

Queen Elizabeth II Medical Centre Trust



Annual Report 2013-14

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Alternative formats are available upon request

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STATEMENT OF COMPLIANCE

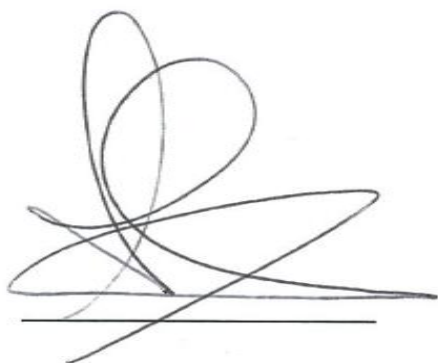
For the year ended 30 June 2014

HON Dr K D HAMES
MINISTER FOR HEALTH

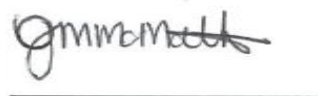
In accordance with section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament, the Annual Report of the Queen Elizabeth II Medical Centre Trust for the financial year 30 June 2014.

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 of section 15(5) of the *Queen Elizabeth II Medical Centre Act 1966*.



S Cole
Chairman
Queen Elizabeth II Medical Centre Trust
Date 16/9/2014



G McMath
Deputy Chair
Queen Elizabeth II Medical Centre Trust
Date 16/9/2014

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Chairman's Report

The year under review has been an exciting and challenging one as the QEII Medical Centre Trust's vision for the Site as a world class facility in health care, research and education continues to evolve.

The new shape and structure of the Site is now visually emerging with the completion of the Site's dominant built form structures in the Perkins Institute (formerly WAIMR), the Western Power Substation and the Multi-Deck Car Park as well as the advanced work on the New Children's Hospital (incorporating TICHR).

Other planning and development work on the Site has also continued with the fast progress of the Mental Health Unit building and the foundation work for Ronald McDonald House.

During the course of the year, the QEII Medical Centre Trust progressed its Strategic Plan, with particular focus on site planning and working towards the Trust's independence, financial security and sound governance. However, with budgetary constraints across WA public sector agencies, progress on some of these initiatives has been slower than originally desired with the Trust's executive arm, the Delegate, being the subject of these constraints.

Progress continues in reviewing and documenting lease arrangements for the Site's QEII Medical Centre's tenants with ground leases for Ronald McDonald House and Western Power having been signed, and ground leases for Sir Charles Gairdner Hospital and the New Children's Hospital in advanced stages of preparation.

With the formalisation of the lease and tenancy arrangements on the Site, has come the commitment to a site service agreement with tenants which allows for the equitable and transparent allocation of utility charges (fixed and variable) and overall Site maintenance and management expenses across all tenants. This initiative will help ensure the QEII Medical Centre Trust's ongoing sustainability, and capability to service the needs of the Site's tenants, consistent with its legislative requirements and principles of good governance. Although this has been a protracted process, especially in the negotiations with the Site's government tenants, good progress is now being made.

I commend the QEII Medical Centre Trust's team of dedicated staff and volunteers in the excellent services and facilities now again starting to be offered at the Site.

I would like to acknowledge the work of the Trust's Delegate and its professional team headed over the year under review by Dr Shane Kelly, and ably managed by Paul Hansen (with Craig Leatt-Hayter now succeeding Paul). I also acknowledge my fellow Board members for their contribution.

Their dedication and professionalism have been invaluable as matters considered by the Board often have an underlying complexity and long term visionary implications that require mature reflection, consideration and sound judgement.

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

A handwritten signature in dark ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.

