

Queen Elizabeth II Medical Centre Trust

ANNUAL REPORT **2016/2017**

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This Report has been produced in electronic format and can be viewed on the Queen Elizabeth II Medical Centre Trust website.

Alternative formats are available upon request.

**QUEEN ELIZABETH II
MEDICAL CENTRE TRUST**

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QEIMC Trust

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STATEMENT OF COMPLIANCE

For the year ended 30 June 2017

HON Mr R COOK
MINISTER FOR HEALTH

In accordance with section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament, the Annual Report of the Queen Elizabeth II Medical Centre Trust for the financial year ending 30 June 2017.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.

A copy of this report is being furnished to the Senate of the University of Western Australia in accordance with section 15(5) of the *Queen Elizabeth II Medical Centre Act 1966*.

S Cole
Chairman
Queen Elizabeth II Medical Centre Trust
Date: 25 August 2017

P Davies
Deputy Chair
Queen Elizabeth II Medical Centre Trust
Date: 25 August 2017



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CHAIRMAN'S REPORT

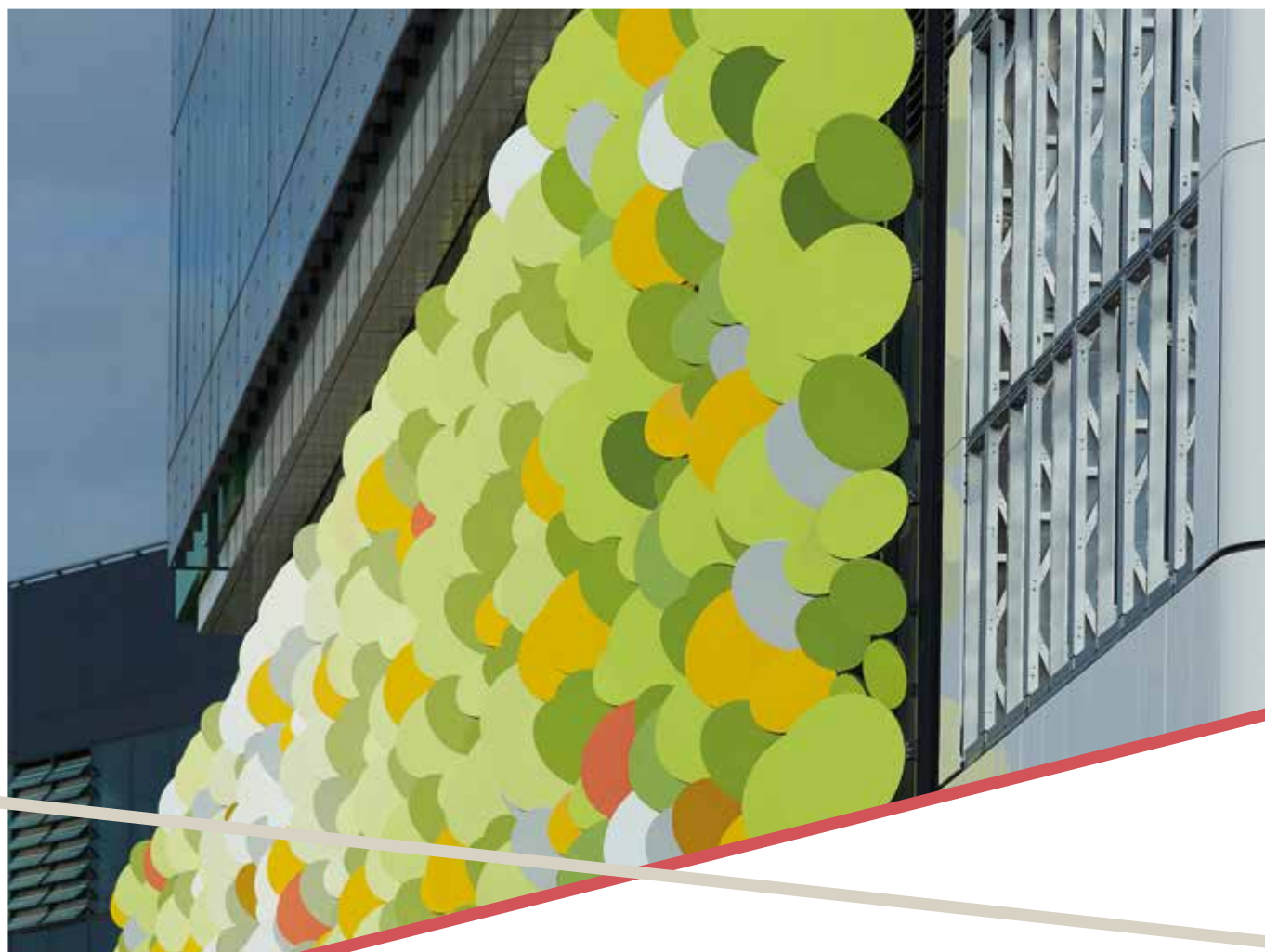
The strategic objective of the Queen Elizabeth II Medical Centre Trust (Trust) is the development and management of the Queen Elizabeth II Medical Centre (QEIMC) as a nationally and internationally recognised campus of excellence in the integrated provision of health and medical care, research and education.



The dominant built form and structure of the QEIMC has matured over 2016/2017, with the practical completion of the Perth Children's Hospital and the completion of the Ralph and Patricia Sarich Neuroscience Research Institute.

These developments, along with the evolution of the built form of the QEIMC over recent years closes out the current Master Planning instrument which has guided the campus's development over the last decade.

The Trust has now committed to a new Master Planning development and formulation initiative to support the continuing development of the campus into the future. This new Master Planning exercise will see active engagement with key stakeholders and campus tenants over 2017/2018 with its projected final adoption later in 2018/2019.



Other specific aspects of the campus's development over the year under review have included:

- **Wayfinding** – completion of stage 1 (external) and roll-out planning for stage 2 (precincts).
- **Tenant Leasing** – completion of the majority of lease arrangements on campus and finalisation of heads of agreement with respect to residual outstanding tenancy arrangements.
- **Hospital Avenue Upgrade** – planning and commitment to a major upgrade of Hospital Avenue to be effected over 2017/2018 to assure the efficient accessibility to the campus and traffic flow along the campus's primary arterial road.
- **Common Area Amenity** – continuing upgrades of the campus gardens and grounds.
- **Organisational Review** – of the Trust's management structure with a view to driving operational and governance efficiencies during 2017/2018.

The Trust continues to monitor and oversee its performance against its strategic 2015-2020 objectives including:

- innovative and effective campus planning;
- effective campus management;
- facilitating the integration of clinical, research and academic health outcomes;
- strong performance in the terms of its statutory mandate;

- communication and brand positioning; and
- sustainability of role including financial independence as well as environment, social and governance outcomes.

I would like to acknowledge the work of the Trust's "Delegate", North Metropolitan Health Service, and its professional team headed over the year under review by Mr Wayne Salvage, Chief Executive North Metropolitan Health Service and ably managed by Mr Bill Anderson as the Trust's executive officer.

I also gratefully acknowledge the efforts and contributions of the Trust's board members including Professors Peter Davies and Wendy Erber, as University of Western Australia nominees to the board, as well as Angela Kelly and Alan Bansemer as Minister for Health nominees to the board. Their professionalism and guidance have been invaluable to the Trust and its work.

I look forward to the Trust continuing to serve the people of Western Australia into the future consistent with its legislative mandate.



S. Cole
Chairman

Queen Elizabeth II Medical Centre Trust
Date: 25 August 2017

THE TRUST HAS NOW
COMMITTED TO A NEW
MASTER PLANNING
DEVELOPMENT AND
FORMULATION INITIATIVE.



OVERVIEW

Executive Summary

This Annual Report combines the activities of the Queen Elizabeth II Medical Centre Trust (Trust) and North Metropolitan Health Service (NMHS) as its Delegate under section 13 of the *Queen Elizabeth II Medical Centre Act 1966, as amended* (the Act).

Note: From 1 July 2016 the board of Sir Charles Gairdner Hospital ceased to be the Delegate and was replaced by the NMHS in accordance with the requirements of the Health Services Act 2016.

The Year in Review

Queen Elizabeth II Medical Centre Redevelopment

The State Government granted Practical Completion of the Perth Children's Hospital in April 2017 enabling the Government to take control of the building. Hospital commissioning work continues in preparation for opening health and patient services. The Ralph and Patricia Sarich Neuroscience Research Institute on Verdun Street, was completed and officially opened in April 2017.

These new developments contribute to the Queen Elizabeth II Medical Centre (QEIMC)'s status as a world class facility for medical care, research and education.

Perth Children's Hospital

Practical completion was achieved in April 2017 and commissioning of the hospital continues.

Perth Children's Hospital is scheduled to replace Princess Margaret Hospital as the State's dedicated children's hospital, providing specialist paediatric care for the children and adolescents of Western Australia.

This new hospital will be the sole dedicated children's hospital in the State and the centrepiece of the child health care system, providing 298 beds with the design of the building allowing for future expansion.

It also features an underground car park with 300 general purpose visitor parking bays.



Neuroscience Research Institute

The Ralph and Patricia Sarich Neuroscience Research Institute, was completed and officially opened in April 2017. This marks the start of an exciting era in world-class neuroscience research in Western Australia.

This new facility is located on the Verdun Street end of the campus near the Lions Eye Institute. The five-storey building will accommodate four of the state's premier neurological research organisations: Curtin University, the Ear Science Institute Australia (ESIA), the Perron Institute for Neurological and Translational Science and the Australian Alzheimer's Research Foundation.

The Neuroscience Research Institute has been designed to foster collaboration and innovation across this diverse group of neuroscience specialists and includes assessment and treatment rooms, laboratories and facilities for neuro-discovery movement analysis, physiology research, experiments and cryogenic archival storage.

Hospital Avenue Upgrade

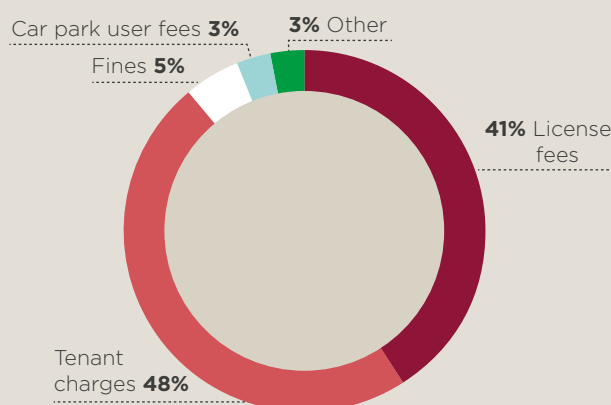
A large proportion of the building projects envisaged in the 2010 Trust Master Plan have been finalised. This successful rollout of projects highlights the likelihood of increased congestion on the primary access way for the campus; Hospital Avenue. Upgrades to Hospital Avenue are required to address this increased congestion, and to further improve this thoroughfare for the QEII MC Reserve, under the control of the Trust.

In this regard, the Trust has sought the release of capital reserves to undertake civil works to upgrade Hospital Avenue. The intent is to improve safety and access for patients and visitors, mitigate anticipated increases in congestion and update operational requirements on this essential access way, integrating the major hospitals and other campus facilities. The project is currently in the design phase with construction expected to commence in the latter half of 2017.

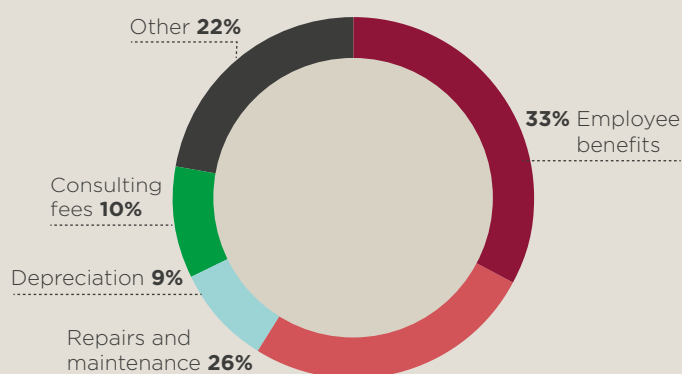
FINANCIAL PERFORMANCE

The Trust generates its own revenue to meet its operating expenditure.

Revenue 2016/17



Expenditure 2016/17



The above charts depict the revenue and expenditure positions less the "daylight" receipts and matching outgoings through the Delegate's account associated with the At-Grade car park agreement. These "daylight" receipts (or pass through receipts) and matching outgoings naturally inflate both the revenue and expenditure components of the financial statements.

The financial statements incorporated in this report contain the full relevant details used to generate these charts.

OPERATIONAL STRUCTURE

Pursuant to the Act, the Trust is responsible for the control, management and development of the QEII MC Reserve. The day-to-day control and management operations are physically undertaken by the Delegate on behalf of the Trust.

The objectives of the Trust under its legislative remit are to ensure the:

- QEII MC Reserve, as established under Section 6 of the Act, is developed within the existing geographic, environmental and functional constraints in a planned and methodical way and in accordance with the purpose of the Act as a medical centre of national and international repute.
- Development, management and control of the QEII MC campus and Reserve is achieved through a cooperative approach between the Trust, campus tenants including the relevant academic and professional schools of learning providing teaching and research resources to the Medical Centre, and the State.
- Provision of appropriate on-campus facilities for the clinical teaching of undergraduates and graduates in medicine, nursing and allied health professionals.
- Provision of appropriate ancillary facilities in support of its primary objectives.

The Trust's vision is for the QEII MC to be globally recognised as a centre of excellence in health care, research and education.

Enabling Legislation

The Trust is established under Section 7 of the Act, to undertake the development, management and control of the QEII MC Reserve for the purposes of the Act.

As a result of consequential administrative changes to the new *Health Services Act 2016* (WA), the Board of Sir Charles Gairdner Hospital ceased to be the Trust's Delegate on 30 June 2016. The NMHS (Board) was appointed the Trust's new Delegate on 1 July 2016, to exercise a range of administrative powers in relation to controlling and managing the QEII MC campus. A new Delegation Instrument confirming this appointment was published in the Government Gazette on 28 June 2016.

The Delegate is responsible for the day to day management and control of the QEII MC Reserve on behalf of the Trust, including the general administration, management and other statutory requirements in relation to the Reserve land.

Responsible Minister

The statutory responsibility for the Trust is vested with the Minister for Health, Hon R H Cook MLA.



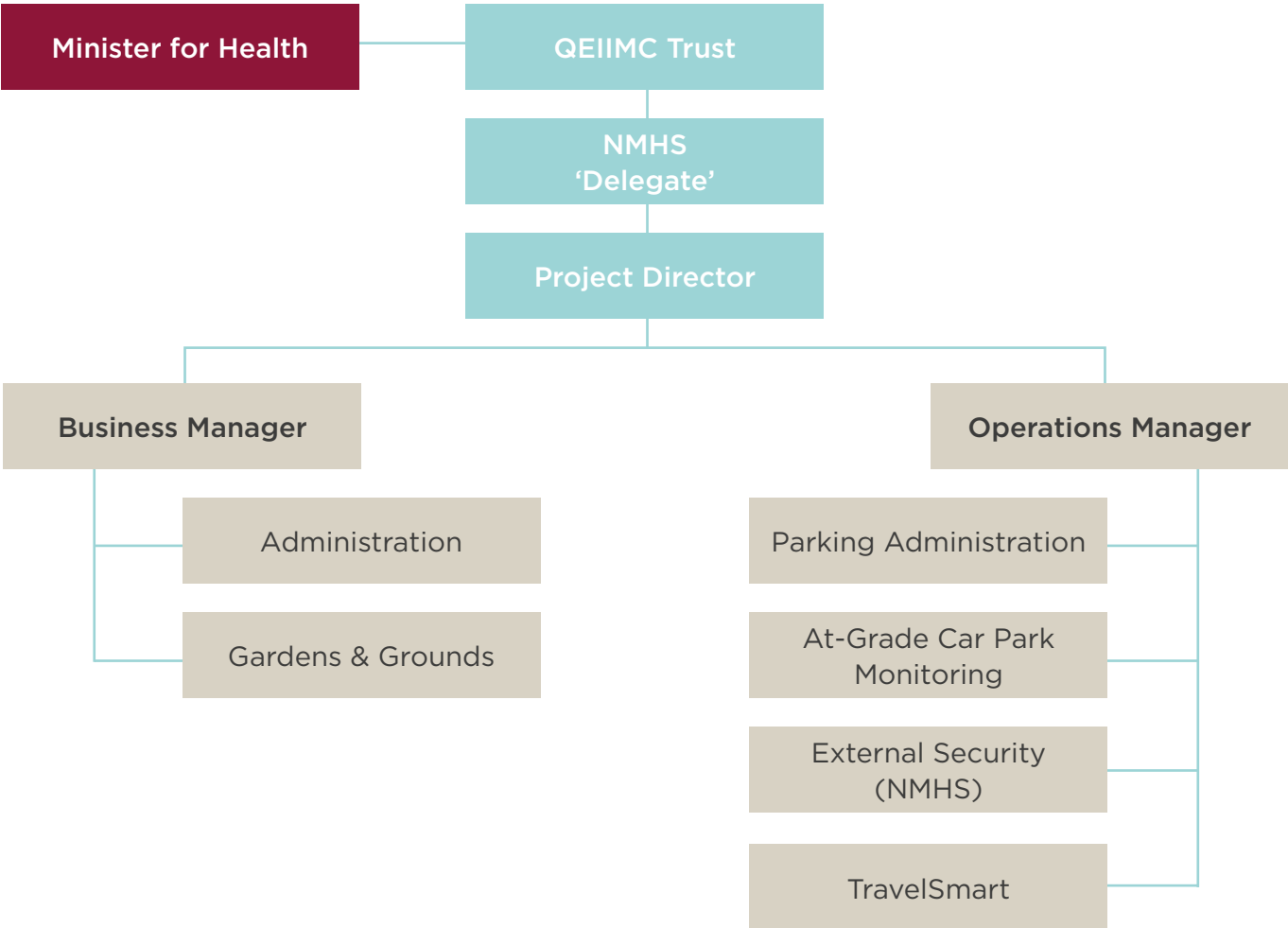
Organisational Structure

The functions of the Trust are delivered by its Delegate through the following Branches: Parking and Access; Gardens and Grounds; External Security; Campus Maintenance; TravelSmart and Trust Administration.

