: $4.0 million) of which $1.466 million has been drawn down and is disclosed in note B6.

B2 RECEIVABLES

Note B2-1: Receivables

	2021 $'000	2020 $'000
Trade receivables	**2,155**	1,803
Payroll receivables	**2**	8
Less: Loss allowance	**(512)**	(294)
	1,645	1,517
GST input tax credits receivable	**655**	578
GST payable	**(12)**	(17)
	643	561
Total receivables	**2,288**	2,078

Receivables are measured at their carrying amount less any impairment, which approximates their fair value at reporting date. Trade receivables are initially recognised at the amount invoiced to customers for services provided with settlement being 30 days from invoice date. Other receivables generally arise from transactions outside the usual operating activities of the HHS and are recognised at their assessed values. Receivables includes end of year funding accrual of $0.703 million (2020: $1.067 million).

Disclosure – Credit Risk Exposure of Receivables

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets inclusive of any provisions for impairment.

The HHS assesses whether there is objective evidence that receivables are impaired or uncollectible on an ongoing basis. Objective evidence includes financial difficulties of the debtor, the class of debtor, changes in debtor credit ratings and default or delinquency in payments (more than 60 days overdue). When there is evidence that an amount will not be collected it is provided for and then written off. If receivables are subsequently recovered the amounts are credited against other expenses in the statement of comprehensive income when collected.

NWHHS uses a provision matrix to calculate percentages based on historical credit loss experience, adjusted by current conditions and forward-looking data to calculate the expected credit losses.

The individually impaired receivables mainly relate to ineligible patients without insurance.

Disclosure – Receivables

The closing balance of receivables arising from contracts with customers at 30 June 2021 is $1.260 million (2020: $0.736 million).

Note B2-2: Ageing of receivables

	2021			2020		
	Gross receivables	Loss rate	Expected credit loss	Gross receivables	Loss rate	Expected credit loss
	$'000	%	$'000	$'000	%	$'000
Ineligible patients	**356**	**90.45%**	**322**	**294**	**80.00%**	**235**
Inpatient	**222**	**55.00%**	**122**	**48**	**1.00%**	**0**
Outpatient	**116**	**52.00%**	**60**	**61**	**80.00%**	**49**
Other	**1,461**	**0.55%**	**8**	**1,400**	**0.70%**	**10**
Total	**2,155**		**512**	**1,803**		**294**

Note B2-3: Impairment of Receivables (continued)

	2021	2020
	$'000	$'000
Balance at beginning of the financial year	**294**	340
Amounts written-off during the year	**42**	81
Increase/(decrease) in allowance recognised in operating result	**176**	(127)
Balance at the end of the financial year	**512**	294

B3 INVENTORIES

	2021	2020
	$'000	$'000
Clinical supplies and equipment	**1,120**	1,299
Other	**16**	59
Total inventories	**1,136**	1,358

Inventories consist mainly of clinical supplies and pharmaceuticals held for distribution to hospital and health service facilities. Inventories are measured at weighted average cost, adjusted for obsolescence. Unless material, inventories do not include supplies held for ready use in the wards throughout the hospital and health service facilities.

B4 OTHER ASSETS

	2021	2020
	$'000	$'000
Current		
Other prepayments	**641**	261
Contract assets	**89**	144
	730	405
Non-Current		
Other prepayments	**208**	-
	208	-
Total other assets	**938**	405

Disclosure – Contract Assets

Contract assets arise from contracts with customers and are transferred to receivables when North West HHS right to payment becomes unconditional, this usually occurs when the invoice is issued to the customer. Accrued revenue that do not arise from contracts with customers are reported as part of other significant changes in contract assets balances during the year.

~~B5~~ PROPERTY, PLANT AND EQUIPMENT

Note B5-1: Balances and reconciliation of carrying amounts

	Land (at fair value) $'000	Buildings (at fair value) $'000	Plant and equipment (at cost) $'000	Capital works in progress (at cost) $'000	Total $'000
Year ended 30 June 2020					
Opening net book value	4,186	100,091	8,760	6,285	119,322
Acquisitions	-	1,848	1,169	2,044	5,061
Disposals	-	-	(130)	-	(130)
Revaluation increments/ (decrements)	(1,517)	12,885	-	-	11,368
Transfer of assets between asset classes	-	7,317	-	(7,317)	-
Depreciation expense	-	(8,212)	(1,458)	-	(9,670)
Carrying amount at 30 June 2020	2,669	113,929	8,341	1,012	125,951
At 30 June 2020					
At cost/fair value	2,669	283,360	17,612	1,012	304,653
Accumulated depreciation	-	(169,431)	(9,271)	-	(178,702)
	2,669	113,929	8,341	1,012	125,951
Year ended 30 June 2021					
Opening net book value	**2,669**	**113,929**	**8,341**	**1,012**	**125,951**
Acquisitions	**-**	**1,506**	**2,204**	**4,704**	**8,414**
Disposals	**-**	**-**	**(30)**	**-**	**(30)**
Revaluation increments/(decrements)	**36**	**-**	**-**	**-**	**36**
Transfer of assets between asset classes	**-**	**515**	**335**	**(850)**	**-**
Depreciation expense	**-**	**(8,688)**	**(1,938)**	**-**	**(10,626)**
Carrying amount at 30 June 2021	**2,705**	**107,262**	**8,912**	**4,866**	**123,745**
At 30 June 2021					
At cost/fair value	**2,705**	**285,343**	**19,591**	**4,866**	**312,505**
Accumulated depreciation	**-**	**(178,081)**	**(10,679)**	**-**	**(188,760)**
	2,705	**107,262**	**8,912**	**4,866**	**123,745**

Note B5-2: Accounting Policies

Property, Plant and Equipment

Recognition threshold

Items of a capital nature with a cost or other value equal to or more than the following thresholds and with a useful life of more than one year or greater are recognised at acquisition. Items below these values are expensed.

