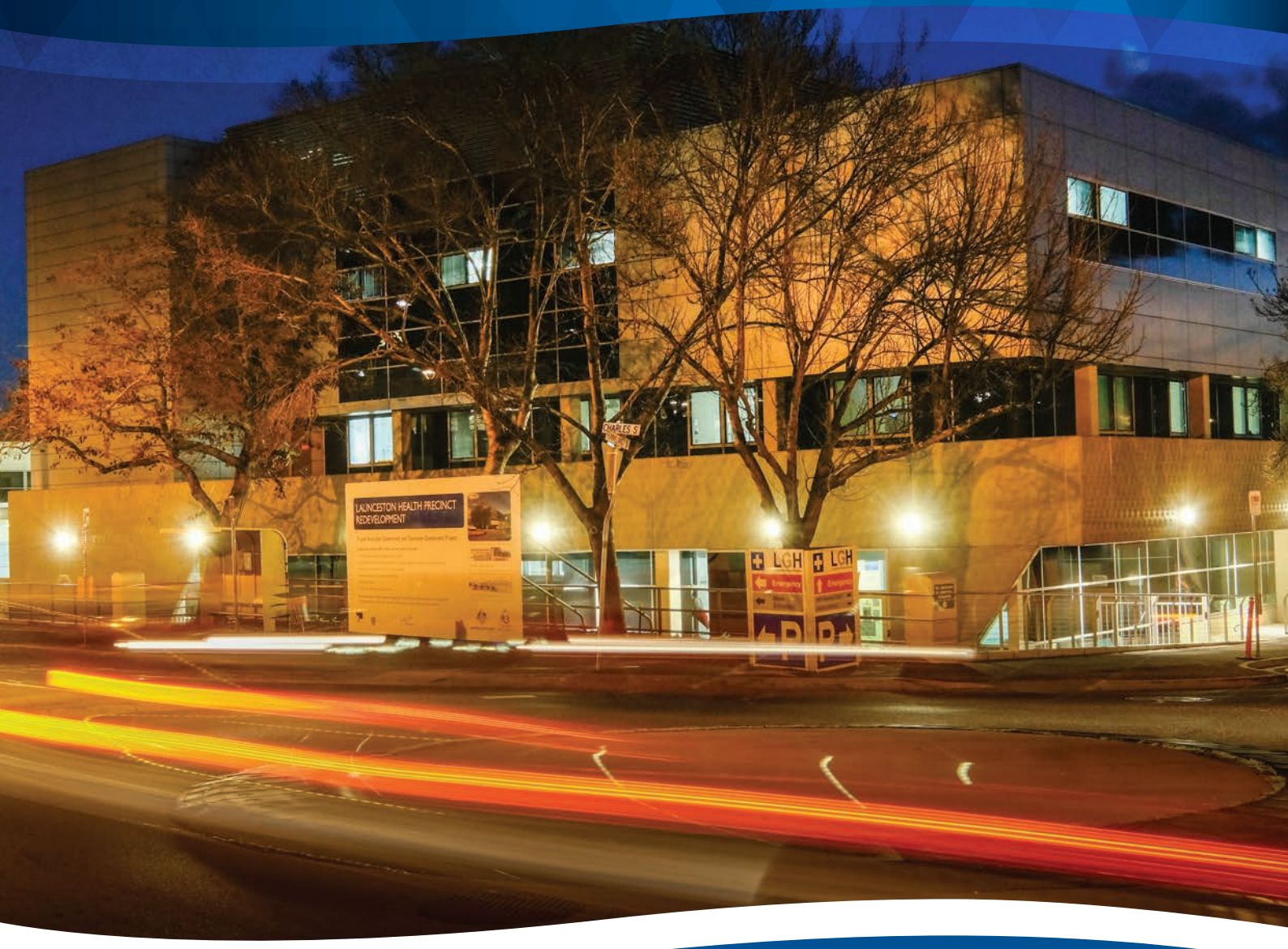
TASMANIAN HEALTH ORGANISATION – NORTH

# ANNUAL REPORT

## 2013-14




TASMANIAN HEALTH ORGANISATION NORTH

Tasmanian Government

# ABOUT THIS REPORT

The THO's are required under section 53 of the *Tasmanian Health Organisation Act 2011* to produce an annual report in respect of their operations, financial reports and other particulars as required by section 53 of the Act. This is the second annual report for THO-North.

*Pam McGee LGH ED, Nurse Practitioner.*

*Front cover: The Charles Street corner of the Launceston General Hospital at night.*

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**88 478**
Community health occasions of service including community nursing, home help, personal care and home maintenance.

We deliver health services to approximately **142 000** Tasmanians.

We have a life expectancy (from birth) of **78.7** male, **82.6** female compared with **79.9** male, **86.6** female years across Australia.

**21.5%**
of our population identify themselves as drinking alcohol at potentially harmful levels compared with **20.4%** across Tasmania.

**1 506**
Aged Care assessments from **1 800** referrals.

**343**
Acute hospital beds.

**76**
Aged Care beds.

Spending **$381.9m** in 2013-14.

**12 599**
Operations including **9 544** elective surgery procedures.

Receiving feedback through **186** compliments **287** complaints (LGH only).

**11.9%**
of our population identify themselves as daily smokers compared with **11.9%** across Tasmania.

We represent **28%** of Tasmania's population.

We delivered **43 466** Hospital separations (**6.6%** more than last year).

Employing **3 123** people (2 412 Full-time equivalent staff) **44%** nurses, **9%** medical practitioners and **9.5%** allied health providers.

**39 482.4**
Weighted hospital separations. (**10.1%** more than last year).

**16.8%**
of us are aged **65** years and over compared with **16%** across Tasmania and **14%** across Australia.

**320 958**
Outpatient attendances.

Supported by **400** volunteers.

**2 745**
Admissions to rural hospitals.

Our average age is **41** years compared with **40** across Tasmania and **37** across Australia.

**44 997**
Emergency Department attendances (1.0% more than last year).

Across **19** sites **1** acute hospital, **8** rural hospitals and **5** community health centres.

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# INTRODUCTION

## CHAIR'S LETTER OF TRANSMITTAL

Dear Ministers

In accordance with the requirements of the *Tasmanian Health Organisation Act 2011,* it is my pleasure to present to you on behalf of the Governing Council the second annual report of the Tasmanian Health Organisation – North for 2013-14.

The Governing Council of THO-North met 12 times in the year; the Audit and Risk Sub-Committee, chaired by Mark Scanlon, met 12 times; and the Quality, Safety and Clinical Risk Sub-Committee, chaired by Amanda Dennis, met 10 times. The Governing Council and its Chief Executive Officer also participated in three joint meetings of THO Governing Councils and one joint meeting devoted to a shared approach to management of quality of clinical services.

Prof Amanda Dennis decided not to seek a further appointment to the Governing Council on the expiry of her term in June 2014. Dr Dennis' contributions to the work of the Governing Council and her leadership of its Safety, Quality and Clinical Risk Sub-Committee have been greatly appreciated by other members of the Governing Council.

The vacancy created by Prof Dennis' resignation was filled early in the new financial year.

The three Tasmanian Health Organisations assumed responsibility for provision of state mental health services from the start of the year under review. The THO welcomes the opportunity to contribute to this extremely important area of service to the community as it adds significantly to the complexity of the THO's work.

The arrangements for monitoring and evaluating the performance of Australia's, and Tasmania's, health services were further developed in the year. The THOs have worked to achieve national targets for provision of emergency services, for management of elective surgery and other quality processes and outcomes. There were also several reports released during the year on performance of hospitals and health systems throughout Australia. Some of our performance is as good as, or better than, in other states and territories but, in general, the comparisons show that we need to do better.

The April 2014 report of the Commission on Delivery of Health Services in Tasmania reported that "The proportion of overdue patients on Tasmanian waiting lists far exceeds that of any other state, and is over 30 percentage points higher than the national average".

In the four years to 2012-13, attendances at Tasmanian emergency departments increased by an average 3.1% per annum, while the population grew at an average of 0.7% per annum. Our limited success in meeting this growth in demand is illustrated by the Commission's observation that "In 2012-13, 35.9 per cent of emergency department presentations in Tasmania had a length of stay of eight hours or greater, compared with 26.6 per cent nationally. Tasmania had the highest proportion of all states and territories, with the exception of the Northern Territory".

Tasmanian has particular challenges to deal with in providing its public health services. A relatively high proportion of its citizens lives outside large, metropolitan areas where there are more health services, and a greater concentration of both patients and the clinicians who treat them, and we have an older demographic profile with consequently more acute and chronic disease and comorbidities.

This partly explains why Tasmania lags the other states in its health care outcomes but the Governing Council believes that we can, and must, improve the performance of the THO and the whole Tasmanian health care system.

It is pleasing that THO-North has reduced its cost of producing services to below the National Efficient Price which is used by the Commonwealth Government as the basis for funding acute, inpatient care in public hospitals. This progress reflects great credit on all those who continue to work hard and creatively to improve the efficiency of services in the THO.

However, when the cost of all the state's health services are considered, they are more expensive than in other states and territories and the reasons for this need to be more thoroughly analysed. The key issues are the amount of service that we provide and the efficiency with which we provide it.

If efficiency is the issue, we have to ask whether we are allocating our resources (people, goods, services and other assets) to the kinds of services which will maximise benefits to the Tasmanian community and whether, once allocated, we are maximising the output of those resources.

Funding from the Commonwealth Government's Tasmanian Health Assistance Package has continued to flow during the year and the THOs are involved in: re-design of clinical processes; "Health Pathways" in which evidence about best clinical practice is applied in caring for patients in the general practice setting who may need hospital care; the development of a "virtual academic health sciences precinct" to help ensure that scientific evidence informs the design of clinical services; medical workforce planning; and equipping senior clinicians with management skills. Some funds have also been allocated from the Package to provision of elective surgery, mental health and palliative care services.

Late in the year, the state Integrity Commission reported on some processes and personnel in THO North-West and THO-South. The report has implications for all the THOs and the wider State Service and actions have been urgently initiated to rectify deficiencies in procedures within the THOs.

The Government of Tasmania changed during the year and the Governing Council thanks the former Minister and Treasurer for their accessibility and support. We also thank the incoming Minister and Treasurer for their constructive engagement with the THO and its staff. We are grateful also for the continuing partnership with the Department of Health and Human Services and with other state departments, Tasmania Medicare Local, University of Tasmania and other organisations with which we have worked on particular issues.

**Graeme Houghton**
Chair, Tasmanian Health Organisation – North
Governing Council

## CHIEF EXECUTIVE OFFICER'S REPORT

THO-North and its wide range of interrelated areas have worked through another difficult year.

Financially THO-North once again met budget – delivering a small surplus – however demand for services and the acuity of patients has been increasing putting pressure on the organisation and staff.

A high profile area which receives both criticism and praise is the Emergency Department (ED) at Launceston General Hospital. The ED was subject to a Level 1 performance escalation notice, from the previous Minster for Health acting on advice from the Department of Health and Human Services, in late 2013. The notice was based on THO-N's performance against the Key Performance Indicators (KPIs) "time until most admitted patients (90 per cent) departed the Emergency Department (ED)".

The escalation notice was removed in May 2014 after significant work from staff through the development and implementation of a Performance Improvement Plan. The increased demand for services continues to present challenges and emphasises the need for significant reforms to the current systems. Projects underway include clinical redesign, engagement with patients and consumers, better workforce planning to address the current and future challenges, new eHealth solutions to improve internal and external communication and a renewed focus on improving and maintaining the health of the community to avoid/delay the need for attendance at the ED.

To put the ED demand in context it serves a direct catchment area of about 80,000 across the greater Launceston and Tamar regions. One ED caters for up to 170 patients a day, 24/7 and between 25 and 30 of those patients will need admission – some for emergency surgery, other interventions or transfer intrastate or interstate. This requires considerable planning and logistical support. It also means that emergency surgery theatres and post-operative areas like the Intensive Care Unit are busy. These overriding emergencies are one of the reasons we do cancel elective procedures, although we are working hard to minimise this risk.

2013-14 saw the further maturing of the THO Governance model with this being our second Annual Report. THO-North achieved a positive financial outcome and while difficult maintained its position as a cost-effective service under the Nationally Efficient Price; the most cost efficient acute service in Tasmania by this measure.

The 2013-14 financial year also saw the organisation move into the last two years of a major capital works program. It is worthy of comment as responsibility for this area is being transferred back to DHHS management. We thank the former and current Governments and DHHS for allowing LGH/THO-North to undertake this program with the degree of independence we were afforded. The success of the program has addressed significant physical limitations on service delivery to patients in respect to access, additional capacity and quality.

At the LGH and Flinders Island Multi-purpose Centre the fact that infrastructure has been significantly rebuilt whilst maintaining services is a credit to all involved. From the cleaners who have had to deal with additional dust and activity to the patients who have experienced difficult situations without complaint, staff who have been relocated and surgeons who have juggled reductions in theatre time thank you for your patience and perseverance.

I would like to particularly acknowledge the current and former staff of the LGH Capital Works Unit who took on the unique challenge of managing one of the biggest redevelopment programs in Northern Tasmania. Their professionalism led to the work being achieved on budget producing new facilities that will position the hospital well for the foreseeable future.

The Tasmanian Integrity Commission report *"An investigation into allegations of nepotism and conflict of interest by senior health managers"* and its adverse findings as they apply to colleagues in THO-South and THO-North West has been noted by the Chair in his report. It is relevant to highlight that it does not apply to any THO-North staff; however changes to improve transparency and accountability are expected. THO-North and its predecessors, the Northern Area Health Service and LGH, have always taken a proactive role when dealing with matters of integrity and have undertaken staff training with the Commission and have in turn assisted the Commission in developing training material for the Tasmanian public service.

**John Kirwan**
Chief Executive Officer, THO-North

# GOVERNING COUNCIL

The Governing Council of THO-North has been convened and operates in accordance with Divisions 1 and 2 and Schedule 3 of the *Tasmanian Health Organisation Act 2011*.

In addition to the Governing Council, the Audit and Risk Sub-Committee has been convened and operates in accordance with Division 3 and Schedule 5 of the *Tasmanian Health Organisation Act 2011*.

## GOVERNING COUNCIL MEMBERS

### ASSOCIATE PROFESSOR AMANDA DENNIS MB BS (SYD) FRANZCOG GAICD

Amanda commenced as a Governing Council member in November 2012. Until her appointment to the Governing Council Amanda was the Co-Director of Women's and Children's Services at the Launceston General Hospital. Amanda is a Consultant Obstetrician and Gynaecologist working in both the public and private sectors in Launceston. Amanda is the Discipline Leader for Obstetrics and Gynaecology for University Tasmania and a member of the State Council of Obstetric and Paediatric Mortality and Morbidity (COPPM). Amanda is a member of the Tasmanian State Committee of the Royal Australian and New Zealand College of Obstetricians and Gynaecologists.

### PROFESSOR DENISE FASSETT RN PHD

Denise Fassett is the Dean of the Faculty of Health Science at the University of Tasmania. She is a Registered Nurse with a PhD and was Head of Nursing and Midwifery from 2006 until 2011. Denise has a background in health regulation and she was Chair of the Nursing Board of Tasmania from 2006 until July 2010. She was appointed a member of the Nursing and Midwifery Board of Australia in 2009, a position she currently still holds. She was appointed Chair of the Advisory Committee for the Wicking Dementia, Research and Education Centre, in 2009.

### MR ROSS HART LLB

Ross has undertaken extensive commercial law work with Government, Local Government and the private sector. Currently Ross is the head of the litigation team at Tasmanian legal firm Rae & Partners. Ross is a past President of the Council of the Law Society and a past member of both the Council of the Law Council of Australia and the Council of the Law Society of Tasmania. Ross was a founding member of the Northern Business Forum and a Director of the Northern Tasmanian Regional Development Board until 2005.

### MR MARK SCANLON B.BUS MBA FCPA FAICD

Mark has over 30 years experience in the finance sector having held directorships and senior executive positions in banks, funds management companies, building societies, friendly societies and finance companies. Mark is also Chairman of the Credit Ombudsman Service Limited. Mark is also the Chair of the Audit and Risk Sub-Committee for the THO-North Governing Council, Independent Chairman of the Launceston City Council Audit Committee and Fellow of the Institute of Company Directors.

*Left to right:*
*Ross Hart, Prof Amanda Dennis, Graeme Houghton, Prof Denise Fassett and Mark Scanlon.*

## MR GRAEME HOUGHTON BSC MHA FCHSM CHM GAICD

Graeme holds BSc and Master of Health Administration and is a Fellow of the Australasian College of Health Service Management. Graeme has held appointments as Chief Executive Officer of Fairfield Hospital, Austin Hospital, Repatriation General Hospital (Daw Park) and The Royal Victorian Eye and Ear Hospital. Graeme also has experience in the private hospital sector and as a Hospital Standards and Accreditation Adviser to the National Department of Health in Papua New Guinea.

Graeme is Chair of the three Tasmanian Health Organisations. He is an accreditation surveyor for the Australian Council on Healthcare Standards, Adjunct Associate Professor in the School of Public Health at La Trobe University, a member of the Boards of Management of Mayfield Education Centre, Guide Dogs Victoria and a Graduate of the Australian Institute of Company Directors.

# ATTENDANCE REPORT

## THO-NORTH GOVERNING COUNCIL MEETING

| Governing Council Member | Jul 2013 | Aug 2013 | Sep 2013 | Oct 2013 | Nov 2013 | Dec 2013 | Jan 2014 | Feb 2014 | Mar 2014 | Apr 2014 | May 2014 | Jun 2014 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Graeme Houghton (Chair) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Apology | ✓ |
| Mark Scanlon | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Leave of absence | ✓ | ✓ | ✓ |
| Ross Hart | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Prof Denise Fassett | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Prof Amanda Dennis | ✓ | Apology | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Leave of absence | ✓ | Not a current member |

## AUDIT AND RISK SUB-COMMITTEE MEETING

| Governing Council Member | Jul 2013 | Aug 2013 | Sep 2013 | Oct 2013 | Nov 2013 | Dec 2013 | Jan 2014 | Feb 2014 | Mar 2014 | Apr 2014 | May 2014 | Jun 2014 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Mark Scanlon | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Graeme Houghton | ✓ | Apology | Apology | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Apology | Apology |
| Ross Hart | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

## QUALITY, SAFETY AND CLINICAL RISK SUB-COMMITTEE MEETING

| Governing Council Member | Jul 2013 | Aug 2013 | Sep 2013 | Oct 2013 | Nov 2013 | Dec 2013 | Jan 2014 | Feb 2014 | Mar 2014 | Apr 2014 | May 2014 | Jun 2014 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Prof Amanda Dennis | N/A | ✓ | ✓ | ✓ | cancelled | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Not a current member |
| Prof Denise Fassett | N/A | ✓ | ✓ | ✓ | cancelled | Leave of absence | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Graeme Houghton | N/A | ✓ | ✓ | ✓ | cancelled | ✓ | ✓ | ✓ | ✓ | ✓ | Apology | ✓ |

## MEMBER AND EXECUTIVE REMUNERATION REPORT

| Band | Number of Committee Members | Aggregate Directors' Fees | Committee Fees | Superannuation | Other | Total |
|---|---|---|---|---|---|---|
| > $50 000 | 1 | 50 693 | 0 | 4 689 | 0 | 55 382 |
| ≤ $50 000 | 4 | 86 178 | 14 944 | 9 354 | 382 | 110 858 |

## SAFETY AND QUALITY SUB-COMMITTEE

The THO-North Quality Safety and Clinical Risk (QS&CR) Sub-Committee commenced as a new Committee of the Governing Council in August 2013, with a membership of: Associate Professor Amanda Dennis (Chairperson), Professor Denise Fassett and Mr Graeme Houghton (ex-officio).

The QS&CR Sub-Committee meets monthly, with the CEO THO-North, Director Clinical Services and Nursing Director Quality & Safety in attendance. The Sub-Committee regularly invites Clinical Department leads to present on the THO-North quality, safety and clinical risk systems; new initiatives and; projects from their departments.

During 2013-14 the committee established regular quality and safety reports on serious clinical safety events, high level complaints, medico-legal, Coronial and Ministerial feedback, infection control audits, significant clinical risks and safety alerts.

It endorsed the Quality and Safety Strategy for THO-North and commissioned a number of activities; including a review of Morbidity and Mortality Committees. The committee is working with the other THO Quality & Safety Committees to establish a standard suite of clinical indicators.

**Prof Amanda Dennis**
Chair

## AUDIT AND RISK SUB-COMMITTEE

The THO-North Audit and Risk Sub-Committee (A&RS) was established by the Governing Council in 2012 pursuant to Section 26 of the *Tasmanian Health Organisation Act 2011*. The A&RS undertakes a key role in assisting the Governing Council discharge its responsibilities for corporate governance and overseeing the organisation's financial reporting processes and financial reports, risk management systems and internal control structures (financial and non-financial), internal audit activities, external audit and compliance with laws, regulations and policies (including the code of conduct).

Meetings of the A&RS are held throughout the year with appropriate advice and recommendations being made to the Governing Council on matters relevant to A&RS Charter to facilitate decision making by the Governing Council.

During the period under review (or the 2013-14 financial year) the A&RS met with the external and internal auditors to consider audit reports and progress on addressing audit findings and recommendations, audit plans and project scopes. In addition, the A&RS received briefings from THO-North senior management to ensure the A&RS has a broad understanding of the organisations structure, business and risk management frameworks and practices. Furthermore, the A&RS conducted a number of field studies aimed at assessing the effectiveness of internal controls and operational risk management processes.

**Mark Scanlon**
Chair

# PART 1 – OVERVIEW

## OUR ORGANISATION

In August 2011, the Prime Minister announced that in partnership with states and territories, a National Health Reform Agreement had been reached. Under the agreement, all governments agreed to major reforms to the organisation, funding and delivery of health and aged care.

The National Health Reform Agreement (2011) required the establishment of Local Hospital Networks, known in this State as Tasmanian Health Organisations (THOs). Tasmanian legislation was implemented on 1 July 2012 to establish three THOs under the Tasmanian Health Organisations Act (2011).

Under the new arrangements THOs are required to enter into a Service Agreement with the Minister for Health to deliver a specified number of services at a nationally efficient price.

The National Health Reform Agreement sets out the roles of the states and territories as health system managers:

- establishing legislation and governance arrangements of public hospital services;
- system-wide public hospital service planning, purchasing and performance;
- planning, funding and delivering capital;
- planning, funding (with the Commonwealth) and delivering teaching, training and research; and
- statewide public hospital industrial relations, including negotiation of enterprise bargaining agreements, and remuneration and employment terms and conditions.