The Trust does not currently employ staff. A team of NMHS (as Delegate) staff members is seconded full time to the

Trust to oversee Delegate activities on the Reserve, perform Trust activities for and provide support services on behalf of, the Trust Board. Other North Metropolitan Health Service employees undertake such activities as instructed to ensure efficient, effective and timely control and management of the QEIMC Reserve for the Trust.

QEII Medical Centre Trust Operational Structure as at 30 June 2017



Board of Management

As set out in the Act, the Trust Board consists of five members:

- A Chairman – appointed by the Governor on written nomination of the Minister for Health and the University of Western Australia Senate, to hold office during the Governor's pleasure.
- Two members – appointed by the Governor on the written nomination of the Minister for Health to hold office during the Governor's pleasure.
- Two members – appointed by The University of Western Australia Senate to hold office during its pleasure.

Mr Steven Cole

Appointed as Chairman in November 2008.

Mr Cole has over 40 years of professional, corporate and business experience through senior legal consultancy, as well as a range of executive management and non-executive appointments.



Among his corporate appointments, he is currently Chair of ASX listed Neometals Limited; Chair of Perth Markets Limited and is a Board Member of the ASX listed Matrix Composites and Engineering Limited as well as the Chamber of Commerce and Industry WA.

Mr Cole has attended all nine board meetings throughout the year.

Mr Cole is also a member of the Audit and Risk Management Sub Committee and has attended all four sub-committee meetings throughout the year.

Professor Peter Davies

Appointed as a member in March 2016, Professor Davies also serves in the roles of Deputy Board Chair and Chair of the Audit and Risk Management Sub Committee.

Professor Davies is currently the Pro Vice-Chancellor (Research) at The University of Western Australia (UWA) and Professor of Freshwater Ecology of the Centre of Excellence.

Professor Davies has attended seven of a possible nine board meetings and has attended three of a possible four Audit and Risk Management Sub Committee meetings throughout the year.

**Professor Wendy Erber**

Appointed as a member in March 2016.

Professor Erber took up her current appointment as Dean of the Faculty of Medicine, Dentistry and Health Sciences at The University of Western Australia (UWA) in December 2015. Following the restructuring of UWA in 2017, Professor Erber's position is now Pro Vice-Chancellor and Executive Dean of the Faculty of Health and Medical Sciences.

Professor Erber graduated in Medicine from the University of Sydney and undertook her Haematology training at the Royal North Shore Hospital of Sydney and the University of Oxford (as a Rhodes Scholar). In Oxford her research led to a Doctorate of Philosophy. She has held Consultant Haematologist posts in Western Australia and in Cambridge, UK.

Professor Erber has attended seven of a possible nine board meetings throughout the year.

**Ms Angela Kelly**

Appointed as a member in August 2015.

Ms Angela Kelly has held the role of Assistant Director General Purchasing and System Performance since its creation in April 2015.



A graduate in Economics from the University of Western Australia (UWA), and with more than 20 years' experience in the public health system, Ms Kelly has held a number of senior executive positions within the Department of Health. These include Executive Director Resourcing and Performance, Director Health Infrastructure Unit and Director of Program Integration for the Fiona Stanley Hospital Project.

Ms Kelly has attended four of a possible nine board meetings throughout the year.

Mr Wayne Salvage

Appointed as a member in October 2009.

Mr Salvage was appointed Chief Executive of the North Metropolitan Health Service in May 2016 following a period of acting in the role.

Prior to Mr Salvage's appointment in this capacity he held a number of senior appointments in the Department of Health, involving managing resource acquisition, internal resource allocation within WA Health and co-ordination of infrastructure.

Mr Salvage has attended three of a possible four board meetings and all two Audit and Risk Management Sub Committee meetings as a member prior to his retirement from the Trust.

Mr Salvage retired from the Trust in March 2017.



Mr Alan Bansemer

Appointed as a member in December 2016.

Mr Alan Bansemer has over 35 years' experience in the health sector, including six years as the West Australian Health Commissioner and eight years as the Deputy Secretary to the Commonwealth Department of Human Services and Health.

Mr Bansemer has chaired a number of committees including the Medicare Schedule Review Board and General Practice Consultative Committee. In addition, he has served as a member of numerous health advisory committees including the Australian Health Ministers' Advisory Council, Health Insurance Commission and Australian Institute of Health and Welfare.

Mr Bansemer has attended five of a possible six board meetings throughout the year since his appointment. Mr Bansemer was also appointed to the Audit and Risk Management Sub Committee in June 2017.

Other Key Legislation impacting on the Queen Elizabeth II Medical Centre Trust

Western Australian State Acts

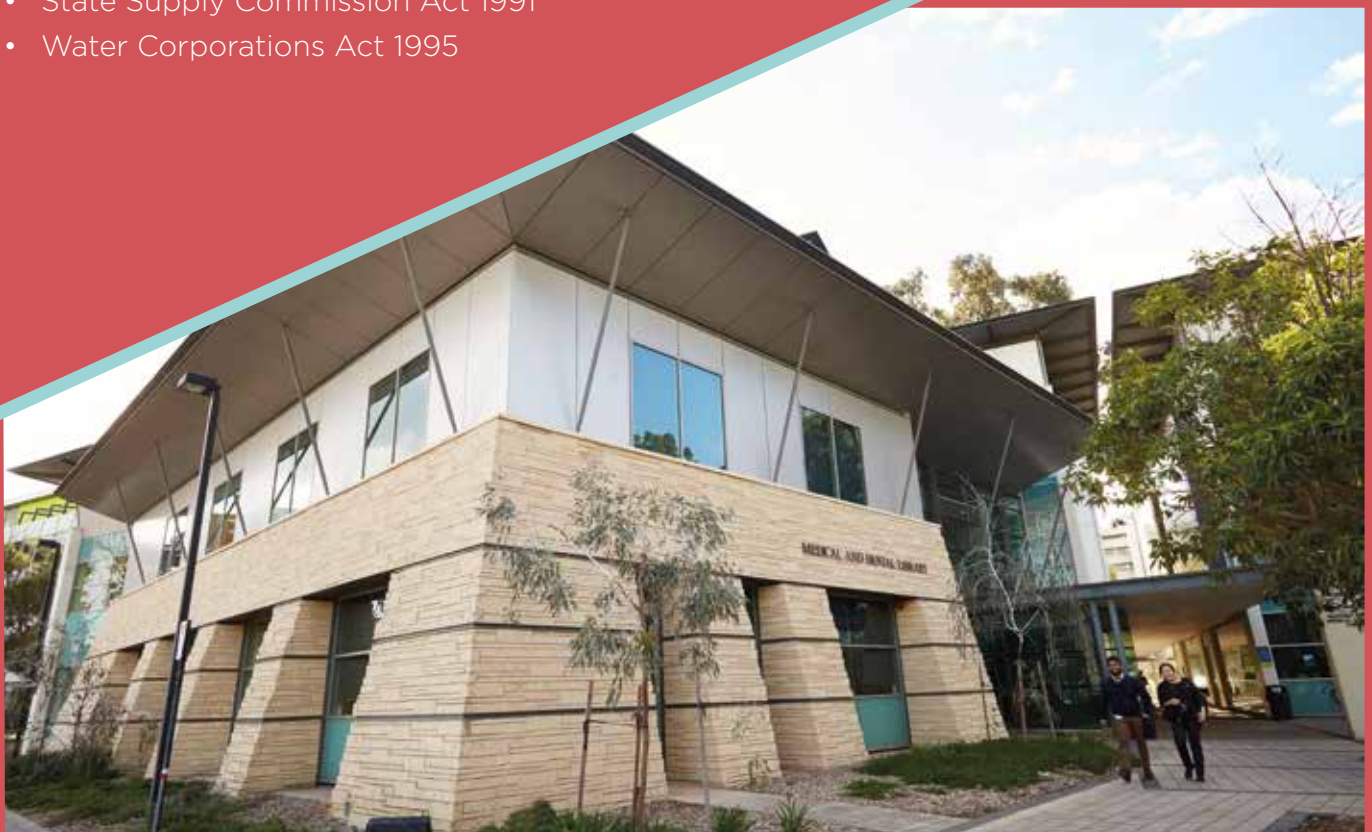
- Auditor General Act 2006
- Contaminated Sites Act 2003
- Disability Services Act 1993
- Electricity Corporations Act 2005
- Energy Operators (Powers) Act 1979
- Equal Opportunity Act 1984
- Evidence Act 1906
- Financial Management Act 2006
- Freedom of Information Act 1992
- Health Services Act 2017
- Heritage of Western Australia Act 1990
- Hospitals and Health Services Act 1927
- Land Administration Act 1997
- Library Board of Western Australia Act 1951
- Local Government Act 1995
- Occupational Safety and Health Act 1984
- Public Interest Disclosure Act 2003
- Public Sector Management Act 1994
- Road Traffic Act 1974
- State Records Act 2000
- State Supply Commission Act 1991
- Water Corporations Act 1995

Australian Commonwealth Acts

- A New Tax System (Goods and Services Tax) Act 1999
- Copyright Act 1968
- Fringe Benefits Tax Act 1986
- Trade Practices Act 1975

The financial administration of the Trust and its Delegate are undertaken in conjunction with Health Support Services (HSS). The Delegate, the Trust and HSS have complied with the requirements of the *Financial Management Act 2006* and every other written law, and exercised controls which provide reasonable assurance that the receipt and expenditure of moneys and the acquisition and disposal of public property and incurring of liability have been in accordance with legislative provisions.

At the date of signing, the Trust is not aware of any circumstances which would render the particulars included in this statement misleading or inaccurate.



AGENCY PERFORMANCE

Reports on Operations

Campus Management and Planning

Master planning

The 2010 Trust Master Plan documentation (updated in the 2013/14 financial year), sets out the arrangement of precincts across the campus, which are based on the collective grouping of similar functions and principally relate to the organisations that occupy those precincts.

As stated in the Chairman's Report, the 2010 Trust Master Plan has now largely accomplished its objectives in terms of achievable deliverables. Consequently planning and procurement processes are underway in preparation for the implementation of a new Master Planning process for the QEII MC Reserve. The new Master Plan will comprise a holistic vision and fresh development plan for the Reserve covering the next decades to around 2045. Stakeholder engagement to assist in development of the new Master Plan is scheduled to commence in the first quarter of the next financial year.

A great deal of consultation with stakeholders will be required to refine the next Master Plan in order to consider long term planning and development opportunities. Such opportunities may include the location of the New Women's Hospital on the campus along with future developments of the Research and Education Precincts as well as supporting services.

Leases

Progress continued in reviewing and consolidating lease arrangements for the campus's tenants with ground leases for most tenants now in place.

The lease for the new Perth Children's Hospital was executed during the year. Additionally, the lease for the Ralph and Patricia Sarich Neuroscience Research Institute was also finalised during the year with sub-tenants and licensees expected to occupy the premises early in the next financial year.

Lease negotiations with NMHS regarding the premises occupied by Sir Charles Gairdner Hospital and other NMHS operations are near conclusion with only 3 of the 18 ground leases remaining to be executed. All NMHS leases are expected to be in place by the end of the first half of the 2017/18 financial year.

Remaining outstanding tenancy arrangements are being formalised, notably with UWA in order to finalise its present leasehold entitlements and to settle tenancy options for the foreseeable future.



THE 2010 TRUST
MASTER PLAN
HAS NOW LARGELY
ACCOMPLISHED ITS
OBJECTIVES IN TERMS OF
ACHIEVABLE DELIVERABLES

Wayfinding

The significant recent developments on the already large and complex QEIIIMC campus drives the need for improved signage to help patients, visitors and staff locate and reach their destinations with ease.

The Trust engaged professional consultants, Minale Tattersfield, to undertake a 'wayfinding' review of the Campus, and develop a set of guidelines that will provide a framework of effective solutions to assist people to find their way around the campus. These approved wayfinding guidelines include a staged implementation plan according to priority elements and resourcing. Stakeholders across the campus have been kept informed of wayfinding

developments throughout each stage of the review and upgrades and feedback on wayfinding matters has been encouraged.

The roll out of the first stage of the wayfinding implementation plan is near conclusion with most major perimeter and Hospital Avenue marker signage now in place. The remaining perimeter signage along Verdun Street and Gairdner Drive are expected to be erected in the 2017/18 financial year.

The second stage of the wayfinding implementation plan, to update and improve pedestrian wayfinding signage, is expected to commence in early 2018, with detailed review and planning already underway.



Tenant Charging

The application of the Trust's tenant 'outgoings' charging model where tenants actively contribute to the cost of providing common area facilities and services continues.

Perth Children's Hospital and the Ralph and Patricia Sarich Neuroscience Research Institute are notable recent additions to the tenant charging regime (commencing 1 July 2017).

The 2016/17 financial year is the second year in which the Trust has applied a full recovery methodology; prior to this there was a phased implementation to introduce tenants to the regime which commenced in July 2013. A standard Site Services Agreement (SSA) has been developed to formalise this process and has been included in all lease negotiations. The SSA is the basis of the contractual agreement for the Trust/tenant relationship regarding tenant charging.

The SSA and tenant charging regime enables the Trust to provide appropriate common onsite facilities and services on a sustainable basis.

Parking and sustainable access

Parking

Since major QEIMC Reserve redevelopment began in 2010, access to the campus and campus parking has changed significantly. The completion of the multi-deck car park in late 2013 saw the total number of parking bays on-campus for patients, visitors and staff exceed 4700.

The QEIMC Parking Branch has been working closely with NMHS, other campus tenants and stakeholders, as well as Capella Parking Pty Limited to ensure the smooth operation of parking and adequate access to the campus facilities continues.

An additional 300 general purpose visitor parking bays will open concurrently with Perth Children's Hospital and bay utilisation is expected to increase campus-wide. The Parking Branch is engaging stakeholders and obtaining assistance from external consultants seeking to ensure a sustainable solution for parking on the campus is achieved. During the year a number of car parks on the campus were resurfaced to facilitate the creation of additional bays. This was conducted as part of the Trust's maintenance plan in order to assist in reducing the predicted impact of increasing demands on the QEIMC parking facilities and access ways.

In the interests of continuous improvement, the Parking Branch has also implemented and streamlined various parking processes, including payment and infringement appeal processes. These initiatives have been designed to improve the experience of staff and visitors parking at QEIMC, as well as increase awareness and foster understanding of these processes. This has facilitated a favourable change in behaviour from all those currently accessing parking facilities on the campus.



4700

On-campus parking bays for patients, visitors and staff completed in 2013.

10

Volunteer buggy
drivers helping patients
and visitors move
around the QEIMC.



Queen Elizabeth II Medical Centre Volunteer Buggy Drivers

The Trust provides an internal buggy transport service. Staffed by a group of ten volunteers, one of two electric powered buggies operates Monday to Friday providing a much needed service for patients and members of the general public needing help to get around the 28 hectare campus. While keeping an eye out for patients and visitors who may need help around campus, the volunteers also answer a mobile phone which can be called to request a pickup.

This service is under constant review, with patient, visitor, staff and volunteer feedback providing valuable insights into how the buggies can best serve them. Improvements have included the purchase of a new vehicle, chosen for ease of navigating tight corners and for being quiet running, and new buggy 'business cards' are now supplied to help patients and visitors keep the contact number on hand.

The enthusiastic and dedicated volunteers contribute a combined total of over 1700 hours of service per year and individually, hold volunteering experience varying from one year, to twenty years at the QEIMC.

Travel Plan

With major redevelopment projects recently completed and due for completion, the number of staff and visitors travelling to the QEIMC will rise. The Trust's goal of achieving a sustainable access environment will become more important than ever, and preparations are underway to meet this new demand including an increased budgetary commitment to Green Commuter and Carpooling initiatives.

The adoption of a new Travel Plan and Active Transport Plan will lay out a range of actions to be carried out over the next five years, with the aims of educating staff and visitors about alternative modes of transport, encouraging their use, improving infrastructure and raising awareness of alternative travel options to the campus to make them more appealing.

A workshop or 'Design Jam' was led by Aurecon Group at the 2016 Active Commuter Breakfast in order to inform the Active Transport Plan and to identify and discuss possible solutions to issues that active commuters have encountered with cycling and walking infrastructure, both at and around the QEIMC.





Future activities designed to further improve the QEIMC's alternative transport and sustainable access environment are planned for the new financial year, including upgrades to existing 'toaster' style bike racks in two locations and the installation of a bike shelter in Car Park 7 which will accommodate 46 bikes in an area frequented by students. A 'Travelling to the Queen Elizabeth II Medical Centre' booklet has also been created, with two versions targeted at either staff, or patients and visitors. These booklets detail common public transport routes, provide information about Car Pooling and Green Commuting, detail the end of trip bicycle facilities available on-campus, answer some 'frequently asked' parking questions and will be printed and distributed across campus and available on the QEIMC website.

Public Transport

Utilisation of public transport to access the QEIMC has increased, particularly amongst staff members.

Route 950 is a frequent service, with peak hour services to and from the QEIMC leaving every four minutes, and with an earlier start and a later finish than the previous 79 service. This regularity allows public transport

services to cope with the high demand from the many patients, visitors, staff members, students and construction workers that visit the QEIMC every day.

Representatives from the Trust and NMHS are working with the Department of Transport on planning to further improve public transport to and from the QEIMC. In addition to this, staff members at Princess Margaret Hospital have been engaged to assist with patient and staff transport queries in relation to the transition to the new Perth Children's Hospital.