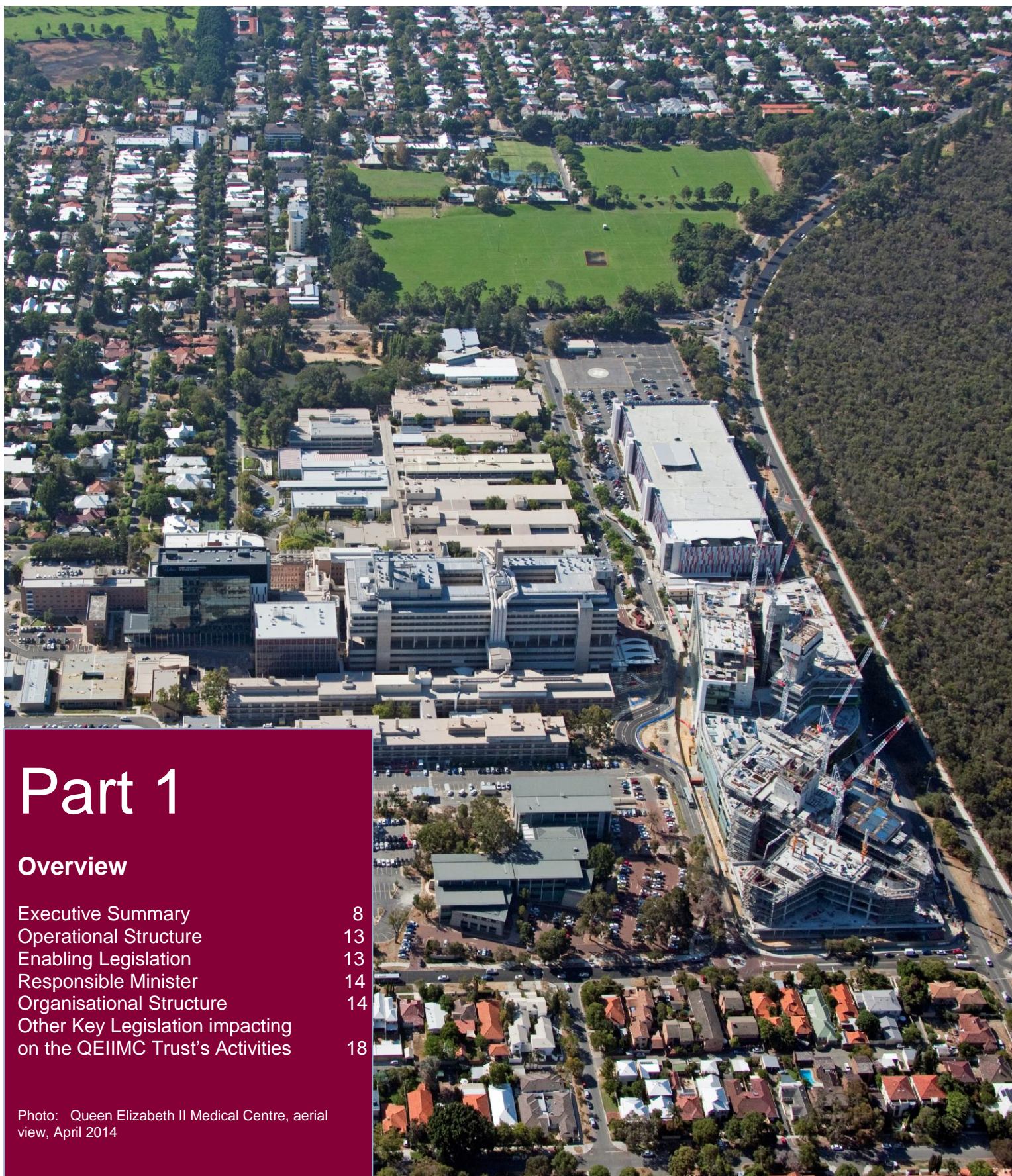
S Cole
Chairman
Queen Elizabeth II Medical Centre Trust
15 September 2014

Part 1

Overview

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Photo: Queen Elizabeth II Medical Centre, aerial
view, April 2014



Overview

Executive Summary

This Annual Report combines the activities of the Queen Elizabeth II Medical Centre Trust and the Metropolitan Health Service which in June 2014 succeeded the Minister for Health incorporated as the board of Sir Charles Gairdner Hospital as its Delegate under section 13 of the *Queen Elizabeth II Medical Centre Act 1966*. The content of this report is deemed by the Trust to satisfy the reporting requirement under subsection 13(2i) of this Act.

The Year in Review

QEII MC REDEVELOPMENT

Completion of the second and final stage of the multi-deck car park as well as the Harry Perkins Institute for Medical Research during 2013/14 reduced the impact on the site of multiple concurrent redevelopments. The completion of the car park was a milestone event as parking adequacy was a significant issue during extensive redevelopment activity on the site. This new facility has both reinstated and improved car parking capacity on the site as its capacity is designed to accommodate demand upon completion of all current developments on the campus.

Construction work continues on the Perth Children's Hospital and its form is becoming a dominant feature of the site. Work commenced on the new mental health unit on Verdun Street and the Ronald McDonald House on Monash Avenue.

These new buildings contribute to the QEII Medical Centre's status as a world class facility for medical care, research and education facility in Western Australia.

Perth Children's Hospital

The new \$1.2 billion Perth Children's Hospital has now entered its third year of construction. Work on the hospital is progressing with much of the façade in place displaying the exterior design features and weatherproofing the building so that work can begin in earnest on the interior fit out. Hospital Avenue has been diverted



temporarily to allow construction works on the tunnel and bridge linking the Perth Children's Hospital with Sir Charles Gairdner Hospital.

The 274-bed hospital is on track and scheduled to replace Princess Margaret Hospital in 2015/16. This state-of-the-art hospital will also be a leading paediatric and research facility housing the Telethon Institute for Child Health Research.

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

Perth Children's Hospital construction, April 2014

Ronald McDonald House

Construction of Ronald McDonald House on Monash Avenue is due for completion and opening simultaneously with the Perth Children's Hospital.

This facility is a home away from home for Western Australia's regional families of seriously ill children. Providing a temporary home to 47 families of children receiving treatment at the Perth Children's Hospital, Ronald McDonald House will feature larger accommodation rooms than the existing 18 room house in Subiaco and communal spaces such as, quiet reflection lounges, recreation area including a gym, a learning centre and rooftop garden.

Western Power Substation

Construction of the larger Western Power's Substation on the site is complete. This replaces the existing substation which was near the end of its operational life.

The new substation will supply not only to the Site but also surrounding suburbs. Conversion of the site distribution network to the new 11kVA power supply is underway.