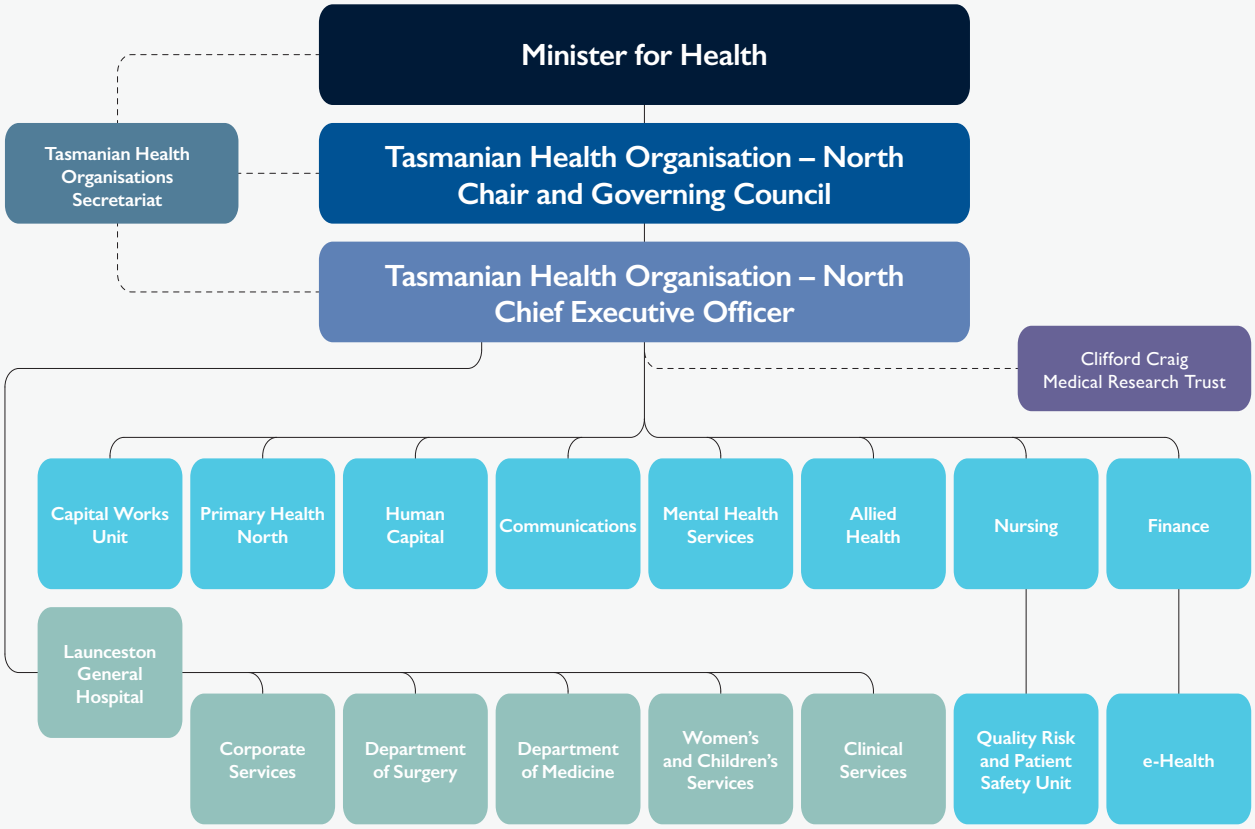
In Tasmania, the *Tasmanian Health Organisations Act 2011* (the Act) has put this system manager role into effect by:

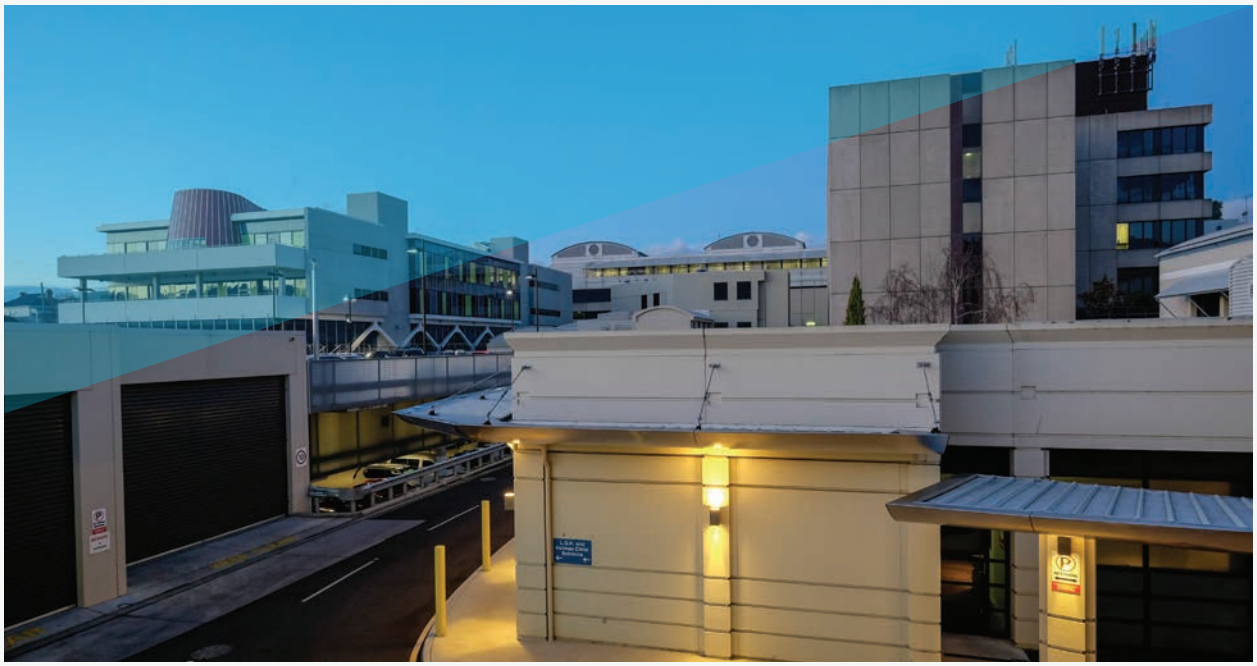
- specifying the functions and powers of the THOs and the limitations on these powers;
- the functions and powers of the responsible Ministers under the Act;
- the ministerial guidance and direction provided under the Act;
- the reporting requirements under the Act; and
- the performance management requirements under the Act.

As the Departments for the respective Ministers, Treasury and the Department of Health and Human Services perform the roles and functions of the responsible Ministers under the Act.

Treasury's role covers high-level powers and functions, the Ministerial Charter as well as financial management and reporting.

# ORGANISATIONAL CHART



## EXECUTIVE GROUP

- **John Kirwan** *(CEO THO-N)*
- **Sonia Purse** *(Director of Finance)*
- **Rebecca Howe** *(Director of Human Capital)*
- **Dr Peter Renshaw** *(Director of Clinical Services)*
- **Helen Bryan** *(Executive Director of Nursing)*
- **Cindy Hollings** *(Director of Allied Health)*
- **Grant Smith** *(Director of Capital Works)*
- **Cameron Matthews** *(Director of Corporate & Support Services)*
- **Rod Meldrum** *(Manager Organisational, Development & Planning)*
- **Phil Morris** *(Primary Health North Area Manager)*
- **Susan Crave** *(Mental Health North Area Manager)*
- **Andrew Adam** *(Nursing Director – Mental Health North)*
- **Dr Ben Elijah** *(Clinical Director – Mental Health North)*
- **Dr Alasdair MacDonald** *(Director of Medicine)*
- **Lee Wallace** *(Nursing Director – Rehabilitation/Sub-Acute Care Services)*
- **Lorinda Upton-Greer** *(Nursing Director – Acute Care Services)*
- **Robyn Liddington** *(Nursing Director – Medicine Ambulatory Care)*
- **Mr Brian Kirkby** *(Director of Surgery)*
- **Cassandra Sampson** *(Nursing Director – Surgery)*
- **Dr Chris Bailey** *(Co-Director Women's and Children's Services)*
- **Janette Tonks** *(Nursing Director – Women's and Children's Services)*
- **Jo Lawton** *(Nursing Director – Quality Risk and Patient Safety Unit)*
- **Lou Partridge** *(Communications Officer)*
- **David Seaton** *(Senior Medical Scientist – Pathology)*
- **Garth Faulkner** *(Chief Radiographer – Radiology)*
- **Justine Ayre** *(Pharmacy Site Manager – North)*
- **Shawn Lee** *(Manager – Northern Integrated Care Services)*
- **Dan Beams** *(Director of e-Health)*
- **Dr Roscoe Taylor** *(Director Population Health)*
- **Peter Milne** *(CEO – Clifford Craig Medical Research Trust)*

## OUR SERVICES

The THO-North has responsibility for providing a wide range of health services. These services are provided in a range of inpatient, outpatient, community health, residential aged care and in-home settings. Services are provided to a core population of approximately 140 000 with a number of services available to a greater population of 250 000 people.

Health services delivered include health promotion activities, disease prevention strategies, primary health care, palliative care, mental health services, rehabilitation, sub-acute and acute care. The services provided are flexible enough to target specific needs at the different stages of a patient's health journey, in order to provide an integrated, holistic and patient-centred approach to health care delivery.

Main facilities include the Launceston General Hospital and 12 rural health service sites (i.e. district hospitals, community health centres, multi-purpose centres / services). The rural health service sites include eight 24/7 facilities.

The Launceston General Hospital is Tasmania's second largest hospital and the major referral centre for Northern Tasmania. The Hospital provides acute care, outpatient, community, aged care and sub-acute services. It provides emergency care, intensive care, maternity services and specialty medical and surgical services including the W.P. Holman Clinic which provides modern specialist integrated cancer services with an emphasis on radiation therapy, chemotherapy and clinical haematology.

Services provided at a community level include community allied health, community nursing (including specialised nursing), home care, palliative care, dementia services, specialised case management services, aids and appliances and health promotion programs. These services are provided from community health centres and rural facilities.

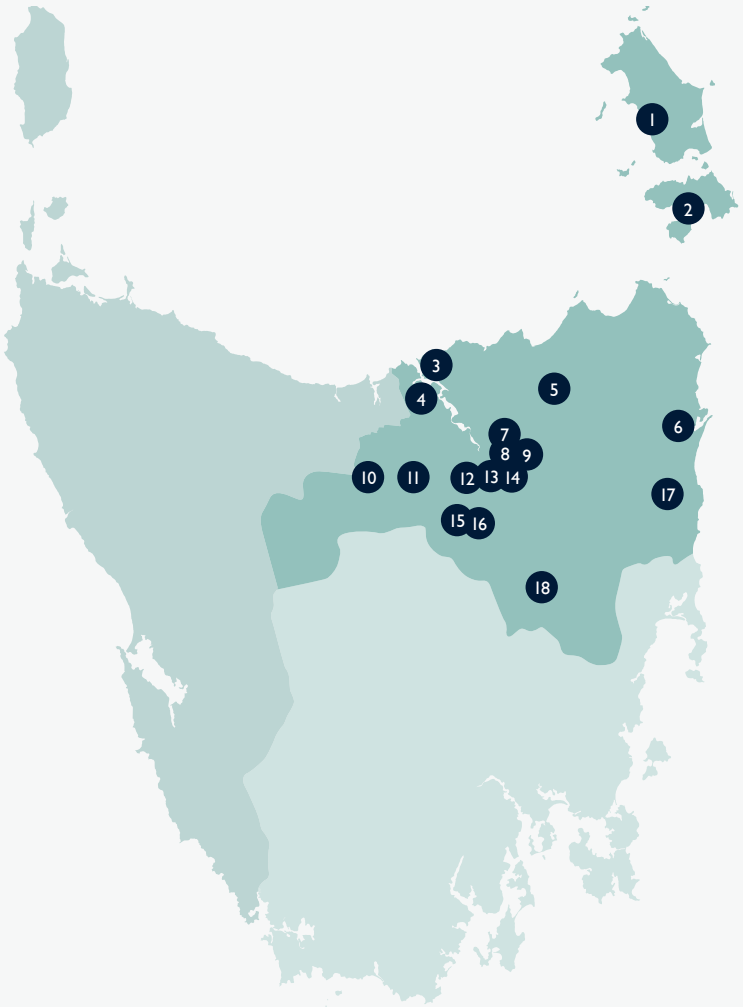
Sub-acute inpatient care is provided in rural hospitals (including multi-purpose services and multi-purpose centres). The rural hospitals also provide some emergency care as well as a wide range of community health services. Some rural facilities also provide residential aged care.

The Launceston General Hospital is an accredited teaching hospital for undergraduate and post graduate general and specialist medical training in the areas of surgery, medicine and women's and children's. The Hospital also participates with the teaching of undergraduate and post graduate nursing students and also the teaching of allied health occupations.

The Launceston General Hospital and Primary Health services are working on joint activities to maintain and improve the safety and quality of services. There are also a range of other resource sharing arrangements across service units.

Services provided by Mental Health Services North include the provision of inpatient, hospital based, and community based services including child and adolescent, older persons and adult community. These services are provided in partnership with community sector organisations.


## OUR LOCATIONS




1. Flinders Island MPC
2. Cape Barren Island Nursing Centre
3. George Town DH
4. Beaconsfield MPS
5. North East Soldiers Memorial Hospital (Scottsdale)
6. St Helens DH
7. John L Grove Rehabilitation Unit
8. Mayne Street Day Centre
9. Ravenswood CHC
10. Deloraine DH
11. Westbury CHC
12. Public Palliative Care Beds at Calvary
13. Northern Integrated Care Service
14. Kings Meadows CHC
15. Toosey Inc. (Longford)
16. Longford CHC
17. St Marys CHC
18. Campbell Town MPS

# VISION, MISSION AND VALUES

## OUR VISION

We will continually strive to provide efficient, effective and safe healthcare to meet the health needs of consumers, the community and key health industry stakeholders.


## OUR MISSION AND PURPOSE

The mission of the Tasmanian Health Organisation – North is to work collaboratively to protect, maintain and promote the health and wellbeing of people living in Northern Tasmania We will do this by:

- Delivering high quality acute, sub-acute, aged care and community health services;
- Actively engaging and involving our consumers and community in the delivery of health care;
- Continually working with our patients and clients in health promoting ways.

## OUR VALUES

Organisational values define the required standards which govern the behaviour of individuals within the organisation. Without such values, individuals will pursue behaviours that are in line with their own individual value systems, which may lead to behaviours that we don't wish to encourage.

As an organisation we place a high value on:

- Excellence and innovation
- Evidence informed approaches
- Continual improvement
- Learning, teaching, training and professional development
- Mutual respect and open communication
- Collaboration and team work

## OBJECTIVES

Our objectives are aligned with the four outcome areas and are:

**To ensure that our patients receive safe and high quality services**

- Continually review and improve corporate and clinical governance;
- Effectively manage risks through the implementation of an area wide risk management framework and refinement of our business continuity plans;
- Implement national patient safety and quality initiatives through all service areas and achieve accreditation;
- Continue to roll out new models of care within available resources;
- Deliver care which is consistent with our values;
- Actively engage with our consumers and encourage feedback.

**To meet service and performance targets within available resources**

- Align our business processes with existing resources;
- Provide quality data and reports to our managers and supervisors in relation to performance and performance expectations;
- Monitor and analyse performance targets and support managers and supervisors to address under-performance;
- Roll out an organisational wide business planning and reporting process over the three year planning cycle.

**To prepare our workforce to meet future challenges**

- Make work health and safety a priority throughout our organisation;
- Equip our staff to implement national safety and quality standards;
- Provide relevant training and development opportunities for current staff, new graduates, international medical graduates and staff re-entering the workforce.

**To operate effectively and efficiently**

- Continue effective budget management strategies in a planned manner with a focus on the effective management of associated issues and risks;
- Introduce core elements of the e-Health within available resources;
- Create effective partnerships with key stakeholders and service providers.

## THE WEDDING SPEECH

Just after Christmas last year Paul North achieved what some had thought impossible – he gave a speech at his wedding.

The 45-year-old had spent months preparing for the big day with the help of the Launceston General Hospital's outpatient rehabilitation team.

And the heart-felt words he delivered on Fraser Island that balmy December evening brought the house down leaving barely a dry eye on the beach.

Paul North has a brain injury which at its worst left him unable to speak or understand the concepts of money and time, and fearful of crowds.

Whilst preparing to move from Collinsville in Queensland to Tasmania his much treasured Harley Davidson fell from a truck striking him on the head. What followed was a long road to recovery – emergency surgery, numerous hospitals stays and ongoing gruelling rounds of rehabilitation.

Prior to moving South his then fiancé, Diann Harris, had done some research and Paul was able to come under the guidance of the rehabilitation team.

An occupational therapist, physio, psychologist, social worker, dietician and speech pathologist became Paul's support crew. Sworn to secrecy they set out helping Paul achieve his goal of delivering that all important wedding speech.

Over time his handwriting improved, speaking became less of a battle, his anxiety decreased and Paul could tell the time and understand money.

During session after session, Paul with speech pathologist Jacqui Bonney as his guide, rehearsed his speech – first breaking it down into small sections until eventually he could speak with newfound confidence.

"It's remarkable to think where I have come from," Paul said of his recovery.

"At times it has felt slow but then I look back at how far I have come and feel pleased with the progress."

"To stand up and say what I wanted to say (at the wedding) was a big thing."

With the wedding speech achieved, Paul continues to set more goals. And he's not ruling out getting back on his bike.


*Social worker Kylee Bannon, occupational therapist Ana Vandenberg, client Paul North and speech pathologist Jacqui Bonney (picture courtesy The Examiner newspaper).*

*Note: Outpatient Rehabilitation (OPR) is a multidisciplinary outpatient rehabilitation team which provides services to THO-North clients. The OPR was established to strengthen rehabilitation and sub-acute services. It has been operating since July 2011 and currently sees 42 clients from across the North. Paul's recovery will continue into the future. His goals are currently focused on working towards confidently managing without the assistance of the Outpatient Rehabilitation Team.*

## OUR COMMUNITY AND VOLUNTEERS

On any given week across the THO-North there is an amazing group of people freely giving their time to help.

Sixteen auxiliaries with close to 300 members support the activities of the Launceston General Hospital (LGH), allied services and the primary health sites.

Together they raise thousands of dollars to improve the amenities and facilities for the comfort of patients.

The Central Auxiliary of the LGH is now in its 81st year of operation. Close to 100 members work tirelessly seven-days-a-week to keep the hospital kiosk open for patients, staff and visitors.

One of the auxiliary's biggest donations this year was more than $140 000 towards the redevelopment of the LGH Specialist Clinics with work planned to start in November.

But the auxiliaries bring more than a financial benefit to the THO-North, together they contribute to the fabric of the organisation and the wider northern Tasmanian community.

*Student volunteers Jakob Berne – Brooks High School and Lisa Hearps from City Campus.*

*Mrs Margaret Moore has devoted four decades to the Central Auxiliary of the LGH.*

One member Margaret Moore AM has had a long association with the auxiliary following in the footsteps of her mother. Over four decades Margaret has served on the auxiliary executive in varying roles including many years as president. The family tradition continues with Margaret's granddaughter now joining her on the kiosk roster.

Also lending a hand are hospital volunteers who work across administration, wards and clinics in a variety of roles. The 62-member strong team contributes around 360 hours-a-week.

The THO-North also acknowledges the many individuals, families and community groups who made financial contributions via donations to the hospitals and healthcare facilities across the region.

## ART IN HEALTH

It's been claimed the Launceston General Hospital has one of the biggest art collections outside the major Tasmanian institutions.

And two hospital volunteers can attest to that. They've been painstakingly documenting and recording the pieces which adorn the walls, corridors and spaces across five levels. On one floor alone they recorded close to 300 works.

While the cataloguing is expected to take many months the end result will be a booklet for use during tours of the hospital's galleries.

Since 1981 the LGH has acquired a steady stream of artworks.

The first purchases were secured through the Art for Public Building Scheme, now the Art Site Scheme, which celebrates its 35th anniversary in 2014. The scheme was the first of its kind in Australia and an early commission was the Huon pine furniture for St Paul's Chapel.

The role of art in health is a theme picked up by the reinstated hospital visual arts committee. After several years in abeyance the committee has resumed its aim of maintaining and preserving the collection.

"It remains our goal to use works of art to help improve the wellbeing of patients, staff and visitors (to the hospital) alike," arts chairman Paul Richards said.

"Like architecture the interior design and the art we have around us can significantly influence the way we feel.

"While art is not central to the function of healthcare there are many benefits which art can bring to a hospital environment."

The work of Tasmanian artist Mandy Hunniford is one piece which is drawing interest in the LGH's main thoroughfare. Her striking Tree of Life won the inaugural hospital art prize in 2014.

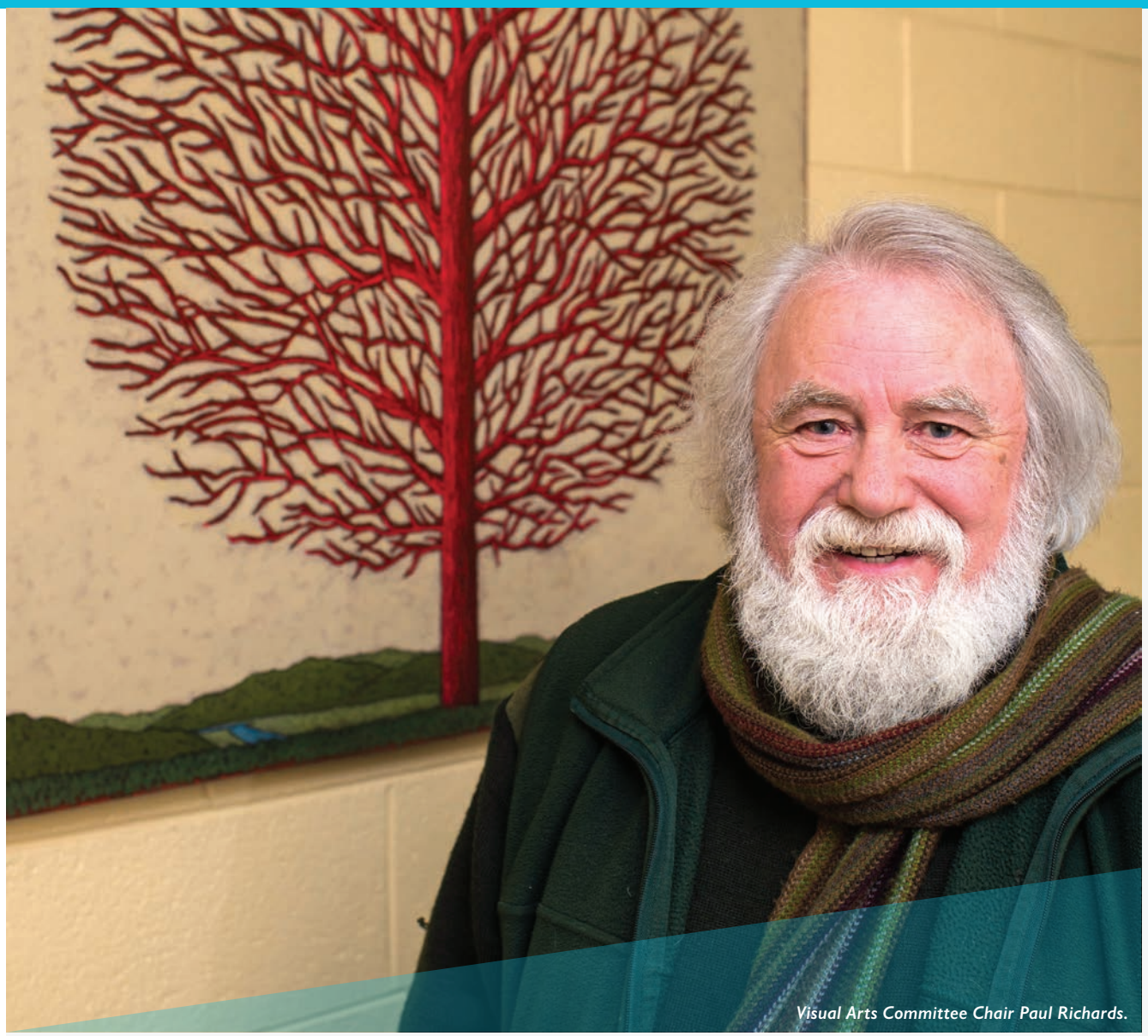
*Rusty – a new addition to the front entrance of the Launceston General Hospital.*

Ms Hunniford's work was chosen from more than 60 entries in the $5000 award funded and organised by the visual arts committee.

Mr Richards said: "The theme was art in health, an exploration of environmental, human and spiritual aspects in the healing process."

Judge Melissa Smith was impressed with the high standard of entries for the competition which will be held every two years.

Three new areas of focus for the arts in the LGH precinct are the Welcome Wall and jewellery and craft spaces in the ARTrium (Northern Integrated Care Service building) and the Level 3 Sculptural Gallery in the main building.



*Visual Arts Committee Chair Paul Richards.*

Through a volunteer from the Migrant Resource Centre's Humanitarian Settlement Service (HSS volunteer program) the visual arts committee learnt of the artistic talents of newly arrived and settled refugees from Bhutan, the Democratic Republic of Congo, Burma, Iran, Afghanistan, Eritrea, Ethiopia, Sudan, Sierra Leone and other countries.

The Welcome Wall now hosts art work from refugee communities across the State and jewellers and crafts people are taking advantage of an innovative area to display their wares with the purchase of secure glass cabinets.

But it's a handsome barbed-wire mare which is attracting most of the attention. A donation from the LGH Historical and Visual Arts Committees, "Rusty" as she has been aptly christened, is the eye-catching main feature of the Sculptural Gallery. Scrupulously modelled on an Australian Brumby, the life-sized figure was bought with funds raised from the sale of the hospital's sesquicentenary book.