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

Key Judgement:

North West HHS has a comprehensive annual maintenance program for its buildings. Expenditure is only capitalised if it increases the service potential or useful life of the existing asset. Maintenance expenditure that merely restores original service potential (arising from ordinary wear and tear) is expensed.

Acquisition

Actual cost is used for the initial recording of all non-current asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use. Any training costs are expensed as incurred.

Where assets are received free of charge from another Queensland Government entity (whether as a result of a machinery-of-Government change or other involuntary transfer), the acquisition cost is recognised at the gross carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated depreciation.

Componentisation of complex assets

Complex assets comprise separately identifiable components (or groups of components) of significant value, that require replacement at regular intervals and at different times to other components comprising the complex asset.

On initial recognition, the asset recognition thresholds outlined above apply to the complex asset as a single item. Where the complex asset qualifies for recognition, components are then separately recorded when their value is significant relative to the total cost of the complex asset.

When a separately identifiable component (or group of components) of significant value is replaced, the existing component(s) is derecognised. The replacement component(s) are capitalised when it is probable that future economic benefits from the significant component will flow to the department in conjunction with the other components comprising the complex asset and the cost exceeds the asset recognition thresholds specified above.

Components are valued on the same basis as the asset class to which they relate. The accounting policy for depreciation of complex assets, and estimated useful lives of components, are disclosed below.

The HHS's complex assets are its special purpose buildings.

Subsequent measurement

Land and buildings are subsequently measured at fair value as required by Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and accumulated impairment losses where applicable. The cost of items acquired during the financial year has been judged by management to materially represent their fair value at the end of the reporting period.

Plant and equipment is measured at cost less any accumulated depreciation and accumulated impairment losses in accordance with Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector. The carrying amounts for such plant and equipment at cost is not materially different from their fair value.

Depreciation

Property, plant and equipment is depreciated on a straight-line basis progressively over its estimated useful life to the HHS. Land is not depreciated. Assets under construction (work-in-progress) are not depreciated until they are ready for use.

Key Estimate – Management estimates the useful lives and residual values of property, plant and equipment based on the expected period of time over which economic benefits from use of the asset will be derived. Management reviews useful life assumptions on an annual basis having considered variables including historical and forecast usage rates, technological advancements and changes in legal and economic conditions. North West HHS has assigned nil residual values to all depreciable assets.

For each class of depreciable assets, the following useful lives were used:

Class	Useful Life
Buildings and Improvements	26 – 88 years
Plant and Equipment	5 – 30 years

Impairment

Key Judgement and Estimate: All property, plant and equipment assets are assessed for indicators of impairment on an annual basis or, where the asset is measured at fair value, for indicators of a change in fair value/service potential since the last valuation was completed. Where Indicators of a material change in fair value or service potential since the last valuation arise, the asset is revalued at the reporting date under AASB 13 *Fair Value Measurement*. If an indicator of possible impairment exists, the HHS determines the asset's recoverable amount under AASB 136 *Impairment of Assets*. Recoverable amount is equal to the higher of the fair value less costs of disposal and the asset's value in use subject to the following:

- As a not-for-profit entity, certain property, plant and equipment of the HHS is held for the continuing use of its service capacity and not for the generation of cash flows. Such assets are typically specialised in nature. In accordance with AASB 136, where such assets measured at fair value under AASB 13, that fair value (with no adjustment for disposal costs) is effectively deemed to be the recoverable amount. Therefore, AASB 136 does not apply to such assets unless they are measured at cost.
- For other non-specialised property, plant and equipment measured at fair value, where indicators of impairment exist, the only difference between the asset's fair value and its fair value less costs of disposal is the incremental costs attributable to the disposal of the asset. Consequently, the fair value of the asset determined under AASB 13 will materially approximate its recoverable amount where the disposal costs attributable to the asset are negligible. After the revaluation requirements of AASB 13 are first applied to these assets, applicable disposal costs are assessed and, in the circumstances where such costs are not negligible, further adjustments to the recoverable amount are made in accordance with AASB 136.

For all other remaining assets measured at cost, recoverable amount is equal to the higher of the fair value less costs of disposal and the asset's value in use.

Value in use is equal to the present value of the future cash flows expected to be derived from the asset, or where the HHS no longer uses an asset and has made a formal decision not to reuse or replace the asset, the value in use is the present value of net disposal proceeds.

An impairment loss is recognised immediately in the Statement of Comprehensive Income unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment

loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Note B5-3: Valuation

Non-current physical assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This is achieved by engaging independent, professionally qualified valuers to determine the fair value for each class of property, plant and equipment assets at least once every five years. However, if a particular asset class experiences significant and volatile changes in fair value, that class is subject to specific appraisal in the reporting period, where practical, regardless of the timing of the last specific appraisal.

In the intervening years, North West HHS uses appropriate publicly available cost indices for the region and asset type to form the basis of a management valuation for relevant asset classes in addition to management's engagement of independent, professionally qualified valuers to perform a "desktop" valuation. A desktop valuation involves management providing updated information to the valuer regarding additions, deletions and changes in key assumptions. The valuer then determines suitable indices which are applied to each asset class.