On completion of the conversion, Western Power will begin the removal of the old substation equipment and remediation of the Site. The decommissioning and remediation work is scheduled to be completed mid 2017.

Mental Health Unit

Construction of the new Mental Health Unit on Verdun Street is well underway and due to be completed toward the end of 2014. The new facility will accommodate 30 beds and provide a modern and pleasant setting for patients and staff.

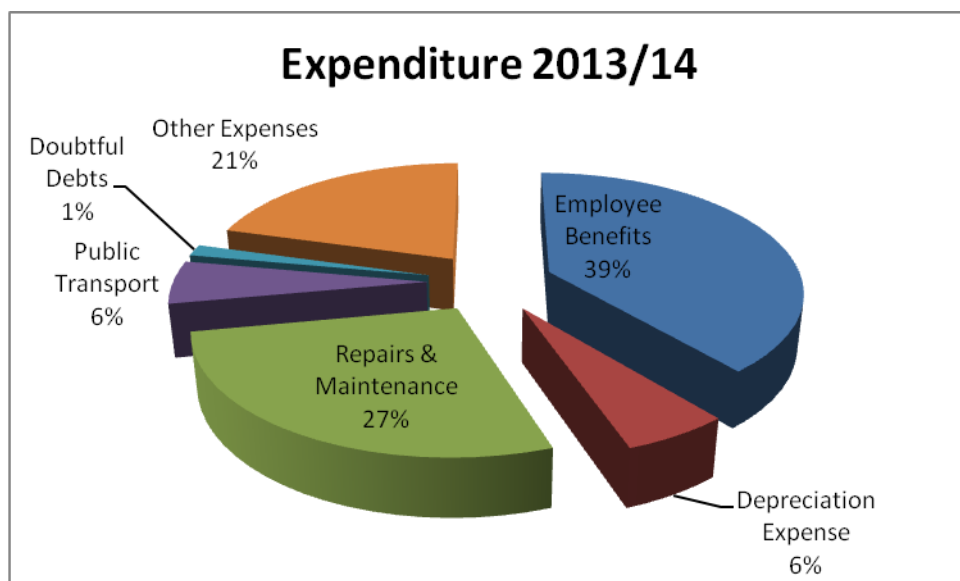
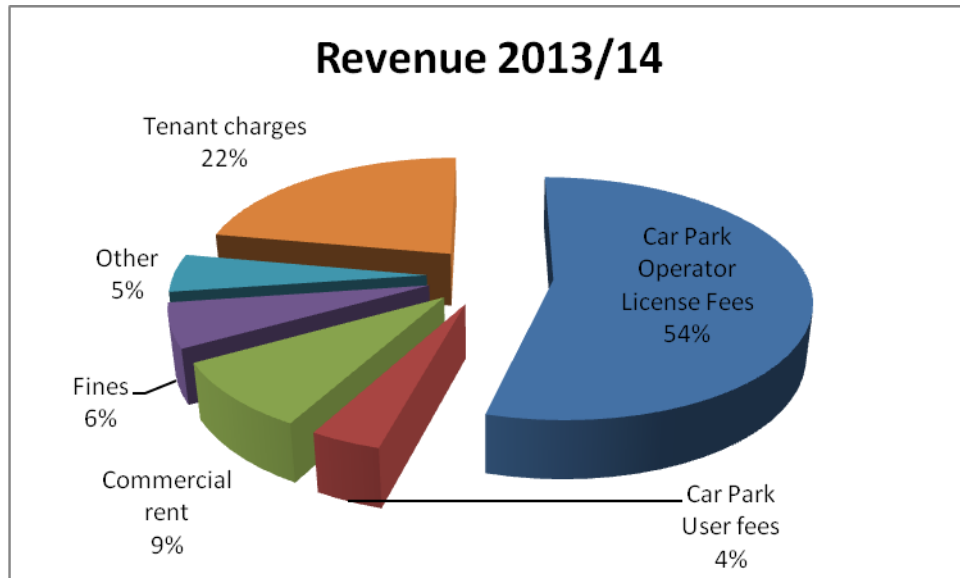
Careful consideration has been given to the selection of materials and massing of the building to provide an architectural solution sensitive to the location and respectful of the close proximity to adjacent residential areas.

Neuroscience Research Facility

Development approval has been given for the construction of a four-storey research facility focussed on neuroscience. The new facility is to be located on Verdun Street near the Lions Eye Institute and it is proposed it will house a number of research institutes such as the Australian Neuro Muscular Research Institute and the Alzheimer's Disease Research Centre.

FINANCIAL PERFORMANCE

The QEII Medical Centre Trust generates its own revenue to meet its operating expenditure



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 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.

SITE MANAGEMENT

In accordance with provisions in the *Queen Elizabeth II Medical Centre Act 1966*, the QEII Medical Centre Trust has delegated day-to-day management of the QEII Medical Centre to its “Delegate”. The Delegate is now the Metropolitan Health Service although prior to June 2014 was the Minister for Health in his capacity as the board of Sir Charles Gairdner Hospital. The North Metropolitan Health Service undertakes this management on behalf of the Delegate.