Cygnet artist Nick Adams is delighted his work has a permanent public home under hospital care rather than being put out to pasture in a private collection and the LGH community (especially its youngest members) is enchanted with its new equine mascot.

The THO-North, its Governing Council, Executive, staff and patients gratefully acknowledge the time, effort and financial support provided to the entire THO-North by our Volunteers, Auxiliaries and financial donors during 2013-14.

The value of the respective contributions go far beyond the financial benefits to the Organisation and contributes to the community fabric and level of community engagement with THO-North which goes to make the THO an integral part
of the community of the North.

The auxiliaries contributing to THO-North are;

- Beaconsfield Branch – District Health Service
- Beaconsfield District Health Auxiliary
- Beauty Point Auxiliary
- Central Auxiliary LGH
- Campbell Town/Ross Auxiliary
- 4K Children's Ward
- Deloraine Hospital Auxiliary
- Flinders Island Auxiliary
- George Town Auxiliary
- Holman Clinic/Cancer Ward Auxiliary
- Rehabilitation Auxiliary (3R LGH)
- St Marys Hospital Auxiliary
- St Helens Hospital Auxiliary
- Scottsdale Hospital Auxiliary
- Toosey Hospital Auxiliary
- Palliative Care North Auxiliary
- Northern Council of Auxiliaries

During the last financial year auxiliaries supporting THO-North purchased equipment for our hospitals and health care facilities totalling almost half a million dollars. Items purchased included physiotherapy tables, wheel chairs, monitors, recliner chairs, specialist mattresses, heaters, blanket warmers and ICU educational tools.

## REMEMBERING TWO HEALTH CHAMPIONS

### PROFESSOR DAVID LEES, SURGEON AND TEACHER

David was an inspirational, dedicated surgeon and teacher who was devoted to his patients, junior medical staff and students. He 'gave his all' to the Launceston General Hospital especially to teaching the clinical skills necessary to be a good doctor. He had an outstanding work ethic and insisted on maintaining high standards of behaviour in the operating theatre. David was an old fashioned, unassuming and very intelligent person. He was humble, hardworking and a quiet achiever. David was born in 1932 and schooled in Scotland, and graduated MBBCh in 1959. He was a resident and registrar at the Edinburgh Infirmary until 1969. He worked with the famous Neurosurgeon Professor Norman Dott and obtained the FRACS Edi. in 1966. David had aspirations to become a neurosurgeon but became disenchanted with the English Health System and accepted the position as general surgeon at the Scottsdale Hospital in Tasmania in1969. Three years later he was appointed to the LGH as a general surgeon and coordinator of the Tasmanian Medical School's student program in the north of the state.

David was the deputy director of surgery at the LGH from 1972 until 2002 and took responsibility for upgrading standards in all areas of the surgical department. It was during this time he was awarded the FRACS by the Australian College of Surgeons. In addition to his responsibilities as a surgeon David also found time to undertake the role of educator for the St. John's Ambulance service where he organised a reputable teaching and examination program.

In 1993 David stopped general surgery and concentrated on plastic and reconstructive surgery, especially in hand surgery. During his time in Launceston, until his retirement in 2002, he operated on more than 15,000 patients.

Extract from eulogy prepared by Professor Berni Einoder.

### BERENICE GWENDOLINE PARKER, FORMER MATRON AND DIRECTOR OF NURSING AT THE LAUNCESTON GENERAL HOSPITAL

Berenice Parker arrived at the Launceston General Hospital following a challenging period for the hospital. Her leadership style allowed her to 'walk that fine line' between upholding traditions close the hearts of those around her whilst encouraging registered nurses and student nurses to develop in a way which on reflection was quite 'trail blazing' at the time.

Born in Sheffield, Tasmania Berenice was a nursing graduate of the Latrobe Hospital and undertook her Midwifery training at the Queen Victoria Hospital Adelaide. She gained her Diploma in Nursing Administration at the College of Nursing Australia in 1970.

Berenice was a Fellow of the Royal College of Nursing Australia and a past President of the College 1978 -1979; she was the first nurse and woman to chair the College of Nursing Council.

Prior to taking up her appointment at the LGH in March 1972, Berenice spent 12 years in Papua New Guinea, then a UN Trust Territory of Australia. Berenice guided the nursing profession through significant change in practice with her vision to involve staff at all levels to advance nursing practice into the 21st century.

Berenice was an active campaigner for nurses to be prepared for registration at a tertiary level and the recognition of nursing as a profession; she actively participated to establish the first nursing diploma course in February 1981 at the Tasmanian State Institute of Technology, with degree status being granted in 1995. She continued to facilitate strong links between academia and practice through collaboration with the School of Nursing and Midwifery at the University of Tasmania until her retirement in 1997.

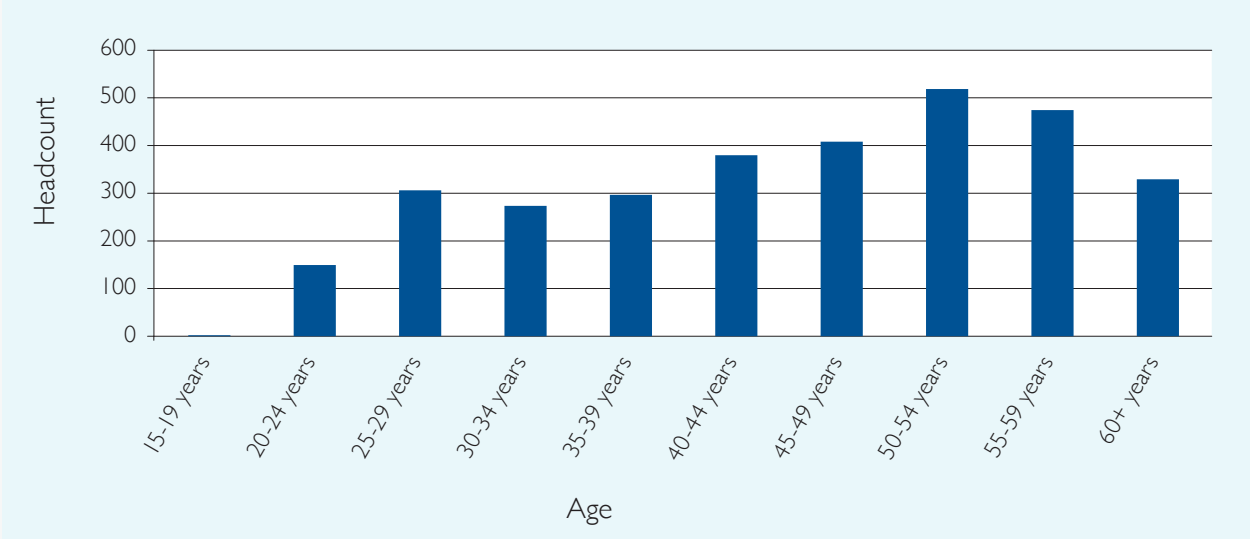
Extract from eulogy prepared by Deanna Ellis – LGH Ex-trainees Association.

## OUR WORKFORCE

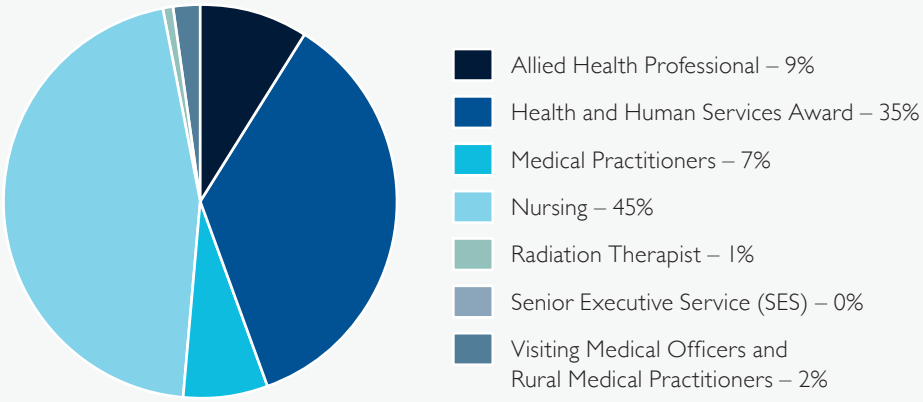
The THO-North Human Resources Management Committee has completed a Strategic Workforce Plan in order to continue to provide high quality safe services, THO-North must continue to attract and retain a workforce that can meet our current and future service delivery needs. Initiatives of the Committee for the 2013-14 year have included reviewing the policy and procedure framework for human resources to make it more easily accessible and user friendly for managers. Through this work other initiatives were identified such at the induction program review and mandatory training, including the associated reporting system.

The Health and Wellbeing Sub-Committee, of the THO-North Health and Safety and Wellbeing Committee, was formed to focus on health and wellbeing initiatives to support the staff of THO-North. The initiatives of the Sub-Committee include continued work in the Launceston General Hospital cafeteria with the provision of healthier meal choices and promotion of an active lifestyle through physical challenges and competitions between departments.

### AGE DEMOGRAPHIC OF EMPLOYEES AS AT 30 JUNE 2014




## STAFF COMPOSITION BY AWARD



## AWARDS AND AGREEMENTS

The awards and agreements that are established to cover the range of disciplines within the Agency are as follows:

### Allied Health Professionals

- Allied Health Professionals (Tasmanian Public Sector) Industrial Agreement 2010

### Ambulance Service Officers

- Ambulance Tasmania Agreement 2010
- Tasmanian Ambulance Service Agreement 2007
- Tasmanian Ambulance Service Award 2009
- Tasmanian Ambulance Service – Patient Extrication (Preservation of Entitlements) Agreement 2006

### Medical Practitioners

- Medical Practitioners (Public Sector) Award 2007
- Rural Medical Practitioners (Public Sector) Agreement 2009
- Salaried Medical Practitioners (Australian Medical Association Tasmania/DHHS) Agreement 2009

### Nurses

- Caseload Midwifery Industrial Agreement 2012
- Midwifery Group Practice at Mersey Community Hospital Agreement
- Nurses and Midwives Heads of Agreement 2010
- Nurses (Tasmanian Public Sector) Award 2005
- Nurses (Tasmanian Public Sector) Enterprise Agreement 2007
- Nurses (Tasmanian Public Sector) Enterprise Agreement – Variation 2008

### Radiation Therapists

- Radiation Therapists (Public Sector) Industrial Agreement 2009
- Radiation Therapists State Service Unions Agreement 2012

### Visiting Medical Practitioners

- Department of Health and Human Services Tasmanian Visiting Medical Practitioners (Public Sector) Agreement 2009

### Other Awards and Agreements Not Covered Above

- Department of Health and Human Services – Child and Family Services Support Workers' Agreement 2003
- Department of Health and Human Services – Northside Clinic Attendant Shift Arrangements Agreement 2010
- Department of Health and Human Services – Public and Environmental Health Service Staff On Call and Call Back Agreement 2000
- Department of Health and Human Services – Rostered Carers Agreement 2008
- Department of Health and Human Services – Roy Fagan Centre Shift Work Arrangement Agreement 2003
- Department of Health and Human Services Support Workers Agreement 2009
- Department of Health and Human Services – Wilfred Lopes Centre – Care Assistant Shift Arrangements 2006
- Health and Human Services (Tasmanian State Service) Award
- Miscellaneous Workers (Public Sector) Award
- Senior Executive Service
- Tasmanian State Service Award

## OUR PERFORMANCE

On 24 November 2011, the *Tasmanian Health Organisations Act 2011* was passed by Parliament, providing the mechanism to establish THOs in Tasmania. Sections 44 and 45 of the Act set out the provisions for Service Agreements, the key mechanism of accountability between the Minister for Health and THOs. Service Agreements facilitate financial viability and access to services and set safety and quality standards for services.

The Service Agreements include a schedule of contracted volumes of services to be provided by the THO-North and associated activity-based funding, a list of services for which block funding is provided, service quality standards, targets and measures and requirements for the THO-North to report on its performance. The THO-North is responsible for determining how it will deliver the requirements of the Service Agreement within the funding limit.

The Service Agreement is the key accountability agreement between the Minister for Health and the THO-North. It addresses the requirements of the Act in relation to the establishment of Service Agreements between the Minister for Health and the THO-North. The content and process for its preparation and agreement is consistent with the requirements outlined in sections 44 and 45 of the Act.

It consists of:

- **Part A** – provides an overview of the service profile of the THO-North.
- **Part B** – outlines the KPIs against which THO-North performance will be monitored and assessed
- **Part C** – outlines contracted service volumes and associated activity based funding and other contracted services for which block funding is provided
- **Part D** – Outlines the Minister's Direction to the THO-North regarding its relationship with the System Purchasing and Performance Group and the service manuals that have been or will be issued by the Group during 2013-14. The manuals became, or will become, operational as from their issue date, and
- **Part E** – Provides detail on the National Partnership Agreement on Improving Health Services in Tasmania as it relates to this Agreement.

The Service Agreement for 2013-14 can be accessed at http://www.dhhs.tas.gov.au/tho/service_agreements

The Performance Framework provides a clear and transparent outline of how the performance of the THO-North against the requirements of the Agreement is assessed and reported upon, and outlines how responses to performance concerns are structured in accordance with the Act. It provides a single, integrated process for performance review and management against the requirements of this Agreement with the overarching objectives of improving service delivery, patient safety and quality.

There have been routine and regular performance review meetings between THO-North and DHHS during 2013-14 to regularly monitor the progress towards the KPI's in the 2013-14 Service Agreement.

## SERVICE AGREEMENT 2013-14 PERFORMANCE SUMMARY

| Finance | | | | | Comments |
|---|---|---|---|---|---|
| **KPI 1. Variation from budget – full year actual** | | | | | |
| ▶ Target | Balanced budget | | | | |
| ▶ Final result *(as per advice from SFC to SPP on 23 July 2014)* | $189 000 budget surplus | | | | ▶ Operating Account balance of $28.6 million at 30 June<br>▶ $28.3 million approved for carry forward to 2014-15 for following purposes:<br>• Capital works $14.8 million<br>• Cross border payments $4 million<br>• Salaried Medical Practitioners back pay $1.4 million<br>• Non discretionary $1.3 million |
| **Activity** | **Quarter 1 Jul to Sep** | **Quarter 2 Oct to Dec** | **Quarter 3 Jan to Mar** | **Quarter 4 Apr to Jun** | **Comments** |
| **KPI 1. Acute admitted weighted separations** | | | | | |
| ▶ Target (cumulative) *(note: quarterly targets were not updated to reflect revised SA target of 31 660 as per the SA amendment of March 2014)* | 7 950 | 15 806 | 23 380 | 31 295 | |
| ▶ Quarterly Performance Level (cumulative) *(note: SPP data selection criteria is: admission care type 1, regular list only, ORPs included and DRG version 6.0x Round 15 cost weights. SPP data as per FYI on 27 August 2014)* | 9 089 | 17 844 | 26 620 | 35 343 | ▶ Full year target exceeded by 4 048 weighted separations (12.9%)<br>▶ Additional activity delivered within budget |
| **Safety and Quality – NWRH** | **Quarter 1 Jul to Sep** | **Quarter 2 Oct to Dec** | **Quarter 3 Jan to Mar** | **Quarter 4 Apr to Jun** | **Comments** |
| **KPI 1. Hand hygiene compliance (facility: Launceston General Hospital)** | | | | | |
| ▶ Target | 70% | 70% | 70% | 70% | |
| ▶ Quarterly Performance Level | 74.9% (June submission) | 69.6% (October submission) | 72.9% (March submission) | 71.4% (June submission) | ▶ Target achieved in 3 of 4 quarters |
| **KPI 2. Healthcare associated staphylococcus aureus (including MRSA) bacteraemia infection rate (facility: Launceston General Hospital)** | | | | | |
| ▶ Target (cases per 10 000 patient days) | 2.0 | 2.0 | 2.0 | 2.0 | |
| ▶ Quarterly Performance Level | 1.32 (April to June 2013) | 0.99 (July to September 2013) | 1.03 (October to December 2013) | 1.36 (January to March 2014) | ▶ Target achieved in all 4 quarters |

| Emergency Department | Quarter 1 Jul to Sep | Quarter 2 Oct to Dec | Quarter 3 Jan to Mar | Quarter 4 Apr to Jun | Comments |
|---|---|---|---|---|---|
| **KPI 1. Percentage of Triage 1 emergency department presentations seen within the recommended time** | | | | | |
| ▶ Target | 100% | 100% | 100% | 100% | |
| ▶ Quarterly Performance Level | 100% | 100% | 100% | 100% | ▶ Target achieved in all 4 quarters |
| **KPI 2. Percentage of Triage 2 emergency department presentations seen within the recommended time** | | | | | |
| ▶ Target | 80.0% | 80.0% | 80.0% | 80.0% | |
| ▶ Quarterly Performance Level | 85.5% | 87.9% | 82.7% | 85.5% | ▶ Target achieved in all 4 quarters |
| **KPI 3. Percentage of all emergency department presentations seen within the recommended triage time** | | | | | |
| ▶ Target | 74.3% | 76.2% | 78.1% | 80.0% | |
| ▶ Quarterly Performance Level | 60.4% | 67.0% | 70.1% | 76.1% | ▶ Target failed in all 4 quarters<br>▶ Steady improvement across year |
| **KPI 4. Percentage of emergency department did not wait presentations** | | | | | |
| ▶ Target | </= 5% | </= 5% | </= 5% | </= 5% | |
| ▶ Quarterly Performance Level | 4.0% | 3.6% | 3.4% | 2.0% | ▶ Target achieved in all 4 quarters |
| **KPI 5. Time until most admitted patients (90%) departed emergency department** | | | | | |
| ▶ Target | 31hrs/19 min | 30hrs/31 min | 29hrs/43 min | 28hrs/55min | |
| ▶ Quarterly Performance Level | 42hrs/55min | 37hr/58min | 29hrs/32min | 31hrs/23min | ▶ Target achieved in 1 of 3 quarters<br>▶ Level 1 Performance Escalation was in place but de-escalated following 3rd quarter result<br>▶ Since de-escalation, performance has deteriorated and will be re-assessed at first 2014-15 quarterly performance review meeting |
| **KPI 6. Incidence of ambulance offload delay** | | | | | |
| ▶ Target | <10% | <10% | <10% | <10% | |
| ▶ Quarterly Performance Level | 8.5% | 7.3% | 8.1% | 7.7% | ▶ Target achieved in all 4 quarters |
| **KPI 7. Total time spent by ambulance presentations in offload delay (compare with same period in 2012-13)** | | | | | |
| ▶ Target | 218hrs/32min | 300hrs/36min | 188hrs/14min | 125hrs/44min | |
| ▶ Quarterly Performance Level | 177hr/0min | 119hrs/24min | 141hrs/54min | 131hrs/39min | ▶ Target achieved in 3 of 4 quarters |

| KPI – Elective Surgery THO-North | Quarter 1 Jul to Sep | Quarter 2 Oct to Dec | Quarter 3 Jan to Mar | Quarter 4 Apr to Jun | Comments |
|---|---|---|---|---|---|
| **KPI 1. Elective surgery quarterly admission targets** | | | | | |
| ▶ Target (cumulative) | 1 212 | 2 215 | 3 295 | 4 424 | |
| ▶ Quarterly Performance Level (cumulative) | 1 085 | 2 264 | 3 447 | 4 531 | ▶ Admissions above target but within acceptable threshold |
| **KPI 2. Percentage of category 1 patients admitted within the recommended time** | | | | | |
| ▶ Target | 81.0% | 83.0% | 84.9% | 86.9% | |
| ▶ Quarterly Performance Level | 83.2% | 81.9% | 81.1% | 68.2% | ▶ Target achieved in 1 of 4 quarters<br>▶ Performance significantly below target and deteriorated sharply in last quarter |
| **KPI 3. Number of over boundary, category 1 patients on the waiting list** | | | | | |
| ▶ Target | 37 | 37 | 36 | 35 | |
| ▶ Quarterly Performance Level | 18 | 14 | 40 | 32 | ▶ Target achieved in 3 of 4 quarters |
| **KPI 4. Number of over boundary, category 2 patients on the waiting list** | | | | | |
| ▶ Target | 1 465 | 1 444 | 1 422 | 1 400 | |
| ▶ Quarterly Performance Level | 1 374 | 1 452 | 1 444 | 1 517 | ▶ Target achieved in 1 of 4 quarters<br>▶ Steady decline in performance across year |
| **KPI 5. Number of over boundary, category 3 patients on the waiting list** | | | | | |
| ▶ Target | 500 | 500 | 483 | 467 | |
| ▶ Quarterly Performance Level | 446 | 436 | 423 | 468 | ▶ Target achieved in all 4 quarters |
| **KPI 6. Number of patients on the waiting list waiting longer than 365 days** | | | | | |
| ▶ Target | 1 128 | 1 128 | 1 086 | 1 043 | |
| ▶ Quarterly Performance Level | 1 013 | 1 006 | 882 | 866 | ▶ Target failed in all 4 quarters |
| **NPA IHST** | | | | | |
| ▶ Target | 373 | | | | |
| ▶ Final Result *(as per advice from THO-North)* | 373 | | | | ▶ Target achieved |

*Aerial view LGH Health Precinct.*

# PART 2 – SUPPLEMENTARY INFORMATION

## CLIMATE CHANGE

### COMMITMENT TO REDUCING GREENHOUSE GAS EMISSIONS

THO-North remains committed to making a proportional contribution toward Tasmania's greenhouse gas emissions reduction goals.

### GREENHOUSE GAS EMISSIONS

Greenhouse gas emissions during the financial year 2013-14 equalled 11 301 tonnes of carbon dioxide equivalent ($tCO_{2-e}$) for the THO-North.

#### TOTAL TASMANIAN HEALTH ORGANISATION – NORTH EMISSIONS

| THO-North | Current Position 2013-14 | | Previous Position 2012-13 | |
|---|---|---|---|---|
| Activity | Volume | $tCO_{2-e}$ | Volume | $tCO_{2-e}$ |
| Electricity* | 13.52 GWh | 3 109 | 12.15 GWh | 4 112 |
| Natural Gas* | 143 764 GJ | 7 379 | 165 338 GJ | 9 209 |
| Unleaded Petrol | 167 kL | 398 | 233 kL | 598 |
| Diesel Fuel | 79 kL | 213 | 88 kL | 256 |
| Air Travel | 1.3 million km | 202 | 1.1 million km | 162 |
| **Total**** | | **11 301** | | **14 337** |

*Variations in electricity and natural gas consumption for financial year 2013-14 can be attributed mostly to the intermittent use of the cogeneration plant at the Launceston General Hospital.

**The apparent significant reduction in emissions for financial year 2013-14 as compared with the previous financial year can be mostly attributed to:

- the difference in emissions factors used by the Australian Government's discontinued Online System for Comprehensive Activity Reporting (OSCAR) for financial year 2012-13 and the revised process using the National Greenhouse Account Factors required by the Tasmanian Climate Change Office to be used for emissions reporting for financial year 2013-14
- the National Greenhouse Accounts Factors for electricity for Tasmania varying significantly from year to year to reflect changing electricity import levels over Basslink and use of the Tamar Valley gas-fired power station; and
- THO-North energy consumption was correct, but related emissions were incorrectly reported in the FY2012-13 annual report. THO-North West emissions data was inserted in the table in place of the THO-North emissions data.

### GREENHOUSE GAS EMISSIONS REDUCTION ACTIVITIES

THO-North has made some recent notable achievements in environmental management and their emissions have reduced in 2013-14 by 3 036 tonnes of $CO_2$ compared to 2012-13. This 21 per cent reduction in $CO_2$ was achieved by transferring laundry services to the private sector and reducing unleaded fuel by 66 000 litres (28%) and diesel fuel by 9 000 litres (10%).

The Launceston General Hospital currently recycles paper, cardboard, printer cartridges, stainless steel, batteries, aluminium cans, mobile phones, saline water solution bottles and theatre bowls.

The Launceston General Hospital has also eliminated 150 000 foam cups a year from its waste and paper towel has been replaced with environmentally friendly sugar cane bi-product. The cafeteria refrigerators have been replaced by refrigerators with smart technology that maximises energy efficiency and reduces energy consumption by 64 per cent.