Smoke free campus

WA Health policy requires all of its sites to be smoke free. The sprawling 28 hectare QEIMC campus has a turnover of approximately 10,000 people in a 24 hour period. Achieving and maintaining a smoke free campus is a significant challenge given its size, numerous outdoor common areas and the lack of convenient access to appropriate off-campus areas for those who choose to smoke.

The Trust is committed to providing a healthy, supportive environment and continues to explore options and implement initiatives to achieve smoke free campus status.



The Trust completed significant landscaping maintenance works targeted at the perimeter of the campus.

Communications

Maps, brochures and publications

The Trust provides an extensive suite of maps and published material, in both printed and electronic format, to inform the community of organisations, facilities and services on the campus. The QEIMC maps are available in print and on the QEIMC website. The website map is interactive enabling users to highlight specific items of interest. In 2017 the QEIMC map underwent updates and redistribution across campus in order to represent the completed Sarich Neuroscience Research Institute among other changes. Changes to the interactive website map are being implemented accordingly.

A number of cycling and TravelSmart brochures have been developed primarily to increase staff and student awareness of initiatives, programs and services regarding alternative commuting options. Visitors have also found the information useful.

These resources are reviewed and updated regularly to include new developments on the campus and to address user feedback.

Online Communications

The QEIMC website provides a range of information about the campus to visitors, patients, students, staff and tenants. Since its launch in 2013/14, the website has gone through multiple reviews and updates – the most substantial of these were alterations made to bring it into line with the Web Content Accessibility Guidelines (WCAG) 2.0. The website has now reached the AA level of conformance required by the Website Governance Framework. Website content is kept up-to-date and relevant through regular assessment and through feedback from users via a comment box provided on the website.

Regular electronic news bulletins are sent to QEIMC's tenants, providing short, targeted and timely information and updates regarding services and service disruptions around the campus. Newsletters are also circulated electronically to tenants to provide updates on recent and upcoming Trust projects and events.

The Trust's communications strategy has been updated in anticipation of additional patients, visitors and staff post commissioning of the new Perth Children's Hospital.

Gardens and Grounds

The Trust is committed to providing a high quality public environment that supports the activities and aspirations of the QEIMC's diverse community of health care, research and educational organisations. A review of the Trust's Landscape Master Plan has been undertaken. This has been modified to incorporate the current landscape plans for ongoing and new development on campus to ensure consistency with the Trust's vision.

Although not part of the QEIMC, the Trust utilises the adjacent Water Corporation compensating basin on Aberdare Road to provide a filtered source of water for its grounds reticulation system. The Trust also landscapes the area surrounding this 'lake' to improve its aesthetic appeal for local residents, patients, visitors and staff. Stormwater drainage is supplemented by bore water extracted on the campus.

During the year, the Trust completed significant landscaping maintenance works targeted at the perimeter of the campus, particularly on Winthrop and Aberdare Roads, extending from the Hospital Avenue/ Aberdare Road intersection down to the Great Courtyard abutting the new Perth Children's Hospital. This work has enhanced the visual appeal of the area considerably and has noticeably improved the aesthetics for those accessing and entering the QEIMC campus. Additionally, some minor landscaping works were also completed on the southern end of Hospital Avenue bordering Monash Avenue in anticipation of the opening of the new Perth Children's Hospital.



SIGNIFICANT ISSUES IMPACTING THE QUEEN ELIZABETH II MEDICAL CENTRE TRUST

Current and Emerging Issues and Trends

Services, Facilities and Infrastructure

The QEIMC is an extremely vibrant and busy medical centre with an estimated over 1.8 million vehicle traffic movements at the campus annually and over 8,000 employees working daily on the campus.

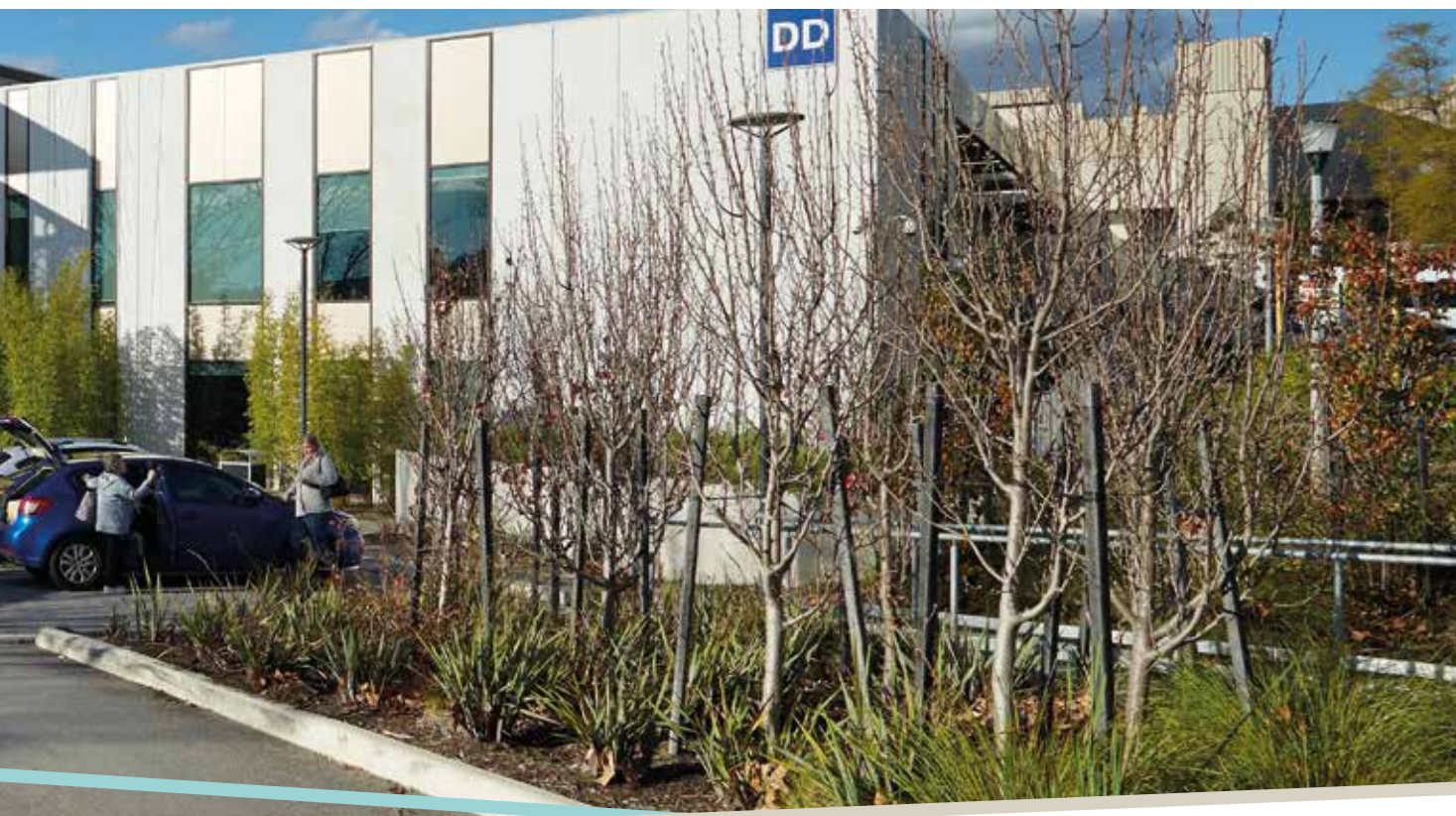
The number of people travelling to and using the QEIMC facilities continues to rise. It is anticipated that the new Perth Children's Hospital, for example, will generate an additional 3,000 staff movements alone per day, in addition to patient and visitor movements. Pressure on existing operations and infrastructure require ongoing upgrades and review, where regular maintenance programs are undertaken and assets are refurbished as funding allows.

Funding and Revenue

One of the Trust's main objectives is to maintain and improve financial sustainability and sound governance.

The Trust is strategically positioning and managing its funding and revenue within the following key parameters:

- License fees from the multi-deck car park will meet underlying corporate overheads, service and outgoing expenses.
- Revenue from its campus "outgoings" tenant charging arrangements will meet routine campus management, maintenance and gardening expenses as well as minor capital work expenses for the campus on an equitable allocation basis.



1.8

Million vehicle
traffic movements
on-campus each year.

The Trust continues its business development program focusing on implementing sustainable funding strategies for the short and long term enhancement of the QEIIIMC.

Sufficient staff resources in a constrained environment continue to impact the timely completion of some activities and projects. The Trust recently undertook a prioritisation of activities and projects to ensure available resources are focussed on high priority projects and essential activities.

Servicing a sustainable environment

The availability of funds and resources places prudential limitations on the capacity of the Trust to expeditiously meet some of its campus objectives.

The Trust has liaised with the Department of Planning as part of the Government's "Direction 2031" project to ensure the QEIIIMC will be able to respond to traffic demands in a sustainable way in the medium and long term.

The Trust continues to be involved as a critical stakeholder along with UWA and local councils, with the planning of light rail to assist in transporting people to and from the QEIIIMC campus.



DISCLOSURE AND LEGAL COMPLIANCE





Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

THE QUEEN ELIZABETH II MEDICAL CENTRE TRUST

Report on the Financial Statements

Opinion

I have audited the financial statements of The Queen Elizabeth II Medical Centre Trust which comprise the Statement of Financial Position as at 30 June 2017, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of The Queen Elizabeth II Medical Centre Trust for the year ended 30 June 2017 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for Opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Trust in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of the Board for the Financial Statements

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Trust.

Auditor's Responsibility for the Audit of the Financial Statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by The Queen Elizabeth II Medical Centre Trust. The controls exercised by the Trust are those policies and procedures established by the Board to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, the controls exercised by The Queen Elizabeth II Medical Centre Trust are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2017.

The Board's Responsibilities

The Board is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

Auditor General's Responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and the controls, necessary to achieve the overall control objectives, were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or noncompliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the Key Performance Indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of The Queen Elizabeth II Medical Centre Trust for the year ended 30 June 2017. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of The Queen Elizabeth II Medical Centre Trust are relevant and appropriate to assist users to assess the Trust's performance and fairly represent indicated performance for the year ended 30 June 2017.

The Board's Responsibility for the Key Performance Indicators

The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control as the Board determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Board is responsible for identifying key performance indicators that are relevant and appropriate having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's Responsibility

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the agency's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

My Independence and Quality Control Relating to the Reports on Controls and Key Performance Indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of The Queen Elizabeth II Medical Centre Trust for the year ended 30 June 2017 included on the Trust's website. The Trust's management is responsible for the integrity of the Trust's website. This audit does not provide assurance on the integrity of the Trust's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



PATRICK ARULSINGHAM
ACTING ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia

30 August 2017

Certification of Financial Statements

For the year ended 30 June 2017

The accompanying financial statements of the Queen Elizabeth II Medical Centre Trust have been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2017 and the financial position as at 30 June 2017.

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



S Cole
Chairman
Queen Elizabeth II Medical Centre Trust
Date: 25 August 2017



P Davies
Deputy Chair
Queen Elizabeth II Medical Centre Trust
Date: 25 August 2017



A St. Flour
Chief Finance Officer
Queen Elizabeth II Medical Centre Trust
Date: 25 August 2017

The Queen Elizabeth II Medical Centre Trust

Statement of Comprehensive Income

For the year ended 30 June 2017

	Note	2017 \$	2016 \$
COST OF SERVICES			
Expenses			
Employee benefits expense	6	1,957,736	1,677,181
Board member remuneration	29	57,863	54,126
Depreciation expense	7	547,479	231,440
Repairs, maintenance and consumable equipment	8	1,601,598	1,190,237
Management fees	9	2,102,762	1,949,168
Other expenses	10	1,991,573	1,406,396
Total cost of services		8,259,011	6,508,548
INCOME			
Revenue			
Car park user fees and fines	11	2,525,823	2,470,132
Car park operator licence fees	12	2,253,227	2,682,902
Other revenue	13	2,859,366	3,849,499
Total revenue		7,638,416	9,002,533
Total income other than income from State Government		7,638,416	9,002,533
NET INCOME/(COST) OF SERVICES		(620,595)	2,493,985
INCOME FROM STATE GOVERNMENT			
Service appropriations	14	674,413	231,442
Assets transferred	15	(14,233)	-
Services received free of charge	16	84,232	-
Total income from State Government		744,412	231,442
SURPLUS FOR THE PERIOD		123,817	2,725,427
OTHER COMPREHENSIVE INCOME			
Items not reclassified subsequently to profit or loss			
Changes in asset revaluation reserve	26	-	3,493,604
Total other comprehensive income		-	3,493,604
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		123,817	6,219,031

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

The Queen Elizabeth II Medical Centre Trust

Statement of Financial Position

As at 30 June 2017

	Note	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash assets	17	9,271,061	9,692,823
Receivables	18	298,271	129,025
Other current assets		3,388	-
Total Current Assets		9,572,720	9,821,848
Non-Current Assets			
Restricted cash and cash equivalents	17	8,000	-
Amounts receivable for services	19	8,887,160	8,320,597
Property, plant and equipment	20	11,265,862	11,376,379
Total Non-Current Assets		20,161,022	19,696,976
Total Assets		29,733,742	29,518,824
LIABILITIES			
Current Liabilities			
Payables	23	431,896	271,598
Provisions	24	215,509	174,302
Other current liabilities	25	200	107,727
Total Current Liabilities		647,605	553,627
Non-Current Liabilities			
Provisions	24	76,399	79,276
Total Non-Current Liabilities		76,399	79,276
Total Liabilities		724,004	632,903
NET ASSETS		29,009,738	28,885,921
EQUITY			
Reserves	26	33,058,508	33,058,508
Accumulated deficit	27	(4,048,770)	(4,172,587)
TOTAL EQUITY		29,009,738	28,885,921

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

The Queen Elizabeth II Medical Centre Trust

Statement of Changes in Equity

For the year ended 30 June 2017

	Note	2017 \$	2016 \$
RESERVES	26		
Asset Revaluation Reserve			
Balance at start of period		33,058,508	29,564,904
Comprehensive income for the period		-	3,493,604
Balance at end of period		<u>33,058,508</u>	<u>33,058,508</u>
ACCUMULATED SURPLUS/(DEFICIT)	27		
Balance at start of period		(4,172,587)	(6,898,014)
Surplus for the period		123,817	2,725,427
Balance at end of period		<u>(4,048,770)</u>	<u>(4,172,587)</u>
TOTAL EQUITY			
Balance at start of period		28,885,921	22,666,890
Total comprehensive income for the period		123,817	6,219,031
Balance at end of period		<u>29,009,738</u>	<u>28,885,921</u>

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

The Queen Elizabeth II Medical Centre Trust

Statement of Cash Flows

For the year ended 30 June 2017

	Note	2017 \$ Inflows/ (Outflows)	2016 \$ Inflows/ (Outflows)
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriations		107,851	-
Net cash provided by State Government	28	107,851	-
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(1,911,984)	(1,693,722)
Board member remuneration		(57,863)	(54,126)
Supplies and services		(5,573,506)	(4,456,740)
Receipts			
Receipts from customers		2,531,844	2,538,012
Car park operator licence fees		2,253,227	2,682,902
Other receipts		2,573,255	3,650,944
Net cash provided by/(used in) operating activities	28	(185,027)	2,667,270
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Payments for purchase of non-current physical assets		(336,586)	-
Net cash used in investing activities		(336,586)	-
Net increase in cash assets		(413,762)	2,667,270
Cash assets at the beginning of the period		9,692,823	7,025,553
CASH ASSETS AT THE END OF PERIOD	28	9,279,061	9,692,823

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

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

Note 1 Australian Accounting Standards

General

The Queen Elizabeth II Medical Centre Trust's ("Trust") financial statements for the year ended 30 June 2017 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

The Trust has adopted any applicable new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The Trust cannot early adopt an Australian Accounting Standard unless specifically permitted by Treasurer's Instruction 1101 '*Application of Australian Accounting Standards and Other Pronouncements*'. Partial exemption permitting early adoption of AASB 2015-7 *Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities* has been granted. Aside from AASB 2015-7, there has been no early adoption of any other Australian Accounting Standards that have been issued or amended (but not operative) by the Trust for the annual reporting period ended 30 June 2017.

Note 2 Summary of significant accounting policies

(a) General Statement

The Trust is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

The *Financial Management Act* 2006 and the Treasurer's instructions impose legislative provisions that govern the preparation of financial statements and take precedence over the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

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

(b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for land and site infrastructure which have been measured at fair value.

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

The financial statements are presented in Australian dollars and all values are rounded to the nearest dollar (\$).

Note 3 'Judgements made by management in applying accounting policies' discloses judgements that have been made in the process of applying the Trust's accounting policies resulting in the most significant effect on amounts recognised in the financial statements.

Note 4 'Key sources of estimation uncertainty' discloses key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(c) Reporting Entity

The reporting entity comprises the Trust's accounts and Delegate's accounts maintained under section 13 of the Queen Elizabeth II Medical Centre Act 1966. See note 39 'Reporting Entity's Accounts'.

The Board of Management of the Sir Charles Gairdner Hospital was appointed in 1986 as the 'Delegate' under section 13 of the Queen Elizabeth II Medical Centre Act to perform the functions of the Trust. Subsequent changes in the Western Australian Health system saw the demise of hospital boards and, as of 1 July 2016 the new Health Services Act (WA) created Health Service statutory bodies to take over certain Health Services roles. The Health Service statutory body "North Metropolitan Health Service" has been designated with the responsibility for Delegate's activities. The Delegate undertakes transactions and holds assets and liabilities on behalf of the Trust.

Following advice from the State Solicitor's Office, the Delegate prepared the financial statements for the first time in the 2014-15 financial year on the basis that it is a non-reporting entity because there are no users dependent on a general purpose financial report. The financial report furnished to the Trust under section 13 (2i) of the Queen Elizabeth II Medical Centre Act is therefore a special purpose financial report.