North West HHS engaged AECOM to provide a desktop assessment for movements in land and building values in 2020-21 financial year. In determining the values reported in the accounts for North West HHS land and buildings we have relied on the information provided by the independent valuers.

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

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

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

- Level 1: represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;

- Level 2: represents fair value measurements that are substantially derived from inputs (other than quoted prices included in level 1) that are observable, either directly or indirectly; and

- Level 3: represents fair value measurements that are substantially derived from unobservable inputs.

Land Component

AECOM performed a desktop assessment for movements in fair value, as at 30 June 2021, related to land assets controlled by North West HHS.

Level 2 input evidence is available for North West HHS and therefore the Direct Comparison Approach has been utilised to assess the value of freehold land owned by North West HHS.

Under this approach, properties have been directly compared to recent sales evidence, after first making appropriate adjustments for variations in:

- shape
- location
- land area
- topography and
- planning.

Values have been applied to land in accordance with this approach, to Mt Isa, Camooweal, Dajarra, Cloncurry, Julia Creek, Normanton and Karumba. 2% indexation was applied to land in Mount Isa only based on the desktop valuation completed by AECOM.

In Burketown, McKinlay, Doomadgee and Mornington Island, where the leasehold land is held by the local Council on behalf of the Queensland Government and leased to various users, including North West HHS, no value has been attributed to land due to the absence of any interest/tenure to North West HHS.

Building Component

Buildings were comprehensively revalued by AECOM as at 30 June 2020. A desktop valuation was completed based on indices provided by AECOM as at 30 June 2021. Nil indexation rate was assessed for 2021.

The assessment of physical deterioration, functional (technical)/economic (external) obsolescence and remaining economic life of the Buildings has been assessed on an elemental basis in accordance with the schedule of Building Elements published by the Australian Institute of Quantity Surveyors.

The age of Buildings and the elements within them has been based upon site inspections, interviewing site personnel and a review of the documents that has been made available. The remaining effective lives of Buildings have been based on the valuer's professional opinion, discussions with North West HHS personnel, industry available information and schedules of effective lives published in Australian Tax Rulings.

The Gross Replacement Cost has been based on the building as it stands today and does not include any design upgrades in accordance with current building standards. An allowance for builder's preliminaries, profit and professional fees has been included. Allowances for additional costs due to remote locations has also been considered and incorporated

North West HHS has classified land and buildings into the two levels prescribed under the accounting standards.

	Level 2 $'000	Level 3 $'000	Total $'000
2020			
Land	2,669	-	2,669
Buildings	-	113,929	113,929
Fair value at 30 June 2020	2,669	113,929	116,598
2021			
Land	**2,705**	**-**	**2,705**
Buildings	**-**	**107,262**	**107,262**
Fair value at 30 June 2021	**2,705**	**107,262**	**109,967**

The following table details a reconciliation of level 3 movements:

	Buildings $'000
Fair value at 30 June 2019	100,091
Additions	1,848
Transfers in (work-in-progress)	7,317
Depreciation	(8,212)
Gains recognised in other comprehensive income:	
Increase in asset revaluation reserve	12,885
Fair value at 30 June 2020	113,929
Fair value at 30 June 2020	**113,929**
Additions	**1,506**
Transfers in (work-in-progress)	**515**
Depreciation	**(8,688)**
Fair value at 30 June 2021	**107,262**

B6 BANK OVERDRAFT

	2021 $'000	2020 $'000
Bank overdraft	**1,466**	2,843
Total bank overdraft	**1,466**	2,843

B7 PAYABLES

These amounts represent liabilities for goods and services provided to North West HHS prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and accruals are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

	2021 $'000	2020 $'000
Trade payables	**12,506**	9,379
Contract Liabilities	**1,638**	690
Accrued labour – Department of Health	**1,087**	3,611
Other	**442**	-
Total payables	**15,673**	13,680

B8 RIGHT OF USE ASSETS AND LEASE LIABILITIES

Note B8-1: Leases as a lessee

	Land $'000	Buildings $'000	Plant and equipment $'000	Total $'000
Year ended 30 June 2020				
Opening balance 1 July		2,076		2,076
Additions		284		284
Depreciation charge for the year		(300)		(300)
Carrying amount at 30 June 2020	-	2,060	-	2,060
Year ended 30 June 2021				
Opening balance 1 July	**-**	**2,060**	**-**	**2,060**
Additions		**1,412**		**1,412**
Depreciation expense	**-**	**(837)**	**-**	**(837)**
Other adjustments	**-**	**(399)**	**-**	**(399)**
Carrying amount at 30 June 2021	**-**	**2,236**	**-**	**2,236**

	2021 $'000	2020 $'000
Current		
Lease liabilities	**762**	316
Non-current		
Lease liabilities	**1,426**	1,710
Total lease liabilities	**2,188**	2,026

Accounting policies – Leases as lessee

Right-of-use assets

Right-of-use assets are initially recognised at cost comprising the following:

- the amount of the initial measurement of the lease liability
- lease payments made at or before the commencement date, less any lease incentives received
- initial direct costs incurred, and
- the initial estimate of restoration costs

Right-of-use assets are subsequently depreciated over the lease term and be subject to impairment testing on an annual basis.