A PVC recycling program is converting hospital soft plastic waste (IV bags, tubes, masks etc.) into bathroom matting products.

The LGH paints with an Eco Choice paint range that has lower volatile organic compounds (VOCs) and brushes are cleaned in eco-friendly wash.

Across the THO-North an electronic chemical safety management system "ChemAlert" has been implemented and has eliminated 25% of hazardous chemicals and substituted a further 25% with less hazardous chemicals.

Solar panels have been installed on the Northern Integrated Care Service building, adjacent to the LGH, and have been fitted at the Deloraine, St Helens and Flinders Island Hospitals.

There is a continuance of decreasing the size of the fleet and when replacing vehicles ensuring that they are more fuel efficient/greener vehicles, whilst also decreases the associated fleet costs. These strategies saw THO-North and the remainder of the THOs and the DHHS gain a National environmental award from The Australasian Fleet Managers Association (AFMA).

*The installation of solar panels on Flinders Island Multipurpose Centre.*

# RISK MANAGEMENT

Running an organisation involves risk. Risk equals the chance of an event happening that will impact on objectives. Responsible business management means being aware of the risks that exist and working to eliminate or minimise their potential impact on the business.

The Department of Health and Human Services and the Tasmanian Health Organisations risk management framework is based on Australian Standard 31000. We have commenced implementation of the framework through the development of a strategic risk register at the enterprise level with the organisations risk tolerance being considered as part of this exercise. The framework requires each operational unit to develop and manage its own risk management system.

Risk management is also being considered in business planning, to ensure that it becomes part of the way we do business.

## INSURABLE RISK

The Department of Health and Human Services/Tasmanian Health Organisations have coverage for various classes of insurable risk through the Tasmanian Risk Management Fund (TRMF), administered by the Department of Treasury and Finance.

During 2013-14, the Tasmanian Health Organisation – North made the following contributions to the Fund and lodged the following claims:

| Risk by Class | Excess Period/$ (excl GST) | Contribution $ (excl GST) | Number of Claims | Incurred Cost of Claims $ (excl GST) |
|---|---|---|---|---|
| **Personal Injury** | | | | |
| Workers' Compensation and | 1 week | | | |
| Personal Accident | 50 | 1 784 574 | 97 | 2 044 029 |
| Asbestos Levy | | 71 383 | | |
| **Property** | | | | |
| General Property | 14 000 | 425 308 | 3 | 60 592 |
| Motor Vehicles – Fleet Vehicles | 500/1 000 | 42 504 | 20 | 33 508 |
| Motor Vehicles – Miscellaneous | 500 | 11 459 | 0 | 0 |
| **Liability** | | | | |
| General Liability | 10 000 | 48 461 | 2 | 58 000 |
| Medical Liability | 50 000 | 2 723 584 | 9 | 1 237 130 |
| **Miscellaneous** | | | | |
| Government Contingency | | 2 820 | | |
| Travel Plus Stamp Duty | Various | 384 | | |
| **Total** | | **5 110 477** | | **3 433 259** |


# CAPITAL WORKS AND ASSET MANAGEMENT

## ASSET MANAGEMENT

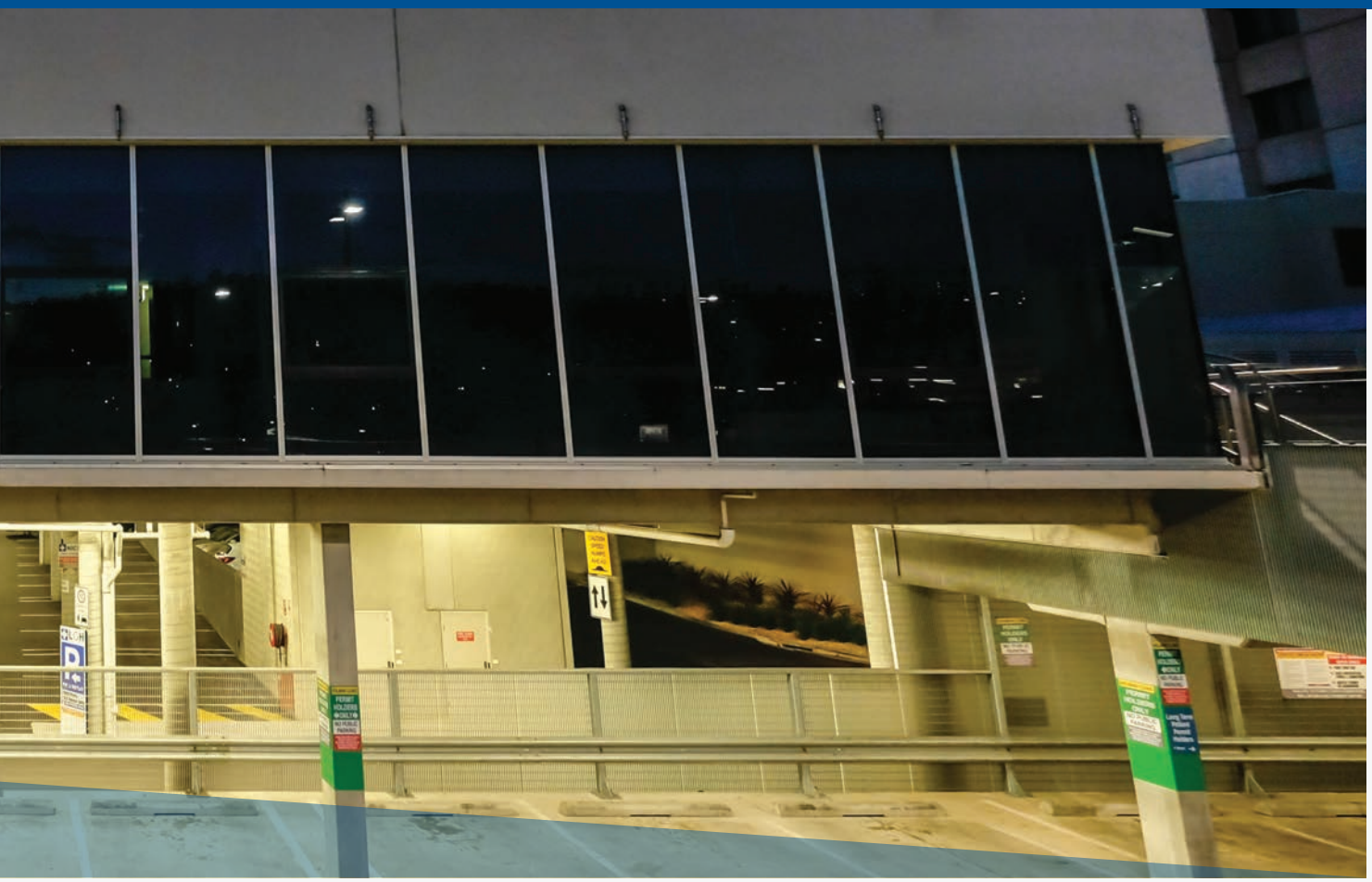
The DHHS Asset Management Services (AMS) area continues to focus on systems to improve analysis of risk, operation and maintenance issues. Improved focus in these areas better informs the DHHS to target acquisition, disposal and funding strategies and future capital investment bids.

Ownership of the Crown assets resides with the Department while the Tasmanian Health Organisations (THOs) and other statewide areas retain responsibility for the operational management of their assets.

Planning, procurement and sustainability are the key elements of asset management, all of which seek to achieve value for money by successfully positioning the DHHS asset portfolio to:

- match service delivery needs to asset options
- provide flexible asset options to respond to technological and business change
- comply with statutory and legislative requirements
- meets the need of client in terms of location and amenity
- optimise the use of the asset while minimising the asset related risks and
- provide a safe and efficient environment for staff and clients.

The DHHS continues to improve rigour on investment analysis of potential capital works projects using the Department of Treasury and Finance's "Structured Infrastructure Investment Review Process". This staged gateway review process is coordinated by AMS through the Department's Corporate Governance Structure. THO-North has supplied a number of submissions via the Structured Infrastructure Investment Review Process for future capital developments.



## ASSET PLANNING

The DHHS 2012 -17 Strategic Asset Management Plan (SAMP) focuses on providing direction and a common approach to the measurement of performance within the asset portfolio for all the SAMPs developed.

The current 2012-17 SAMP responds to the delivery of highly complex and diverse services, as identified in Tasmania's Health Plan, in a changing environment. Its role in this context is to articulate the coordinating framework and concepts such as adaptability that underpin strategic asset planning across the DHHS. Its specific objectives are to:

- ensure alignment between asset management and Government strategic planning initiatives
- ensure that funds which could be directed to the delivery of health and human services are not wasted on avoidable maintenance, unnecessary acquisition or inefficient operation of assets
- ensure that assets are acquired, operated and maintained in a manner which minimises risk and maximises public confidence in the delivery of services
- develop and maintain direct links between service delivery and asset support in a manner that ensures integration of tiers of service and is responsive to local need
- ensure prioritisation of the acquisition and disposal of assets and
- create responsive, adaptable and sustainable assets that will continue to effectively support services as they evolve and grow into the future.

A number of SAMPs are required to be prepared, while the statewide Department of Health and Human Services and Housing Services SAMPs have been endorsed, the Ambulance Tasmania, Children and Family Services, Disability Services and Asset Management Services SAMPs have commenced development. THO-North is presently undertaking work to have its SAMP in place during 2014.

## MAJOR CAPITAL WORKS PROGRAM 2013-14

A number of major capital works programs within THO-North are still underway. These work are being managed in a partnership between the THO-North Capital Works Unit and DHHS Asset Management Services.

In 2006 the Tasmanian and Australian Governments provided $100 million to fund a 5 year capital works project that would provide a major upgrade to the Launceston General Hospital (LGH).

It remains the biggest building project undertaken in Northern Tasmania since the original LGH was built.

That work is now in its final year of completion and has drastically altered the footprint of the hospital.

Since the commencement of the project the funds have contributed towards the following upgrades:

- A new $12 million Emergency Department (ED)
- 28 bed Acute Medical Unit (AMU) including a high dependency area and 4 bed Cardiac Unit
- Upgrade and expansion of the WP Holman Clinic
- Northern Integrated Care Service (NICS)
- Multi Level Car Park
- John L Grove Sub-Acute Rehab Unit comprising 16 single and two double rooms.
- Expansion of the Intensive Care Unit (ICU) from 11 to 18 beds

$15.5 million will be spent in the THO-North region during the 2014-15 financial year. The works will include:

- a redevelopment of the LGH Specialist Clinics including Pharmacy,
- refurbishment of the LGH Allied Health area and new Special Care Dental Unit (SCDU)
- Expansion of operating theatres within the LGH to a total of 9.
- a redevelopment of the Ravenswood Community Health Centre
- back up power supply (generator) being provided to St Mary's District Hospital, Deloraine District Hospital, John L Grove site Launceston and Campbell Town Multipurpose Centre
- purchase of a residential accommodation property on Flinders Island for the new Director of Nursing
- Completion of the redevelopment of the Flinders Island Multipurpose Centre.

## THO-NORTH CAPITAL WORKS OUTCOMES 2013-14

| Area | Initial | Post Capital Works | Completed |
|---|---|---|---|
| **Completed Works** | | | |
| **J L Grove Sub-Acute Rehabilitation Facility** | | New development providing 20 Sub-Acute rehabilitation beds | 2017 |
| **Intensive Care Unit** | | Increase capacity to 14 beds in the medium term and capacity to go to 18 beds in the longer term | 2015 |

| Project | Status | Description of Works | Expected Finish Date |
|---|---|---|---|
| **Theatre Redevelopment** | Work well under way | Build new theatres with capacity to increase to 9 theatres | New Theatres completion July 2014. Refurbished theatres by Dec 2014 |
| **New Central Sterilising Department** | Construction underway | New CSSD to cater for increased theatres and meeting current standards | Oct 2014 |
| **Allied Health Redevelopment/Special Care Dental Unit** | Documentation | Redevelopment of Allied Health and Special Care Dental Unit | June 2015 |
| **Specialist Clinics** | Documentation | Redevelopment of Specialist Clinics | June 2015 |
| **Flinders Island Multipurpose Centre** | Construction | Major reconstruction of the existing facility | Completion August 2014 |
| **Palliative Care** | Construction | Provision of palliative care bed at Flinders Island Multi-Purpose Centre as part of major reconstruction of existing services | 2014 as part of above project |
| **Ravenswood CHC** | Planning and documentation Stage | Redevelopment of Community Health Centre | April 2015 |
| **Flinders Island Residential** | Contract Negotiations | Purchase of a residential accommodation property on Flinders Island for Director of Nursing | January 2015 |
| **Back up power supply upgrade** | On Site set-up and planning | St Mary's Hospital, Deloraine District Hospital and Campbelltown Multi-purpose Centre to | December 2014 |

# CONSULTANCIES, CONTRACTS AND TENDERS

The THO-North ensures procurement is undertaken in accordance with the mandatory requirements of the Treasurer's Instructions relating to procurement, including that Tasmanian businesses are given every opportunity to compete for business. It is our policy to support Tasmanian businesses whenever they offer best value for money for the Government. See Table 1 for a summary of the level of participation by local businesses for contracts, tenders and/or quotations with a value of $50 000 or over (excluding GST). Table 2 provides detailed information on contracts with a value of $50 000 or over (excluding GST). Table 3 provides a summary of contracts awarded as a result of a direct/limited submission sourcing process approved in accordance with Instruction 1114 or 1217. Table 4 provides a summary of contracts awarded as a result of a contract extension approved in accordance with TI 1115.

## TABLE 1 – SUMMARY OF PARTICIPATION BY LOCAL BUSINESS

| Summary of Participation by Local Business (for contracts, tenders and/or quotation processes with a value of $50 000 or over, ex GST) | |
|---|---|
| Total number of contracts awarded | 9 |
| Total number of contracts awarded to Tasmanian suppliers | 2 |
| Value of contracts awarded | $3 821 573 |
| Value of contracts awarded to Tasmanian suppliers | $1 059 112 |
| Total number of tenders called and/or quotation processes run | 4 (estimated) |
| Total number of bids and/or written quotations received | 16 (estimated) |
| Total number of bids and/or written quotations received from Tasmanian businesses | 3 (estimated) |

## TABLE 2 – DETAILS OF CONTACTS AND TENDERS AWARDED IN THE FINANCIAL YEAR

| Contracts with a value of $50 000 or over (ex GST) and excluding consultancy contracts | | | | |
|---|---|---|---|---|
| Name of Contractor | Location | Description of Contract | Period of Contract | Total Value of Contract $ |
| Australian Council on Healthcare Standards | NSW | LGH – Accreditation Services 2014-17 | 01/03/2014 – 28/02/2017 | 85 700 |
| Calvary Health Care Tasmania Incorporated | TAS | Palliative Care Inpatient Beds – Launceston | 01/11/2013 – 31/10/2014 | 998 912 |
| Carestream Health Australia Pty Ltd | VIC | LGH – General X-Ray Equipment – Digital Imaging Plate | 24/03/2014 – * | 51 110 |
| GE Healthcare Australia Pty Ltd | VIC | LGH – Theatre Recovery Patient Monitoring Equipment | 27/03/2014 – 26/03/2017 | 275 500 |
| Imaging Partners Online Ltd | NSW | LGH – Provision of Teleradiology Services | 30/06/2014 – 31/12/2014 | 300 000 |
| InVitro Technologies Pty Ltd | VIC | LGH – Central Sterilising Supply Department Equipment | 23/09/2013 – 28/02/2020 | 1 696 407 |
| Philips Healthcare Pty Ltd | NSW | LGH – WP Holman Clinic – CT Simulator Upgrade | 20/06/2014 – * | 142 500 |
| Regional Imaging Pty Ltd | VIC | St Helens District Hospital – Radiography and Radiology Services | 19/01/2013 – 18/01/2014 | 60 200 |
| Varian Medical Systems Australasia Pty Ltd | NSW | LGH – Volumetric Modulated Arc Therapy Upgrade | 27/09/2013 – * | 211 244 |

*Indicates a one-off purchase.

## TABLE 3

| Contracts awarded as a result of a direct/limited submission sourcing process and approved in accordance with Treasurer's Instruction 1114 or 1217 (ex GST) | | | |
|---|---|---|---|
| **Name of Supplier** | **Description of Contract** | **Reasons for Approval** | **Total Value of Contract $** |
| Carestream Health Australia Pty Ltd | LGH – General X-Ray Equipment – Digital Imaging Plate | The goods or services can be supplied only by a particular supplier and no reasonable alternative or substitute goods or services exist due to an absence of competition for technical reasons. | 51 110 |
| Imaging Partners Online Ltd | LGH – Provision of Teleradiology Services | In so far as is strictly necessary where, for reasons of extreme urgency brought about by events unforeseen by the agency, the goods or services could not be obtained in time using an open or selective tender. | 300 000 |
| Philips Healthcare Pty Ltd | LGH – WP Holman Clinic – CT Simulator Upgrade | The goods or services can be supplied only by a particular supplier and no reasonable alternative or substitute goods or services exist for the protection of patents, copyrights, or other exclusive rights, or proprietary information. | 142 500 |
| Varian Medical Systems Australasia Pty Ltd | LGH – Volumetric Modulated Arc Therapy Upgrade | The goods or services can be supplied only by a particular supplier and no reasonable alternative or substitute goods or services exist for the protection of patents, copyrights, or other exclusive rights, or proprietary information. | 211 244 |

## TABLE 4

| Contracts awarded as a result of a contract extension approved in accordance with Treasurer's Instruction 1115 (ex GST) | | | |
|---|---|---|---|
| **Name of Supplier** | **Description of Contract** | **Period of extension** | **Total Value of Contract $** |
| Calvary Health Care Tasmania Incorporated | Palliative Care Inpatient Beds – Launceston | 01/11/2013 – 31/10/2014 | 998 912 |

# RIGHT TO INFORMATION

The *Right to Information Act 2009* (Act) gives members of the public the right to obtain information contained in the records of the Government and public authorities. The Act provides a framework for the disclosure of information to the Tasmanian community to improve transparency in Government. Its objective is to improve democratic government in Tasmania by:

- increasing the accountability of the executive (Government) to the people of Tasmania
- increasing the ability of the people of Tasmania to participate in government decision making and
- acknowledging that information collected by public authorities is collected for and on behalf of the people of Tasmania and is the property of the State

Below are the statistics for applications made in relation to THO-North under the Act.

| **Section A: Number of Applications** | |
|---|---|
| 1. Number of applications for assessed disclosure received. | 10 |
| 2. Number of applications for assessed disclosure accepted. | 10 |
| 3. Number of applications for assessed disclosure transferred or part transferred to another public authority. | 0 |
| 4. Number of applications withdrawn by the applicant. | 0 |
| 5. Number of applications for assessed disclosure determined. | 11* |

*This includes applications accepted in 2012-13, but not finally determined until after 30 June 2013.

| **Section B: Outcome of Applications** | |
|---|---|
| **Note: the total of the numbers in this section should equal the number of applications determined as in question A5.** | |
| 1. Number of determinations where the information applied for was provided in full. | 8 |
| 2. Number of determinations where the information applied for was provided in part with the balance refused or claimed as exempt. | 2 |
| 3. Number of determinations where all the information applied for was refused or claimed as exempt. | 1 |
| 4. Number of applications where the information applied for was not in the possession of the public authority or Minister. | 0 |
| 5. Number of applications where the information was not released as it was subject to an external party review under section 44. | 0 |

| **Section C: Reasons for Refusal** | | |
|---|---|---|
| **Number of times where the following sections were invoked as reasons for refusing or deferring an application for assessed disclosure** | | |
| **s.5, s.11, s.17** | Refusal where information requested was not within the scope of the Act (s.5 – Not official business; s.11 – available at Archives Office and s.17 – Deferred). | 0 |
| **s.9, s.12** | Refusal where information is otherwise available or will become otherwise available in the next 12 months. | 0 |
| **s.10, s.19** | Refusal where resources of public authority unreasonably diverted. | 0 |
| **s.20** | Refusal where application repeated; or Vexatious; or Lacking in definition after negotiation. | 0 |

| Section D: Exemptions | | |
|---|---|---|
| **Number of times where the following sections were invoked as reasons for exempting information from disclosure** | | |
| **s.25** | Executive Council Information | 0 |
| **s.26** | Cabinet Information | 0 |
| **s.27** | Internal briefing information of a Minister | 1 |
| **s.28** | Information not relating to official business | 0 |
| **s.29** | Information affecting national or state security, defence or international relations | 0 |
| **s.30** | Information relating to the enforcement of the law | 1 |
| **s.31** | Legal professional privilege | 0 |
| **s.32** | Information relating to closed meetings of council | 0 |
| **s.34** | Information communicated by other jurisdictions | 0 |
| **s.35** | Internal deliberative information | 2 |
| **s.36** | Personal information of a person other than the applicant | 2 |
| **s.37** | Information relating to the business affairs of a third party | 0 |
| **s.38** | Information relating to the business affairs of a public authority | 0 |
| **s.39** | Information obtained in confidence | 0 |
| **s.40** | Information on procedures and criteria used in certain negotiations of public authority | 0 |
| **s.41** | Information likely to affect the State economy | 0 |
| **s.42** | Information likely to affect cultural, heritage and natural resources of the State | 0 |

| Section E: Time to Make Decisions | |
|---|---|
| **Number of requests determined within the following timeframes (the total of these 5 rows should match the number of applications determined as in question A5.** | |
| 1. 1 – 20 working days of the application being accepted. | 3 |
| 2. More than 20 working days of the application being accepted. | 5 |
| 3. Number of requests which took more than 20 working days to decide that involved an extension negotiated under s.15(4)(a). | 3 |
| 4. Number of requests which took more than 20 working days to decide that involved an extension gained through an application to the Ombudsman under s.15(4)(b). | 0 |
| 5. Number of requests which took more than 20 working days to decide that involved consultation with a third party under s.15(5). | 0 |

| Section F: Reviews | |
|---|---|
| **Internal Reviews** | |
| Number of internal reviews were requested in this financial year. | 4 |
| Number of internal reviews were determined in this financial year. | 4 |
| Number where the original decision upheld in full. | 2 |
| Number where the original decision upheld in part. | 2 |
| Number where the original decision reversed in full. | 0 |
| **External Reviews (reviews by the Ombudsman)** | |
| Number of external reviews were requested in this financial year. | 1 |
| Number of external reviews were determined in this financial year. | 1 |
| Number where the original decision upheld in full. | 1 |
| Number where the original decision upheld in part. | 0 |
| Number where the original decision reversed in full. | 0 |

# HUMAN RESOURCES STATISTICS

Please note due to organisational changes that Statewide Mental Health Services is now part of the Tasmanian Health Organisations.

| Total Number of Full-Time Equivalent (FTE) Paid Employees | | |
|---|---|---|
| As at end of financial year | 2012-13 | 2013-14* |
| | 2 191.47 | 2 412.33 |

*Includes Mental Health and Statewide Services.

| Total Number of FTE Paid Employees by Award | | |
|---|---|---|
| As at end of financial year | 2012-13 | 2013-14* |
| Allied Health Professionals | 187.74 | 230.98 |
| Health and Human Services | 808.24 | 859.75 |
| Medical Practitioners | 207.26 | 219.26 |
| No Award | 3.33 | 1.00 |
| Nursing | 934.29 | 1 050.06 |
| Radiation Therapists | 28.64 | 30.30 |
| Senior Executive Service (SES) | 4.00 | 3.00 |
| Visiting Medical Officers** | 17.96 | 17.98 |
| **Total** | **2191.47** | **2412.33** |

*Includes Mental Health and Statewide Services.

**Includes Rural Medical Practitioners.

| Total Number (Head Count) Paid by Employment Category: Fixed-Term/Permanent, Full Time/Part Time/Casual | | |
|---|---|---|
| As at end of financial year | 2012-13 | 2013-14* |
| Permanent full-time | 740 | 830 |
| Permanent part-time | 1 383 | 1 546 |
| Fixed-term full-time | 233 | 226 |
| Fixed-term part-time | 236 | 231 |
| Part 6** | 6 | 7 |
| Casual | 254 | 283 |
| **Total** | **2 852** | **3 123** |

*Includes Mental Health and Statewide Services.