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

Note 2 Summary of significant accounting policies (continued)

(d) Income

Revenue recognition

Revenue is recognised and measured at the fair value of consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised as follows:

Provision of services

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

Service Appropriations

Service Appropriations are recognised as revenues at fair value in the period in which the Trust gains control of the appropriated funds. The Trust gains control of appropriated funds at the time those funds are deposited to the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

See also note 14 'Service appropriations' for further information.

Grants, donations, gifts and other non-reciprocal contributions

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

(e) Property, Plant and Equipment

Capitalisation/expensing of assets

Items of property, plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

Property, plant and equipment are initially recognised at cost.

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

Subsequent measurement

Subsequent to initial recognition as an asset, the revaluation model is used for the measurement of land and site infrastructure and historical cost for all other property, plant and equipment. Land and site infrastructure are carried at fair value less accumulated depreciation (site infrastructure) and accumulated impairment losses. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

The fair value of land and site infrastructure is determined on the basis of existing use as the assets are specialised, land use is restricted and no market based evidence of value is available. Fair value for site infrastructure is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Fair value for restricted use land is determined by comparison with market evidence for land with similar approximate utility (high restricted use land) or market value of comparable unrestricted land (low restricted use land).

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

Land are independently valued by the Western Australian Land Information Authority (Valuation Services) and the revalued amounts are recognised to ensure that the carrying amounts do not differ materially from the fair values of the assets at the end of the reporting period.

Site infrastructure are independently valued by the Rider Levett Bucknall WA Pty Ltd (Quantity Surveyor) and recognised to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period.

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

See also note 20 'Property, plant and equipment' for further information on revaluation.

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

Note 2 Summary of significant accounting policies (continued)

(e) Property, Plant and Equipment (continued)

Derecognition

Upon disposal or derecognition of an item of property, plant and equipment, any revaluation surplus relating to that asset is retained in the asset revaluation reserve.

Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets on a class of assets basis.

Depreciation

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

In order to apply this policy, the following methods are utilised :

- * Land - not depreciated
- * Site Infrastructure - straight line (2016: diminishing value)
- * Plant and equipment - straight line

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

Site Infrastructure	50 years
Plant and equipment	10 years

(f) Impairment of Assets

Property, plant and equipment are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised as expense in the Statement of Comprehensive Income. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. As the Trust is a not-for-profit entity, unless a specialised asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

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

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

See also note 22 'Impairment of assets' for the outcome of impairment reviews and testing.

Refer also to note 2(k) 'Receivables' and note 18 'Receivables' for impairment of receivables.

(g) Financial Instruments

In addition to cash, the Trust has two categories of financial instrument:

- Loans and receivables; and
- Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

Financial assets

- * Cash assets
- * Receivables
- * Amounts receivable for services
- * Restricted cash and cash equivalents

Financial liabilities

- * Payables

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

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

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

Note 2 Summary of significant accounting policies (continued)

(h) Cash Assets

For the purpose of the Statement of Cash Flows, cash assets comprise of cash on hand and cash at bank.

(i) Accrued Salaries

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

(j) Amounts Receivable for Services (holding account)

The Trust receives service appropriation funding from the State Government as an asset (holding account receivable). The holding account receivable balance is accessible on the emergence of the cash funding requirement to cover asset replacement.

See also note 14 'Service appropriations' and note 19 'Amounts receivable for services'.

(k) Receivables

Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Trust will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

Accounting procedure for Goods and Services Tax (GST)

Rights to collect amounts receivable from the Australian Taxation Office (ATO) and responsibilities to make payments for GST have been assigned to the 'Department of Health'. This accounting procedure was a result of application of the grouping provisions of "A New Tax System (Goods and Services Tax) Act 1999" whereby the Department of Health became the Nominated Group Representative (NGR) for the GST Group. The entities in the GST group include the Department of Health, Mental Health Commission, North Metropolitan Health Service, East Metropolitan Health Service, South Metropolitan Health Service, Child and Adolescent Health Service, Health Support Services, WA Country Health Service, QE II Medical Centre Trust, and Health and Disability Services Complaints Office.

GST receivables on accrued expenses are recognised by the Trust. Upon the receipt of tax invoices, GST receivables for the GST group are recorded in the accounts of the Department of Health.

See also note 2(g) 'Financial Instruments' and note 18 'Receivables'.

(l) Payables

Payables are recognised when the Trust becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value as they are generally settled within 30 days.

See also note 2(g) 'Financial instruments' and note 23 'Payables'.

(m) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

See also note 24 'Provisions'.

Provisions - employee benefits

All employees are provided to the Trust by the North Metropolitan Health Service in its capacity as the Delegate (see note 2(c) 'Reporting Entity'). All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

Annual Leave

Annual leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore considered to be 'other long-term employee benefits'. The annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as a current liability as the Trust does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

Note 2 Summary of significant accounting policies (continued)

(m) Provisions (continued)

Long Service Leave

Long service leave is not expected to be settled wholly within 12 months after the end of the reporting period. The long service leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Unconditional long service leave provisions are classified as current liabilities as the Trust does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Trust has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Sick Leave

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

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

Superannuation

The Government Employees Superannuation Board (GESB) and other fund providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme or the GSS became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). From 30 March 2012, existing members of the WSS or GESBS and new employees have been able to choose their preferred superannuation fund provider. The Trust makes contributions to GESB or other fund providers on behalf of employees in compliance with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*. Contributions to these accumulation schemes extinguish the Trust's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

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

The Trust has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Trust to the GESB.

The GESB makes all benefit payments in respect of the Pension Scheme and GSS transfer benefits, and is recouped from the Treasurer for the employer's share.

See also note 2(n) 'Superannuation Expense'.

Employment on-costs

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

See also note 10 'Other expenses' and note 24 'Provisions'.

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

Note 2 Summary of significant accounting policies (continued)

(n) Superannuation Expense

Superannuation expense is recognised in the profit and loss of the statement of comprehensive income and comprises employer contributions paid to the GSS (concurrent contributions), WSS, GESBS and other superannuation funds.

(o) Comparative Figures

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

Note 3 Judgements made by management in applying accounting policies

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The Trust evaluates these judgements regularly. The judgements that have been made in the process of applying accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

Employee benefits provision

An average turnover rate for employees has been used to calculate the non-current long service leave provision. This turnover rate is representative of the Health public authorities in general.

Note 4 Key sources of estimation uncertainty

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Employee benefits provision

In estimating the non-current long service leave liabilities, employees are assumed to leave the Trust each year on account of resignation or retirement at 7.5%. This assumption was based on an analysis of the turnover rates exhibited by employees over a five year period. Employees with leave benefits to which they are fully entitled are assumed to take all available leave uniformly over the following five years or to age 65 if earlier.

Several estimations and assumptions used in calculating the Trust's long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

Note 5 Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Trust has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2016 that impacted on the Trust.

Title	
AASB 1057	<p><i>Application of Australian Accounting Standards</i></p> <p>This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. There is no financial impact.</p>
AASB 2014-3	<p><i>Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & 11]</i></p> <p>The Trust establishes Joint Operations in pursuit of its objectives and does not routinely acquire interests in Joint Operations. Therefore, there is no financial impact on application of the Standard.</p>
AASB 2014-4	<p><i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]</i></p> <p>The adoption of this Standard has no financial impact for the Trust as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits.</p>
AASB 2014-9	<p><i>Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128]</i></p> <p>This Standard amends AASB 127, and consequently amends AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. AS the Trust has no subsidiaries, joint ventures and associates, the application of the Standard has no financial impact.</p>
AASB 2015-1	<p><i>Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle (AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140)</i></p> <p>These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012-2014 Cycle in September 2014, and editorial corrections. The Trust has determined that the application of the Standard has no financial impact.</p>
AASB 2015-2	<p><i>Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 (AASB 7, 101, 134 & 1049)</i></p> <p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.</p>
AASB 2015-6	<p><i>Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities (AASB 10, 124 & 1049)</i></p> <p>The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. There is no financial impact.</p>
AASB 2015-10	<p><i>Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 & 128</i></p> <p>This Standard defers the mandatory effective date (application date) of amendments to AASB 10 and AASB 128 that were originally made in AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016. There is no financial impact.</p>

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

Note 5 Disclosure of changes in accounting policy and estimates (continued)

Future impact of Australian Accounting Standards not yet operative

The Trust cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements or by an exemption from TI 1101. By virtue of a limited exemption, the Trust has early adopted AASB 2015-7 *Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities*. Where applicable, the Trust plans to apply the following Australian Accounting Standards from their application date.

Title	Operative for reporting periods beginning on/after
<p>AASB 9 <i>Financial Instruments</i></p> <p>This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i>, introducing a number of changes to accounting treatments.</p> <p>The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9 and AASB 2014-1 <i>Amendments to Australian Accounting Standards</i>. The Trust has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
<p>AASB 15 <i>Revenue from Contracts with Customers</i></p> <p>This Standard establishes the principles that the Trust shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The Trust's income is principally derived from appropriations which will be measured under AASB 1058 Income of Not-for-Profit Entities and will be unaffected by this change. For other type of income such as grants and contribution revenues, the Trust has not yet determined the potential impact of the Standard. In broad terms, it is anticipated that the terms and conditions attached to these revenues will defer revenue recognition until the Trust has discharged its performance obligations.</p>	1 Jan 2019
<p>AASB 16 <i>Leases</i></p> <p>This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Trust has not yet determined the application or the potential impact of the Standard. Whilst the impact of AASB 16 has not yet been quantified, the entity currently has operating lease commitments for \$31,677. The worth of non-cancellable operating leases which the Trust anticipates most of this amount will be brought onto the statement of financial position, excepting amounts pertinent to short-term or low value leases. Interest and amortisation expenses will increase and rental expense will decrease.</p>	1 Jan 2019
<p>AASB 1057 <i>Income for Not-for-Profit-Entities</i></p> <p>This Standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, more closely reflecting the economic reality of NFP entity transactions that are not contracts with customers. Timing of income recognition is dependent on whether such a transaction gives rise to a liability, a performance obligation (a promise to transfer a good or service), or, an obligation to acquire an asset. The Trust has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2019
<p>AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]</i></p> <p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.</p> <p>The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. The Trust has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
<p>AASB 2014-1 <i>Amendments to Australian Accounting Standards</i></p> <p>Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by the Trust to determine the application or potential impact of the Standard</p>	1 Jan 2018
<p>AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i></p> <p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The Trust has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

Note 5 Disclosure of changes in accounting policy and estimates (continued)

Future impact of Australian Accounting Standards not yet operative (continued)

Title	Operative for reporting periods beginning on/after
<p>AASB 2014-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i></p> <p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The Trust has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
<p>AASB 2015-8 <i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i></p> <p>This Standard amends the mandatory effective date (application date) of AASB 15 Revenue from Contracts with Customers so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. For Not-for-Profit entities, the mandatory effective date has subsequently been amended to 1 January 2019 by AASB 2016-7. The Trust has not yet determined the application or the potential impact of AASB 15.</p>	1 Jan 2019
<p>AASB 2016-2 <i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107</i></p> <p>This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. There is no financial impact.</p>	1 Jan 2017
<p>AASB 2016-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i></p> <p>This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and, provides further transitional provisions to AASB 15. The Trust has not yet determined the application or the potential impact.</p>	1 Jan 2018
<p>AASB 2016-4 <i>Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash Generating Specialised Assets of Not-for-Profit Entities</i></p> <p>This Standard clarifies that the recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 <i>Fair Value Measurement</i>. The Department has not yet determined the application or the potential impact.</p>	1 Jan 2017
<p>AASB 2016-7 <i>Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities</i></p> <p>This Standard amends the mandatory effective date (application date) of AASB 15 and defers the consequential amendments that were originally set out in AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 for not-for-profit entities to annual reporting periods beginning on or after 1 January 2019, instead of 1 January 2018. There is no financial impact.</p>	1 Jan 2017
<p>AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i></p> <p>This Standard inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. This guidance assists not-for-profit entities in applying those Standards to particular transactions and other events. There is no financial impact.</p>	1 Jan 2019
<p>AASB 2017-2 <i>Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle</i></p> <p>This Standard clarifies the scope of AASB 12 by specifying that the disclosure requirements apply to an entity's interests in other entities that are classified as held for sale, held for distribution to owners in their capacity as owners or discontinued operations in accordance with AASB 5. There is no financial impact.</p>	1 Jan 2017

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

	2017 \$	2016 \$
Note 6 Employee benefits expense		
Salaries and wages (a)	1,827,267	1,560,437
Superannuation - defined contribution plans (b)	130,469	116,744
	<u>1,957,736</u>	<u>1,677,181</u>
Salaries and wages are paid to employees provided to the Trust by the North Metropolitan Health Service in its capacity as the Delegate. See note 2(c) 'Reporting Entity' and 2(m) 'Provisions'.		
(a) Includes the value of the fringe benefits to employees and the value of superannuation contribution component for leave entitlements. The Trust did not pay any fringe benefits tax during the reporting period.		
(b) Defined contribution plans include West State, Gold State and GESB Superannuation funds.		
Note 7 Depreciation expense		
Site infrastructure	545,357	229,285
Plant and equipment	2,122	2,155
	<u>547,479</u>	<u>231,440</u>
Note 8 Repairs, maintenance and consumable equipment		
Repairs and maintenance	1,560,647	1,162,762
Consumable equipment	40,951	27,475
	<u>1,601,598</u>	<u>1,190,237</u>

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

Note 9 Management fees

Management fees for At-Grade Car Parks (a)	2,102,762	1,949,168
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(a) See note 11 'Car park user fees and fines' for further information.

Note 10 Other expenses

Communications	8,078	11,407
Computer services	28,675	34,728
Consultancies	623,012	352,427
Direct invoice parking bays (a)	215,358	214,698
Chargeable parking bays for user groups (a)	136,258	109,812
Doubtful debts expense (note 18)	-	21,547
Reversal of impairment for receivables (note 18)	(5,828)	-
Employee related expenses (b)	9,550	10,061
Legal expenses	128,252	65,601
Motor vehicle expenses	7,614	7,086
Operating lease expenses	19,358	18,000
Printing and stationery	38,665	26,628
Purchase of outsourced services	419,689	314,724
Public transport expenses	88,153	74,075
Services received free of charge	84,232	-
Other	190,507	145,602
	<u>1,991,573</u>	<u>1,406,396</u>

(a) Capella charges for the use of the Direct Invoice Parking Bays by staff and the use of non-exempt bays by specific user groups.

(b) Includes staff development and transport costs. The Trust does not record any employment on-costs expenses and liability (workers' compensation insurance) as these costs are borne by North Metropolitan Health Service which provides employees to the Trust (see note 2(c) 'Reporting Entity'). Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

	2017 \$	2016 \$
Note 11 Car park user fees and fines		
Parking fees received under the Capella Parking Agreement (a)	2,102,762	1,949,168
Other parking fees	167,499	190,336
Fines and penalties	255,562	330,628
	<u>2,525,823</u>	<u>2,470,132</u>

(a) In June 2011, the State entered into a project agreement with Capella Parking Pty Ltd (Capella) to build and operate a multi-deck car park on the Queen Elizabeth II Medical Centre. This agreement entitles Capella to retain all parking charges collected from users of the multi-deck car park and all other car parks (known as "At-Grade Car Parks") on the Medical Centre site.

Statutory responsibility for the At-Grade Car Parks remains with the Trust through the North Metropolitan Health Services as the Delegate (see note 2(c) 'Reporting Entity'). As part of the project arrangements, the Delegate entered into an 'At-Grade Car Parks Management Agreement' for a period of 26 years with Capella under which Capella is appointed to operate and manage these car parks (see also note 12 below). In this context, Capella collects the fees from the At-Grade Car Parks on behalf of the Delegate and deposits these moneys into the Delegate's bank account to comply with provisions in the Queen Elizabeth II Medical Centre Act 1966. The Delegate then subsequently pays Capella the equivalent of the parking fees collected in the form of a car park management fee (see note 9).

Note 12 Car park operator licence fees (a)

	<u>2,253,227</u>	<u>2,682,902</u>
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(a) In June 2011, the Trust's statutory delegate entered into an 'At-Grade Car Parks Management Agreement' for a period of 26 years with Capella Parking Pty Limited. From 10 October 2012, Capella is responsible for the operations and management of at-grade car parking on the site (see also note 11 above). In consideration for the grant of the licence to access, use and occupy the at-grade car parks, Capella (car park operator) is obliged to make licence fee payments to the Trust (as beneficiary to the agreement).

Note 13 Other revenue

Tenant charges (b)	2,659,826	3,211,633
Rent from commercial properties	-	427,440
Services to external organisations (c)	159,231	173,518
Other	40,309	36,908
	<u>2,859,366</u>	<u>3,849,499</u>

(b) Comprises of tiered cost recovery for services charged to tenants (2017: 100% cost recovery rate; 2016: 100% cost recovery rate).

(c) Includes collection of money for provision of Government fleet parking to WA Health agencies and services rendered for property maintenance.

Note 14 Service appropriations

Appropriation revenue received via the Department of Health:	<u>674,413</u>	<u>231,442</u>
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Service appropriations fund the net cost of services delivered. Appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the budgeted depreciation expense for the year and any agreed increase in leave liability during the year (2016: \$231,442 represent the receivable (holding account) for the budgeted depreciation expense only).

See note 2(d) 'Income' and note 28 'Notes to the statement of cash flows'.