The carrying amount of right-of-use assets are adjusted for any remeasurement of the lease liability in the financial year following a change in discount rate, a reduction in lease payments payable, changes in variable lease payments that depend upon variable indexes/rates of a change in lease term.

North West HHS measures right-of-use assets from concessionary leases at cost on initial recognition, and measures all right-of-use assets at cost after initial recognition.

North West HHS has elected not to recognise right-of-use assets and lease liabilities arising from short-term leases and leases of low value assets. The lease payments are recognised as expenses on a straight-line basis over the lease term. An asset is considered low value where it is expected to cost less than $10,000 when new.

Where a contract contains both a lease and non-lease components such as asset maintenance services, North West HHS allocates the contractual payments to each component on the basis of their stand-alone prices. However, for leases of plant and equipment, North West HHS has elected not to separate lease and non-lease components and instead accounts for them as a single lease component.

Lease liabilities

Lease liabilities are initially recognised at the present value of lease payments over the lease term that are not yet paid. The lease term includes any extension or renewal options that the department is reasonably certain to exercise. The future lease payments included in the calculation of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the department under residual value guarantees
- the exercise price of a purchase option that the department is reasonably certain to exercise
- payments for termination penalties if the lease term reflects the early termination

When measuring the lease liability, North West HHS uses its incremental borrowing rate as the discount rate where the interest rate implicit in the lease cannot be readily determined, which is the case for all North West HHS's leases. To determine the incremental borrowing rate, North West HHS uses loan rates provided by Queensland Treasury Corporation that correspond to the commencement date and term of the lease.

After initial recognition, the lease liabilities are increased by the interest charge and reduced by the amount of lease payments. Lease liabilities are also remeasured in certain situations such as a change in variable lease payments that depend on an index or rate (e.g. a market rent review), or a change in the lease term.

Disclosures – Leases as lessee

(i) Office accommodation, employee housing and motor vehicles

The Department of Housing and Public Works (DHPW) provides the department with access to office accommodation, employee housing and motor vehicles under government-wide frameworks. These arrangements are categorised as procurement of services rather than as leases because DHPW has substantive substitution rights over the assets. The related service expenses are included in Note A2-3.

(ii) Amounts recognised in profit or loss

	2021 $'000	2020 $'000
Interest expense on lease liabilities	**40**	29
Breakdown of 'Lease expenses' included in Note A2-3		
Expenses relating to short-term and low value leases	**4,386**	4,566

(iii) Total cash outflow for leases

	2021 $'000	2020 $'000
Total cash outflow for leases under AASB 16	**851**	334

B9 ASSET REVALUATION SURPLUS BY CLASS

	2021 $'000	2020 $'000
Land		
Balance at the beginning of the financial year	**-**	1,440
Revaluation increments/(decrements)	**36**	(1,440)
	36	-
Buildings		
Balance at the beginning of the financial year	**34,717**	21,832
Revaluation increments	**-**	12,885
	34,717	34,717
Balance at the end of the financial year	**34,753**	34,717

C NOTES ABOUT RISKS AND OTHER ACCOUNTING UNCERTAINTIES

C1 FINANCIAL RISK MANAGEMENT

NWHHS is exposed to a variety of financial risks – credit risk, liquidity risk and market risk. NWHHS holds the following financial instruments by category:

	Note	2021 $'000	2020 $'000
Financial assets			
Cash and cash equivalents	B1	**518**	591
Financial assets at amortised cost:			
Receivables	B2	**2,288**	2,078
Total		**2,806**	2,669
Financial liabilities			
Bank overdraft	B6	**1,466**	2,843
Financial liabilities at amortised cost:			
Payables	B7	**15,673**	13,680
Lease liabilities	B8	**2,188**	2,026
Total		**19,327**	18,549

(a) Credit Risk

Credit risk is the potential for financial loss arising from a counterparty defaulting on its obligations. The maximum exposure to credit risk at balance date is equal to the gross carrying amount of the financial asset, inclusive of any allowance for impairment. The carrying amount of financial assets, which are disclosed in more detail in notes B1 and B2, represent the maximum exposure to credit risk at the reporting date.

No financial assets have had their terms renegotiated to prevent them from being past due or impaired and are stated at the carrying amounts as indicated.

There are no significant concentrations of credit risk.

Overall credit risk is considered minimal.

(b) Liquidity risk

Liquidity risk is the risk that North West HHS will not have the resources required at a particular time to meet its obligations to settle its financial liabilities.

North West HHS is exposed to liquidity risk through its trading in the normal course of business. North West HHS aims to reduce the exposure to liquidity risk by ensuring that sufficient funds are always available to meet employee and supplier obligations.

Under the whole-of-government banking arrangements, North West HHS has an approved working debt facility of $2.5 million (2020: $4.0 million) to manage any short-term cash shortfalls. This facility has $1.466 million drawn down as at 30 June 2021, (2020: $2.843 million)

Due to the short-term nature (less than 12 months) of the current payables, their carrying amount is assumed to approximate the total contractual cash flow.

As at 30 June 2021, the NWHHS was in a net current liability position of $13.429 million and had an accumulated deficit of $9.538 million. For the year ended 30 June 2021, the HHS recorded a net operating cash increase of $1.117 million and a net operating surplus of $0.366 million.