**Head of Agency, Holders of Prescribed Offices and Senior Executives and Equivalents.

| Total Number Paid by Salary Bands (Total Earnings)* | | |
|---|---|---|
| As at end of financial year | 2012-13 | 2013-14* |
| 0-19 000 | 2 | 1 |
| 19 001-23 000 | 0 | 0 |
| 23 001-27 000 | 0 | 0 |
| 27 001-31 000 | 3 | 0 |
| 31 001-35 000 | 0 | 0 |
| 35 001-40 000 | 2 | 1 |
| 40 001-45 000 | 376 | 346 |
| 45 001-50 000 | 216 | 266 |
| 50 001-55 000 | 263 | 310 |
| 55 001-60 000 | 357 | 403 |
| 60 001-65 000 | 198 | 185 |
| 65 001-70 000 | 130 | 100 |
| 70 001-75 000 | 493 | 537 |
| 75 001-80 000 | 312 | 320 |
| 80 001-85 000 | 38 | 104 |
| 85 001-90 000 | 145 | 184 |
| 90 001-95 000 | 107 | 80 |
| 95 001-100 000 | 16 | 63 |
| 100 000 plus | 194 | 222 |
| **Total** | **2 852** | **3 123** |

*Based on FTE salary for award classification.

**Includes Mental Health Services.

| Total Number Paid by Gender | | |
|---|---|---|
| As at end of financial year | 2012-13 | 2013-14* |
| Female | 2 236 | 2 450 |
| Male | 616 | 673 |
| **Total** | **2 852** | **3 123** |

*Includes Mental Health and Statewide Services.

| Total Number Paid by Age Profile | | |
|---|---|---|
| As at end of financial year | 2012-13 | 2013-14* |
| 15-19 years | 4 | 2 |
| 20-24 years | 117 | 149 |
| 25-29 years | 265 | 305 |
| 30-34 years | 254 | 272 |
| 35-39 years | 268 | 295 |
| 40-44 years | 350 | 378 |
| 45-49 years | 392 | 406 |
| 50-54 years | 509 | 516 |
| 55-59 years | 426 | 472 |
| 60+ years | 267 | 328 |
| **Total** | **2 852** | **3 123** |

*Includes Mental Health and Statewide Services.

| Number of Employees Paid by Award as at 30 June 2014* | |
|---|---|
| As at end of financial year | Total |
| Allied Health Professionals | 275 |
| Health and Human Services Award | 1 108 |
| Medical Practitioners | 232 |
| No Award | 1 |
| Nursing | 1 400 |
| Radiation Therapists | 32 |
| Senior Executive Service | 3 |
| Visiting Medical Officers** | 72 |
| **Total** | **3 123** |

*Includes Mental Health and Statewide Services.

**Includes Rural Medical Practitioners.

## INDICATORS OF ORGANISATIONAL HEALTH

| Average Personal Leave Days Per FTE* | | |
|---|---|---|
| As at end of financial year | 2012-13 | 2013-14** |
| Personal leave days per average paid FTE | 11.5 | 11.2 |

*Includes sick, carers leave and family leave.

**Includes Mental Health and Statewide Services.

| Total Paid Overtime* Hours Per Average FTE | | |
|---|---|---|
| As at end of financial year | 2012-13 | 2013-14** |
| Overtime/callback paid hours per averaged paid FTE | 59.4 | 62.9 |

*Includes callback and overtime hours.

**Includes Mental Health and Statewide Services.

| Turnover Rate | | |
|---|---|---|
| The turnover rate is the rate at which people were leaving the THO-North as at 30 June 2014. | | |
| As at end of financial year | 2012-13 | 2013-14* |
| Turnover rate = total number of separations (FTEs) divided by the average paid FTE | 9.3% | 8.2% |

*Includes Mental Health and Statewide Services.

| Wastage Rate | | |
|---|---|---|
| The wastage rate is similar to the turnover rate, but also takes into account the number of employees who joined THO-North as newstarts. If the result is negative this means that there are more people becoming employees than are exiting from THO-North. | | |
| As at end of financial year | 2012-13 | 2013-14* |
| Wastage rate = (separation FTE – Newstart FTE)/average paid FTE | -0.1% | -3.4 |

*Includes Mental Health and Statewide Services.

## LEAVE

| Long Service Leave | | |
|---|---|---|
| As at end of financial year | 2012-13 | 2013-14* |
| Average number of days used per paid FTE** | 3.1 | 3.1 |

*Includes Mental Health and Statewide Services.

**Includes Maternity Long Service Leave.

| Annual Leave | | |
|---|---|---|
| As at end of financial year | 2012-13 | 2013-14* |
| Average number of days used per paid FTE | 21.6 | 20.4 |
| Number of FTEs with entitlements equal to the 2 year limit | 2.0 | 0 |
| Number of FTEs in excess of 2 year limit | 171.1 | 99.4 |

*Includes Mental Health and Statewide Services.

## SUPERANNUATION DECLARATION

I, Graeme Houghton, Chair, Tasmanian Health Organisation – North, hereby certify that the Tasmanian Health Organisation – North has met its obligations under the *Superannuation Industry (Supervision) Act 1993* in respect of those employees who are members of complying superannuation schemes to which the Agency contributes.

**Graeme Houghton**
Chair, Tasmanian Health Organisation – North
Governing Council

## WORKPLACE HEALTH AND SAFETY

Tasmanian Health Organisation – North is committed to a range of work health and safety strategies. The focus in the past year has been on continuous improvement of the THO-North's Safety Management System, "Let's Switch on Safety", continuing to develop and increase the safety culture within the Tasmanian Health Organisation – North and, supporting managers and employees within their workplace.

Strategic developments and achievements in 2013-14 include:

- External audit of the THO-North Work Health and Safety Management System against Australian Standard AS/NZS 4801;
- Establishment of a full time THO-North Manual Handling Clinical Nurse Consultant position;
- Establishment of a full time THO-North Aggression Management Clinical Nurse Consultant position;
- Delivery of Basics in Back Care education to 1000+ employees;
- Engagement with UTAS to ensure under graduate nurses are provided with appropriate manual handling knowledge;
- Purchase of an Aggression Management training package to be rolled out in 2014-15;
- Rollout of replacement Hill Rom beds;
- Finalised replacement of single wheel castors with dual wheel castors on existing LGH Hill Rom Beds;

*Greg Collier Consultant – Work Health and Safety represented THO-North at the Worksafe Tasmania Safety and Worksafe Australia Safety Awards.*

- Review and purchase of equipment for the safe manual handling of bariatric patients;
- Review and purchase of patient mobility aides;
- Introduction of air assisted patient transfer technology;
- Modification of mortuary trolleys and fridges to decrease manual handling risk;
- THO-North hosted a Worksafe Information Day during Worksafe week, held in the LGH cafeteria;
- Election/re-election and training of Health and Safety Representatives (HSR's). As of 30 June 2014 THO-North has 53 elected and trained HSR's.
- Development of the THO-North WH&S intranet page;
- Successful rollout of IPM Safety's "Safety Circle" WH&S awareness program within Food services, LGH. 14 members of the leadership team and 110 staff attended "Safety Circle" education sessions.

The THO-North's Safety Management System "Let's Switch on Safety" was awarded the "Best WH&S Management System – Public Sector" in the 2013 Worksafe Tasmania Safety Awards and, was also a finalist in the Safe Work Australia 9th Annual Safety Awards for the category "Best WH&S Management System".

The Tasmanian Health Organisation – North received a total of 97 workers' compensation claims during 2013-14, compared to 100 claims in the previous year. The most common mechanisms of injury were through Muscular Stress (44 claims), Workplace Stress (25 claims) and Connecting with Objects (17 claims)). The Lost Time Severity Rate (Days lost per million hours worked) for THO-North is 587.33 for 2013-14.

The cost of all claim payments for 2013-14 was $1.7 million. The 2013-14 costs include a substantial common law settlement for an injury which occurred in 1996.

## PRICING POLICIES

The Agency has activities for which the pricing of goods and services is required. Each fee/charging program is based on the full cost recovery model in accordance with the Government's policy on fees and charges.

The Agency levies fees and charges in accordance with the provisions of the following Acts:

- *Adoption Act 1988*
- *Ambulance Service Act 1982*
- *Anatomical Examinations Act 2006*
- *Food Act 2003*
- *Health Act 1997*
- *Health Services Establishments Act 2006*
- *Pharmacy Control Act 2001*
- *Poisons Act 1971*
- *Public Health Act 1997*
- *Radiation Protection Act 2005*
- *Tasmanian Health Organisations Act 2011*

The Agency maintains a Revenue Policy that provides information on the financial requirements for funding a program from sources outside of the Agency. This policy is subject to ongoing review.

Fees and charges subject to the *Fee Units Act 1997* were revised and gazetted in accordance with the provisions of that legislation on 27 March 2013.

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| Author, Unit or Area | Year | Title | Publication |
|---|---|---|---|
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| Bulsari, K, Vaishnav, M, Sharma, S | 2014 | Metastatic prostate cancer | Internal Medicine Journal; 2014; 44(sup s3):27 |
| Brain, MJ | 2013 | ECMO in acute and chronic adult respiratory failure: recent trends and future directions | Minerva Anestesiologica; 2013; 79(4):1-7 |
| Brain, MJ | 2014 | Vascular access site influences circuit life in continuous renal replacement therapy | Critical Care and Resuscitation; 2014; 16(2):127-130 |
| Brain, MJ | 2014 | Randomised trial of software algorithm-driven regional citrate anticoagulation versus heparin in continuous renal replacement therapy: The filter life in renal replacement therapy pilot trial | Critical Care and Resuscitation; 2014; 16(2):131-142 |
| Brain, T, Fernando, R | 2014 | Triple negative breast cancers : a study of expression of Ck5/6 and Ck14 immune markers with correlation of histological patterns | Pathology; 2014; 46(abstracts):S77 |
| Brough, S | 2014 | Large chest wall metastasis with no recognizable primary lesion | ANZ Journal of Surgery; 2014; Published online 9/4/2014 |
| Chuang, A, Ng, C, Phuah, E, Chan, G | 2014 | Does an airway quality assurance checklist improve complication rates associated with endotracheal intubation in the emergency department? – preliminary data | Emergency Medicine Australasia; 2014; 26(sup s1):35 |
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| Coulson, S | 2014 | Death, dying and reflective practice | Australian Nursing and Midwifery Journal; 2014; 21(10):45 |
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| George, B, Raj, R, Cooke, D, Mathew, M | 2013 | Paraneoplastic anca negative pauci-immune crescentic glomerulonephritis with renal limited thrombotic microangiopathy in a patient with metastatic breast cancer – a case report | Nephrology; 2013; 18 (suppl. 1):228 |
| Green, M | 2013 | Mobile phones as a potential vector of infection in a paediatric ward (in Letters to the editor) | Journal of Paediatrics and Child Health; 2013; 49(12):1083-4 |
| Hannan, T | 2013 | Clinical decision making at the heart | Pulse+IT; 2013(Issue 37):8-10 |
| Hannan, T | 2013 | Are doctors the structural weakness in the e-health building? | Internal Medicine Journal; 2013; 43(10):1155-1164 |
| Hughes, R, Brain, M | 2013 | A simplified bedside approach to acid-base: fluid physiology utilizing classical and physiochemical approaches | Anaesthesia and Intensive Care Medicine; 2013; 14(Oct):445-452 |

| Author, Unit or Area | Year | Title | Publication |
|---|---|---|---|
| Khalafallah, A, Grabek, J, Hayes, R, Mohamed, M | 2013 | Bleeding associated with acquired factor V inhibitor in a patient on warfarin treated successfully with prednisolone | BMJ Case Reports; 2013; doi:10.1136/bcr-2013-010018 |
| Khalafallah, A, Ibraheem, A, Teo, QY, Parameswaran, R, Hooper, E, Pavlov, T, Dennis, A. Hannan, T | 2013 | Review of management and outcomes in women with thrombophilia-risk during pregnancy at a single institution | ISRN Obstetrics and Gynecology; 2013; Published online 3/12/2013 |
| Koneru, S | 2014 | Admitting team impacts use of heart failure medications in patients admitted with heart failure exacerbation | Internal Medicine Journal; 2014; 44(sup s3):31 |
| Koneru, S, Koshy, G, Sharp, C Khalafallah, A | 2013 | Hypereosinophilic syndrome associated with ulcerative colitis presenting with recurrent Loeffler's endocarditis and left ventricular thrombus treated successfully with immune suppressive therapy and anticoagulation | BMJ Case Reports; 2013; doi:10.1136/bcr-2013-200919 |
| Low, C, Caswell, N | 2014 | Retrospective study of DVH metric based analysis versus gamma analysis for VMAT patient-specific quality assurance at the Launceston General Hospital | DHHS publication; 2014 |
| Mace, R, Challenor, S | 2014 | Pathways to palliative care for patients with chronic kidney disease | Journal of Renal Care; 2014; Published online 18/1/2014 |
| Markos, J | 2013 | Ambient wood smoke, traffic pollution and adult asthma prevalence and severity | Respirology; 2013; 18(7):1101-1107 |
| Markos, J | 2014 | Domestic airborne pollutants and asthma and respiratory symptoms in middle age | Respirology; 2013; Published online 12/2/2014 |
| Mathew, M | 2013 | Cni-to-everolimus conversion in renal transplant recipients with low immunological risk : improved or maintained GFR after 2.5 years | Nephrology; 2013; 18 (suppl. 1):159 |
| Mathew, M | 2013 | Outcomes of Tasmanian living kidney donors | Nephrology; 2013; 18 (suppl. 1):137 |
| Mathew, M | 2013 | How well do we follow-up living kidney donors? | Nephrology; 2013; 18 (suppl. 1):139 |
| Mercer, J | 2013 | Age-appropriate transition of power and control for adolescents with type 1 diabetes | Australian Diabetes Educator;2013; 16(2):13-17 |
| Mohamed M, Grabek, J | 2013 | Atypical features in a patient with acute promyelocytic leukaemia: a potential diagnostic pitfall. | BMJ Case Reports; 2013; doi:10.1136/bcr-2013-200152 |
| Mohamed, M, Hayes, R | 2013 | Quinine-induced severe thrombocytopenia: the importance of taking a detailed drug history | BMJ Case Reports; 2013; doi:10.1136/bcr-2013-200631 |
| Mohamed, M, Els, I | 2013 | Favism in a 15-month-old baby | Blood; 2013; 122(17):2933 |
| Mohamed, M | 2014 | Refractory anemia with ring sideroblasts associated with thrombocytosis (RARS-T) | Blood; 2014; 123(3):314 |
| Mohamed, M, Brain, T, Khalafallah, A | 2014 | Dramatic response of diffuse osteosclerosis secondary to multiple myeloma using thalidomide with Melphalan and Prednisolone. | Journal of Clinical Oncology; 2014; Published online 10/2/2014 |

| Author, Unit or Area | Year | Title | Publication |
|---|---|---|---|
| Mohamed, M, Hayes, R, Mosetlhi, T | 2014 | A man with acute venous thromboembolism and thrombocytopenia | BMJ; 2014; doi:10.1136/bmj.g1164 |
| Mohamed, M, Beamish M, Grabek, J | 2014 | Chronic myeloid leukaemia masquerading as primary myelofibrosis | Pathology; 2014; 46(1):75-7 |
| Mohamed, M, Fernando, R, Arora, A | 2014 | Airway obstruction after the development of Hashimoto's thyroiditis | BMJ; 2014; doi:10.1136/bmj.g1643 Published online 24/2/2014 |
| Mohamed, M | 2014 | Complex hypodiploid acute myeloid leukaemia secondary to chemotherapy for hyperdiploid multiple myeloma | International Journal of Hematology; 2014 Published online 13/05/2014 |
| Parr, M | 2014 | Clinical audit to enhance safe practice of skilled birth attendants for the fetus with nuchal cord: evidence from a refugee and migrant cohort | BMC Pregnancy and Childbirth; 2014; 14(1):76-84 |
| Raj, R | 2013 | A renal supportive care service: the time has come | Renal Society of Australasia Journal; 2013; 9(3):112-114 |
| Rajarubendra, N, Leang, Y, Monsour, M | 2013 | Mullerianosis of the urinary bladder | ANZ Journal of Surgery; 2013; Published online 19/11/2013 |
| Razay, G, Razay, M | 2014 | The Launceston normal pressure hydrocephalus prevalence study: a treatable dementia, missed diagnosis | Australasian Journal on Ageing; 2014; 33(suppl 1):60 |
| Rooney, K | 2013 | Complete resolution of idiopathic sclerosing orbital inflammation after treatment with Rituximab | Ocular Immunology & Inflammation; 2013; Published online 18/12/2013 |

# WORLD FOCUS FOR LGH RESEARCH

Tasmanian research of iron deficiency anaemia is receiving international recognition.

Consultant Haematologist Associate Professor Alhossain Khalafallah's work has the potential to improve the health of women around the world.

It's already having an impact on the health outcomes of Tasmanian women and is expected to be incorporated into international treatment procedures.

Professor Khalafallah recently presented the findings of a four year study at one of the biggest scientific gatherings in the world, the Congress of the European Haematology Association.

The congress in Milan attracted 9000 delegates. It is considered the leading meeting place for haematologists in all fields of the specialty internationally.

The Tasmanian research was accepted as "breaking scientific news".

Through a series of trials, Professor Khalafallah's team looked at iron deficiency anaemia, the most common deficiency in the world affecting more than one billion people, with pregnant women at particular risk. Locally, it was identified that about 30 per cent of Tasmanian women were affected.

Iron deficient anaemia is an increasing health problem affecting mothers and babies. This can lead to unnecessary blood transfusion as well as other complications during and after pregnancy.

The administration of iron via tablets or transfusion had improved outcomes.

However, a bigger breakthrough has been in the area of women's mental health and the time they breastfeed.

High iron levels have reduced the instances of post-natal depression – a correlation which until recently has not been reported.

"I am proud of the hard work over years to treat preoperative and obstetric anaemia and at the same time grateful for the collaborative work between the LGH obstetrics, surgery, anaesthesia, pharmacy, medicine and pathology departments as well as the University (of Tasmania) in conducting such research," Professor Khalafallah said.

"It is amazing that we can compete with the American and European high quality research with all their available resources."

The World Health Organisation has recently referred to the work and is seeking to establish international guidelines – giving Professor Khalafallah added impetus to continue the ground-breaking research.

*Associate Professor Alhossain Khalafallah (picture courtesy The Examiner newspaper).*

## PUBLIC INTEREST DISCLOSURE

The *Public Interest Disclosures Act 2002* encourages and facilitates disclosures about the improper conduct of public officers or public bodies.

THO-North is committed to the aims and objective of the Act. The organisation recognises the value of transparency and accountability in its administrative and management practices. THO-North also supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

THO-North does not tolerate improper conduct by its staff, or the taking of reprisals against those who come forward to disclose such conduct. THO-North will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. THO-North will also afford natural justice to any person who is the subject of a disclosure.

During 2013-14 the THO-North did not receive any Public Interest Disclosure reports.

## MINISTERIAL DIRECTIONS AND PERFORMANCE ESCALATIONS

| Level | Nature of Escalation | Date of Escalation | Date of De-escalation | Measures Taken |
|---|---|---|---|---|
| Level 1 (under review) | Emergency Department KPI "time until most admitted patients (90 per cent) departed the emergency department (ED)" – LGH performance against this KPI were not achieving agreed targets. | October 2013 | 13 May 2014 | Performance Improvement Plan provided 24/10/2013 |

# LEGISLATION

| Legislation Governing the Operations to THO-North |
|---|
| *Alcohol and Drug Dependency Act 1968* |
| *Ambulance Service Act 1982* |
| *Anatomical Examinations Act 2006* |
| *Blood Transfusion (Limitation of Liability) Act 1986* |
| *Fluoridation Act 1968* |
| *Food Act 2003* |
| *Health Act 1997* |
| *Health Practitioner Regulation National Law (Tasmania) Act 2010* |
| *Health Professionals (Special Events Exemption) Act 1998* |
| *Health Service Establishments Act 2006* |
| *HIV/AIDS Preventive Measures Act 1993* |
| *Human Cloning for Reproduction and Other Prohibited Practices Act 2003* |
| *Human Embryonic Research Regulation Act 2003* |
| *Human Tissue Act 1985* |
| *Medical Radiation Science Professionals Registration Act 2000* |
| *Mental Health Act 1996* – except in so far as it relates to the appointment, functions and operation of the Mental Health Tribunal and the appointment of the registrar and other officers of that Tribunal, and the appointment, functions and operation (including the provision of staff, assistance, resources and facilities) of the Forensic Tribunal (see Department of Justice under the Minister for Justice) |
| *Model Work Health and Safety (WHS) Act 2012* |
| *Obstetric and Paediatric Mortality and Morbidity Act 1994* |
| *Optometry Offences Act 2010* |
| *Pharmacy Control Act 2001* |
| *Poisons Act 1971* – except in so far as it relates to the Poppy Advisory and Control Board (see the Department of Justice under the Minister for Justice) |
| *Public Health Act 1997* |
| *Radiation Protection Act 2005* |
| *Tasmanian Health Organisations Act 2011* |
| *Therapeutic Goods Act 2001* |
| *Right To Information Act 2009 (NO. 70 OF 2009)* |
| *Audit Act 2008 (NO. 49 OF 2008)* |
| *Fee Units Act 1997 (NO. 47 OF 1997)* |
| *Fee Units Amendment Act 2002 (NO. 21 OF 2002)* |
| *Financial Management and Audit Amendment Act 2012 (NO. 24 OF 2012)* |
| *Health Complaints Amendment Act 2005 (NO. 5 OF 2005)* |
| *Aged Care Act 1997* |

# PART 3 – FINANCIAL STATEMENTS

## STATEMENT OF CERTIFICATION

The accompanying Financial Statements of Tasmanian Health Organisation – North are in agreement with the relevant accounts and records and have been prepared in compliance with the Treasurer's Instructions issued under the provisions of the *Financial Management and Audit Act 1990* to present fairly the financial transactions for the year ended 30 June 2014 and the financial position as at 30 June 2014.

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

**Graeme Houghton**
Chair of the Governing Council
13 August 2014

**John Kirwan**
Chief Executive Officer
13 August 2014

# STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

| | Notes | 2014 Budget $'000 | 2014 Actual $'000 | 2013 Actual $'000 |
|---|---|---|---|---|
| *Continuing operations* | | | | |
| **Revenue and other income from transactions** | | | | |
| Grants | | | | |
| Recurrent grants | 1.7(b), 7.1 | 299 495 | 312 768 | 298 390 |
| Capital grants | 1.7(b), 7.2 | 0 | 20 041 | 51 059 |
| Sales of goods and services | 1.7(c), 7.3 | 29 839 | 46 243 | 38 950 |
| Interest | 1.7(d) | 0 | 181 | 168 |
| Contributions received | 1.7(e), 7.4 | 0 | 16 | 0 |
| Other revenue | 1.7(f), 7.5 | 24 485 | 14 741 | 12 133 |
| **Total revenue and other income from transactions** | | **353 819** | **393 990** | **400 700** |
| **Expenses from transactions** | | | | |
| Employee benefits | 1.8(a), 8.1 | 252 759 | 256 823 | 230 753 |
| Depreciation and amortisation | 1.8(b), 8.2 | 10 335 | 13 070 | 8 739 |
| Supplies and consumables | 8.3 | 98 996 | 104 625 | 92 283 |
| Grants and subsidies | 1.8(c), 8.4 | 542 | 2 269 | 200 |
| Other expenses | 1.8(e), 8.5 | 3 079 | 5 093 | 8 445 |
| **Total expenses from transactions** | | **365 711** | **381 880** | **340 420** |
| **Net result from transactions (net operating balance)** | | **( 11 892)** | **12 110** | **60 280** |
| **Other economic flows included in net result** | | | | |
| Net gain/(loss) on non-financial assets | 1.9(a)(c), 9.1 | 3 | 118 | ( 372) |
| Net gain/(loss) on financial instruments and statutory receivables/payables | 1.10(b), 9.2 | 0 | 210 | ( 317) |
| **Total other economic flows included in net result** | | **3** | **328** | **( 689)** |
| **Net result from continuing operations** | | **( 11 889)** | **12 438** | **59 591** |
| **Other comprehensive income** | | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | | |
| Changes in property, plant and equipment revaluation surplus | 13.1 | 12 135 | ( 17) | 67 330 |
| **Total other comprehensive income** | | **12 135** | **( 17)** | **67 330** |
| **Comprehensive result** | | **246** | **12 421** | **126 921** |

This Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Budget information refers to original budget estimates reflected in the 2013-14 Budget Papers and has not been subject to audit.