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

	2017 \$	2016 \$
Note 15 Assets transferred		
Assets transferred from/(to) other State government agencies during the period:		
Transfer plant equipment to North Metropolitan Health Service	(14,233)	-
Discretionary transfers of assets between State Government agencies free of charge, are reported under Income from State Government. Transfers of assets and liabilities in relation to a restructure of administrative arrangements are recognised as distribution to owners by the transferor and contribution by owners by the transferee under AASB 1004 'Contributions' in respect of the net assets transferred.		
Note 16 Services received free of charge		
Services received free of charge from Health Support Services during the period:	84,232	-
Assets or services received free of charge or for nominal cost, are recognised as revenues at fair value of the assets and/or the services that can be reliably measured and which would have been purchased if they were not donated. Contribution of assets or services in the nature of contributions by owners, are recognised direct to equity.		
Note 17 Cash and cash equivalents		
Current	9,271,061	9,692,823
Non-Current		
Accrued salaries suspense account ^a	8,000	-
	9,279,061	9,692,823
^a Funds held in the suspense account at the Department of Treasury will be used only for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.		
Note 18 Receivables		
Current		
Fines and penalties receivables	61,555	78,555
Other receivables	257,037	40,802
Allowance for impairment of receivables	(32,906)	(38,734)
Accrued rental revenue	-	32,264
GST receivable	12,586	16,138
	298,272	129,025
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of year	38,734	17,187
Doubtful debts expense (see note 10)	-	21,547
Impairment losses reversed during the period	(5,828)	-
Balance at end of year	32,906	38,734
The Trust does not hold any collateral as security or other credit enhancements relating to receivables.		
See also note 2(k) 'Receivables' and note 41 'Financial instruments'.		

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

	2017 \$	2016 \$
Note 19 Amounts receivable for services (holding account)		
Non-current		
Amounts receivable for services	8,887,160	8,320,597
Represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liabilities. See note 2(j) 'Amounts receivable for services'.		
Note 20 Property, plant and equipment		
Land		
At fair value (a)	452,000	452,000
Site infrastructure		
At fair value (b)	10,907,143	10,907,143
Accumulated depreciation	(545,357)	-
	10,361,786	10,907,143
Plant and equipment		
At cost	28,664	22,260
Accumulated depreciation	(5,113)	(5,024)
	23,551	17,236
Works in progress		
At cost	428,525	-
Total property, plant and equipment	11,265,862	11,376,379

(a) Land was revalued as at 1 July 2016 by the Western Australian Land Information Authority (Valuation Services). The valuation was performed during the year ended 30 June 2017 and recognised at 30 June 2017. There has not been a change in valuation amounts between 2015-16 and 2016-17. In undertaking the revaluation, fair value of land was determined on the basis of comparison with market evidence for land with low level utility (high restricted use land). See note 2(e) 'Property, plant and equipment'.

(b) Site infrastructure was revalued as at 1 July 2015 by Rider Levett Bucknall WA Pty Ltd (Quantity Surveyor). The valuation was performed during the year ended 30 June 2016 and recognised at 30 June 2016. A revaluation of site works has not been undertaken in the 2016-17 financial year, as no external events have occurred since the last date of valuation, such as changes in market conditions, that would indicate that the fair value of site works recorded have materially changed. Fair value of site infrastructure was determined on the basis of depreciated replacement cost. See note 2(e) 'Property, plant and equipment'.

Site Infrastructure include roads, footpaths, paved areas, at-grade car parks, boundary walls, boundary fencing, boundary gates, covered ways, landscaping and improvements.

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

Note 20 Property, plant and equipment (continued)

Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the reporting period are set out below.

	2017 \$	2016 \$
Land		
Carrying amount at start of period	452,000	452,000
Revaluation increments	-	-
Carrying amount at end of period	452,000	452,000
Site Infrastructure		
Carrying amount at start of period	10,907,143	7,642,824
Revaluation increments / (decrements)	-	3,493,604
Depreciation (a)	(545,357)	(229,285)
Carrying amount at end of period	10,361,786	10,907,143
Plant and equipment		
Carrying amount at start of period	17,236	19,391
Additions	22,670	-
Transfer from/(to) other reporting entities	(14,233)	-
Depreciation	(2,122)	(2,155)
Carrying amount at end of period	23,551	17,236
Works in progress		
Carrying amount at start of year	-	-
Additions	428,525	-
Carrying amount at end of year	428,525	-
Total property, plant and equipment		
Carrying amount at start of period	11,376,379	8,114,215
Additions	451,195	-
Transfer to other reporting entities	(14,233)	-
Revaluation increments / (decrements)	-	3,493,604
Depreciation	(547,479)	(231,440)
Carrying amount at end of period	11,265,862	11,376,379

- (a) As from 1 July 2016, the depreciation method for site infrastructure has changed from diminishing value to straight line to better reflect the consumption pattern of the assets. As a result of the change in depreciation method for site infrastructure the asset is being depreciated over its remaining estimated useful life of 20 years. The impact of the change in method is an increase of \$218,143 in the current financial year 2016-17. The impact in future years will depend on the revalued amount of site infrastructure.

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

Note 21 Fair value measurements

(a) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- 1) quoted prices (unadjusted) in active markets for identical assets (level 1).
- 2) input other than quoted prices included within level 1 that are observable for the asset either directly or indirectly (level 2); and
- 3) inputs for the asset that are not based on observable market data (unobservable input) (level 3).

	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets measured at fair value 2017					
<u>Land</u>					
Specialised	20	-	-	452,000	452,000
<u>Site Infrastructure</u>					
Specialised	20	-	-	10,361,786	10,361,786
		-	-	10,813,786	10,813,786
	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets measured at fair value 2016					
<u>Land</u>					
Specialised	20	-	-	452,000	452,000
<u>Site Infrastructure</u>					
Specialised	20	-	-	10,907,143	10,907,143
		-	-	11,359,143	11,359,143

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

Note 21 Fair value measurements (continued)

(b) Valuation techniques used to derive level 3 fair values

The Trust obtained independent valuations of land from the Western Australian Land Information Authority (Landgate Valuation Services) in the current and previous financial years. The independent valuations of site infrastructure were performed in the previous financial year by Rider Levett Buchnall WA Pty Ltd (Quantity Surveyor). The valuation techniques applied to the measurement of fair values are the cost approach.

Cost approach

Properties of a specialised nature that are rarely sold in an active market or are held to deliver public services are referred to as non-market or current use type assets. These properties do not normally have a feasible alternative use due to restrictions or limitations on their use and disposal. The existing use is their highest and best use.

For current use land assets, fair value is measured firstly by establishing the opportunity cost of public purpose land, which is termed the hypothetical alternate land use value. This approach assumes unencumbered land use based upon potential highest and best alternative use as represented by surrounding land uses and market analysis.

Fair value of the land is then determined on the assumption that the site is rehabilitated to a vacant marketable condition. This requires costs associated with rehabilitation to be deducted from the hypothetical alternate land use value of the land. Costs may include building demolition, clearing, planning approvals and time allowances associated with realising that potential.

In some instances the legal, physical, economic and socio-political restrictions on a land results in a minimal or negative current use land value. In this situation the land value adopted is the higher of the calculated rehabilitation amount or the amount determined on the basis of comparison to market corroborated evidence of land with low level utility. Land of low level utility is considered to be grazing land on the urban fringe of the metropolitan area with no economic farming potential or foreseeable development or redevelopment potential at the measurement date.

The Trust's site infrastructure are valued under the cost approach. This approach uses the depreciated replacement cost method which estimates the current cost of reproduction or replacement of the site infrastructure, on its current site, less deduction for physical deterioration and relevant forms of obsolescence. Depreciated replacement cost is the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

Although the buildings at the Queen Elizabeth II Medical Centre site are not the Trust's assets, the valuation of site infrastructure is undertaken together with the valuation of the buildings. The techniques involved in the determination of the current replacement costs include:

- a) Review and updating of the 'as-constructed' drawing documentation;
- b) Categorisation of the drawings using the Building Utilisation Categories (BUC's) which designate the functional areas typically provided by the clinical buildings at the site. Each BUC has different cost rates which are calculated from the historical construction costs of similar clinical buildings and are adjusted for the year-to-year change in building costs using building cost index. The building cost index is published by the Department of Finance's Building Management and Works.
- c) Measurement of the general floor areas;
- d) Application of the BUC cost rates per square meter of general floor areas to derive the current replacement costs of buildings on site; and
- e) Calculations of the current replacement costs of site infrastructure in accordance with the types of improvements and area measurement and in proportion to the current replacement costs of buildings on the site.

The maximum effective age used in the valuation of site infrastructure is 20 years. The effective age of the site infrastructure is initially calculated from the commissioning date, and is reviewed after the site infrastructure have undergone substantial renewal, upgrade or expansion.

The straight line method of depreciation is applied to derive the depreciated replacement cost, assuming a uniform pattern of consumption over the initial 37 years of asset life (up to 75% of current replacement costs). The site infrastructure are assumed to have a residual value of 25% of their current replacement costs.

The valuations are prepared on a going concern basis until the year in which the current use is discontinued.

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

Note 21 Fair value measurements (continued)

(c) Fair value measurements using significant unobservable inputs (Level 3)

	Land \$	Site Infrastructure \$
2017		
Fair value at start of period	452,000	10,907,143
Revaluation increments/(decrements)	-	-
Depreciation	-	(545,357)
Fair value at end of period	452,000	10,361,786
	Land \$	Site Infrastructure \$
2016		
Fair value at start of period	452,000	7,642,824
Revaluation increments/(decrements)	-	3,493,604
Depreciation	-	(229,285)
Fair value at end of period	452,000	10,907,143

(e) Valuation processes

The Department of Health manages the valuation processes for the Trust. These include the provision of property information to quantity surveyor and Landgate Valuation Services and the review of the valuation reports. Valuation processes and results are discussed with the Trust at least once every year.

The Landgate Valuation Service determines the fair values of the Trust's land, and prior to 1 July 2014, also determined the fair values of site infrastructure. A quantity surveyor was engaged by the Department of Health to provide an update of the current replacement costs as at 1 July 2015 for site infrastructure.

Note 22 Impairment of assets

There were no indications of impairment to property, plant and equipment at 30 June 2017.

The Trust held no goodwill during the reporting period.

Note 23 Payables

Current

Trade creditors	285,444	117,178
Accrued expenses	126,097	139,974
Accrued salaries	20,355	14,446
	431,896	271,598

See also note 2(l) 'Payables' and note 41 'Financial instruments'.

Note 24 Provisions

Current

Employee benefits provision

Annual leave (a)	150,798	156,741
Long service leave (b)	64,711	17,561
	215,509	174,302

Non-current

Employee benefits provision

Long service leave (b)	76,399	79,276
	291,908	253,578

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

	2017 \$	2016 \$
Note 24 Provisions (continued)		
(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:		
Within 12 months of the end of the reporting period	111,590	114,421
More than 12 months after the end of the reporting period	39,208	42,320
	<u>150,798</u>	<u>156,741</u>
(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:		
Within 12 months of the end of the reporting period	12,942	2,810
More than 12 months after the end of reporting period	128,168	94,027
	<u>141,110</u>	<u>96,837</u>
(c) North Metropolitan Health Service provide its employees to the Trust in its capacity as the Delegate (see note 2(c) 'Reporting Entity').		
Note 25 Other liabilities		
Current		
Income received in advance	-	107,292
Refundable deposits held for TravelSmart bicycle hire	200	435
	<u>200</u>	<u>107,727</u>
	2017	2016
Note 26 Reserves		
Asset revaluation reserve (a)		
Balance at start of the period	33,058,508	29,564,904
Net revaluation increments/(decrements) (b):		
Land	-	-
Site Infrastructure	-	3,493,604
Balance at end of the period	<u>33,058,508</u>	<u>33,058,508</u>
(a) The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.		
(b) Any increment is credited directly to the asset revaluation reserve, except to the extent that any increment reverses a revaluation decrement previously recognised as an expense.		
Note 27 Accumulated surplus/(deficit)		
Balance at start of the period	(4,172,587)	(6,898,014)
Result for the period	123,817	2,725,427
Balance at end of the period	<u>(4,048,770)</u>	<u>(4,172,587)</u>

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

	2017 \$	2016 \$
Note 28 Notes to the Statement of Cash Flows		
Reconciliation of cash		
Cash assets at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash assets	9,271,061	9,692,823
Restricted cash and cash equivalents	8,000	-
	<u>9,279,061</u>	<u>9,692,823</u>
Reconciliation of net cost of services to net cash flows provided by operating activities		
Net cash provided by/(used in) operating activities (Statement of Cash Flows)	(185,027)	2,667,270
<u>Increase/(decrease) in assets:</u>		
GST receivable	(3,552)	8,836
Receivables	166,971	(210,052)
Prepayments	3,388	-
<u>Decrease/(increase) in liabilities:</u>		
Payables	(45,689)	(56,136)
Current provisions	(41,207)	(2,389)
Non-current provisions	2,877	(19,284)
Income received in advance	107,292	358,782
Other liabilities	235	(55)
<u>Non-cash items:</u>		
Doubtful debts expense (note 10)	-	(21,547)
Services received free of charge	(84,232)	-
Reversal of impairment for receivables (note 10)	5,828	-
Depreciation expense (note 7)	(547,479)	(231,440)
Net income/(cost) of services (Statement of Comprehensive Income)	<u>(620,595)</u>	<u>2,493,985</u>
Reconciliation of income from State Government to cash flows from State Government		
Service appropriations as per Statement of Comprehensive Income	674,413	231,442
Less: <u>Non-cash items</u>		
Accrual appropriations	(566,562)	(231,442)
Cash Flows from State Government as per Statement of Cash Flows	<u>107,851</u>	<u>-</u>
At the end of the reporting period, the Trust had fully drawn on all financing facilities, details of which are disclosed in the financial statements.		
Note 29 Compensation of Key Management Personnel		
The Trust has determined that key management personnel include Ministers and board members of the Trust. However, the Trust is not obligated to compensate Ministers and therefore disclosures in relation to Ministers' compensation may be found in the Annual Report on State Finances.		
Total Compensation of members of the accountable authority for the reporting period are presented within the following bands:		
Compensation Band (\$)	2017	2016
0 – 10,000	4	4
50,001 – 60,000	1	1
	<u>5</u>	<u>5</u>
	\$	\$
Short-term employee benefits	52,979	49,430
Post-employment benefits	4,884	4,696
Other long-term benefits	-	-
Termination benefits	-	-
Total compensation of members of the accountable authority	<u><u>57,863</u></u>	<u><u>54,126</u></u>

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

Note 30 Related Party Transactions

The Trust is a statutory authority established under the Queen Elizabeth II Medical Centre Act 1966.

Related parties of the Trust include:

- * all Ministers and their close family members, and their controlled or jointly controlled entities;
- * all board members and senior officers and their close family members, and their controlled or jointly controlled entities;
- * other departments and statutory authorities, including their related bodies, that are included in the whole of government consolidated financial statements;
- * associates and joint ventures, that are included in the whole of government consolidated financial statements; and
- * the Government Employees Superannuation Board (GESB).

Significant transactions with Government-related entities

Significant transactions include:

- * service appropriation (Note 14);
- * assets transferred to North Metropolitan Health Service (Note 15); and
- * services received free of charge from the Health Support Services (Note 16).

Significant transactions with other related parties

- * superannuation payments to GESB (Note 6).

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

	2017 \$	2016 \$
Note 31 Remuneration of auditor		
Remuneration payable to the Auditor General in respect of the audit for the current financial year is as follows:		
Auditing the accounts, financial statements and key performance indicators	17,600	17,400
Note 32 Operating lease rental receivables		
The future minimum lease payments receivable under non-cancellable operating leases are as follows:		
Within 1 year	2,250,000	2,680,800
Later than 1 year, and not later than 5 years	9,000,000	9,047,700
Later than 5 years	36,562,500	38,536,500
Total operating lease rental receivables (excluding GST)	47,812,500	50,265,000
All operating lease rental receivables relate to the licence fees receivable from Capella Parking Pty Limited under the 'At-Grade Car Parks Management Agreement'. See note 12 'Car park operator licence fees' for further information. The Agreement requires that the licence fee payments shall be increased by the most recently published Consumer Price Index (CPI) on the licence fee payment dates.		
Note 33 Commitments		
The capital expenditure commitments are all inclusive of GST.		
Capital expenditure commitments		
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	3,965,852	-
Later than 1 year, and not later than 5 years	-	-
Later than 5 years	-	-
	3,965,852	-
Operating lease commitments:		
Commitments in relation to non-cancellable leases (contracted by the Delegate) at the end of the reporting period but not recognised as liabilities are payable as follows:		
Within 1 year	22,360	13,200
Later than 1 year, and not later than 5 years	9,317	-
Later than 5 years	-	-
Total operating lease commitments (including GST)	31,677	13,200
Expenditure commitments:		
Expenditure commitments (contracted by the Delegate) at the end of the reporting period but not recognised as liabilities, are payable as follows:		
Within 1 year	252,375	291,878
Total expenditure commitments (including GST)	252,375	291,878

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

Note 34 Contingent liabilities and contingent assets

Contingent liabilities

At the reporting date, the Trust is not aware of any contingent liabilities or contingent assets.

Contaminated Sites

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

At the reporting date, the Trust does not have any suspected contaminated sites.

Note 35 Events occurring after the end of the reporting period

No subsequent events have occurred that would require recognition or disclosure in the financial statements.

Note 36 Related bodies

A related body is a body which receives more than half its funding and resources from the Trust and is subject to operational control by the Trust. The Trust had no related bodies during the financial year.

Note 37 Affiliated bodies

An affiliated body is a body which receives more than half its funding and resources from the Trust but is not subject to operational control by the Trust. The Trust had no affiliated bodies during the financial year.

Note 38 Not for profit leases

A number of not-for-profit organisations lease spaces from the Trust on a peppercorn rental basis.

Based on indicative market rental rates from the Landgate Valuation Services as at June 2017, the total net rental values of the not-for-profit leases for the financial year is \$1,910,000 (2016: \$1,880,000).