Operational Structure

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

The objectives of the QEII Medical Centre Trust are to ensure the:

- QEII Medical Centre Site, 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 of the QEII Medical Centre Site is achieved through a cooperative approach between the QEII Medical Centre Trust, site tenants and the relevant academic and professional schools of learning providing teaching and research resources to the Medical Centre and the State.
- provision of appropriate on-site facilities for the clinical teaching of undergraduates and graduates in medicine, nursing and allied health professionals.

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

Enabling Legislation

The QEII MC Trust is established under Section 7 of the *Queen Elizabeth Medical Centre Act 1966*, to undertake the development, control and management of the QEII MC Reserve.

The *Queen Elizabeth Medical Centre Act 1966*, appointed the board of Sir Charles Gairdner Hospital (SCGH) as the delegate of the QEII MC Trust to exercise a range of executive powers in relation to controlling and managing the QEII MC site. A revised Delegation Instrument was published in the Government Gazette in August 2013.

By statutory commitment in June 2014, Metropolitan Health Service has now succeeded to the role of the Delegate.

The administration of the Delegate role is undertaken by the North Metropolitan Health Service.

The Delegate is an Accountable Authority for the day to day management of the QEII MC Reserve, including the general administration, management and other statutory requirements in relation to the Reserve.

Responsible Minister

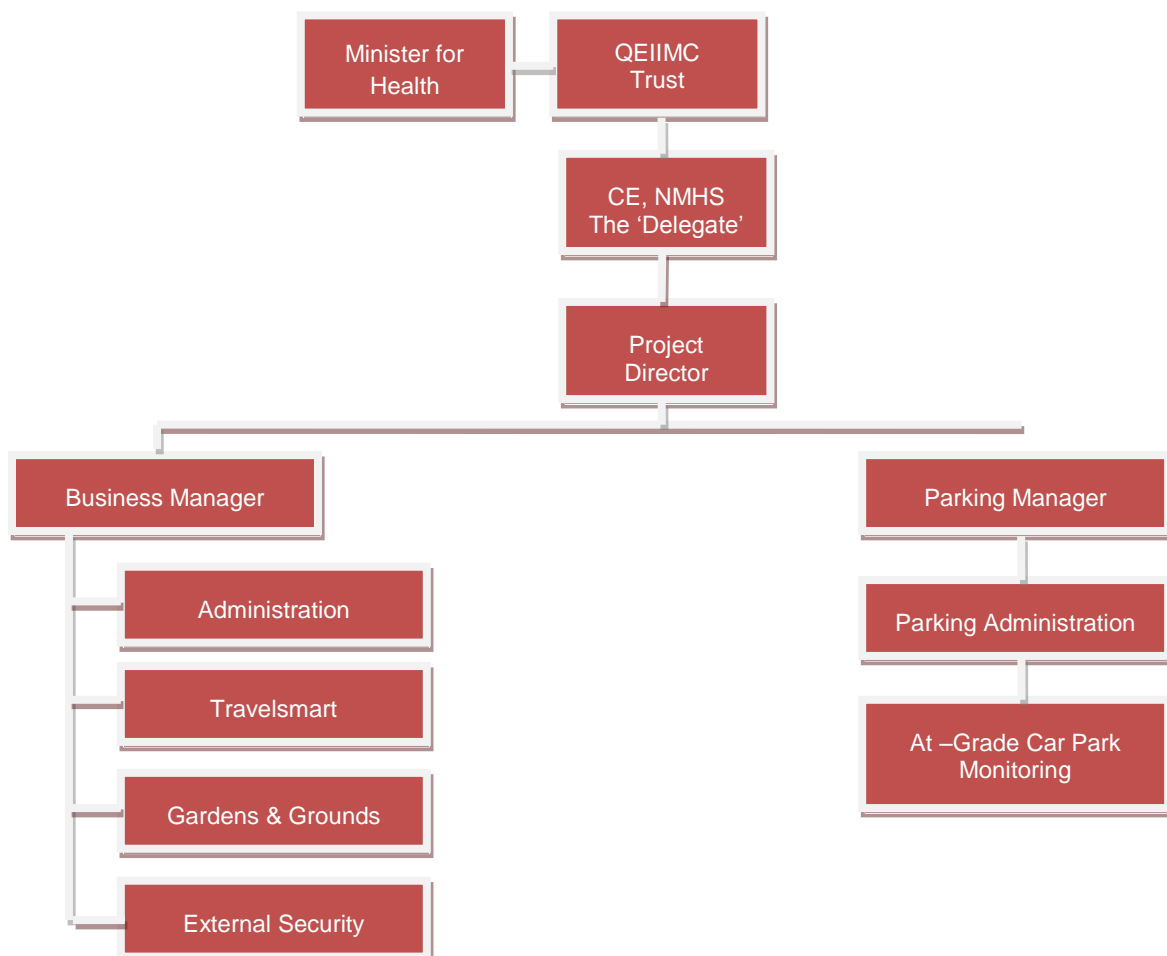
The statutory responsibility for the QEII Medical Centre Trust is vested with the Minister for Health, The Hon. Dr Kim Hames, MB BS JP MLA.