Explanations of material variances between budget and actual outcomes are provided in Note 4 of the accompanying notes.

# STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

| | Notes | 2014 Budget $'000 | 2014 Actual $'000 | 2013 Actual $'000 |
|---|---|---|---|---|
| **Assets** | | | | |
| *Financial assets* | | | | |
| Cash and deposits | 1.10(a), 14.1 | 13 848 | 38 514 | 35 595 |
| Receivables | 1.10(b), 10.1 | 4 708 | 5 308 | 3 407 |
| Other financial assets | 1.10(c), 10.2 | 325 | 7 255 | 4 516 |
| *Non-financial assets* | | | | |
| Inventories | 1.10(d), 10.3 | 3 589 | 2 792 | 2 868 |
| Assets held for sale | 1.10(e), 10.4 | 0 | 0 | 657 |
| Property, plant and equipment | 1.10(f), 10.5 | 245 709 | 375 837 | 358 051 |
| Intangibles | 1.10(g), 10.6 | 321 | 727 | 385 |
| Other assets | 1.10(h), 10.7 | 2 360 | 2 410 | 1 633 |
| **Total assets** | | **270 860** | **432 843** | **407 112** |
| **Liabilities** | | | | |
| Payables | 1.11(a), 11.1 | 4 344 | 12 770 | 8 752 |
| Employee benefits | 1.11(c), 11.2 | 50 220 | 62 089 | 53 387 |
| Other liabilities | 1.11(e), 11.3 | 945 | 3 544 | 3 369 |
| **Total liabilities** | | **55 509** | **78 403** | **65 508** |
| **Net assets** | | **215 351** | **354 440** | **341 604** |
| **Equity** | | | | |
| Contributed capital | 13.2 | 210 414 | 215 388 | 214 683 |
| Reserves | 13.1 | 24 747 | 67 313 | 67 330 |
| Accumulated funds | | ( 19 810) | 71 739 | 59 591 |
| **Total equity** | | **215 351** | **354 440** | **341 604** |

This Statement of Financial Position should be read in conjunction with the accompanying notes.

Budget information refers to original budget estimates reflected in the 2013-14 Budget Papers and has not been subject to audit.

Explanations of material variances between budget and actual outcomes are provided in Note 4 of the accompanying notes.

# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

| | Notes | 2014 Budget $'000 | 2014 Actual $'000 | 2013 Actual $'000 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | Inflows (Outflows) | Inflows (Outflows) | Inflows (Outflows) |
| **Cash inflows** | | | | |
| Grants | | 299 495 | 312 768 | 298 390 |
| Sales of goods and services | | 29 724 | 42 406 | 36 281 |
| GST receipts | | 0 | 9 562 | 8 246 |
| Interest received | | 0 | 181 | 168 |
| Other cash receipts | | 24 464 | 14 741 | 12 133 |
| **Total cash inflows** | | **353 683** | **379 658** | **355 218** |
| **Cash outflows** | | | | |
| Employee benefits | | ( 250 624) | ( 250 187) | ( 225 398) |
| GST payments | | 0 | ( 9 680) | ( 8 129) |
| Grants and transfer payments | | ( 542) | ( 2 269) | ( 200) |
| Supplies and consumables | | ( 99 040) | ( 101 762) | ( 88 780) |
| Other cash payments | | ( 3 079) | ( 5 115) | ( 8 950) |
| **Total cash outflows** | | **( 353 285)** | **( 369 013)** | **( 331 457)** |
| **Net cash from (used by) operating activities** | 14.2 | **398** | **10 645** | **23 761** |
| | | | | |
| **Cash flows from investing activities** | | | | |
| **Cash inflows** | | | | |
| Proceeds from the disposal of non-financial assets | | 3 | 160 | 530 |
| **Total cash inflows** | | **3** | **160** | **530** |
| **Cash outflows** | | | | |
| Payment for acquisition of non-financial assets | | ( 401) | ( 7 970) | ( 1 828) |
| **Total cash outflows** | | **( 401)** | **( 7 970)** | **( 1 828)** |
| **Net cash from (used by) investing activities** | | **( 398)** | **( 7 810)** | **( 1 298)** |
| | | | | |
| **Net increase (decrease) in cash and cash equivalents held** | | **0** | **2 835** | **22 463** |
| **Cash and deposits at the beginning of the reporting period** | | **13 848** | **35 595** | **0** |
| **Cash transferred in due to restructure** | 1.6 | **0** | **84** | **13 132** |
| **Cash and deposits at the end of the reporting period** | 14.1 | **13 848** | **38 514** | **35 595** |

This Statement of Cash Flows should be read in conjunction with the accompanying notes.

Budget information refers to original budget estimates reflected in the 2013-14 Budget Papers and has not been subject to audit.

Explanations of material variances between budget and actual outcomes are provided in Note 4 of the accompanying notes.

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

| | Notes | Contrib Equity $'000 | Reserves $'000 | Accum Funds $'000 | Total Equity $'000 |
|---|---|---|---|---|---|
| **Balance as at 1 July 2013** | | **214 683** | **67 330** | **59 591** | **341 604** |
| Net Result | | 0 | 0 | 12 438 | 12 438 |
| Other Comprehensive Income | | 0 | ( 17) | 0 | ( 17) |
| **Total comprehensive result** | | **0** | **( 17)** | **12 438** | **12 421** |
| Transfer sale proceeds to the Crown Lands Administration Fund (CLAF) | | 0 | 0 | ( 290) | ( 290) |
| **Transactions with owners in their capacity as owners:** | | | | | |
| Administrative restructure – net assets received | 1.6 | 705 | 0 | 0 | 705 |
| **Balance as at 30 June 2014** | | **215 388** | **67 313** | **71 739** | **354 440** |

| | Notes | Contrib Equity $'000 | Reserves $'000 | Accum Funds $'000 | Total Equity $'000 |
|---|---|---|---|---|---|
| **Balance as at 1 July 2012** | | **0** | **0** | **0** | **0** |
| Net Result | | 0 | 0 | 59 591 | 59 591 |
| Other Comprehensive Income | | 0 | 67 330 | 0 | 67 330 |
| **Total comprehensive result** | | **0** | **67 330** | **59 591** | **126 921** |
| Transfer sale proceeds to the Crown Lands Administration Fund (CLAF) | | 0 | 0 | 0 | 0 |
| **Transactions with owners in their capacity as owners:** | | | | | |
| Administrative restructure – net assets received | 1.6 | 214 683 | 0 | 0 | 214 683 |
| **Balance as at 30 June 2013** | | **214 683** | **67 330** | **59 591** | **341 604** |

This Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Withdrawal of equity relates to the Crown Lands Administration Fund.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

# NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

## 1.1 OBJECTIVES AND FUNDING

Tasmanian Health Organisation – North was established under the *Tasmanian Health Organisation Act 2011* as a result of the implementation of the National Health Reform. THO-North commenced operations on 1 July 2012 as a Statutory Authority with a Governing Council established under the Act.

Under National Health Reform, the majority of funding previously provided by the Australian Government under the Health Specific Purpose Payment (SPP) is now provided directly to THO-North via the National Health Funding Pool. In 2011-12, this funding was paid to the Department of Health and Human Services by way of a recurrent appropriation. From 2012-13, this funding flowed as grants to THO-North. Also, under new administrative arrangements in place for 2013-14, funding due to THO-North under National Partnership Agreements with the Australian Government and Commonwealth Own Purpose Expenditure was paid as grants rather than by way of appropriation.

In addition, THO-North provides services to fee paying privately insured patients, patients who will receive compensation for these expenses due to the circumstances surrounding their injury, or other private paying patients. The financial statements encompass all funds through which the THO-North controls resources to carry on its functions.

As legislated, the principal purpose of the Tasmanian Health Organisation – North is to:

- Promote and maintain the health of persons; and
- Provide care and treatment to, and ease the suffering of, persons with health problems;

as agreed in the Tasmanian Health Organisation – North's Service Agreement and within the budget provided in the Service Agreement.

## 1.2 BASIS OF ACCOUNTING

The Financial Statements are a general purpose financial report and have been prepared in accordance with:

- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board; and
- the Treasurer's Instructions issued under the provisions of the *Financial Management and Audit Act 1990.*

The Financial Statements were signed by the Chair of the Governing Council and the Chief Executive Officer on the 13 August 2014.

Compliance with the Australian Accounting Standards (AAS) may not result in compliance with International Financial Reporting Standards (IFRS), as the AAS include requirements and options available to not-for-profit organisations that are inconsistent with IFRS. The THO is considered to be not-for-profit and has adopted some accounting policies under the AAS that do not comply with IFRS.

The Financial Statements have been prepared on an accrual basis and, except where stated, are in accordance with the historical cost convention. The accounting policies are generally consistent with the previous year except for those changes outlined in Note 1.4.

The Financial Statements have been prepared as a going concern. The continued existence of the THO in its present form, undertaking its current activities, is dependent on Government policy and continuing funding by the Department of Health and Human Services for the THO's administration and activities. Refer to Nore 5 for further details.

## 1.3 FUNCTIONAL AND PRESENTATION CURRENCY

These Financial Statements are presented in Australian dollars, which is the THO's functional currency.

## 1.4 CHANGES IN ACCOUNTING POLICIES

**(a) Impact of new and revised Accounting Standards**

In the current year, THO-North has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period. These include:

- AASB 13 *Fair Value Measurement* (AASB 2011 – 8 *Amendments to Australian Accounting Standards arising from AASB* 13) – This standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. AASB 13 sets out a new definition of 'fair value' as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements will apply to all of the THO's assets and liabilities (excluding leases), that are measured and/or disclosed at fair value or another measurement based on fair value.

  The THO has reviewed its fair value methodologies (including instructions to valuers, data used and assumptions made) for all items of property, plant and equipment measured at fair value to ensure those methodologies comply with AASB 13. There is no financial impact.

  However, AASB 13 requires increased disclosures in relation to fair value measurements for both assets and liabilities. To the extent that any fair value measurement for an asset or liability uses data that is not 'observable' outside the department, the disclosures are significantly greater.

  AASB 2011-8 replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as a result of AASB 13.

- AASB 119 *Employee Benefits* (2011-10 *Amendments to Australian Accounting Standards – arising from AASB 119*) – This Standard supersedes AASB 119 *Employee Benefits,* introducing a number of changes to accounting treatments. The Standard was issued in September 2013. There is no financial impact.

- 2012-2 *Amendments to Australian Accounting Standards - Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132]* – This Standard makes amendments to AASB 7 and AASB 132 as a consequence of the issuance of amendments to IFRS 7 by the International Accounting Standards Board in December 2011. It is anticipated that there will not be any financial impact.

- 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, AASB 2009-11, AASB 2010-7, AASB 2011-7 & AASB 2011-8]* – This Standard makes amendments to various standards as a consequence of the issuance of International Financial Reporting Standard Mandatory Effective Date and Transition Disclosures (Amendments to IFRS 9 and IFRS 7) by the International Accounting Standards Board in December 2011. It is anticipated that there will not be any financial impact.

**(b) Impact of new and revised Accounting Standards yet to be applied**

The following applicable Standards have been issued by the AASB and are yet to be applied:

- AASB 9 *Financial Instruments* – This Standard supersedes AASB 139 *Financial Instruments: Recognition and Measurement,* introducing a number of changes to accounting treatments. The Standard was reissued in December 2010 and is available from 1 January 2017 for application by not-for-profit entities. The THO has determined that there will be no financial impact.
- AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]* – This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. It is anticipated that there will not be any financial impact.
- AASB 2013-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2]* – This Standard makes amendments to the Australian Accounting Standards and Interpretations as a consequence of the annual improvements process. It is anticipated that there will not be any financial impact.

**(c) Voluntary changes in accounting policy**

The THO has not adopted any new accounting policies during the financial year ended 30 June 2014.

## 1.5 ACTIVITIES UNDERTAKEN UNDER A TRUSTEE OR AGENCY RELATIONSHIP

Transactions relating to activities undertaken by the THO in a trust or fiduciary (agency) capacity do not form part of the THO's activities. Trustee and agency arrangements, and transactions/balances relating to those activities, are neither controlled nor administered.

Fees, commissions earned and expenses incurred in the course of rendering services as a trustee or through an agency arrangement are recognised as controlled transactions.

Transactions and balances relating to a Trustee or Agency Agreement are shown in Note 16.

## 1.6 TRANSACTIONS BY THE GOVERNMENT AS OWNER – RESTRUCTURING OF ADMINISTRATIVE ARRANGEMENTS

Net assets received under a restructuring of administrative arrangements are designated as contributions by owners and adjusted directly against equity. Net assets relinquished are designated as distributions to owners. Net assets transferred are initially recognised at the amounts at which they were recognised by the transferring agency immediately prior to the transfer.

On 1 July 2013, Statewide and Mental Health Services transferred from the Department of Health and Human Services to the respective THOs. Under the changes, Mental Health Services (North, North West and South) transferred to the respective THOs, while statewide Forensic Health and Alcohol and Drug Services are provided through THO South. A new central Mental Health/Alcohol and Drug Services unit now operates within the Department of Health and Human Services with state-wide responsibilities including strategic policy, national reform and the Office of the Chief Psychiatrist.

The transfer of assets, liabilities and staff took place on 1 July 2013. These are detailed in the Statement of Changes in Equity under the heading Administrative restructure, and are detailed in the following Balance Sheet.

| | Note | Transfer to THO-North $'000 |
|---|---|---|
| **Assets** | | |
| *Financial assets* | | |
| Cash and deposits | | 84 |
| Receivables | | 24 |
| Other financial assets | | 0 |
| *Non-financial assets* | | |
| Inventories | | 0 |
| Property, plant and equipment | 10.5(b) | 2 840 |
| Intangibles | | 23 |
| Other assets | | 0 |
| **Total assets** | | **2 971** |
| | | |
| **Liabilities** | | |
| Payables | | 47 |
| Employee benefits | | 2 148 |
| Other liabilities | | 70 |
| **Total liabilities** | | **2 265** |
| | | |
| **Net assets transferred** | | **706** |

## 1.7 INCOME FROM TRANSACTIONS

Income is recognised in the Statement of Comprehensive Income when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably.

### (a) Revenue from Government

Under National Health Reform, the majority of funding previously provided by the Australian Government under the Health Specific Purpose Payment (SPP) is now provided to the THO via the National Health Funding Pool. In 2011-12, this funding was paid to the Department of Health and Human Services by way of a recurrent appropriation. From 2012-13, this funding flowed as grants to the THO. Also, under new administrative arrangements in place from 2012-13, funding due to the THO under National Partnership Agreements with the Australian Government and Commonwealth Own Purpose Expenditure was paid as grants rather than by way of appropriation.

**(b) Grants**

Grants payable by the Australian Government are recognised as revenue when the THO gains control of the underlying assets. Where grants are reciprocal, revenue is recognised as performance occurs under the grant.

Non-reciprocal grants are recognised as revenue when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

The construction and redevelopment of buildings is undertaken by the Department of Health and Human Services. When the buildings are commissioned they are transferred, together with the land, to the THO.

**(c) Sales of goods and services**

Amounts earned in exchange for the provision of goods are recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from the provision of services is recognised in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

**(d) Interest**

Interest on funds invested is recognised as it accrues using the effective interest rate method.

**(e) Contributions received**

Services received free of charge by the THO, are recognised as income when a fair value can be reliably determined and at the time the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised at their fair value when the THO obtains control of the asset, it is probable that future economic benefits comprising the contribution will flow to the THO and the amount can be measured reliably. However, where the contribution received is from another government agency as a consequence of restructuring of administrative arrangements, they are recognised as contributions by owners directly within equity. In these circumstances, book values from the transferor agency have been used.

**(f) Other revenue**

Other revenue is primarily the recovery of costs incurred and is recognised when an increase in future economic benefits relating to an increase in an asset or a decrease of a liability has arisen that can be reliably measured.

**(g) Activity Based Funding and Block Funding**

Activity Based Funding (ABF) refers to a system for funding public hospital services provided to individual patients using national classifications, cost weights and nationally efficient prices developed by the Independent Hospital Pricing Authority.

Block Funding refers to funding provided to support:

- Public hospital functions other than in-patient services; and
- Public patient services provided by facilities that are not appropriately funded through ABF.

Under National Health Reform, ABF from the Australian Government and the Department of Health and Human Services is provided directly to the THOs via the Tasmanian state pool account (Reserve Bank of Australia account established in 2012-13), which is part of the National Health Funding Pool.

Block Funding is provided by the Australian Government through the state pool account, but is provided to the THOs via the State Managed Fund, which is an account established by the State for the purposes of health funding under the National Health Reform Agreement.

Block Funding provided to the THO by the Department of Health and Human Services is made via the State Managed Fund.

When a resident of one state receives hospital treatment in another state, the resident state compensates the treating or provider state for the cost of that care via a cross border payment. Current year cross border payments are made on behalf of the THO through the state pool account by the Department of Health and Human Services, with the associated revenue and expenditure being recognised in the THO's accounts.

## 1.8 EXPENSES FROM TRANSACTIONS

Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

### (a) Employee benefits

Employee benefits include, where applicable, entitlements to wages and salaries, annual leave, sick leave, long service leave, superannuation and any other post-employment benefits.

### (b) Depreciation and amortisation

All applicable Non-financial assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their service potential. Land and artwork, being an assets with an unlimited useful life, are not depreciated.

Depreciation is provided for on a straight line basis, using rates which are reviewed annually. Major depreciation periods are:

| | |
|---|---|
| Plant and equipment | 5-25 years |
| Medical equipment | 4-20 years |
| Buildings | 30-50 years |

All intangible assets having a limited useful life are systematically amortised over their useful lives reflecting the pattern in which the asset's future economic benefits are expected to be consumed by the THO.

Major amortisation periods are:

| | |
|---|---|
| Software | 4-10 years |

**(c) Grants and subsidies**

Grant and subsidies expenditure is recognised to the extent that:

- the services required to be performed by the grantee have been performed; or
- the grant eligibility criteria have been satisfied.

A liability is recorded when the THO has a binding agreement to make the grants but services have not been performed or criteria satisfied. Where grant monies are paid in advance of performance or eligibility, a prepayment is recognised.

**(d) Contributions provided**

Contributions provided free of charge by the THO, to another entity, are recognised as an expense when fair value can be reliably determined. No contributions were provided free of charge during 2013-14.

**(e) Other expenses**

Other expenses are recognised when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be reliably measured.

## 1.9 OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

**(a) Gain / (loss) on sale of non-financial assets**

Gains or losses from the sale of Non-financial assets are recognised when control of the assets has passed to the buyer.

**(b) Impairment – Financial assets**

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that there are any financial assets that are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss, in respect of a financial asset measured at amortised cost, is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Impairment losses are recognised in the Statement of Comprehensive Income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the Statement of Comprehensive Income.

**(c) Impairment – Non-financial assets**

All non-financial assets are assessed to determine whether any impairment exists. Impairment exists when the recoverable amount of an asset is less than its carrying amount. Recoverable amount is the higher of fair value less costs to sell and value in use. The THO's assets are not used for the purpose of generating cash flows; therefore value in use is based on depreciated replacement cost where the asset would be replaced if deprived of it.

Impairment losses are recognised in the Statement of Comprehensive Income.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extend that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(d) Other gains / (losses) from other economic flows**

Other gains/(losses) from other economic flows includes gains or losses from reclassifications of amounts from reserves and/or accumulated surplus to net result, and from the revaluation of the present values of the long service leave liability due to changes in the bond interest rate.

## 1.10 ASSETS

Assets are recognised in the Statement of Financial Position when it is probable that the future economic benefits will flow to the THO and the asset has a cost or value that can be measured reliably.

**(a) Cash and deposits**

Cash means notes, coins, any deposits held at call with a bank or financial institution, as well as funds held in the Special Deposits and Trust Fund, being short term of three months or less and highly liquid. Deposits are recognised at amortised cost, being their face value.

**(b) Receivables**

Receivables are recognised at amortised cost, less any impairment losses, however, due to the short settlement period, receivables are not discounted back to their present value.

**(c) Other financial assets**

Other financial assets are recorded at fair value.

**(d) Inventories**

Inventories held for distribution are valued at cost adjusted, when applicable, for any loss of service potential. Inventories acquired for no cost or nominal consideration are valued at current replacement cost. Inventories held for resale are valued at cost.

### (e) Assets held for sale

Assets held for sale (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Department's accounting policies. Thereafter the assets (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

### (f) Property, plant, equipment and infrastructure

#### (i) Valuation basis

Land, buildings, artwork assets and other long-lived assets are recorded at fair value less accumulated depreciation. All other Non-current physical assets, including work in progress, are recorded at historic cost less accumulated depreciation and accumulated impairment losses. All assets within a class of assets are measured on the same basis.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The costs of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Fair value is based on the highest and best use of the asset. Unless there is an explicit Government policy to the contrary, the highest and best use of an asset is the current purpose for which the asset is being used or occupied.

#### (ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Department and its costs can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day-to-day servicing of property, plant and equipment are recognised in the Statement of Comprehensive Income as incurred.

#### (iii) Asset recognition threshold

The asset capitalisation threshold adopted by THO is:

| | |
|---|---|
| Vehicles | $10 000.00 |
| Plant and equipment | $10 000.00 |
| Land and buildings | $10 000.00 |
| Intangibles | $50 000.00 |
| Artwork | $10 000.00 |

Assets valued at less than $10 000 (or $50 000 for intangible assets) are charged to the Statement of Comprehensive Income in the year of purchase (other than where they form part of a group of similar items which are material in total).

#### (iv) Revaluations

The THO's land and building assets were revalued by an independent valuer as at 30 June 2013. A full revaluation of land at fair value, and buildings at replacement depreciated cost on net basis is undertaken every five years. In the intervening years the values are adjusted by an indice supplied by a valuer. Land acquired and building commissioned in their first year are not revalued. They are revalued in subsequent years.

### (g) Intangibles

An intangible asset is recognised where:

- it is probable that an expected future benefit attributable to the asset will flow to the THO; and
- the cost of the asset can be reliably measured.

Intangible assets held by the THO are valued at fair value less any subsequent accumulated amortisation and any subsequent accumulated impairment losses where an active market exists. Where no active market exists, intangible assets held by the THO are valued at cost less any subsequent accumulated amortisation and any subsequent accumulated impairment losses. The asset capitalisation threshold for intangible assets adopted by the THO is $50 000.

### (h) Other assets

Other assets are recorded at fair value and include prepayments.

## 1.11 LIABILITIES

Liabilities are recognised in the Statement of Financial Position when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

### (a) Payables

Payables, including goods received and services incurred but not yet invoiced, are recognised at amortised cost, which due to the short settlement period, equates to face value, when the THO becomes obliged to make future payments as a result of a purchase of assets or services.

### (b) Provisions

A provision arises if, as a result of a past event, the THO has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. Any right to reimbursement relating to some or all of the provision is recognised as an asset when it is virtually certain that the reimbursement will be received.

### (c) Employee benefits

Liabilities for wages and salaries and annual leave are recognised when an employee becomes entitled to receive a benefit. Those liabilities expected to be realised within 12 months are measured at the amount expected to be paid. Other employee entitlements are measured as the present value of the benefit at 30 June 2014, where the impact of discounting is material, and at the amount expected to be paid if discounting is not material.

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

**(d) Superannuation**

**(i) Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense when they fall due.

**(ii) Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The THO does not recognise a liability for the accruing superannuation benefits of State Service employees. This liability is held centrally and is recognised within the Finance-General Division of the Department of Treasury and Finance.

**(e) Other liabilities**

Other liabilities and other financial liabilities are recognised in the Statement of Financial Position when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably. Other liabilities include revenue received in advance and on-costs associated with employee benefits. Revenue received in advance is measured at amortised cost. On-costs associated with employee benefits expected to be realised within 12 months are measured at the amount expected to be paid. Other on-costs associated with employee benefits are measured at the present value of the cost at 30 June 2014, where the impact of discounting is material, and at the amount expected to be paid if discounting is not material.