The HHS has developed an Innovation, Improvement and Planning department (IIP) to ensure the HHS is delivering health services within the annual level of funding with no impact on patient safety. Key components of the IIP initiatives include achieving and maintaining cost efficiencies and expenditure reductions across labour and non-labour areas, improving own sourced revenue and redesigning service delivery by adopting and implementing the latest best practices, where applicable. The IIP departments plans and initiatives are reviewed on a monthly basis in conjunction with the Department of Health to ensure the objectives for the financial year are on track to be achieved and mitigating plans are put in place if required. New initiatives are developed annually to ensure the HHS remains efficient. The HHS relies on the Department of Health to provide flexibility in cash advances to address short- and medium-term cash shortfalls as they arise.

A cash advance of $8 million was received on 1 July 2021 in relation to 2022 financial year funding. This is repayable on a monthly basis over the course of the financial year.

(c) Interest rate risk

North West HHS is exposed to interest rate risk on its cash deposited in interest bearing accounts with Queensland Treasury Corporation.

North West HHS does not undertake any hedging in relation to interest rate risk.

Changes in interest rate have a minimal effect on the operating result of NWHHS.

(d) Fair value measurement

Cash and cash equivalents are measured at fair value. All other financial assets or liabilities are measured at cost less any allowance for impairment, which given the short-term nature of these assets, is assumed to represent fair value.

C2 CONTINGENCIES

Litigation

As at 30 June 2021, there is one case filed in the courts naming the State of Queensland acting through the North West Hospital and Health Service as defendant (2020: one case). North West HHS management believe it would be misleading to estimate the final amount payable (if any) in respect of the litigation before the courts at this time. Health litigation is underwritten by the Queensland Government Insurance Fund (QGIF). North West HHS liability in this area is limited to an excess per insurance event. As at 30 June 2021, North West HHS has eight claims (2020: 11 claims) currently managed by QGIF (some of which may never be litigated or result in payments to claimants). At year end, the maximum exposure to North West HHS associated with these claims is $160,000 ($20,000 for each insurable event).

C3 COMMITMENTS

	2021 $'000	2020 $'000
No later than 1 year	**4,267**	4,371
Later than 1 year but no later than 5 years	**609**	784
Total	**4,876**	5,155

As at 30 June 2021, NWHHS commitments for the 12 months predominantly included short term rental lease payment of $3.774 million and rental lease payments of $0.154 million due later than one year but no more than 5 years, QFleet vehicle lease payments $0.493 million and QFleet payments of $0.455 million due later than one year but no more than 5 years

Capital Commitments

As at 30 June 2021, NWHHS capital commitment is $1.160 million for the Mornington Island upgrades (2020: $1.435 million).

D KEY MANAGEMENT PERSONNEL

D1 KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of North West HHS, directly or indirectly, including the Minister for Health and Ambulance Services, Board members and Executive management of North West HHS. On 3 June 2021, the Minister for Health and Ambulance Services appointed an Administrator in place of the Board for North West HHS. The HHS does not bear any cost of remuneration of the Administrator, the entitlements are paid by the Department of Health.

The following details for non-Ministerial key management personnel include those positions that had authority and responsibility for planning, directing, and controlling the activities of North West HHS during the financial year. Further information about these positions can be found in the body of the Annual report under the section relating to Executive Management.

Position	Position Responsibility
Non-executive Director – Board Chair	The North West HHS board is accountable to the local community and the Deputy Premier, Minister for Health and Ambulance Services for the services provided by the North West HHS. The Board serves to strengthen local decision making and accountability by promoting local consumer, community and clinician engagement and setting the local health system planning and coordination agenda, including financial management and oversight.
Non-executive Director – Board Member	The North West HHS board is accountable to the local community and the Deputy Premier, Minister for Health and Ambulance Services for the services provided by the North West HHS. The Board serves to strengthen local decision making and accountability by promoting local consumer, community and clinician engagement and setting the local health system planning and coordination agenda, including financial management and oversight.
Chief Executive	Responsible for the overall management of North West HHS through functional areas to ensure the delivery of hospital and health service objectives.
Chief Finance Officer	Responsible for the overall financial management of North West HHS, including budgeting, activity-based funding measurement and departmental relationship management. Also responsible for the delivery of non-clinical support services, include building, engineering and maintenance services, capital infrastructure and contract management.
Executive Director, People, Planning and Culture	Responsible for all strategic, tactical, and operational strategy and service delivery, including Workforce and Organisational Planning, Recruitment, Talent Management, Organisational Development, Workforce Diversity, Employee Relations, Safety and Wellbeing and Human Resource operations and statutory compliance.
Executive Director Clinical and Medical Services	Responsible for the overall management and coordination of clinical operational and medical services for the health service.
Executive Director Nursing Midwifery and Clinical Governance	Responsible for the professional leadership of nursing services for the Mount Isa and remote Hospitals and clinical governance for the health service.
Executive Director, Aboriginal and Torres Strait Islander Health	Responsible for transforming the HHS services to improve the health outcomes of Aboriginal people through building strong partnerships

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The HHS does not bear any cost of remuneration of the Minister. Most Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements, which are published as part of Queensland Treasury's Report on State Finances.

The Governor in Council approves the remuneration arrangements for Hospital and Health Board Chair, Deputy Chair and Members. The Chair, Deputy Chair and Members are paid an annual salary consistent with the Government policy titled: *Remuneration of Part-time Chairs and Members of Government Boards, Committees and Statutory Authorities.*
Remuneration of other Key Management Personnel comprises the following components:

- Short-term employee benefits which include:
  - ***Base*** – consisting of base salary, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the statement of comprehensive income
  - ***Non-monetary benefits*** – consisting of provision of housing and vehicle together with fringe benefits tax applicable to the benefit
- Long-term employee benefits include long service leave accrued
- Post-employment benefits include superannuation contributions
- Termination payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu on termination, regardless of the reason for termination.
- There were nil performance bonuses paid in the 2020-21 financial year (2019-20: $nil).