Organisational Structure

The functions of the QEII Medical Centre Trust are delivered by its Delegate through the following Branches: Parking and Access; Gardens and Grounds; External Security; Site Maintenance; Travelsmart and QEII Medical Centre Administration

The QEII Medical Centre Trust does not employ any staff. Staff engaged on the QEII Medical Centre Trust related activities are employed by the North Metropolitan Health Services to perform the delegated activities and to provide support services to the Trust.

QEII Medical Centre Trust Structure as at 30 June 2014



Board of Management

As set out in the *Queen Elizabeth II Medical Centre Act 1966*, the QEII Medical Centre Trust board consists of five members:

- A Chairman – appointed by the Governor on written nomination of the Minister 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 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.

He is currently the Chairman of Brightwater Care Group Inc, Deputy Chairman of ASX listed Reed Resources Limited, board member of Matrix Composites and Engineering Ltd and board member of a number of other corporations and corporate trusts.

Mr Cole has attended eight of a possible nine board meetings throughout the year.

Mr Cole is also a member of the QEII Medical Centre Trust Audit and Risk Management Sub Committee and has attended all four committee meetings throughout the year.

MS GAYE McMATH Appointed as a member in January 2005 and is also the Deputy Chairman.



Ms McMath is the Chief Operating Officer at The University of Western Australia, previously holding the position of Executive Director of Finance and Resources at UWA. Prior to joining UWA, she was Pro Vice-Chancellor (Resource Management) and Chief Financial Officer at Murdoch University after a 23 year career with BHP Billiton in a range of senior finance, commercial and strategy roles.

Ms McMath is a Fellow of CPA Australia and Australian Institute of Company Directors. She is currently a Director of Western Australia Treasury Corporation and Gold Corporation.

Ms McMath has attended seven of a possible nine board meetings throughout the year.

Ms McMath is also the Chair of the QEII Medical Centre Trust Audit and Risk Management Sub Committee and has attended all four committee meetings throughout the year.

**PROFESSOR IAN
PUDDEY**



Appointed as a member in January 2005.

Professor Ian Puddey is the Dean of the Faculty of Medicine, Dentistry and Health Sciences at the University of Western Australia.

Professor Puddey is a Fellow of the Royal Australasian College of Physicians, and member of the High Blood Pressure Research Council of Australia, Australian Medical Association and International Society for Hypertension.

Professor Puddey has attended all nine board meetings throughout the year.

MR IAN ANDERSON



Mr Anderson is the Chief Executive Officer for St John of God, Midland Public and Private Hospitals.

Mr Anderson's previous positions include Director Capital Management and Executive Director, Finance and Corporate Services both for North Metropolitan Area Health Services, Chairman of Resonance Health Ltd, Director of Leadership WA, General Manager (Performance Consulting) with Gerard Daniels Australia and Chief Executive Officer of SKG Radiology.

Mr Anderson has an MBA from the UWA and is a Fellow of the Australian Institute of Company Directors.

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

MR
WAYNE SALVAGE



Appointed as a member in October 2009. Mr Salvage is the Executive Director of Resource Strategy in the Department of Health. The role involves managing resource acquisition, internal resource allocation within WA Health and co-ordination of infrastructure.

Prior to this current role, Mr Salvage has held a number of senior positions within the Department.

Mr Salvage has attended seven of a possible nine board meetings throughout the year.

Mr Salvage is also a member of the QEII Medical Centre Trust Audit and Risk Management Sub Committee and has attended all four committee meetings throughout the year.