Tenant	Area (sqm)	Net Rent per annum \$
Cancer Foundation – Crawford Lodge (land only)	6,300	280,000
Lions Eye Institute (land only)	2,600	430,000
The Niche – Cystic Fibrosis WA (land only)	6,200	680,000
WA Institute for Medical Research (land only)	2,486	410,000
Ronald McDonald House	1,527	110,000
		<u>1,910,000</u>

Notes to the Financial Statements

For the year ended 30 June 2017

Note 39 Reporting Entity's Accounts

Statement of Comprehensive Income

COST OF SERVICES

Expenses

	2017 \$ Trust	2016 \$ Trust	2017 \$ Delegate	2016 \$ Delegate	2017 \$ Total	2016 \$ Total
Employee benefit expense	-	-	1,957,736	1,677,181	1,957,736	1,677,181
Board member remuneration	57,863	54,126	-	-	57,863	54,126
Depreciation expense	547,479	231,440	-	-	547,479	231,440
Repairs, maintenance and consumable equipment	-	-	1,601,598	1,190,237	1,601,598	1,190,237
Management fees	-	-	2,102,762	1,949,168	2,102,762	1,949,168
Other expenses	249,497	122,926	1,742,076	1,283,470	1,991,573	1,406,396
Total cost of services	854,839	408,492	7,404,172	6,100,056	8,259,011	6,508,548

Income

Car park user fees and fines	-	-	2,525,823	2,470,132	2,525,823	2,470,132
Car park operator licence fees	2,253,227	2,682,902	-	-	2,253,227	2,682,902
Other revenue	-	-	2,859,366	3,849,499	2,859,366	3,849,499
Total income other than income from State Government	2,253,227	2,682,902	5,385,189	6,319,631	7,638,416	9,002,533

NET INCOME / (COST) OF SERVICES

1,398,388	2,274,410	(2,018,983)	219,575	(620,595)	2,493,985	2,493,985
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INCOME FROM STATE GOVERNMENT

Service appropriations	655,413	231,442	19,000	-	674,413	231,442
Assets transferred	(14,233)	-	-	-	(14,233)	-
Services received free of charge	-	-	84,232	-	84,232	-
Total income from State Government	641,180	231,442	103,232	-	744,412	231,442

SUPPLUS / (DEFICIT) FOR THE PERIOD

2,039,568	2,505,852	(1,915,751)	219,575	123,817	2,725,427	2,725,427
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OTHER COMPREHENSIVE INCOME / (LOSS)

Items not reclassified subsequently to profit or loss

Changes in asset revaluation reserve

-	3,493,604	-	-	-	-	3,493,604
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TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD

2,039,568	5,999,456	(1,915,751)	219,575	123,817	6,219,031	6,219,031
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The Queen Elizabeth II Medical Centre Trust

For the year ended 30 June 2017

(a) Elimination of balance between the Trust and the Delegate.

Notes to the Financial Statements For the year ended 30 June 2017

Note	39	Reporting Entity's Accounts (continued)	2017	2016	2017	2016	2017	2016
			\$	\$	\$	\$	\$	\$
			Trust	Trust	Delegate	Delegate	Total	Total
Statement of Cash Flows								
CASH FLOWS FROM STATE GOVERNMENT								
		Service appropriations	-	-	107,851	-	107,851	-
		Net cash provided by State Government	-	-	107,851	-	107,851	-
CASH FLOWS FROM THE TRUST								
		Cash transferred from the Trust to the Delegate	-	-	-	-	-	-
		Cash transferred from the Delegate to the Trust	-	-	-	-	-	-
		Net cash provided by the Trust	-	-	-	-	-	-
Utilised as follows								
CASH FLOWS FROM OPERATING ACTIVITIES								
Payments								
		Employee benefits	-	-	(1,911,984)	(1,693,722)	(1,911,984)	(1,693,722)
		Supplies and services	-	-	(5,321,917)	(4,333,814)	(5,321,917)	(4,333,814)
Receipts								
		Receipts from customers	-	-	2,531,844	2,538,012	2,531,844	2,538,012
		Car park operator licence fees	-	2,682,902	-	-	-	2,682,902
		Other receipts	-	-	2,573,255	3,650,944	2,573,255	3,650,944
		Net cash provided by / (used in) operating activities	-	2,682,902	(2,128,802)	161,420	(2,128,802)	2,844,322
CASH FLOWS FROM ACTIVITIES OF THE TRUST								
Payments								
		Board member remuneration	-	-	(57,863)	(54,126)	(57,863)	(54,126)
		Supplies and services	(45,752)	-	(205,837)	(122,926)	(251,589)	(122,926)
		Payments for purchase of non-current physical assets	(168,916)	-	(167,670)	-	(336,586)	-
Receipts								
		Car park operator licence fees	-	-	2,253,227	-	2,253,227	-
		GST refund on car park operator licence fees	-	-	-	-	-	-
		Net cash provided by/(used in) investing activities	(214,668)	-	1,821,857	(177,052)	1,607,189	(177,052)
Net increase / (decrease) in cash assets								
		Net increase / (decrease) in cash assets	(214,668)	2,682,902	(199,094)	(15,632)	(413,762)	2,667,270
		Cash assets at the beginning of the period	7,966,111	5,283,209	1,726,712	1,742,344	9,692,823	7,025,553
		CASH ASSETS AT THE END OF PERIOD	7,751,443	7,966,111	1,527,618	1,726,712	9,279,061	9,692,823

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

Note 40 Explanatory statement

Significant variances between actual results for 2016 and 2017

Significant variations between actual results with the corresponding items of the preceding reporting period and between actual results and their estimates are detailed below. Significant variations are those greater than 5% and that are 2% or more of the prior year's Total Cost of Services (\$130,151).

Statement of Comprehensive Income	Note	2017 Estimates	2017 Actual	2016 Actual	Variance actual and estimate	Variance actual 2016 and 2017
COST OF SERVICES						
Expenses		\$000	\$000	\$000	\$000	\$000
Employee benefits expense	1	2,245	1,958	1,677	(287)	281
Board member remuneration	2	56	58	54	2	4
Depreciation expense	3	225	547	231	322	316
Repairs, maintenance and consumable equipment	4	2,550	1,602	1,190	(948)	412
Management fees	5	2,103	2,103	1,949	-	154
Other expenses	6	2,332	1,991	1,406	(341)	585
		9,511	8,259	6,507	(1,252)	1,752
INCOME						
Revenue						
Car park user fees and fines	7	3,106	2,526	2,470	(580)	56
Car park operator licence fees	8	2,657	2,253	2,683	(404)	(430)
Other revenue	9	3,400	2,859	3,849	(541)	(990)
Total Revenue		9,163	7,638	9,002	(1,525)	(1,364)
NET INCOME/(COST) OF SERVICES		(348)	(621)	2,495	(273)	(3,116)
INCOME FROM STATE GOVERNMENT						
Service appropriations	10	343	674	231	331	443
Assets (transferred)/assumed	11	-	(14)	-	(14)	(14)
Services received free of charge	12	-	84	-	84	84
Total income from State Government		343	744	231	401	513
SURPLUS/(DEFICIT) FOR THE PERIOD		(5)	123	2,726	128	(2,603)
OTHER COMPREHENSIVE INCOME/(LOSS)						
Items not reclassified subsequently to profit or Changes in asset revaluation reserve	13	-	-	3,494	-	(3,494)
Total other comprehensive income / (loss)		-	-	3,494	-	(3,494)
TOTAL COMPREHENSIVE INCOME/(LOSS)		(5)	123	6,220	128	(6,097)

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

Note 40 Explanatory statement (continued)

Significant variances between estimated and actual for 2017

- 1 Employee benefits expense
The 2017 results include an expectation of 25 full time equivalent employees (FTE's) in the proposed structure. However only an average of 22 FTE's were employed for the 2017 financial year.
- 3 Depreciation expense
The increase in depreciation is a result of a change in depreciation method and useful life to depreciate site infrastructure on the straight line method for 20 years in 2017 rather than the diminishing value method for 50 years used in 2016.
- 4 Repairs, maintenance and consumable equipment
The repairs and maintenance spend budget program included expenditure on updating of wayfinding signage across the QEIIIMC Campus. The majority of budgeted spend for wayfinding has been deferred to the next financial year which includes updating progressive disclosure signage on the Campus. Additionally landscaping maintenance works have been deferred to the next financial year.
- 6 Other expenses
Lower than expected spend in other expenses largely due to lower than budgeted spend on consultancies, particularly relating to master planning activities. These activities are expected to commence in the next financial year.
- 7 Car park user fees and fines
Lower than expected collections are largely as a result of the delays in opening the new Perth Children's Hospital. Estimates included parking revenue from the 300 undercroft bays.
- 8 Car park operator licence fees
Actual license fees collected are lower than estimated due to the tiered decrease as per the At Grade Car Parks Management Agreement which came into effect in 2017 (not budgeted).
- 9 Other revenue
Other revenue relates primarily to tenant charge revenue. The 2017 estimated charge was not fully recovered from all tenants.
- 10 Service appropriations
The increase in service appropriations is largely as a result of the increase in depreciation, due to a change in depreciation method and useful life.
- 11 Assets (transferred)/assumed
Travelsmart buggy transferred to NMHS for alternative use, not budgeted.
- 12 Services received free of charge
Allocation of Health Support Services received free of charge for the first time in 2017, not previously allocated.

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

Note 40 Explanatory statement (continued)

Significant variances between actual for 2016 and 2017

- 1 Employee benefits expense
Employee benefits expense has increased due the higher average FTE of 22 in 2017 vs 20 in 2016, in addition to the award rate increment.
- 2 Board member remuneration
Board member remuneration has largely increased as a result of an additional board member receiving a per meeting allowance.
- 3 Depreciation expense
The increase in depreciation is a result of a change in depreciation method and useful life to depreciate site infrastructure on the straight line method for 20 years in 2017 rather than the diminishing value method for 50 years used in 2016.
- 4 Repairs, maintenance and consumable equipment
The increase in repairs and maintenance spend is largely due to further landscape maintenance works and the resurfacing of a number of car parks across the Campus.
- 5 Management fees
Management fees have increased largely due to rate increases and slightly higher utilisation of at-grade car parks during 2017.
- 6 Other expenses
Other expenses largely increased due to increased spend on consultancies to assist with increased activity on the Campus particularly in relation to maintenance works.
- 8 Car park operator licence fees
Actual license fees collected in 2017 are lower than 2016 due to the tiered decrease as per the At Grade Car Parks Management Agreement which came into effect in 2017 (not budgeted).
- 9 Other revenue
Decrease in other revenue relates primarily to: reduced tenant charge as full recovery not achieved in 2017 owing to delays in opening of the new Perth Children's Hospital and commercial sub tenancies in NMHS buildings transferred to NMHS from the Trust in 2017.
- 10 Service appropriations
The increase in service appropriations is largely as a result of the increase in depreciation, due to a change in depreciation method and useful life.
- 11 Assets (transferred)/assumed
Travelsmart buggy transferred to NMHS for alternative use in 2017.
- 12 Services received free of charge
Allocation of Health Support Services received free of charge for the first time in 2017, not previously allocated.
- 13 Changes in asset revaluation reserve
Site infrastructure has not been revalued in 2017, revalued in 2016.

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

Note 40 Explanatory statement (continued)

Significant variations between actual results with the corresponding items of the preceding reporting period and between actual results and their estimates are detailed below. Significant variations are those greater than 5% and that are 2% or more of the prior year's Total Assets (\$590,376).

Statement of Financial Position		2017 Estimates \$000	2017 Actual \$000	2016 Actual \$000	Variance actual and estimate \$000	Variance actual 2016 and 2017 \$000
ASSETS						
Current Assets						
Cash and cash equivalents	1	6,171	9,271	9,693	3,100	(422)
Receivables		129	298	129	169	169
Other current assets		-	3	-	3	3
Total Current Assets		6,300	9,573	9,822	3,273	(249)
Non-Current Assets						
Restricted cash and cash equivalents		-	8	-	8	8
Amounts receivable for services		8,545	8,887	8,321	342	567
Property, plant and equipment	2	14,674	11,266	11,376	(3,408)	(111)
Total Non-Current Assets		23,219	20,161	19,697	(3,058)	464
Total Assets		29,519	29,734	29,519	215	215
LIABILITIES						
Current Liabilities						
Payables		276	432	272	156	160
Provisions		174	216	174	41	41
Other current liabilities		108	-	108	(108)	(108)
Total Current Liabilities		558	647	554	89	94
Non-Current Liabilities						
Provisions		79	76	79	(3)	(3)
Total Non-Current Liabilities		79	76	79	(3)	(3)
Total Liabilities		638	724	633	86	91
NET ASSETS		28,881	29,010	28,886	129	124
EQUITY						
Reserves		33,059	33,059	33,059	-	-
Accumulated deficit		(4,178)	(4,049)	(4,173)	129	124
TOTAL EQUITY		28,881	29,010	28,886	129	124

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

Note 40 Explanatory statement (continued)

Significant variances between estimated and actual for 2017

1 Cash and cash equivalents

Cash and cash equivalents actual is higher due to Hospital Avenue Upgrade works estimated to take place during 2017 deferred to the next financial year pending Treasury approvals.

2 Property, plant and equipment

Property, plant and equipment is lower than estimated due to Hospital Avenue Upgrade works estimated to take place during 2017 deferred to the next financial year pending Treasury approvals.

Significant variances between actual for 2016 and 2017

1 Cash and cash equivalents

Decrease largely a result of payments for purchase of non-cash physical assets in 2017.

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

Note 40 Explanatory statement (continued)

Significant variations between actual results with the corresponding items of the preceding reporting period and between actual results and their estimates are detailed below. Significant variations are those greater than 5% and that are 2% or more of the prior year's Total Cost of Services (\$130,151).

		2017 Estimates \$000	2017 Actual \$000 Inflows (Outflows)	2016 Actual \$000 Inflows (Outflows)	Variance actual and estimate \$000	Variance actual 2016 and 2017 \$000
Statement of Cash Flows						
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriations		-	108	-	108	108
Net cash provided by State Government		-	108	-	108	108
Utilised as follows:						
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits	1	(2,245)	(1,912)	(1,694)	333	(218)
Board member remuneration		(56)	(58)	(54)	(2)	(4)
Supplies and services	2	(6,986)	(5,574)	(4,457)	1,412	(1,117)
Receipts						
Receipts from customers	3	3,106	2,532	2,538	(574)	(6)
Car park operator licence fees	4	2,657	2,253	2,683	(404)	(430)
Other receipts	5	3,524	2,573	3,651	(951)	(1,078)
Net cash used in operating activities		-	(185)	2,667	(185)	(2,852)
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Payment for purchase of non-current physical and intangible assets	6	(3,522)	(337)	-	3,185	(337)
Net cash used in investing activities		(3,522)	(337)	-	3,185	(337)
CASH FLOWS FROM FINANCING ACTIVITIES						
Net increase / (decrease) in cash and cash equivalents		(3,522)	(414)	2,667	3,108	(3,081)
Cash and cash equivalents at the beginning of the period		9,693	9,693	7,026	-	2,667
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		6,171	9,279	9,693	3,108	(414)

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

Note 40 Explanatory statement (continued)

Significant variances between estimated and actual for 2017

1 Employee benefits

Employee benefits expense has decreased due the higher budgeted FTE of 25 in the estimates vs 22 in 2017 actuals.

2 Supplies and services

Lower than estimated spend on consultancies and maintenance works, particularly in relation to wayfinding and landscaping.

3 Receipts from customers

Lower than expected collections are largely as a result of the delays in opening the new Perth Children's Hospital. Estimates included parking revenue from the 300 undercroft bays.

4 Car park operator licence fees

Actual license fees collected are lower than estimated due to the tiered decrease as per the At Grade Car Parks Management Agreement which came into effect in 2017 (not budgeted).

5 Other receipts

Other revenue relates primarily to tenant charge revenue. The 2017 estimated charge was not fully recovered from all tenants.

6 Payment for purchase of non-current physical and intangible assets

Property, plant and equipment is lower than estimated due to Hospital Avenue Upgrade works estimated to take place during 2017 deferred to the next financial year pending Treasury approvals. Work in progress has been recorded.

Significant variances between actual for 2016 and 2017

1 Employee benefits

Employee benefits expense has increased due the higher average FTE of 22 in 2017 vs 20 in 2016, in addition to the award rate increment.

2 Supplies and services

The increase in supplies and services cash flows are largely due to further landscape maintenance works and the resurfacing of a number of car parks across the Campus, as well as the consultancy fees incurred in relation to these projects.

4 Car park operator licence fees

Actual license fees collected in 2017 are lower than 2016 due to the tiered decrease as per the At Grade Car Parks Management Agreement which came into effect in 2017 (not budgeted).

5 Other receipts

Decrease in other revenue relates primarily to: reduced tenant charge as full recovery not achieved in 2017 owing to delays in opening of the new Perth Children's Hospital and commercial sub tenancies in NMHS buildings transferred to NMHS from the Trust in 2017.

6 Payment for purchase of non-current physical and intangible assets

Increase in cash flows relating to purchase of assets is largely a result of work in progress spend on the Hospital Avenue Upgrade project, which is nearing the construction phase.

Notes to the Financial Statements

For the year ended 30 June 2017

Note 41 Financial instruments

a) Financial risk management objectives and policies

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

Credit risk

Credit risk arises when there is the possibility of the Trust's receivables defaulting on their contractual obligations resulting in financial loss to the Trust.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the table at Note 41(c) 'Financial Instrument disclosures' and note 18 'Receivables'.

Credit risk associated with the Trust's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). Parking fines are the only receivables that may take more than 30 days to collect. For commercial property rentals, the Trust has policies in place to ensure that the tenants have an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Trust's exposure to bad debts is minimal. At the end of the reporting period, there were no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises when the Trust is unable to meet its financial obligations as they fall due. The Trust is exposed to liquidity risk through its normal course of operations.