2021

Name	Short-term benefits		Long term benefits	Post employee benefits	Termination benefits	Total remuneration
	Base	Non-monetary benefits				
	$'000	$'000	$'000	$'000	$'000	$'000
BOARD MEMBERS						
Paul Woodhouse	63	13	-	6	-	**82**
Dr Christopher Appleby	36	-	-	3	-	**39**
Karen Read	33	-	-	4	-	**37**
Catrina Felton-Busch	37	-	-	4	-	**41**
Karen (Kari) Arbouin	20	-	-	2	-	**22**
Dr Kathryn Panaretto	41	-	-	4	-	**45**
Dr Don Bowley OAM	37	-	-	3	-	**40**
Terry Mehan	21	-	-	2	-	**23**
Susan Sewter	37	-	-	4	-	**41**
EXECUTIVE MEMBERS						
Dr Karen Murphy	408	37	9	27	-	**481**
Michelle Garner	260	45	6	22	-	**333**
Christine Mann	137	-	3	16	-	**156**
Dr Simi Sachdev	333	7	8	24	-	**372**
Dr Nadeem Siddiqui	33	2	1	2	-	**38**
Rod Margetts	286	13	-	-	-	**299**
Peter Patmore	122	13	3	12	-	**150**
Barbara Davis	39	-	-	2	-	**41**
Barry Moffatt	131	8	2	8	-	**149**
Tamsyn Cullingford	76	8	2	8	-	**94**

2020

Name	Short-term benefits		Long term benefits	Post employee benefits	Termination benefits	Total remuneration
	Base	Non-monetary benefits				
	$'000	$'000	$'000	$'000	$'000	$'000
BOARD MEMBERS						
Paul Woodhouse	70	13	-	7	-	**90**
Dr Christopher Appleby	41	-	-	4	-	**45**
Karen Read	42	-	-	4	-	**46**
Catrina Felton-Busch	37	-	-	4	-	**41**
Karen (Kari) Arbouin	41	-	-	4	-	**45**
Dr Kathryn Panaretto	39	-	-	4	-	**43**
Dr Don Bowley OAM	41	-	-	4	-	**45**
Terry Mehan	4	-	-	-	-	**4**
Susan Sewter	37	-	-	4	-	**41**
EXECUTIVE MEMBERS						
Lisa Davies-Jones	158	11	3	13	-	**185**
Dr Karen Murphy	445	34	6	19	-	**504**
Michelle Garner	239	44	5	22	-	**310**
Christine Mann	136	-	3	10	-	**149**
Dr Simi Sachdev	154	3	3	10	-	**170**
Jessie Henderson	31	-	1	4	-	**36**
Peter Patmore	70	-	2	8	-	**80**
Peter Scott	81	2	-	1	-	**84**
Barbara Davis	114	31	2	16	-	**163**
Ken Bisset	33	-	-	-	-	**33**
Rod Margetts	173	16	-	-	-	**189**

D2 RELATED PARTY TRANSACTIONS

Transactions with Queensland Government controlled entities

North West HHS is controlled by its ultimate parent entity, the State of Queensland. All State of Queensland controlled entities meet the definition of a related party in AASB 124 Related Party Disclosures.

Department of Health

North West HHS receives funding in accordance with a service agreement with the Department of Health.

The funding from Department of Health is provided predominantly for specific public health services purchased by the Department from North West HHS in accordance with a service agreement between the Department and North West HHS. The service agreement is reviewed periodically and updated for changes in activities and prices of services delivered by HHS.

The signed service agreements are published on the Queensland Government website and publicly available. The 2020-21 service agreement was for $196.46 million.

In addition to the provision of corporate services support (refer Note A2-2 and A2-3), the Department of Health provides a number of services including, pathology testing, pharmaceutical drugs, clinical supplies, patient transport, telecommunications and technology services. These services are provided on a cost recovery basis. In 2020-21, these services totalled $19.048 million (2020: $18.553 million).

Queensland Treasury Corporation

Under the whole-of-government banking arrangements, North West HHS has an approved working debt facility with Queensland Treasury Corporation of $2.5 million. North West HHS have accounts with the Queensland Treasury Corporation for general trust monies.

Department of Housing and Public Works

North West HHS pays rent to the Department of Housing and Public Works for a number of properties. In addition, North West HHS provides property maintenance for Department of Housing and Public works on a fee for service arrangement.

Inter HHS

Payments to and receipts from other HHSs occur to facilitate the transfer of patients, drugs, staff and other incidentals.

Western Queensland Primary Care Collaborative

North West HHS received $0.14 million for the Emergency Department Primary Care Liaison Officer. The full amount was spent by 30 June 2021.

Transactions with other related parties

The following entities have been disclosed as relevant interests for key management personnel:

Western QLD PHN;

North and West Remote Health;

Gidgee Healing;

Royal Flying Doctor Service;

James Cook University;

University of Queensland;

Central Queensland University;

All transactions in the year ended 30 June 2021 between North West HHS and key management personnel, including their related parties were on normal commercial terms and conditions and were immaterial in nature.