Other Key Legislation impacting on the QEIIMC Trust

Western Australian State Acts

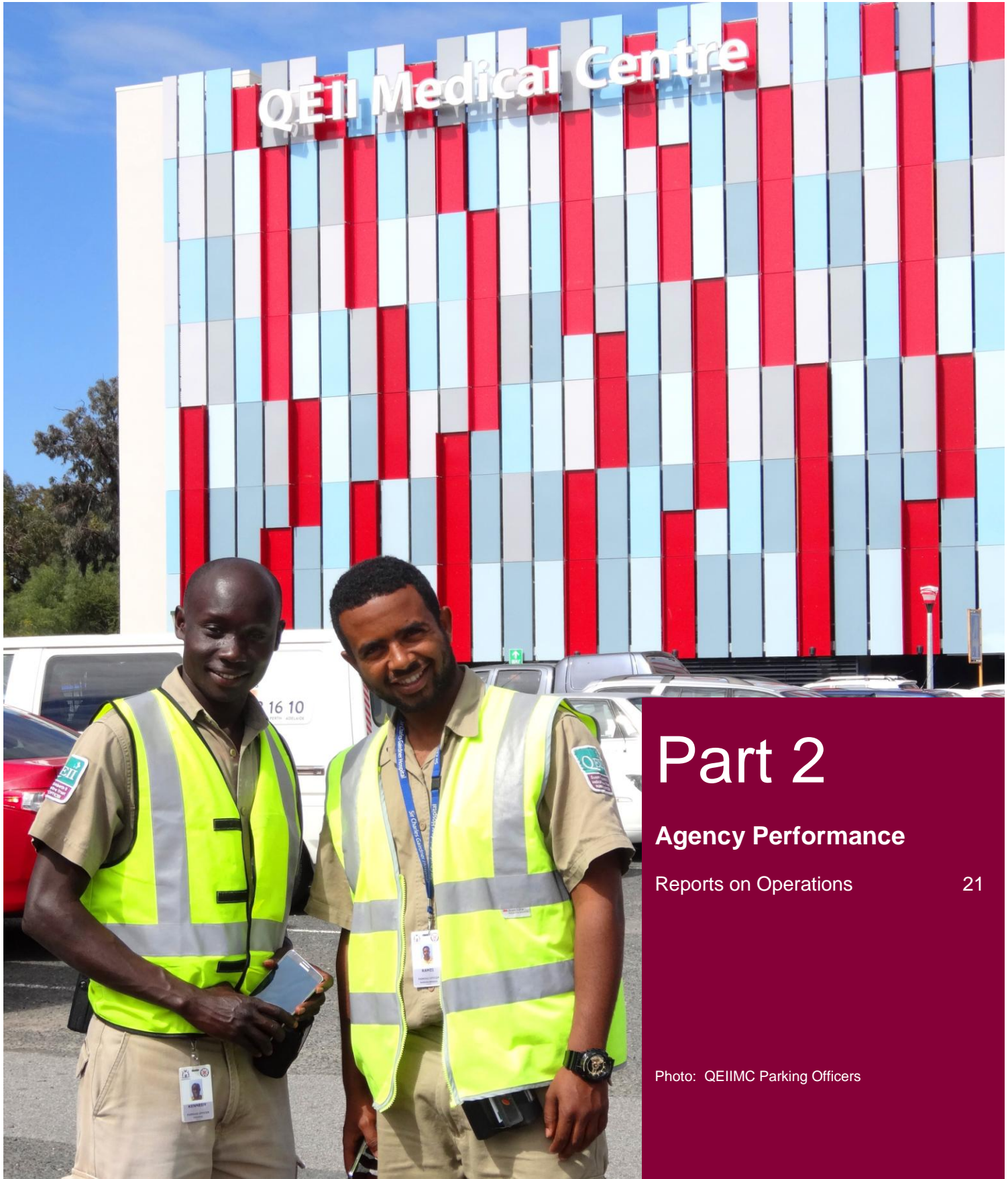
- Auditor General Act 2006
- Contaminated Sites Act 2003
- Disability Services Act 1993
- Equal Opportunity Act 1984
- Evidence Act 1906
- Financial Management Act 2006
- Freedom of Information Act 1992
- Heritage of Western Australia Act 1990
- Hospitals and Health Services Act 1927
- Land Administration 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 2003
- Road Traffic Act 1974
- State Records Act 2000
- State Records (Consequential Provisions) Act 2000
- State Supply Commission Act 1991
- Town Planning and Development Act 1928
- Water Corporation Act 1995
- Western Australian Planning Commission Act 1985
- Electricity Corporations Act 2006
- Energy Operators (Powers) Act 1979

Australian Commonwealth Acts

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

The financial administration of the QEII Medical Centre Trust and its Delegate are undertaken by the Health Corporate Network and has 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 although advice is currently being sought as to the preference in the future to provide discretely audited and segmented accounts between those of the Trust and those of the Delegate.



Part 2

Agency Performance

Reports on Operations

Photo: QEIMC Parking Officers

Agency Performance

Reports on Operations

Site Management and Planning

Leases

The lease arrangement with the Minister for Health for the Perth Children's Hospital is expected to be executed early in the 2014/15 financial year following anticipated final agreement on some ancillary issues relating to the lease.

The Queen Elizabeth II Medical Centre Trust executed the lease for the Ronald McDonald House development on Monash Avenue which is timed to open simultaneously with the New Children's Hospital.

Lease negotiations commenced with the North Metropolitan Health Service regarding the premises occupied by Sir Charles Gairdner Hospital and other North Metropolitan Health Service operations. As with the Perth Children's Hospital, the leasing arrangement will be with the Minister for Health.

Wayfinding

The significant developments on the already large and complex QEII Medical Centre drive the need for an improved and clear way for patients, visitors and staff to navigate their way around the site and reach their destination with a minimum of fuss.

The QEII Medical Centre Trust engaged Minale Tattersfield to undertake a review of the site and develop a set of wayfinding guidelines that will provide a framework that will provide effective solutions to people finding their way around the site. Work on the review was delayed in 2013/14 but will recommence in earnest in 2014/15. The approved guidelines will include a staged implementation plan according to priority elements and resourcing.

Tenant Charging

The staged implementation of the QEII Medical Centre Trust's tenant charging model commenced from 1 July 2013. The Trust is staging the implementation on the basis of 50% of the charge in the first year; 75% in the second rising to 100% in the third to minimise the impact on tenants. The first operational year is also one of experiential learning with some consequential adjustments being effected on the basis of best practice. The principle however remains intact with tenants actively contributing to the cost of providing common area facilities and services. A template Site Services Agreement has been developed and will become the contractual agreement for the Trust/tenant relationship.