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

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Trust's income or the value of its holdings of financial instruments. The Trust does not trade in foreign currency and is not materially exposed to other price risks.

b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2017	2016
	\$	\$
Financial Assets		
Cash assets	9,279,061	9,692,823
Loans and receivables (a)	9,172,844	8,433,484
Financial Liabilities		
Financial liabilities measured at amortised cost	431,896	271,598

(a) The amount of loans and receivables excludes GST recoverable from the ATO (statutory receivable).

Notes to the Financial Statements For the year ended 30 June 2017

c) **Financial Instrument disclosures**

Credit risk

The following table discloses the Trust's maximum exposure to credit risk and the ageing analysis of financial assets. The Trust's maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Trust.

The Trust does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

Ageing analysis of financial assets

	Carrying amount	Not past due and not impaired	<u>Past due but not impaired</u>				Impaired Financial assets
			Up to 3 months	3-12 months	1-5 years	More than 5 years	
2017							
Cash assets	9,279,061	9,279,061	-	-	-	-	-
Receivables (a)	285,684	191,083	69,326	18,281	6,994	-	-
Amounts receivable for services	8,887,160	8,887,160	-	-	-	-	-
	<u>18,451,905</u>	<u>18,357,304</u>	<u>69,326</u>	<u>18,281</u>	<u>6,994</u>	<u>-</u>	<u>-</u>
2016							
Cash assets	9,692,823	9,692,823	-	-	-	-	-
Receivables (a)	112,887	45,635	37,123	30,128	-	-	-
Amounts receivable for services	8,320,597	8,320,597	-	-	-	-	-
	<u>18,126,307</u>	<u>18,059,055</u>	<u>37,123</u>	<u>30,128</u>	<u>-</u>	<u>-</u>	<u>-</u>

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

Notes to the Financial Statements
For the year ended 30 June 2017

c) **Financial Instrument disclosures (continued)**

Liquidity risk and interest rate exposure

The following table details the Trust's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Weighted average effective interest rate %	Carrying amount \$	<u>Interest rate exposure</u> Non- interest bearing \$	Nominal Amount \$	<u>Maturity dates</u>				
					Up to 3 months	3-12 months	1-5 years	More than 5 years	
					\$	\$	\$	\$	\$
2017									
<u>Financial Assets</u>									
Cash assets	-	9,279,061	9,279,061	9,279,061	9,271,061	-	-	-	8,000
Receivables (a)	-	285,684	285,684	285,684	260,409	18,281	6,994	-	-
Amounts receivable for services	-	8,887,160	8,887,160	8,887,160	-	-	-	8,887,160	-
		<u>18,451,905</u>	<u>18,451,905</u>	<u>18,451,905</u>	<u>9,531,470</u>	<u>18,281</u>	<u>6,994</u>	<u>8,895,160</u>	
<u>Financial Liabilities</u>									
Payables	-	431,896	431,896	431,896	431,896	-	-	-	-
		<u>431,896</u>	<u>431,896</u>	<u>431,896</u>	<u>431,896</u>	<u>-</u>	<u>-</u>	<u>-</u>	

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2017

c) Financial Instrument disclosures (continued)

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Weighted average effective interest rate %	Carrying amount \$	<u>Interest rate exposure</u> Non- interest bearing \$	Nominal Amount \$	<u>Maturity dates</u>				
					Up to 3 months \$	3-12 months \$	1-5 years \$	More than 5 years \$	
2016									
<u>Financial Assets</u>									
Cash assets	-	9,692,823	9,692,823	9,692,823	9,692,823	-	-	-	-
Receivables (a)	-	112,887	112,887	112,887	112,887	-	-	-	-
Amounts receivable for services	-	8,320,597	8,320,597	8,320,597	-	-	-	8,320,597	-
		<u>18,126,307</u>	<u>18,126,307</u>	<u>18,126,307</u>	<u>9,805,710</u>	<u>-</u>	<u>-</u>	<u>8,320,597</u>	<u>-</u>
<u>Financial Liabilities</u>									
Payables	-	271,598	271,598	271,598	271,598	-	-	-	-
		<u>271,598</u>	<u>271,598</u>	<u>271,598</u>	<u>271,598</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

Interest rate sensitivity analysis

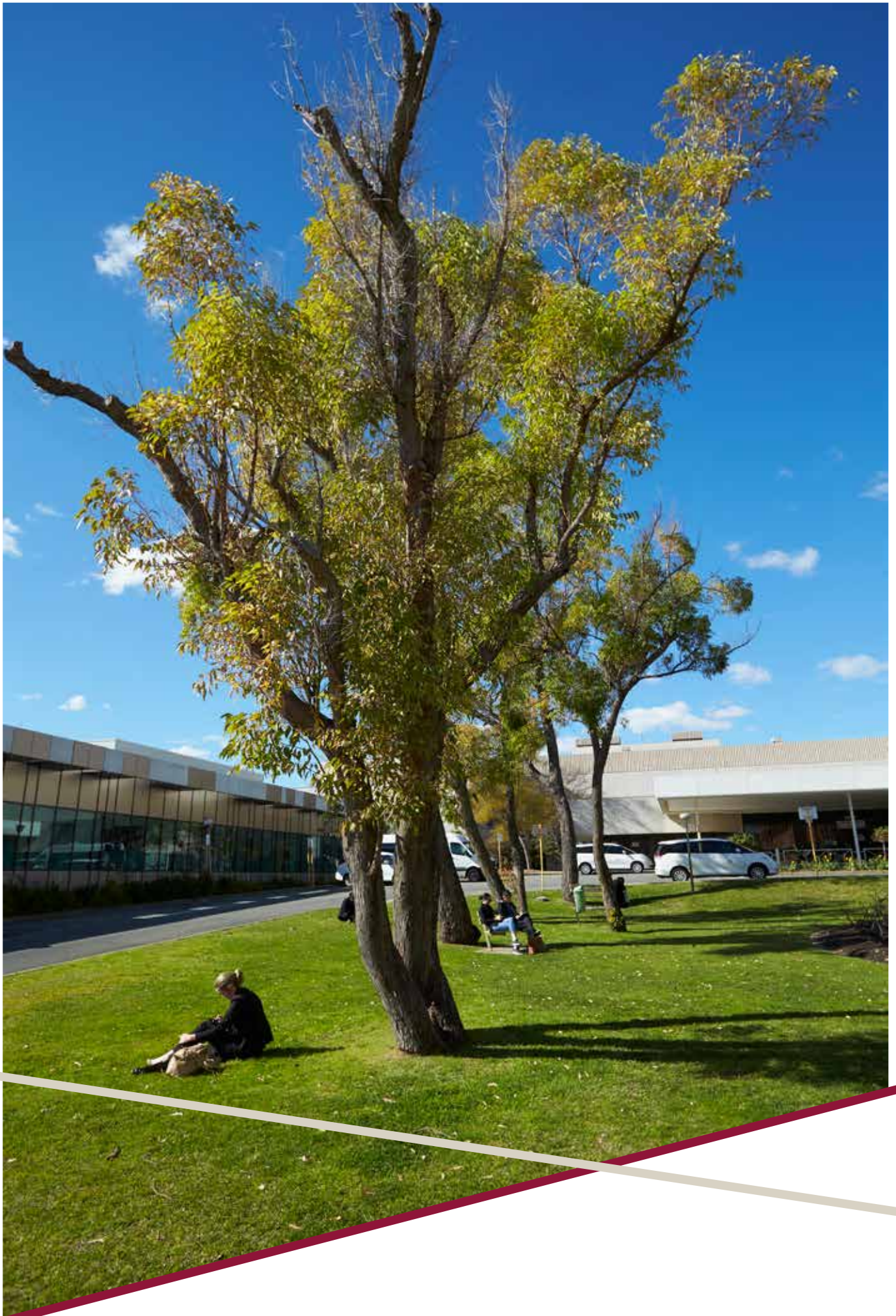
A change in banking arrangement effective from 1 July 2011 in accordance with the State Government's direction has resulted in the loss of interest earning capacity for the Trust's bank account.

Fair values

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

Note 42 Schedule of income and expenses by services

The Trust has only one service which is the development, management and administration of the Queen Elizabeth II Medical Centre site.



Certification of Key Performance Indicators

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Queen Elizabeth II Medical Centre Trust's performance, and fairly represent the performance of the Queen Elizabeth II Medical Centre Trust for the financial year ended 30 June 2017.



S Cole
Chairman
Queen Elizabeth II Medical Centre Trust
Date: 25 August 2017



P Davies
Deputy Chair
Queen Elizabeth II Medical Centre Trust
Date: 25 August 2017



A St. Flour
Chief Finance Officer
Queen Elizabeth II Medical Centre Trust
Date: 25 August 2017

Key Performance Indicators

The Trust Key Performance Indicators were revised in 2013/14 and are now in their fourth year of measurement.

Government Goal

Results based service delivery: Greater focus on achieving results in key service areas for the benefit of all Western Australians.

Agency Level Government Desired Outcomes

The agency level government desired outcomes for the Queen Elizabeth II Medical Centre Trust are:

1. The Queen Elizabeth II Medical Centre is developed as a well-planned, world-class healthcare, research and education centre.
2. The Queen Elizabeth II Medical Centre is controlled and managed in a way that supports and facilitates a world-class healthcare, research and education centre.

Outcome 1: The Queen Elizabeth II Medical Centre is developed as a well-planned, world-class healthcare, research and education centre.

Key Effectiveness Indicators

The 2016/2017 period survey examines satisfaction levels across staff, visitors and other stakeholders (including patients), and benchmarks these against the three previous year's survey results.

The 2016/2017 period survey examines stakeholder satisfaction levels of the Trust's statutory responsibilities relating to planning and development of the reserve and management of the shared facilities and services.

The Queen Elizabeth II Medical Centre Trust's annual survey was completed by 588 respondents from various groups including medical, nursing, allied health, research, and administrative and support staff; as well as visitors and other stakeholders (including patients).



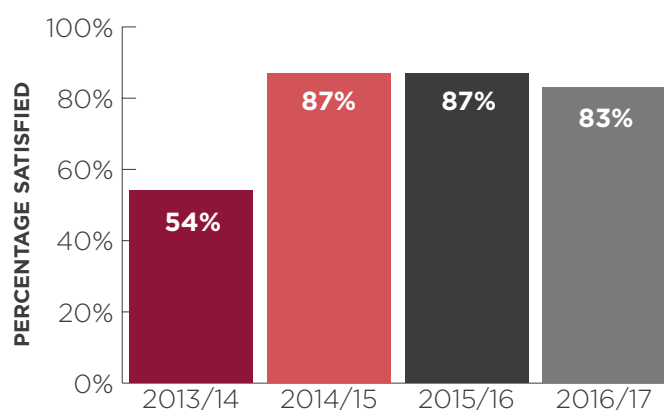
The survey requested feedback relating to the two outcomes including reference to campus planning and development, the sustainability of the reserve, TravelSmart, parking, gardens and grounds, paths and roads.

Respondents from the stakeholder groups were invited to complete an online survey via the Queen Elizabeth II Medical Centre website and the internal staff email system. The Queen Elizabeth II Medical Centre Trust utilised a survey engine, Survey Monkey, to collect the responses and analyse the data from the completed surveys. The surveys were completed during the months of May and June 2017.

The scale used to measure the performance levels according to stakeholders was as follows: Outstanding, Very Good, Good, Fair, Poor, Unable to answer and No response. For the purposes of the survey results all responses of – ‘Outstanding, Very Good, Good and Fair’ are measured as Satisfied responses.

Key Performance Indicator 1.1:

Satisfaction levels of the Queen Elizabeth II Medical Centre Trust planning for and development of the Campus.



This key indicator measures the satisfaction levels of planning and development of the Queen Elizabeth II Medical Centre campus.

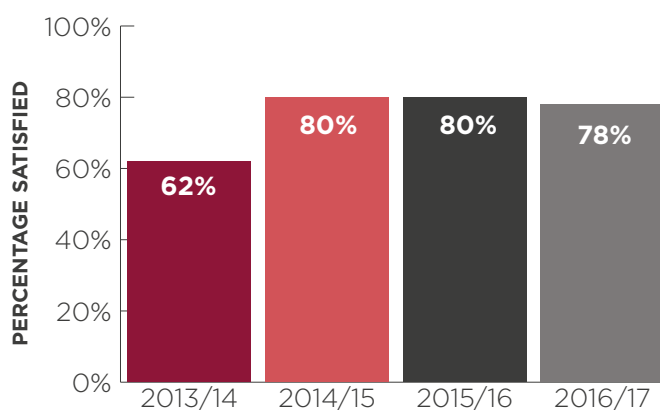
The target of greater than 75% of respondents being satisfied was met.

The large variance to the 2013/14 results can be largely attributed to the poor response rate in 2013/14 with 33% of respondents unable to answer or registering no responses.

Only 13% of respondents in 2013/14 were actually dissatisfied.

Key Performance Indicator 1.2:

Satisfaction levels of the Queen Elizabeth II Medical Centre Trust maintaining a sustainable access environment.



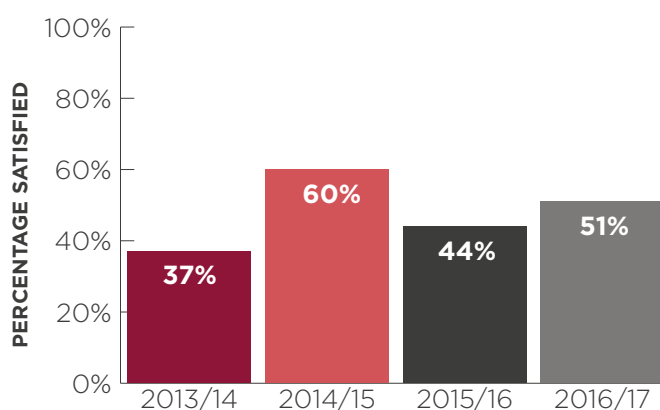
This key indicator measures the satisfaction levels of the Queen Elizabeth II Medical Centre in maintaining a sustainable access environment.

The target of greater than 75% of respondents being satisfied was met.

The large variance to the 2013/14 results can be largely attributed to the poor response rate in 2013/14 with 34% of respondents unable to answer or registering no responses. Only 4% of respondents in 2013/14 were actually dissatisfied.

Key Performance Indicator 1.2(a):

Satisfaction levels of the Queen Elizabeth II Medical Centre Trust TravelSmart initiatives.



This key indicator measures the satisfaction levels of the Queen Elizabeth II Medical Centre Travel Smart initiatives.



The target of greater than 75% of respondents being satisfied was not met.

The large variances in all years to the targeted satisfaction levels can be largely attributed to the poor response rates and lack of awareness of TravelSmart initiatives, with 40% of 2016/17 respondents unable to answer or registering no responses (2015/16: 40%; 2014/15: 22%; 2013/14: 59%). Only 9% of respondents in 2016/17 were actually dissatisfied (2015/16: 16%; 2014/15: 17%; 2013/14: 4%). The Queen Elizabeth II Medical Centre Trust is continuing to ramp up TravelSmart initiative awareness in the 2017/18 financial year with the addition of the new Perth Children's Hospital on campus expected to place more demands on transport infrastructure surrounding the campus.

Key Efficiency Indicator

Timeliness in the consideration of development submissions received by the Queen Elizabeth II Medical Centre Trust.

This indicator is measured in terms of the percentage of development submissions addressed within 90 days of receipt by the Trust. It is based on statistical evidence from Trust records (date of receipt of proposal; date submitted to Trust meeting; date proposal approved).

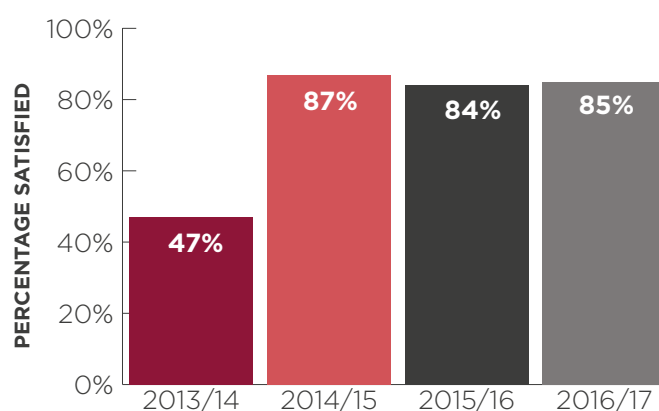
There were no development submissions considered by the Trust in the 2016/17 Financial Year.

Outcome 2: The Queen Elizabeth II Medical Centre is controlled and managed in a way that supports and facilitates a world-class healthcare, research and education centre.

Key Effectiveness Indicators

Key Performance Indicator 2.1:

Satisfaction levels of the implementation and upkeep of landscaping and gardens and grounds at Queen Elizabeth II Medical Centre.



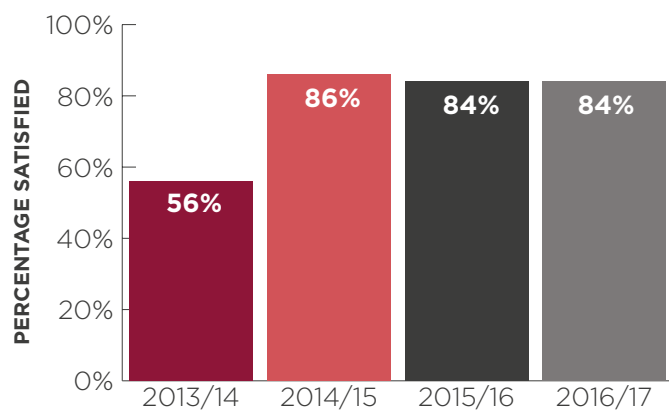
This key indicator measures satisfaction levels of the implementation and upkeep of landscaping and gardens and grounds at the Queen Elizabeth II Medical Centre.

The target of greater than 75% of respondents being satisfied was met.

The large variance to the 2013/14 results against the targeted satisfaction levels can be largely attributed to the poor response rate in 2013/14 with 39% of respondents unable to answer or registering no responses. Only 14% of respondents in 2013/14 were actually dissatisfied.