E OTHER INFORMATION

E1 PATIENT TRUST FUNDS

North West HHS acts in a fiduciary trust capacity in relation to patient trust accounts. Consequently, these transactions and balances are not recognised in the financial statements but are disclosed below for information purposes. Although patient funds are not controlled by North West HHS, trust activities are included in the audit performed annually by the Auditor-General of Queensland.

	2021 $'000	2020 $'000
Patient trust funds		
Opening balance	**6**	6
Patient fund receipts	**23**	8
Patient fund related payments	**(13)**	(8)
Closing balance (represented by cash)	**16**	6

E2 TAXATION

NWHHS is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation except for Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only Commonwealth taxes recognised by North West HHS.

Both North West HHS and the Department of Health satisfy section 149-25(e) of the *A New Tax System (Goods and Services) Act 1999 (Cth)* (the GST Act) and were able, with other hospital and health services, to form a “group” for GST purposes under Division 149 of the GST Act. This means that any transactions between the members of the "group" do not attract GST.

E3 CLIMATE RISK ASSESSMENT

Climate Risk Assessment

North West HHS addresses the financial impacts of climate related risks by identifying and monitoring the accounting judgements and estimates that will potentially be affected, including asset useful lives, fair value of assets, provisions or contingent liabilities and changes to future expenses and revenue.

North West HHS has not identified any material climate related risks relevant to the financial report at the reporting date, however, constantly monitors the emergence of such risks under the Queensland Government’s Climate Transition Strategy.

Current Year Impacts

No adjustments to the carrying value of recorded assets or other adjustments to the amounts recorded in the financial statements were recognised during the financial year.

Future Year Impacts

On 1 June 2020, the Queensland Government announced a new round of climate change mitigation measures as part of the Queensland Government’s Queensland Climate Transition Strategy. As a result of these measures being announced, NWHHS will be required, as directed by the Government, to generate or acquire Australian Carbon Credit Units. No liabilities, contingent liabilities or contractual commitments exist at the reporting date in respect of this announcement.

E4 FIRST YEAR APPLICATION OF NEW ACCOUNTING STANDARDS OR CHANGE IN ACCOUNTING POLICY

Changes in accounting policy

North West HHS did not voluntarily change any of its accounting policies during 2020-21. North West HHS has applied AASB1059 Service Concession Arrangements: Grantors for the first time in 2020-21. This standard defines service concession arrangements and applies a new control concept to the recognition of service concession assets and related liabilities. North West HHS does not currently have any arrangements that would fall within the scope of AASB1059. No other accounting standards or interpretations that apply to North West HHS for the first time in 2020-21 have any material impact on the financial statements.

Accounting Standards early adopted for 2020-21

There have been no Australian Accounting Standards early adopted for 2020-21.

E5 FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE

At the date of authorisation of the financial report, no new standards are applicable.

E6 SUBSEQUENT EVENTS

Up to the date of signing there are no matters or circumstances that have arisen since 30 June 2021 that have significantly affected, or may significantly affect NWHHS’s operations, the results of those operations, or the HHS’s state of affairs in future financial years.

E7 IMPACT OF COVID 19 ON FINANCIAL REPORTING

E7-1 SPECIFIC AREAS OF ACCOUNTING FOCUS

As mentioned in Note B5, the Fair Value of Assets were measured using the current replacement cost method and a significant change in the value as a result of Covid-19 is not currently expected to occur for 30 June 2021 financial statement reporting.

E7-2 COVID-19 Financial Statement Disclosures

The following significant transactions were recognised by North West Hospital and Health Services during the 2020-21 financial year in response to the COVID-19 pandemic.

	2021 $'000	2020 $'000
Significant Expense transactions arising from COVID-19		
COVID-19 Response	**2,359**	3,458
COVID-19 Vaccination Program	**648**	-
COVID-19 First Nations Funding	**2,042**	-
	5,049	3,458

Under the National Partnership Agreement (NPA) funding for the COVID-19 response is provided 50% by the Commonwealth and 50% by the State Government. Only expenditure that meets the definitions outlined in the NPA qualifies for reimbursement. Total COVID-19 response funding received by North West HHS during the 2020-21 financial year was $2.359 million (2020: $1.891 million). Funding for the COVID-19 vaccination program is currently funded 100% by the State Government. Total COVID-19 vaccination program funding received by North West HHS during 2020-21 financial year was $1 million (2020: $0). Unspent funding of $0.352 million related to the COVID-19 vaccination program has been rolled over to the 2021-22 financial year. Funding for the COVID-19 First Nations response received by North West of $3.1 million (2020: $0) was funded 50% by the Commonwealth and 50% by the State Government. $1.058 million was returned to the Department as a result of unspent funding.

Balance Sheet

There were no significant impairment and revaluations that were recognised by North West Hospital and Health Services.