The Site Service Agreement and tenant charging will enable the QEII Medical Centre Trust to provide appropriate common onsite facilities and services on a sustainable basis.

Parking and sustainable access

Parking

Since the QEII Medical Centre redevelopment began in 2010, access to the Site and parking on site have changed significantly. The completion of the multi-deck car park in late 2013 saw the total number of parking bays on-site for patients, visitors and staff exceed 4800.

The QEII Medical Centre Parking Branch has been working closely with the Office of Strategic Projects and Capella Parking Pty Limited within the last 12 months to ensure the now smooth transition of parking operations. The Office of Strategic Projects will transferred contract management of the QEII Medical Centre Car Parking Project to North Metropolitan Health Service from 1 July 2014.

Over the last 12 months, the Parking Branch has implemented and streamlined various parking processes designed to enhance the experience of staff and visitor parking at QEII Medical Centre.

The Parking Branch has implemented better parking technology for managing and utilising the 150 exempt parking bays at the QEII Medical Centre. These exempt bays include loading, pick up and drop off, 15 minutes bay and emergency bays. The Parking Branch has also implemented a new electronic infringement system which automates data entry and has significantly streamlined the entire process. The new system has also enabled those issued with an infringement notice the ease of paying online.

QEII Medical Centre Volunteer Buggy Drivers

The QEII Medical Centre Trust provides an internal buggy transport service. Staffed by a group of over ten volunteers, the two electric powered buggies operate Monday to Friday providing a much needed service for patients and members of the general public needing help to get around the 28 hectare Site. The service is constantly reviewed to improve customer service.

Travel Plan

With multiple redevelopment projects due for completion in the next two years, the number of staff and visitors travelling to the QEII Medical Centre will rise. The QEII Medical Centre Trust's goal of achieving a sustainable access environment will become more important than ever, and preparations are underway to meet this new demand.

Adoption of a new Travel Plan began in 2013, and has been through multiple revisions since. Once finalised, this document 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, and improving infrastructure to make them more appealing.

With the help of a grant from the Heart Foundation's "Healthier Workplace" program, twenty-four vertical hanging bike racks were installed in the corridor outside of the main E Block end of trip facility.

Public Transport

Utilisation of public transport to access the QEII Medical Centre has increased, particularly amongst staff members.

In January 2014, Transperth's bus route 950 replaced and improved upon the previous route 79, connecting QEII Medical Centre with Perth Central transport hub.

Route 950 is a frequent service, with peak hour services to and from the QEII Medical Centre leaving every four minutes, and with an earlier start and a later finish than the previous 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 QEII Medical Centre every day.

Representatives from the QEII Medical Centre Trust and the North Metropolitan Health Services are working with the Department of Transport on planning for the light rail project to further improve public transport to and from the QEII Medical Centre.

Smoke free site

WA Health policy requires all its sites to be smoke free. Achieving and maintaining a smoke free QEII Medical Centre is a significant challenge given its size and the lack of convenient access to off-site areas for those who need to partake of smoking. The 28 hectare site has a turnover of approximately 10,000 people in a 24 hour period.

The QEII Medical Centre Trust is committed to providing a healthy, supportive environment and continues to explore options for achieving smoke free site status.



One of the many smoke free signs throughout the QEII Medical Centre

Communications

Maps, brochures and publications

The QEII Medical Centre 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 site.

The QEII Medical Centre maps are available in print and on the QEII Medical Centre website and are updated regularly. The web site map is interactive enabling users to highlight specific items of interest.

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.

On-line Communications

The QEII Medical Centre website provides a range of information about the site to visitors, patients, students, staff and tenants. Since its initial 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 site has now reached the AA level of conformance required by the Website Governance Framework.