## 1.12 LEASES

The THO has entered into a number of operating lease agreements for property, plant and equipment, where the lessors effectively retain all the risks and benefits incidental to ownership of the items leased. Equal instalments of lease payments are charged to the Statement of Comprehensive Income over the lease term, as this is representative of the pattern of benefits to be derived from the leased property.

The THO is prohibited by Treasurer's Instruction 502 *Leases* from entering into finance leases.

## 1.13 JUDGEMENTS AND ASSUMPTIONS

In the application of Australian Accounting Standards, the THO is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by the THO that have significant effects on the Financial Statements are disclosed in the relevant notes to the Financial Statements. In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- 1.8(b) & 8.2 Depreciation and amortisation;
- 1.10(f) & 10.5 Property, plant and equipment;
- 1.9(b) & 9.2 Impairment;
- 1.10(b) & 10.1 Provision for impairment;
- 1.11(c) & 11.2 Employee benefits;
- 12.1 & 12.2 Commitments and contingencies; and
- 1.10(a) & 14 Key assumptions used in cash flow projections.

The THO has made no other judgements or assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities.

## 1.14 FOREIGN CURRENCY

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date.

## 1.15 COMPARATIVE FIGURES

Comparative figures have been adjusted to reflect any changes in accounting policy or the adoption of new standards at Note 1.4.

Where amounts have been reclassified within the Financial Statements, the comparative statements have been restated.

## 1.16 BUDGET INFORMATION

Budget information refers to original Budget estimates as reflected in the 2013-14 Budget Papers and is not subject to audit.

## 1.17 ROUNDING

All amounts in the Financial Statements have been rounded to the nearest thousand dollars, unless otherwise stated. Where the result of expressing amounts to the nearest thousand dollars would result in an amount of zero, the financial statement will contain a note expressing the amount to the nearest whole dollar.

## 1.18 TAXATION

The THO is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

## 1.19 GOODS AND SERVICES TAX

Revenue, expenses and assets are recognised net of the amount of GST, except where the GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST. The net amount recoverable, or payable, to the ATO is recognised as an asset or liability within the Statement of Financial Position.

In the Statement of Cash Flows, the GST component of cash flows arising from operating, investing or financing activities which is recoverable from, or payable to, the Australian Taxation Office (ATO) is, in accordance with the Australian Accounting Standards, classified as operating cash flows.

# NOTE 2 OUTPUT SCHEDULES

## 2.1 OUTPUT GROUP INFORMATION

Budget information refers to original Budget estimates reflected in the 2013-14 Budget Papers which has not been subject to audit.

| | 2014 Budget $'000 | 2014 Actual $'000 | 2013 Actual $'000 |
|---|---|---|---|
| **Expense by Output** | | | |
| 1.1 Admitted Services | 208 863 | 190 780 | 174 959 |
| 1.2 Non-admitted Services | 48 082 | 69 746 | 63 171 |
| 1.3 Emergency Department Services | 35 516 | 41 263 | 40 220 |
| 1.4 Community and Aged Care Services | 59 686 | 65 249 | 62 070 |
| 1.5 Statewide and Mental Health Services | 13 564 | 14 842 | 0 |
| **Total** | **365 711** | **381 880** | **340 420** |

## NOTE 3 EXPENDITURE UNDER AUSTRALIAN GOVERNMENT FUNDING ARRANGEMENTS

| | State Funds | Australian Govt Funds | State Funds | Australian Govt Funds |
|---|---|---|---|---|
| | 2014 $'000 | 2014 $'000 | 2013 $'000 | 2013 $'000 |
| **National Partnership Agreements payments** | | | | |
| Health Services | 169 | 14 480 | 114 | 10 772 |
| **Commonwealth Own Purpose Expenditures** | | | | |
| Other | 2 463 | 14 142 | 3 283 | 19 324 |
| **National Health Reform Funding Arrangements** | | | | |
| Activity Based Funding | 84 560 | 102 885 | 108 702 | 70 777 |
| Block Funding | 77 190 | 18 348 | 58 804 | 13 182 |
| **Total** | **164 382** | **149 855** | **170 903** | **114 055** |

This schedule shows the cash expenditure acquitted against each of the Fund groups. The Grant revenue received for each of these is outlined in Note 7.1.

National Partnership Payments (NPPs) are provided for the purpose of the delivery of specified projects, facilitate reforms or reward jurisdictions that deliver nationally significant reforms.

Commonwealth Own Purpose Expenditure (COPE) is funding paid directly from the Australian Government to the States and Territories for the provision of services identified as a priority by the Australian Government.

# NOTE 4 EXPLANATIONS OF MATERIAL VARIANCES BETWEEN BUDGET AND ACTUAL OUTCOMES

The following are brief explanations of material variances between Budget Estimates and actual outcomes. In the majority of instances the cause for the material variance between the Budget Estimate and Actual is a result of the difficulty associated with establishing an accurate allocation at the time the Budget Papers were prepared. Variances are considered material where the variance exceeds the greater of 10 per cent of Budget Estimate or $1 million.

## 4.1 STATEMENT OF COMPREHENSIVE INCOME

| | Note | Budget $'000 | Actual $'000 | Variance $'000 | Variance |
|---|---|---|---|---|---|
| Capital grants | (a) | 0 | 20 041 | 20 041 | n/a |
| Sales of goods and services | (b) | 29 839 | 46 243 | 16 404 | 55.0% |
| Other revenue | (c) | 24 485 | 14 741 | ( 9 744) | ( 39.8%) |
| Depreciation and amortisation | (d) | 10 335 | 13 070 | ( 2 735) | ( 26.5%) |
| Grants and subsidies | (e) | 542 | 2 269 | ( 1 727) | ( 318.6%) |
| Other expenses | (f) | 3 079 | 5 093 | ( 2 014) | ( 65.4%) |

### Notes to Statement of Comprehensive Income variances

(a) Capital grants revenue at the time of the compilation of the Parliament of Tasmania's 2013-14 Budget Paper Number 2, Volume 2 – Government Services (the 'Budget Paper') was unknown and as such no provision was made for the transfer of newly constructed capital and associated equipment from the Department of Health and Human Services to the THO.

(b) Sales of goods and services revenue was $16.4 million greater than disclosed in the Budget Paper which reflects a change in accounting treatment of Highly Specialised Drug reimbursements which were historically treated as COPE and are now treated as own source revenue and the continued increase in recoveries from private and compensable patients.

(c) Other revenue is $9.7 million less than recorded in the Budget Paper which is primarily due to the variance in treatment of COPE revenue between the Budget Paper, where it was classified as Other Revenue, and for financial reporting whereby it is classified as Grant funding (as noted in item a, above).

(d) Depreciation and amortisation expenditure was $2.7 million higher than recorded in the Budget Paper which is due to the capitalisation of property, plant and equipment during the year ended 30 June 2013 for which the budgeted depreciation and amortisation charges had not been updated at the time of Budget Paper development.

(e) Grant and subsidy expenditure is $1.7 million higher than disclosed in the Budget Paper. This is due to the provision of a grant to the University of Tasmania's Active Launceston program, in addition to the provision of funding to the Department of Health and Human Services to undertake capital infrastructure projects on behalf of the THO.

(f) Other expenses were $2.0 million higher than reported in the Budget Paper which is due to the budget in respect of the Tasmanian Risk Management Fund premium being classified as Other Supplies and Consumables within the Budget Papers; however this expenditure is classified as Other Expenses for financial reporting purposes.

## 4.2 STATEMENT OF FINANCIAL POSITION

| | Note | Budget $'000 | Actual $'000 | Variance $'000 | Variance |
|---|---|---|---|---|---|
| Cash and deposits | (a) | 13 848 | 38 514 | 24 666 | 178.1% |
| Other financial assets | (b) | 325 | 7 255 | 6 930 | n/a |
| Property, plant and equipment | (c) | 245 709 | 375 837 | 130 128 | 53.0% |
| Payables | (d) | 4 344 | 12 770 | ( 8 426) | ( 194.0%) |
| Employee benefits | (e) | 50 220 | 62 089 | ( 11 869) | ( 23.6%) |
| Other liabilities | (f) | 945 | 3 544 | ( 2 599) | ( 275.0%) |
| Reserves | (g) | 24 747 | 67 313 | ( 42 566) | ( 172.0%) |

### Notes to Statement of Financial Position variances

(a) As noted above, the cause of the material variance between the Budget Paper and the Actual is as a result of the difficulty in establishing an accurate budget allocation at the time the Budget Papers were developed. As a result of this, the cash carry-forward from 30 June 2013 of $21.5 million was not included in the Budget Papers although it formed a part of the THO's cash balance for the 2013-14 financial year.

(b) The variance reported in other financial assets of $6.9 million is due to three primary factors, being: the budget reported in the Budget Paper did not accurately reflect the inter-departmental transactions resulting in amounts owing to/from other Department of Health and Human Services departments; inter-entity debtors are classified as an other asset within the Budget Paper as opposed to an other financial asset in the financial report; and revenue accrued due to the timing of receipts.

(c) As noted in the Budget Paper, property, plant and equipment does not include major investment in infrastructure. Therefore, the variance reported in property, plant and equipment has arisen due to the capitalisation of various areas of the capital redevelopment and asset replacement programs, including the multi-storey car park, JL Grove subacute facility and the Holman Clinic medical oncology redevelopment.

(d) As noted previously, the cause of the material variance between the Budget Paper and the Actual is as a result of the difficulty in establishing an accurate budget allocation at the time the Budget Papers were developed. As such, the operating budget for payables was amended to $14.2 million. The resulting variance between the operating budget and actual position of $1.4 million is due to the THO actively managing payables balances prior to 30 June 2014.

(e) As noted previously, the cause of the material variance between the Budget Paper and the Actual is as a result of the difficulty in establishing an accurate budget allocation at the time the Budget Papers were developed. As such, the operating budget for employee benefits was amended to $59.9 million. The resulting variance between the operating budget and actual position of $2.2 million is primarily due to growth in the non-current provisions for long service and annual leave.

(f) As noted previously, the cause of the material variance between the Budget Paper and the Actual is as a result of the difficulty in establishing an accurate budget allocation at the time the Budget Papers were developed. As such, the operating budget for other liabilities was amended to $3.4 million, which results in a non-reportable variance.

(g) As noted previously, the cause of the material variance between the Budget Paper and the Actual is as a result of the difficulty in establishing an accurate budget allocation at the time the Budget Papers were developed. As such, the operating budget for reserves was amended to $67.33 million, which results in a non-reportable variance.

## 4.3 STATEMENT OF CASH FLOWS

| | Note | Budget $'000 | Actual $'000 | Variance $'000 | Variance |
|---|---|---|---|---|---|
| Sales of goods and services | (a) | 29 724 | 42 406 | 12 682 | 42.7% |
| GST receipts | (b) | 0 | 9 562 | 9 562 | n/a |
| Other cash receipts | (c) | 24 464 | 14 741 | ( 9 723) | ( 39.7%) |
| GST payments | (d) | 0 | ( 9 680) | 9 680 | n/a |
| Grants and transfer payments | (e) | ( 542) | ( 2 269) | 1 727 | ( 318.6%) |
| Other cash payments | (f) | ( 3 079) | ( 5 115) | 2 036 | ( 66.1%) |
| Payment for acquisition of non-financial assets | (g) | ( 401) | ( 7 970) | 7 569 | n/a |

### Notes to Statement of Cash Flows variances

(a) Refer to note 4.1(b).

(b) The budget reported in the Budget Paper did not take into account the impact of GST upon the THO and as such, no GST receipt or payments were included in the Budget Paper.

(c) Refer to note 4.1(c).

(d) Refer to 4.3(b).

(e) Refer to note 4.1(e).

(f) Refer to note 4.1(f).

(g) The budget reported in the Budget Paper did not take into consideration significant capital equipment expenditure associated with the THO's capital development and asset replacement program.

## NOTE 5 EVENTS OCCURRING AFTER BALANCE DATE

On 26 July 2014, the Minister for Health announced reforms to Tasmania's health system which includes the creation of one Tasmanian Health Organisation to be known as the Tasmanian Health Service, which will come into operation on 1 July 2015 and replace the current three THOs. It is anticipated that all assets, rights, liabilities, obligations and employees of THO-North will be transferred to the Tasmanian Health Service on that date.

Despite this, the financial statements for the year ended 30 June 2014 have been prepared on a going concern basis.

## NOTE 6 UNDERLYING NET OPERATING BALANCE

Non-operational capital funding is the income from transactions relating to funding for capital projects. This funding is classified as income from transactions and included in the net operating balance. However, the corresponding capital expenditure is not included in the calculation of the net operating balance. Accordingly, the net operating balance will portray a position that is better than the true underlying financial result.

For this reason, the net operating result is adjusted to remove the effects of funding for capital projects.

| | 2014 Budget $'000 | 2014 Actual $'000 | 2013 Actual $'000 |
|---|---|---|---|
| **Net result from transactions (net operating balance)** | **( 11 892)** | **12 110** | **60 280** |
| ***Less impact of Non-operational capital funding*** | | | |
| Assets transferred | 0 | 20 041 | 51 059 |
| **Total** | **0** | **20 041** | **51 059** |
| **Underlying Net operating balance** | **( 11 892)** | **( 7 931)** | **9 221** |

# NOTE 7 INCOME FOR TRANSACTIONS

## 7.1 RECURRENT GRANTS

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| *Continuing operations* | | |
| **Grants from the Australian Government** | | |
| Commonwealth Recurrent Grants – Block Funding | 18 348 | 14 301 |
| Commonwealth Recurrent Grants – Activity Based Funding | 102 885 | 77 015 |
| COPES Receipts | 11 639 | 21 448 |
| Other Commonwealth Grants | 14 316 | 13 214 |
| **Total** | **147 188** | **125 978** |
| | | |
| **Grants from the State Government** | | |
| State Grants – Block Funding | 80 550 | 78 470 |
| State Grants – Activity Based Funding | 84 807 | 93 942 |
| **Total** | **165 357** | **172 412** |
| | | |
| **Capital maintenance grants** | | |
| Maintenance expenses transferred | 44 | 0 |
| **Total** | **44** | **0** |
| | | |
| **WIP expensed grants** | | |
| Expenses transferred | 179 | 0 |
| **Total** | **179** | **0** |
| | | |
| **Total revenue from Grants** | **312 768** | **298 390** |

## 7.2 CAPITAL GRANTS

| | Note | 2014 $'000 | 2013 $'000 |
|---|---|---|---|
| *Continuing operations* | | | |
| **Capital grants** | | | |
| Assets Transferred | 10.5(b) | 20 041 | 51 059 |
| **Total** | | **20 041** | **51 059** |

## 7.3 SALES OF GOODS AND SERVICES

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Residential Rent Income | 159 | 195 |
| Commercial Rent Income | 244 | 140 |
| Pharmacy Non-Pharmaceutical Benefits Scheme | 7 891 | 267 |
| Prostheses | 2 394 | 2 222 |
| Inpatient, Outpatient Nursing Home Fees | 23 185 | 23 253 |
| Ambulance Fees | 1 | 1 |
| Pharmaceutical Benefits Scheme Co-payments | 319 | 276 |
| Pharmaceutical Benefits Scheme Revenue from Medicare | 1 906 | 1 569 |
| Private Patient Scheme | 7 938 | 7 598 |
| Other Client Revenue | 315 | 321 |
| Other user charges | 1 891 | 3 108 |
| **Total** | **46 243** | **38 950** |

## 7.4 CONTRIBUTIONS RECEIVED

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Fair Value of assets assumed at no cost or for nominal consideration | 16 | 0 |
| **Total** | **16** | **0** |

## 7.5 OTHER REVENUE

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Wages and Salaries Recoveries | 3 557 | 3 060 |
| Food recoveries | 3 779 | 3 847 |
| Multipurpose Centre Recoveries | 7 | 67 |
| Workers Compensation Recoveries | 473 | 371 |
| Operating Recoveries | 4 249 | 2 920 |
| Donations | 1 346 | 1 153 |
| Industry Funds | 1 330 | 715 |
| **Total** | **14 741** | **12 133** |

# NOTE 8 EXPENSES FROM TRANSACTIONS

## 8.1 EMPLOYEE BENEFITS

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Wages and salaries including FBT | 202 389 | 183 694 |
| Annual leave | 14 710 | 11 445 |
| Long service leave | 4 799 | 1 974 |
| Sick leave | 6 549 | 6 119 |
| Other post-employment benefits | 2 824 | 2 184 |
| Other employee expenses – other staff allowances | 89 | 128 |
| Superannuation expenses – defined contribution and benefits schemes | 25 463 | 25 209 |
| **Total** | **256 823** | **230 753** |

Superannuation expenses for defined benefits schemes relate to payments into the Consolidated Fund. The amount of the payment is based on an employer contribution rate determined by the Treasurer, on the advice of the State Actuary. The current employer contribution is 12.5 per cent of salary.

Superannuation expenses relating to defined contribution schemes are paid directly to nominated superannuation funds at a rate of 9.25 per cent of salary. In addition, THO's are also required to pay into the Consolidated Fund a "gap" payment equivalent to 3.25 per cent of salary in respect of employees who are members of contribution schemes.

## 8.2 DEPRECIATION AND AMORTISATION

### (a) Depreciation

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Plant, equipment and vehicles | 3 116 | 3 405 |
| Buildings | 9 863 | 5 257 |
| **Total** | **12 979** | **8 662** |

### (b) Amortisation

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Intangibles | 91 | 77 |
| **Total** | **91** | **77** |
| **Total depreciation and amortisation** | **13 070** | **8 739** |

## 8.3 SUPPLIES AND CONSUMABLES

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Consultants | 177 | 94 |
| Property Services | 7 017 | 7 614 |
| Maintenance | 5 139 | 3 740 |
| Communications | 1 468 | 1 173 |
| Information Technology | 1 795 | 681 |
| Travel and Transport | 2 765 | 2 660 |
| Medical, Surgical and Pharmacy Supplies | 60 134 | 51 551 |
| Advertising and Promotion | 40 | 12 |
| Patient and Client Services | 5 957 | 4 514 |
| Leasing Costs | 882 | 718 |
| Equipment and Furniture | 3 051 | 1 858 |
| Administration | 1 920 | 1 457 |
| Food Production Costs | 3 604 | 3 973 |
| Other Supplies and Consumables | 3 650 | 12 107 |
| Corporate Overhead Charge | 6 854 | 0 |
| Service Fees | 70 | 68 |
| Audit Fees | 102 | 63 |
| **Total** | **104 625** | **92 283** |

Audit Fees includes expenditure related to the audit of these financial statements. The total audit fee for this financial year is $87 980.

## 8.4 GRANTS AND SUBSIDIES

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| **Other Grants** | | |
| Grant – Other | 2 269 | 200 |
| | 2 269 | 200 |
| **Total** | **2 269** | **200** |

## 8.5 OTHER EXPENSES

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Salary on-costs | 1 763 | 5 954 |
| Tasmanian Risk Management Fund premium | 3 315 | 2 360 |
| Other | 15 | 131 |
| **Total** | **5 093** | **8 445** |

# NOTE 9 OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

## 9.1 NET GAIN/(LOSS) ON NON-FINANCIAL ASSETS

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Impairment of non-financial assets | 0 | ( 218) |
| Net gain/(loss) on disposal of physical assets | 118 | ( 154) |
| **Total net gain/(loss) on non-financial assets** | **118** | **( 372)** |

## 9.2 NET GAIN/(LOSS) ON FINANCIAL INSTRUMENTS AND STATUTORY RECEIVABLES/PAYABLES

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Impairment of loans and receivables | 210 | ( 317) |
| **Total** | **210** | **( 317)** |

# NOTE 10 ASSETS

## 10.1 RECEIVABLES

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Receivables | 5 507 | 3 867 |
| Less: Provision for impairment | ( 199) | ( 460) |
| **Total** | **5 308** | **3 407** |
| | | |
| Sales of goods and services (inclusive of GST) | 4 404 | 2 906 |
| Tax assets | 904 | 501 |
| **Total** | **5 308** | **3 407** |
| | | |
| Settled within 12 months | 5 308 | 3 407 |
| **Total** | **5 308** | **3 407** |

| Reconciliation of movement in provision for impairment of receivables | 2014 $'000 | 2013 $'000 |
|---|---|---|
| **Carrying amount at 1 July** | **460** | **0** |
| | | |
| Amounts written off during the year | ( 51) | ( 37) |
| Net transfers through restructure | 0 | 181 |
| Increase/(decrease) in provision recognised in profit or loss | ( 210) | 316 |
| **Carrying amount at 30 June** | **199** | **460** |

## 10.2 OTHER FINANCIAL ASSETS

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Accrued Revenue | 5 501 | 2 711 |
| Inter Entity Loans | 1 754 | 1 805 |
| **Total** | **7 255** | **4 516** |
| | | |
| Settled within 12 Months | 7 255 | 4 516 |
| **Total** | **7 255** | **4 516** |

## 10.3 INVENTORIES

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Pharmacy | 1 561 | 1 645 |
| Catering | 97 | 101 |
| Linen | 397 | 397 |
| General Supplies | 737 | 725 |
| **Total** | **2 792** | **2 868** |
| | | |
| Consumed within 12 Months | 2 792 | 2 868 |
| **Total** | **2 792** | **2 868** |

## 10.4 ASSETS HELD FOR SALE

### (a) Carrying amount

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Land | 0 | 350 |
| Buildings | 0 | 307 |
| **Total** | **0** | **657** |
| | | |
| Settled within 12 months | 0 | 657 |
| Settled in more than 12 months | 0 | 0 |
| **Total** | **0** | **657** |

### (b) Fair value measurement of assets held for sale (including fair value levels)

| | Carrying value at 30 June $'000 | Fair value measurement at the end of reporting period | | |
|---|---|---|---|---|
| | | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 |
| **Total** | **0** | **0** | **0** | **0** |

## 10.5 PROPERTY, PLANT AND EQUIPMENT

### (a) Carrying amount

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| **Land** | | |
| Land at fair value | 13 325 | 11 945 |
| **Total land** | **13 325** | **11 945** |
| | | |
| **Buildings** | | |
| Buildings at fair value | 350 463 | 330 166 |
| Less: Accumulated depreciation | ( 10 419) | ( 556) |
| **Total** | **340 044** | **329 610** |
| | | |
| **Plant, equipment and vehicles** | | |
| At cost | 26 535 | 19 346 |
| Less: Accumulated depreciation | ( 6 519) | ( 3 372) |
| **Total plant, equipment and vehicles** | **20 016** | **15 974** |
| | | |
| **Work in progress** | | |
| Buildings | 1 167 | 367 |
| Plant, equipment and vehicles | 1 285 | 155 |
| **Total work in progress** | **2 452** | **522** |
| | | |
| **Total property, plant and equipment** | **375 837** | **358 051** |

The THO's land and building assets were revalued independently by the Valuer-General of Tasmania as at 30 June 2014 using adjustment indice of 1.00. This indice was based on market movement factors and building cost indices. This revaluation was in accordance with the Treasurer's Instruction 303 *Recognition and Measurement of Non-Current Assets* and the Australian Accounting Standard (AASB 116).