Key Performance Indicator 2.2(a):

Satisfaction levels of the repair and maintenance of paths and roads at Queen Elizabeth II Medical Centre.



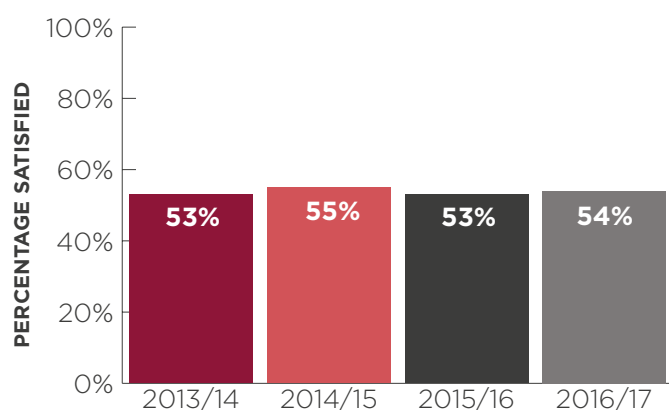
This key indicator measures satisfaction levels of the repairs and maintenance of paths and roads at the Queen Elizabeth II Medical Centre.

The target of greater than 75% of respondents being satisfied was met.

The large variance to the 2013/14 results can be largely attributed to the poor response rate in 2013/14 with 33% of respondents unable to answer or registering no responses. Only 11% of respondents in 2013/14 were actually dissatisfied.

Key Performance Indicator 2.2(b):

Satisfaction levels of the repair and maintenance of At Grade parking areas at Queen Elizabeth II Medical Centre.



This key indicator measures satisfaction levels of the repairs and maintenance of At Grade parking areas at the Queen Elizabeth II Medical Centre.

The target of greater than 75% of respondents being satisfied was not met.

The large variances in all years to the targeted satisfaction levels can be largely attributed to the poor response rates with 38% of 2016/17 respondents unable to answer or registering no responses (2015/16: 39%; 2014/15: 33%; 2013/14: 39%). Only 8% of respondents in 2016/17 were actually dissatisfied (2015/16: 8%; 2014/15: 12%; 2013/14: 8%). The responses may also be negatively impacted by the belief that the multi-deck car park maintenance is included in this indicator and performed by the Trust. The multi-deck car park is managed by Capella Parking Pty Ltd.

Key Performance Indicator 2.3

Provision of a safe and secure environment on the Queen Elizabeth II Medical Centre.

This outcome is achieved by providing a security service to property on the Queen Elizabeth II Medical Centre. This indicator refers to the ratio of cars stolen from the Queen Elizabeth II Medical Centre in relation to the number of car parking bays available.

As at 30 June 2017, Queen Elizabeth II Medical Centre had a total of 4912 parking bays (3573 staff, 1234 visitors and 105 exempt).

Key Effectiveness Indicators

The total number of motor vehicles stolen from the Queen Elizabeth II Medical Centre car parks in comparison to the total number of car bays. This key indicator measures ratio of cars stolen from the Queen Elizabeth II Medical Centre car parks. This measure provides a measure of the effectiveness of the car parks, grounds and security over time.

Target : <0.05%

The target of less than 0.05% was met.

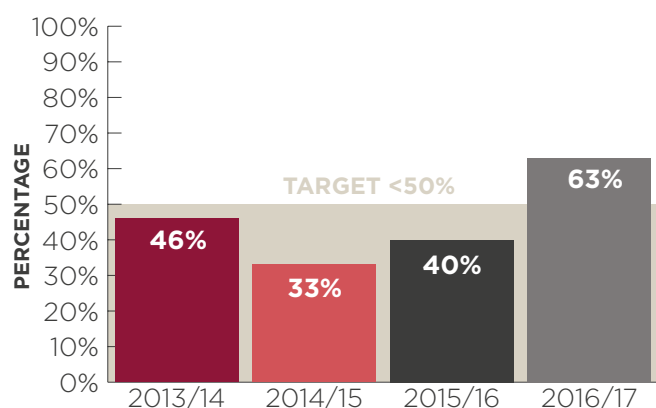
	2013/14	2014/15	2015/16	2016/17
Percentage of vehicles stolen in comparison to the number of car parking bays	0.00%	0.02%	0.00%	0.02%

Key Efficiency Indicators

1. Administration costs as a percentage of total income

Note: The Parking fee revenue associated with the Capella and At-Grade car park agreement is excluded from the calculation of total income as it is offset by management fees paid under the Capella Parking Agreement.

Administration cost as a percentage of total revenue



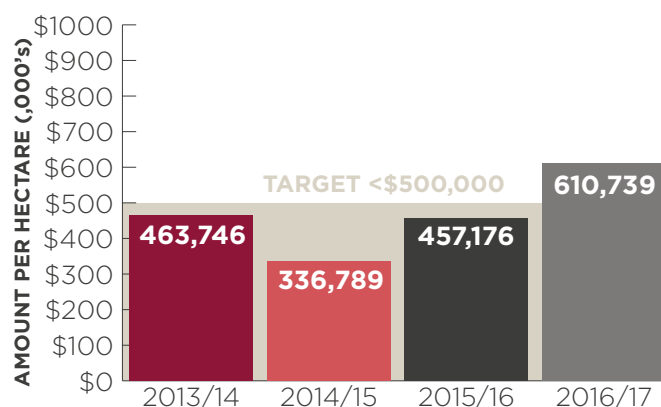
The Trust has entered a more active administration period than in prior years with a greater emphasis on improving Reserve infrastructure and organisational capability. The increase in administration costs as a percentage of total revenue for 2016/17 versus 2015/16 is largely driven by an increase in consultancy spend as well as greater employment costs to service the Trusts increased program of maintenance works. A portion of consulting spend is of a non-recurrent nature with much of it relating to preparedness for the opening of the new Perth Children's Hospital. This is coupled with a reduction in revenue due to the tiered reduction in license fees as per the At-Grade Car Parks Management Agreement, the transfer of commercial sub tenancies and associated revenue to NMHS, and the reduced tenant charge revenue due to delays in the opening of the new Perth Children's Hospital.

2. Operating cost per hectare of common area

This indicator is to measure the cost of developing, controlling, managing the Queen Elizabeth II Medical Centre campus.

Note: The Management fee associated with the Capella and At-Grade car park agreement is excluded from the calculation of the operating cost as it is offset by the Parking Fee revenue under the Capella Parking agreement.

Operating cost per hectare of common area

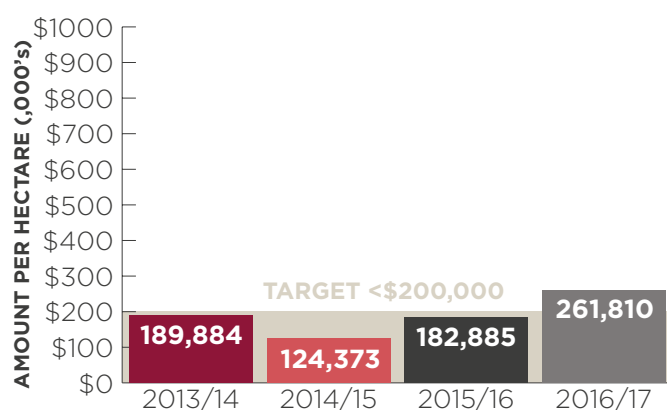


The Trust has entered a more active operating period than in prior years. The significant increase in operating costs per hectare of common area for 2016/17 versus 2015/16 is largely driven by higher spend on repairs and maintenance, external security, consultancies, employment costs and depreciation in the 2016/17 year to service the Trusts increased program of maintenance works and additional administration responsibilities. A portion of this spend is of a non-recurrent nature with much of it relating to executing accumulated works that have not been executed as planned in prior years, as well as various assessments required in preparation for the opening of the new Perth Children's Hospital. Additionally, the Campus has seen a period of significant building development in recent years and the increase in operating costs are necessary to address the increased demands on the existing Campus infrastructure.

3. Maintenance cost per hectare of common area

This indicator is to measure the cost of maintenance and repairs of campus facilities including roads, paths, car parks, lighting and gardens and grounds around the Queen Elizabeth II Medical Centre.

Maintenance cost per hectare of common area



The Trust has entered a more active maintenance period than in prior years, including review of all common area infrastructure and car park bays. The increase in maintenance costs per hectare of common area for 2016/17 versus 2015/16, is largely driven by higher spend on repairs and maintenance in the 2016/17 year to service the Trust's increased program of maintenance works, as well as a significantly larger depreciation charge as a result of a change in accounting estimate. A portion of this spend is of a non-recurrent nature with much of it relating to executing accumulated works that have not been executed as planned in prior years. The Campus has seen a period of significant building development in recent years and the increase in maintenance costs are necessary to address the increased demands on the current Campus infrastructure.

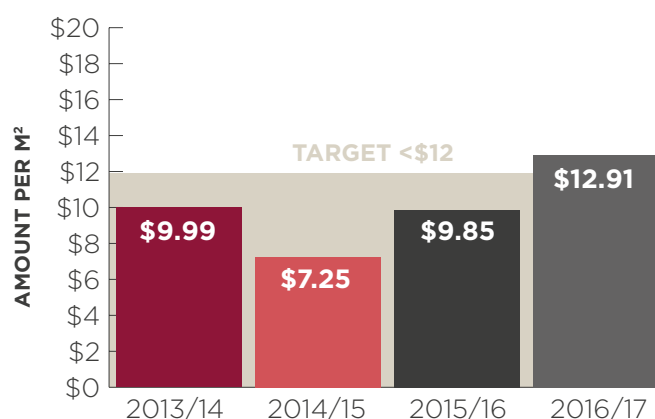
Note: The common area is approximately ten hectares of the twenty eight hectares of land.

4. Operating cost per gross floor area of tenant premises

This indicator is another measure of the cost of developing, controlling, managing the Queen Elizabeth II Medical Centre campus.

Note: The Management fee associated with the Capella and At-Grade car park agreement is excluded from the calculation of the operating cost as it is offset by the Parking Fee revenue under the Capella Parking agreement.

Operating cost per gross floor area (square metre) of tenant premises



The Trust has entered a more active operating period than in prior years. The significant increase in operating costs per gross floor area of tenant premises for 2016/17 versus 2015/16 is largely driven by higher spend on repairs and maintenance, external security, consultancies, employment costs and depreciation in the 2016/17 year to service the Trusts increased program of maintenance works and additional administration responsibilities. A portion of this spend is of a non-recurrent nature with much of it relating to executing accumulated works that have not been executed as planned in prior years, and relate to various assessments required in preparation for the opening of the new Perth Children's Hospital. Additionally, the Campus has seen a period of significant building development in recent years and the increase in operating costs are necessary to address the increased demands on the existing Campus infrastructure.

OTHER DISCLOSURE REQUIREMENTS

Ministerial Directives

There were no Ministerial Directives in 2016/17.

Capital Works

Capital works (non-construction) funded by the Trust in relation to the Hospital Avenue Upgrade commenced in 2016/17 with construction work anticipated to commence in latter half of 2017, with completion expected mid-2018.

Employment and Industrial Relations

The Trust does not employ any staff. Staff engaged on Trust-related activities are employees of NMHS.

Staff Development

The Trust does not employ any staff. Staff engaged on Trust-related activities are employees of NMHS.

Workers Compensation

As the Trust does not employ any staff directly, workers compensation is not relevant.

Summary of Board Remuneration

The total annual remuneration for the Board is listed below.

Queen Elizabeth Medical Centre Trust				
Position	Name	Type of remuneration	2016-17 period of membership	Gross/actual remuneration
Chair	Steven Cole	Annual	12 months	\$55,942
Deputy Chair	Professor Peter Davies	Not eligible	Not applicable	\$0
Member	Wayne Salvage (retired March 2017)	Not eligible	Not applicable	\$0
Member	Angela Kelly	Not eligible	Not applicable	\$0
Member	Professor Wendy Erber	Not eligible	Not applicable	\$0
Member	Alan Bansemer	Per meeting	6 months	\$1,920
Total				\$57,862

Notes

1. Remuneration is provided to private sector and consumer representative members of a board/committee. Individuals are ineligible for remuneration if their membership on the board/committee is considered to be an integral part of their organisational role.
2. Remuneration amounts can vary depending on the type of remuneration, the number of meetings attended, and whether a member submitted a remuneration claim. Remuneration includes superannuation.
3. 'Period of membership' is defined as the period (in months) that an individual was a member of a board during the 2016-17 financial year. If a member was ineligible to receive remuneration, their period of membership is immaterial to the remuneration amount and has been defined as 'Not applicable'.

Governance Disclosures

Contracts with Senior Officers

At the date of reporting, no senior officers, or firms of which senior officers are members, or entities in which senior officers have substantial interest, had any interests in existing or proposed contracts with the Trust other than normal contracts of employment of service.

Other Legal Requirements

Expenditure on advertising, market research and direct mail

Nil

Disability access and inclusion plan outcomes

In relation to disability access and inclusion planning, the Trust relies upon the Delegate to achieve the disability access and inclusion plan outcomes.

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

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

- Provision of ample designated accessible parking bays for ACROD permit holders in the multi-deck car park and at various other locations around the campus site for people experiencing difficulty walking long distances.
- Provision of a campus buggy service for people experiencing difficulty walking long distances.
- Continuous improvements throughout the QEIMC for easier and safer access for all.
- The QEIMC website has been designed to assist those who are visually impaired with alternative formats.
- A QEIMC Guide has been designed to assist people with disability and is available in hard and electronic copy.
- Accessible Parking maps are available in hard and electronic copies.

- Ongoing training as to how to assist people with disabilities has been provided to the QEIMC Parking Officers.
- Public consultation and decision-making opportunities including people with disabilities are provided through public consultation process for reviews of key management plans, such as the Trust Master Plan, Landscape Master Plan and the Urban Design Guidelines.

Compliance with Public Sector Standards and ethical codes

As the Trust does not employ any staff, it relies upon the Delegate, through NMHS, to achieve the required outcomes in the area of Equal Employment Opportunity, public sector standards and ethical codes for staff.

The Trust complies with the relevant Public Sector Standards and Ethical Codes.

Recordkeeping Plans

In the past the Trust has relied on the WA Health Recordkeeping Plan. The Trust approved its own Recordkeeping Plan in compliance with the provisions of the *State Records Act 2000* and this will be implemented via NMHS as the Trust's Delegate. Appropriate record management systems and processes are now being developed.

The Trust's archival records are held securely in offsite storage by Iron Mountain in compliance with the *State Records Act 2000* and the Department of Health's *Information Management Policy Framework*.

Government Policy Requirements

Occupational Safety, Health and Injury Management

The Trust does not employ any staff. Staff engaged on Trust-related activities are employees of NMHS.

2017-18 Annual Estimates

The Queen Elizabeth II Medical Centre Trust

Statement of Comprehensive Income

For the year ended 30 June 2018

	Annual Estimates
	2018
	\$
COST OF SERVICES	
Expenses	
Employee benefits expense	2,246,188
Board member remuneration	57,862
Depreciation expense	641,889
Repairs, maintenance and consumable equipment	1,815,000
Management fees	3,300,000
Other expenses	2,543,927
Total cost of services	10,604,866
INCOME	
Revenue	
Car park user fees and fines	3,910,519
Car park operator licence fees	2,280,000
Other revenue	3,595,358
Total revenue	9,785,877
Total income other than income from State Government	9,785,877
NET INCOME/(COST) OF SERVICES	(818,989)
INCOME FROM STATE GOVERNMENT	
Service appropriations	744,144
Assets transferred	-
Services received free of charge	74,845
Total income from State Government	818,989
SURPLUS FOR THE PERIOD	-
OTHER COMPREHENSIVE INCOME	
Items not reclassified subsequently to profit or loss	
Changes in asset revaluation reserve	-
Total other comprehensive income	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-

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

The Queen Elizabeth II Medical Centre Trust

Statement of Financial Position

As at 30 June 2018

	Annual Estimates
	2018
	\$
ASSETS	
Current Assets	
Cash assets	4,041,061
Receivables	298,271
Other current assets	3,388
Total Current Assets	<u>4,342,720</u>
Non-Current Assets	
Restricted cash and cash equivalents	16,000
Amounts receivable for services	9,529,048
Property, plant and equipment	15,845,973
Total Non-Current Assets	<u>25,391,021</u>
Total Assets	<u>29,733,741</u>
LIABILITIES	
Current Liabilities	
Payables	431,896
Provisions	215,509
Other current liabilities	200
Total Current Liabilities	<u>647,605</u>
Non-Current Liabilities	
Provisions	76,399
Total Non-Current Liabilities	<u>76,399</u>
Total Liabilities	<u>724,004</u>
NET ASSETS	<u>29,009,737</u>
EQUITY	
Reserves	33,058,508
Accumulated deficit	(4,048,771)
TOTAL EQUITY	<u>29,009,737</u>

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

The Queen Elizabeth II Medical Centre Trust

Statement of Cash Flows
For the year ended 30 June 2018

	Annual Estimates
	2018
	\$
	Inflows/ (Outflows)
CASH FLOWS FROM STATE GOVERNMENT	
Service appropriations	102,255
Net cash provided by State Government	102,255
Utilised as follows:	
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments	
Employee benefits	(2,246,188)
Board member remuneration	(57,862)
Supplies and services	(7,584,082)
Receipts	
Receipts from customers	3,910,519
Car park operator licence fees	2,280,000
Other receipts	3,595,358
Net cash provided by/(used in) operating activities	(102,255)
CASH FLOWS FROM INVESTING ACTIVITIES	
Payments	
Payments for purchase of non-current physical assets	(5,222,000)
Net cash used in investing activities	(5,222,000)
Net decrease in cash assets	(5,222,000)
Cash assets at the beginning of the period	9,279,061
CASH ASSETS AT THE END OF PERIOD	4,057,061

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

Approved by the Minister for Health:

Date:


 6/9/17