F BUDGETARY REPORTING DISCLOSURES

NB: A budget versus actual comparison and explanation of major variances has not been included for the statement of changes in equity, as major variances relating to that statement have been addressed in explanation of major variances in the other statements.

a) Statement of comprehensive income

	Note	Actual 2021 $'000	Budget 2021 $'000	Variance $'000	Variance %
Income					
User charges and fees	a	**6,742**	**6,044**	698	10%
Funding for public health services		**195,123**	**196,484**	(1,361)	(1%)
Grants and other contributions	b	**3,189**	**4,858**	(1,669)	(52%)
Other revenue	c	**1,648**	**1,144**	504	31%
Total income		**206,702**	**208,530**	(1,828)	
Expenses					
Employee expenses	d	**22,621**	**25,330**	(2,709)	(12%)
Health service employee expenses		**94,392**	**93,177**	1,215	1%
Other supplies and services		**74,493**	**77,336**	(2,843)	(4%)
Grants and subsidies		**422**	**423**	(1)	(0%)
Depreciation and amortisation		**11,463**	**10,930**	533	5%
Interest on lease liabilities		**40**	**40**	-	0%
Other expenses	e	**2,905**	**3,894**	(989)	(34%)
Total expenses		**206,336**	**211,130**	(4,794)	
Operating result		**366**	**(2,600)**	2,966	
Other comprehensive income					
Items that will not be subsequently reclassified to operating result					
Increase/(decrease) in asset revaluation surplus		**36**	**-**	36	100%
Total other comprehensive income		**36**	**-**	36	
Total comprehensive income		**402**	**(2,600)**	3,002	

Explanation of major variances:

Major variances are variances that are material within the 'Total' line item that the item falls within.

a. The movement in user charges and fees relates to an increase in private patient and workers compensation revenue.
b. The variance in Grants and Contributions is due to the delay in onset of remote Renal services to the North West HHS and the corresponding reduction in Medicare revenue.
c. The increase in Other Revenue relates to an increase in recoveries for staff and expenses incurred by the HHS.
d. The movement in employee expenses relates to the decrease in external staffing utilisation and a mismatch between Employee expenses and Health Service employee expenses. This is a result of the change in the HHS to non-prescribed employer status.
e. The movement in Other Expenses relates primarily to the underspend on COVID-19 First Nations funding. The corresponding revenue was returned to the Department of Health in the end of year technical adjustment.

MANAGEMENT CERTIFICATE

These general-purpose financial statements have been prepared pursuant to Section 62(1) of the *Financial Accountability Act 2009* (the Act), Section 38 of the *Financial and Performance Management Standard 2019* and other prescribed requirements. In accordance with Section 62(1)(b) of the Act, we certify that in our opinion:

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

(b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of North West Hospital and Health Service for the financial year ended 30 June 2021 and of the financial position of the Service at the end of the year.

We acknowledge responsibility under s.7 and s.11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting through the reporting period.

Michael Walsh
Administrator
30 August 2021

Dr Karen Murphy
Acting Chief Executive
30 August 2021

Queensland Audit Office
Better public services

INDEPENDENT AUDITOR'S REPORT

To the Administrator of North West Hospital and Health Service

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of North West Hospital and Health Service.

In my opinion, the financial report:

a) gives a true and fair view of the entity's financial position as at 30 June 2021, and its financial performance and cash flows for the year then ended

b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial report including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

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

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Queensland Audit Office
Better public services

Valuation of specialised buildings $107.3 million

Refer to Note B5 in the financial report.

Key audit matter	How my audit procedures addressed this key audit matter
Buildings were material to North West Hospital and Health Service at balance date and were measured at fair value using the current replacement cost method. North West Hospital and Health Service revalued all of its building by indexation this year. The current replacement cost method comprises: • gross replacement cost, less • accumulated depreciation. North West Hospital and Health Service derived the gross replacement cost of its buildings at the balance date using unit prices that required significant judgements for: • identifying the components of buildings with separately identifiable replacement costs; and • developing a unit rate for each of these components, including: o estimating the current cost for a modern substitute (including locality factors and oncosts); and o identifying whether the existing building contains obsolescence or less utility compared to the modern substitute, and if so, estimating the adjustment to the unit rate required to reflect this difference. Using indexation required: • significant judgement in determining changes in cost and design factors for each asset type since the previous comprehensive valuation; and • reviewing previous assumptions and judgements used in the last comprehensive valuation to ensure ongoing validity of assumptions and judgements used. The measurement of accumulated depreciation involved significant judgements for forecasting the remaining useful lives of building components.	My procedures included, but not limited to: • assessing the adequacy of management's review of the valuation process and results • reviewing the scope and instructions provided to the valuer • assessing the appropriateness of the valuation methodology and the underlying assumptions with reference to common industry practices • assessing the appropriateness of the components of buildings used for measuring gross replacement cost with reference to common industry practices • assessing the competence, capabilities and objectivity of the experts used to develop the models • evaluating the relevance and appropriateness of the indices used for changes in cost inputs by comparing to other relevant external indices • evaluating useful life estimates for reasonableness by: o reviewing management's annual assessment of useful lives; o at an aggregated level, reviewing asset management plans for consistency between renewal budgets and the gross replacement cost of assets; o ensuring that no building asset still in use has reached or exceeded its useful life; o enquiring of management about their plans for assets that are nearing the end of their useful life; and o reviewing assets with an inconsistent relationship between condition and remaining useful life. Where changes in useful lives were identified, evaluating whether the effective dates of the changes applied for depreciation expense were supported by appropriate evidence.

Queensland Audit Office
Better public services

Responsibilities of the entity for the financial report

The Administrator is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards, and for such internal control as the Administrator determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Administrator is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. This is not done for the purpose of expressing an opinion on the effectiveness of the entity's internal controls, but allows me to express an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the entity.
- Conclude on the appropriateness of the entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Administrator regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Administrator, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2021:

a) I received all the information and explanations I required.

b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the entity's transactions and account balances to enable the preparation of a true and fair financial report.

David Toma
as delegate of the Auditor-General

31 August 2021
Queensland Audit Office
Brisbane

ANNUAL REPORT 2020–2021

North West Hospital and Health Service

www.health.qld.gov.au/mt_isa