### (b) Reconciliation of movements (including fair value levels)

Reconciliations of the carrying amounts of each class of Property, plant and equipment at the beginning and end of the current and previous financial year are set out below. Carrying value means the net amount after deducting accumulated depreciation and accumulated impairment losses.

| 2014 | Note | Land Level 2 | Buildings Level 3 | Plant, equipment and vehicles | Works in progress | Total |
|---|---|---|---|---|---|---|
| | | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Carrying value at 1 July** | | **11 945** | **329 610** | **15 974** | **522** | **358 051** |
| Additions – THO acquisition | | 0 | 23 | 5 377 | 2 179 | 7 579 |
| Additions – DHHS capital grant | 7.2 | 0 | 18 546 | 1 496 | 0 | 20 042 |
| Disposals | | 0 | 0 | ( 33) | 0 | ( 33) |
| Net additions through restructuring | 1.6 | 1 179 | 1 635 | 26 | 0 | 2 840 |
| Revaluation increments (decrements) | | 0 | 16 | ( 39) | 0 | ( 23) |
| Assets held for sale | | 0 | 159 | 0 | 0 | 159 |
| Net transfers | | 201 | ( 82) | 331 | ( 249) | 201 |
| Depreciation | | 0 | ( 9 863) | ( 3 116) | 0 | ( 12 979) |
| **Carrying value at 30 June** | | **13 325** | **340 044** | **20 016** | **2 452** | **375 837** |

| 2013 | Note | Land Level 2 | Buildings Level 3 | Plant, equipment and vehicles | Works in progress | Total |
|---|---|---|---|---|---|---|
| | | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Carrying value at 1 July** | | **0** | **0** | **0** | **0** | **0** |
| Additions – THO acquisition | | 42 | 0 | 1 547 | 239 | 1 828 |
| Additions – DHHS capital grant | 7.2 | 0 | 0 | 0 | 51 059 | 51 059 |
| Disposals | | 0 | ( 518) | ( 148) | 0 | ( 666) |
| Net additions through restructuring | | 11 464 | 210 185 | 16 500 | 9 187 | 247 336 |
| Revaluation increments (decrements) | | 499 | 66 750 | 81 | 0 | 67 330 |
| Assets held for sale | | ( 60) | ( 114) | 0 | 0 | ( 174) |
| Net transfers | | 0 | 58 564 | 1 399 | ( 59 963) | 0 |
| Depreciation | | 0 | ( 5 257) | ( 3 405) | 0 | ( 8 662) |
| **Carrying value at 30 June** | | **11 945** | **329 610** | **15 974** | **522** | **358 051** |

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. It is based on the principle of an exit price, and refers to the price an entity expects to receive when it sells an asset, or the price an entity expects to pay when it transfers a liability.

Valuation techniques used to measure fair value shall maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

Agencies should make an assessment as to which fair value hierarchy level assets should be valued at, based on inputs to valuation techniques used to measure fair value.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset of liability. Unobservable inputs shall be used to measure the fair value to the extent that relevant observable inputs are not available.

### (c) Level 3 significant valuation inputs and relationship to fair value

All THO buildings are valued at Depreciated Replacement Cost. As such, they are categorised as Level 3 within the fair value hierarchy. The valuation method used for the THO's land was a market approach and therefore, land is categorised as Level 2.

| Description | Fair Value at 30 June | Significant unobservable inputs used in valuation | Possible alternative values for level 3 inputs | Sensitivity of fair value to changes in level 3 inputs |
|---|---|---|---|---|
| Building | 340 044 | A – Construction costs<br>B – Age and condition of asset<br>C – Remaining useful life | When valuing these assets, their existing and alternative uses are taken into account by valuers. As a result, it is unlikely that alternative values will arise unless there are changes in known inputs. | Tasmanian construction indexes have remained stable over the last 12 months. Design and useful lives are reviewed regularly but generally remain unchanged. As a result, it is unlikely that significant variations in values will arise in the short term. |

### (d) Assets where current use is not the highest and best use

It has determined that the highest and best use of the THO's land and buildings is the purpose for which they are currently being used.

## 10.6 INTANGIBLES

Intangible assets with a finite useful life held by the THO principally comprise computer software.

### (a) Carrying amount

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| **Intangibles with a finite useful life** | | |
| Other non-current assets | 872 | 385 |
| Less: Accumulated amortisation | ( 168) | 0 |
| **Total** | **704** | **385** |
| Capital Work in progress | 23 | 0 |
| **Total Intangibles** | **727** | **385** |

### (b) Reconciliation of movementst

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| **Carrying amount at 1 July** | **385** | **0** |
| Intangible Assets – Purchases | 410 | 0 |
| Net transfers through restructuring | 23 | 462 |
| Amortisation – Intangible assets | ( 91) | ( 77) |
| **Carrying amount at 30 June** | **727** | **385** |

## 10.7 OTHER ASSETS

### (a) Carrying amount

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Prepayments | 2 410 | 1 633 |
| **Total** | **2 410** | **1 633** |
| Recovered within 12 months | 2 055 | 1 218 |
| Recovered in more than 12 months | 355 | 415 |
| | **2 410** | **1 633** |

### (b) Reconciliation of movements

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| **Carrying amount at 1 July** | **1 633** | **0** |
| Additions | 2 410 | 1 633 |
| Utilised | ( 1 633) | 0 |
| **Carrying amount at 30 June** | **2 410** | **1 633** |

# NOTE 11 LIABILITIES

## 11.1 PAYABLES

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Creditors | 5 235 | 4 927 |
| Accrued Expenses | 7 535 | 3 825 |
| **Total** | **12 770** | **8 752** |
| | | |
| Settled within 12 months | 12 770 | 8 752 |
| **Total** | **12 770** | **8 752** |

## 11.2 EMPLOYEE BENEFITS

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Accrued salaries | 8 399 | 5 227 |
| Annual leave | 21 051 | 18 458 |
| Long service leave | 30 515 | 26 570 |
| Sabbatical leave | 576 | 1 884 |
| Development leave, time off in lieu and state service accumulated leave scheme | 1 548 | 1 248 |
| **Total** | **62 089** | **53 387** |
| | | |
| Expected to settle wholly within 12 months | 25 884 | 21 223 |
| Expected to settle wholly after 12 months | 36 205 | 32 164 |
| **Total** | **62 089** | **53 387** |

## 11.3 OTHER LIABILITIES

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| **Revenue received in advance** | | |
| Other revenue received in advance | 221 | 4 |
| | | |
| **Other Liabilities** | | |
| Employee benefits – on-costs | 494 | 446 |
| Other liabilities | 2 829 | 2 919 |
| **Total** | **3 544** | **3 369** |
| | | |
| Settled within 12 months | 3 209 | 3 071 |
| Settled in more than 12 months | 335 | 298 |
| **Total** | **3 544** | **3 369** |

# NOTE 12 COMMITMENTS AND CONTINGENCIES

## 12.1 SCHEDULE OF COMMITMENTS

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| **By Type** | | |
| *Capital Commitments* | | |
| Property, Plant and Equipment | 0 | 2 789 |
| *Other Capital Commitments* | **0** | **2 789** |
| | | |
| *Operating Lease Commitments* | | |
| Motor Vehicles | 1 212 | 1 698 |
| Medical Equipment | 653 | 1 387 |
| Rent on Buildings | 171 | 163 |
| Office Equipment | 1 471 | 0 |
| *Total Lease Commitments* | **3 507** | **3 248** |
| | | |
| *Other Commitments* | | |
| Miscellaneous Grants | 0 | 57 |
| Miscellaneous Goods and Services contracts | 13 527 | 16 595 |
| *Total Other Commitments* | **13 527** | **16 652** |
| | | |
| **Total** | **17 034** | **22 689** |
| | | |
| **By Maturity** | | |
| *Capital Commitments* | | |
| One year or less | 0 | 2 786 |
| From one to five years | 0 | 0 |
| More than five years | 0 | 0 |
| *Total Capital Commitments* | **0** | **2 786** |
| | | |
| *Operating Lease Commitments* | | |
| One year or less | 1 711 | 1 363 |
| From one to five years | 1 796 | 1 885 |
| More than five years | 0 | 0 |
| *Total Operating Lease Commitments* | **3 507** | **3 248** |
| | | |
| *Other Commitments* | | |
| One year or less | 3 085 | 3 052 |
| From one to five years | 7 022 | 8 952 |
| More than five years | 3 420 | 4 648 |
| *Total Other Commitments* | **13 527** | **16 652** |
| | | |
| **Total** | **17 034** | **22 686** |

## 12.2 CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities are not recognised in the Statement of Financial Position due to uncertainty regarding any possible amount or timing of any possible underlying claim or obligation.

### Tax and Superannuation review

As at 30 June 2014, there remained a number of unresolved issues requiring clarification of interpretation of taxation and superannuation legislation, which at the time of finalising the financial statements remained unquantified. These issues will be more fully assessed during the 2014-15 financial year.

### Quantifiable contingencies

A quantifiable contingent asset is any possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A quantifiable contingent liability is any possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or any present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation. To the extent that any quantifiable contingencies are insured, details provided below are recorded net.

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| **Quantifiable contingent liabilities** | | |
| *Contingent claims* | | |
| Other legal claims | 1 800 | 1 697 |
| **Total quantifiable contingent liabilities** | **1 800** | **1 697** |
| | | |
| **Quantifiable contingent assets** | | |
| **Total quantifiable contingent assets** | **0** | **0** |

# NOTE 13 RESERVES

## 13.1 RESERVES

| 2014 | Land | Buildings | Artwork | Total $'000 |
|---|---|---|---|---|
| **Asset revaluation reserve** | | | | |
| Balance at the beginning of financial year | 499 | 66 750 | 81 | 67 330 |
| Revaluation increments/(decrements) | 0 | 23 | ( 40) | ( 17) |
| **Balance at the end of financial year** | **499** | **66 773** | **41** | **67 313** |

| 2013 | Land | Buildings | Artwork | Total $'000 |
|---|---|---|---|---|
| **Asset revaluation reserve** | | | | |
| Balance at the beginning of financial year | 0 | 0 | 0 | 0 |
| Revaluation increments/(decrements) | 499 | 66 750 | 81 | 67 330 |
| **Balance at the end of financial year** | **499** | **66 750** | **81** | **67 330** |

## 13.2 CONTRIBUTED CAPITAL

| | Note | 2014 $'000 | 2013 $'000 |
|---|---|---|---|
| **Contributed capital reserve** | | | |
| Balance at the beginning of financial year | | 214 683 | 0 |
| Administrative restructure – net assets received | 1.6 | 705 | 214 683 |
| **Balance at the end of financial year** | | **215 388** | **214 683** |

### *Asset Revaluation Reserve*

The Asset Revaluation Reserve is used to record increments and decrements on the revaluation of Non-financial assets, as described in Note 1.10(e).

### *Capital Contributed Reserve*

Net assets received due to administrative restructure relate to assets and liabilities transferred on the 1 July 2013. Refer to Note 1.6.

# NOTE 14 CASH FLOW RECONCILIATION

## 14.1 CASH AND DEPOSITS

Cash and deposits includes the balance of the Special Deposits and Trust Fund Accounts held by the THO, and other cash held, excluding those accounts which are administered or held in a trustee capacity or agency arrangement.

| | | 2014 $'000 | 2013 $'000 |
|---|---|---|---|
| | **Special Deposits and Trust Fund Balance** | | |
| T474 | THO-North Patient Trust and Hospital Bequest Account | 9 941 | 10 306 |
| T531 | THO-North Operating Account | 28 555 | 25 276 |
| | **Total** | **38 496** | **35 582** |
| | | | |
| | **Other cash held** | | |
| | Other Cash equivalents not included above | 18 | 13 |
| | **Total** | **18** | **13** |
| | | | |
| | **Total cash and deposits** | **38 514** | **35 595** |

## 14.2 RECONCILIATION OF NET RESULT TO NET CASH FROM OPERATING ACTIVITIES

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Net result from transactions (net operating balance) | 12 110 | 60 280 |
| Depreciation and amortisation | 13 070 | 8 739 |
| Recognition of assets as a result of stocktake/donations | ( 16) | 0 |
| Non-operational capital funding | 0 | ( 51 059) |
| Capital grants income | ( 20 041) | 0 |
| Doubtful debts | 210 | 0 |
| Transfer of assets due to restructure | ( 2 242) | 0 |
| Decrease (increase) in Receivables | ( 1 901) | ( 74) |
| Decrease (increase) in Other assets | ( 3 516) | ( 4 486) |
| Decrease (increase) in Inventories | 76 | 235 |
| Increase (decrease) in Employee entitlements | 8 702 | 5 355 |
| Increase (decrease) in Payables | 4 018 | 4 472 |
| Increase (decrease) in Other liabilities | 175 | 299 |
| **Net cash from (used by) operating activities** | **10 645** | **23 761** |

# NOTE 15 FINANCIAL INSTRUMENTS

## 15.1 RISK EXPOSURES

### (a) Risk management policies

The THO has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

The Governing Council and the CEO have responsibility for the establishment and oversight of the THO's risk management framework. Risk management policies are established to identify and analyse risks faced by the THO, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

### (b) Credit risk exposures

Credit risk is the risk of financial loss to the THO if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

| Financial Instrument | Accounting and strategic policies (including recognition criteria and measurement basis) | Nature of underlying instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows) |
|---|---|---|
| **Financial Assets** | | |
| Loans and Receivables | Loans and Receivables are recognised at the nominal amounts due, less any provision for impairment.<br>Collectability of debts is reviewed on a monthly basis. Provisions are made when the collection of the debt is judged to be less rather than more likely. | Receivables credit terms are generally 45 days. |
| Other financial assets | Other financial assets are recognised at the nominal amounts due, less any provision for impairment. | Other financial assets credit terms are generally 45 days. |
| Cash and deposits | Cash and deposits are recognised at face value. | Cash means notes, coins and any deposits held at call with a bank or financial institution. |

The THO does not hold any security instrument for its cash and deposits, other financial assets and receivables. No credit terms on any departmental financial assets have been renegotiated.

The carrying amount of financial assets recorded in the Financial Statements, net of any allowances for losses, represents the THO's maximum exposure to credit risk without taking into account of any collateral or other security:

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Guarantee provided | 0 | 0 |
| **Total** | **0** | **0** |

The following tables analyse financial assets that are past due but not impaired.

| Analysis of financial assets at 30 June 2014 but not impaired | | | | | |
|---|---|---|---|---|---|
| | Not past due $'000 | Past due < 30 days $'000 | Past due 30 – 120 days $'000 | Past due > 120 days $'000 | Total $'000 |
| Receivables | 0 | 3 339 | 1 026 | 238 | **4 603** |

| Analysis of financial assets at 30 June 2013 but not impaired | | | | | |
|---|---|---|---|---|---|
| | Not past due $'000 | Past due < 30 days $'000 | Past due 30 – 120 days $'000 | Past due > 120 days $'000 | Total $'000 |
| Receivables | 0 | 2 105 | 364 | 437 | **2 906** |

### (c) Liquidity risk

Liquidity risk is the risk that the THO will not be able to meet its financial obligations as they fall due. The THO's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

| Financial Instrument | Accounting and strategic policies (including recognition criteria and measurement basis) | Nature of underlying instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows) |
|---|---|---|
| **Financial Assets** | | |
| Payables | Payables, including goods received and services incurred but not yet invoiced, are recognised at amortised cost, which due to the short settlement period equates to face value, when the THO becomes obliged to make future payments as a result of a purchase of assets or services. | Settlement is usually made within 30 days. |
| Other financial liabilities | Other financial liabilities are recognised at amortised cost, which due to the short settlement period equates to face value, when the THO becomes obliged to make payments as a result of the purchase of assets or services.<br>The THO regularly reviews budgeted and actual cash outflows to ensure that there is sufficient cash to meet all obligations. | Settlement is usually made within 30 days. |

The following tables detail the undiscounted cash flows payable by the THO by remaining contractual maturity for its financial liabilities. It should be noted that as these are undiscounted, totals may not reconcile to the carrying amounts presented in the Statement of Financial Position.

| 2014 | Maturity analysis for financial liabilities | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 1 Year $'000 | 2 Years $'000 | 3 Years $'000 | 4 Years $'000 | 5 Years $'000 | More than 5 Years $'000 | Undiscounted Total | Carrying Amount |
| **Financial liabilities** | | | | | | | | |
| Payables | 12 770 | 0 | 0 | 0 | 0 | 0 | 0 | 12 770 |
| Interest bearing liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other financial liabilities | 3 546 | 0 | 0 | 0 | 0 | 0 | 0 | 3 546 |
| **Total** | **16 316** | **0** | **0** | **0** | **0** | **0** | **0** | **16 316** |

| 2013 | Maturity analysis for financial liabilities | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 1 Year $'000 | 2 Years $'000 | 3 Years $'000 | 4 Years $'000 | 5 Years $'000 | More than 5 Years $'000 | Undiscounted Total | Carrying Amount |
| **Financial liabilities** | | | | | | | | |
| Payables | 8 752 | 0 | 0 | 0 | 0 | 0 | 0 | 8 752 |
| Interest bearing liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other financial liabilities | 3 369 | 0 | 0 | 0 | 0 | 0 | 0 | 3 369 |
| **Total** | **12 121** | **0** | **0** | **0** | **0** | **0** | **0** | **12 121** |

### (d) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The primary market risk that the THO is exposed to is interest rate risk.

The THO currently has no financial liabilities at fixed interest rates.

## 15.2 CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | 38 514 | 35 595 |
| Loans and receivables | 12 563 | 7 923 |
| Available-for-sale financial assets | 0 | 0 |
| **Total** | **51 077** | **43 518** |
| | | |
| **Financial Liabilities** | | |
| Financial liabilities measured at amortised cost | 16 314 | 12 121 |
| **Total** | **16 314** | **12 121** |

The THO's maximum exposure to credit risk for its financial assets is $51.09 million. It does not hold nor is a party to any credit derivatives and no changes have occurred to the fair value of its assets as a result of market risk or credit risk. While interest rates have changed during the financial year, the value of security held is significantly more than the value of the underlying asset and no loan advances are impaired. The value of receivables is not affected by changes in interest rates. The THO actively manages its credit risk exposure for the collectability of its receivables and outstanding loans.

## 15.3 RECLASSIFICATIONS OF FINANCIAL ASSETS

No reclassification of Financial Assets occurred during 2013-14.

## 15.4 COMPARISON BETWEEN CARRYING AMOUNT AND NET FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

| | Carrying Amount 2014 $'000 | Net Fair Value 2014 $'000 | Carrying Amount 2013 $'000 | Net Fair Value 2013 $'000 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Other financial assets | | | | |
| Equity investments | 0 | 0 | 0 | 0 |
| Other | 51 088 | 51 088 | 43 518 | 43 518 |
| **Total financial assets** | **51 088** | **51 088** | **43 518** | **43 518** |
| | | | | |
| **Financial liabilities (Recognised)** | | | | |
| Other financial assets | | | | |
| Borrowings | 0 | 0 | 0 | 0 |
| Other | 16 316 | 16 316 | 12 121 | 12 121 |
| **Total Financial liabilities (Recognised)** | **16 316** | **16 316** | **12 121** | **12 121** |
| | | | | |
| **Financial liabilities (Recognised)** | 0 | 0 | 0 | 0 |
| **Total Financial liabilities (Recognised)** | **0** | **0** | **0** | **0** |

## NOTE 16 TRANSACTIONS AND BALANCES RELATING TO A TRUSTEE OR AGENCY ARRANGEMENT

| Account/Activity | Opening balance $'000 | Net transactions during 2013-14 $'000 | Closing balance $'000 |
|---|---|---|---|
| T474 THO-North Patient Trust and Hospital Bequest Account | 969 | 138 | 1 107 |

Tasmanian
Audit Office

**Independent Auditor's Report**

**To Members of the Tasmanian Parliament**

**Tasmanian Health Organisation – North**

**Financial Statements for the Year Ended 30 June 2014**

## Report on the Financial Statements

I have audited the accompanying financial statements of Tasmanian Health Organisation – North (the Organisation), which comprise the statement of financial position as at 30 June 2014 and the statements of comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement by the Chair, Tasmanian Health Organisations and Chief Executive Officer.

## Auditor's Opinion

In my opinion the Organisation's financial statements:

(a) present fairly, in all material respects, its financial position as at 30 June 2014 and its financial performance, cash flows and changes in equity for the year then ended

(b) are in accordance with the *Tasmanian Health Organisation Act 2011,* the *Financial Management and Audit Act 1990* and Australian Accounting Standards.

### *The Responsibility for the Financial Statements*

The Chair, Tasmanian Health Organisations and the Chief Executive Officer are jointly responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, Section 34 of the *Tasmanian Health Organisation Act 2011* and Section 27 (1) of the *Financial Management and Audit Act 1990.* This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial statements based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on my judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, I considered internal control relevant to the Chair, Tasmanian Health Organisations and the Chief Executive Officer's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chair, Tasmanian Health Organisations and the Chief Executive Officer, as well as evaluating the overall presentation of the financial statements.

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

My audit is not designed to provide assurance on the accuracy and appropriateness of the budget information in the Organisation's financial statements.

## Independence

In conducting this audit, I have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements. The *Audit Act 2008* further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of State Entities but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Tasmanian Audit Office are not compromised in their role by the possibility of losing clients or income.

**Tasmanian Audit Office**

**E R De Santi**
Deputy Auditor-General
Delegate of the Auditor-General

Hobart
18 September 2014

# GLOSSARY

| Acroynm | Name in Full |
|---|---|
| **AAS** | Australian Accounting Standards |
| **AASB** | Australian Accounting Standards Board |
| **ABF** | Activity Based Funding |
| **ABS** | Australian Bureau of Statistics |
| **ACAA** | Aged Care Association Australia |
| **ACC** | Acute Care Certificates |
| **ACHS** | Australian Council on Healthcare Standards |
| **ACP** | Advance Care Planning |
| **ACSQHC** | Australian Commission on Safety and Quality in Healthcare |
| **AIHW** | Australian Institute of Health and Welfare |
| **A&RSC** | Audit and Risk Sub-Committee |
| **ATS** | Australasian Triage Scale |
| **BEIMS** | Building Engineering Information Management System |
| **CEO** | Chief Executive Officer |
| **CERG** | Consumer Engagement Reference Group |
| **CHAPS** | Child Health and Parenting Services |
| **CHC** | Community Health Centre |
| **CNC** | Clinical Nurse Consultant |
| **COAG** | Council of Australian Governments |
| **COPE** | Commonwealth Own Purpose Expenditure |
| **CPI** | Consumer Price Index |
| **CIP-EM** | Capital Improvements Program – Essential Maintenance |
| **DFA** | Disability Framework for Action 2005-10 |
| **DHHS** | Department of Health and Human Services |
| **DMR** | Digital Medical Record |
| **DON** | Director of Nursing |
| **ECO** | Employee Contact Officer |
| **ED** | Emergency Department |
| **FTE** | Full Time Equivalent |
| **GEM** | Geriatric Evaluation and Management |
| **GP** | General Practitioner |
| **GPLO** | General Practice Liaison Officer |
| **GST** | Goods and Services Tax |
| **HACC** | Home and Community Care |
| **HOA** | Heads of Agreement |
| **HR** | Human Resources |
| **HSO** | Health Service Officer |

| Acroynm | Name in Full |
|---|---|
| **ICU** | Intensive Care Unit |
| **IFRS** | International Financial Reporting Standards |
| **IHPA** | Independent Hospital Pricing Authority |
| **KPI** | Key Performance Indicator |
| **LGH** | Launceston General Hospital |
| **MCH** | Mersey Community Hospital |
| **MOC** | Models of Care |
| **MGP** | Midwifery Group Practice |
| **MRI** | Magnetic Resonance Imaging |
| **NHRA** | National Health Reform Agreement |
| **NICU** | Neonatal Intensive Care unit |
| **NPA-IHST** | National Partnership Agreement on Improving Health Services in Tasmania |
| **NWRH** | North West Regional Hospital |
| **QI** | Quality Improvement |
| **RBF** | Retirement Benefit Fund |
| **RCS** | Rural Clincial School |
| **RHH** | Royal Hobart Hospital |
| **RJRP** | Right Job Right Person |
| **RTI** | Right to Information |
| **SAB** | Staphylococcus aureus bacteraemia |
| **SAAP** | Supported Accommodation Assistance Program |
| **SAMP** | Strategic Asset Management Plan |
| **SEIFA** | Socio-Economic Indexes for Areas |
| **SIIRP** | Structured Infrastructure Investment Review Process |
| **SPA** | Superannuation Provision Account |
| **STAHS** | Southern Tasmania Area Health Service |
| **THO-North** | Tasmanian Health Organisation – North |
| **THO-North West** | Tasmanian Health Organisation – North West |
| **THO-South** | Tasmanian Health Organisation – South |
| **THP** | Tasmania's Health Plan |
| **TML** | Tasmania Medicare Local |
| **TRMF** | Tasmanian Risk Management Fund |
| **UTAS** | University of Tasmania |
| **WACS** | Women's and Children's Services |
| **WH&S** | Work Health and Safety |

TASMANIAN HEALTH ORGANISATION NORTH

Tasmanian Government

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