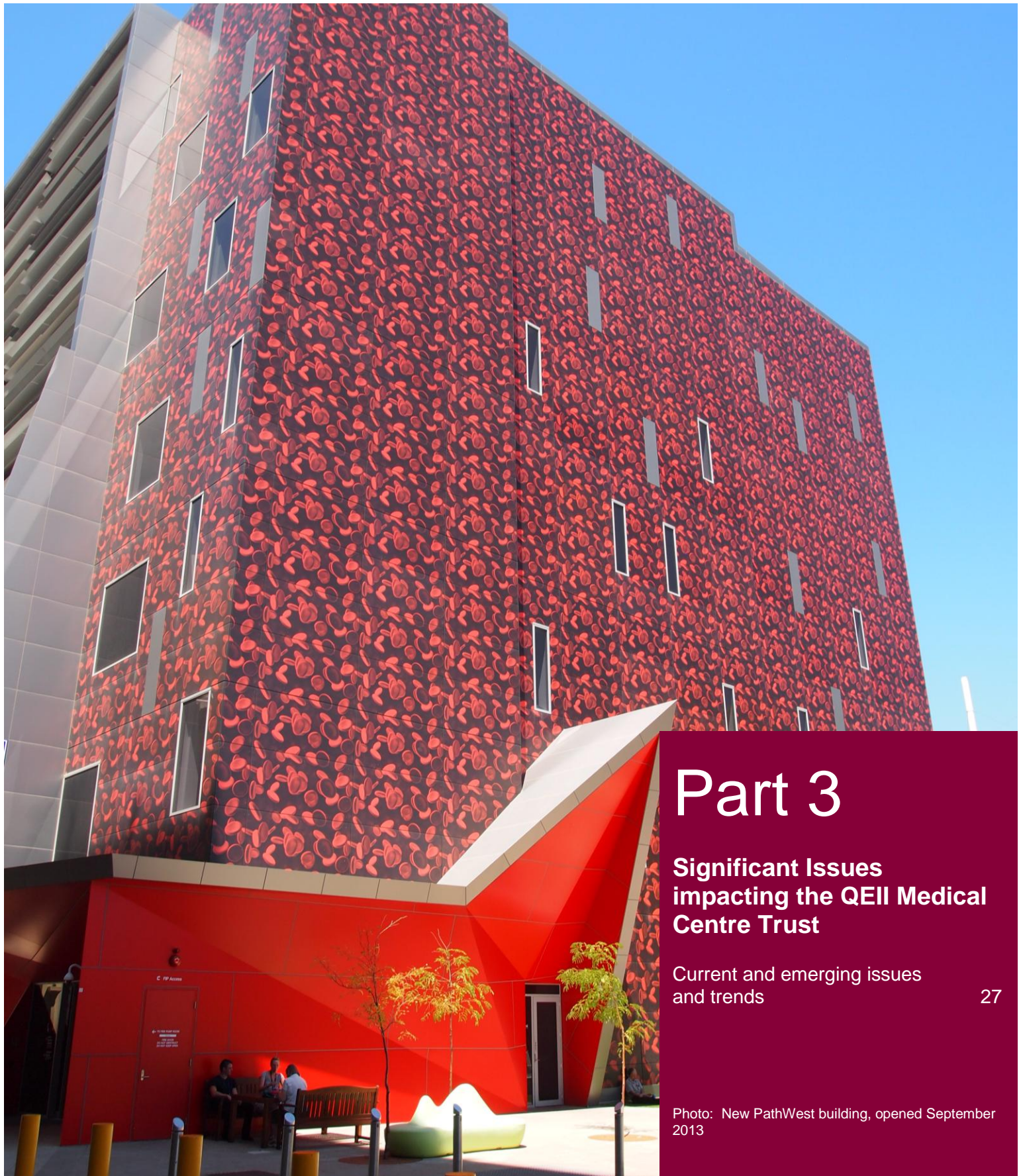
Regular electronic news bulletins are sent to QEII Medical Centre's tenants, providing short, targeted and timely updates about services and disruptions on the QEII Medical Centre site.

Gardens and Grounds

Construction of the many major projects on the Site, include improved landscaping and green spaces available to visitors, patients and staff. Landscaped areas have been designed to ensure they accommodate the needs of different users and incorporate the use of native flora species to promote biodiversity, reduce reliance on the Site's bore water reticulation system and minimise maintenance activity. The improved areas put pressure on the Trust to establish a program of work to upgrade the remaining areas to a similar standard.

The QEII Medical Centre Trust is committed to providing a high quality public realm that supports the aspirations of the QEII Medical Centre's diverse community of health care, research and educational organisations.

Although not part of the QEII Medical Centre, 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 the "lake" for patient, visitor and staff recreational purposes. Stormwater drainage is supplemented by bore water extracted on the Site. In 2013/14 a major works exercise was undertaken to remove silt and vegetation build up in the compensation basin, a task that is needed approximately every ten years.



Part 3

Significant Issues impacting the QEII Medical Centre Trust

Current and emerging issues
and trends

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Photo: New PathWest building, opened September 2013

Significant Issues impacting the QEIMC Trust

Current and emerging issues and trends

Services, Facilities and Infrastructure

The QEII Medical Centre remains the State's busiest medical centre with an estimated over 300,000 visitors visiting the site annually with over 8,000 employees working daily on the Site.

The high number of people travelling to and using the QEII Medical Centre facilities continues to apply pressure on existing operations and infrastructure, requiring ongoing upgrades and review. Regular maintenance programs are undertaken and assets are refurbished as funding allows.

Funding and Revenue

One of the QEII Medical Centre Trust's main objectives is to work towards being financially sustainable and secure, and soundly governed.

The QEII Medical Centre Trust is strategically positioning and managing its funding and revenue within the following key initiatives:

- Revenue from the multi deck can provide license fee to meet underlying corporate overhead and outgoing expenses.
- Revenue from its site outgoings tenant charging arrangements to meet routine site management, maintenance and gardening expenses as well as minor capital work expenses for the site on an equitable allocation basis.

The QEII Medical Centre Trust continues its business development program focusing on implementing sustainable funding strategies for the short through to the long term enhancement of the QEII Medical Centre.

Sufficient staff resources in a constrained environment continue to impact the timely completion of some activities and projects. The Trust recently undertook a prioritization 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 on the QEII Medical Centre Trust in expeditiously meeting some of its Site objectives. Implementation of the QEIIMC Landscape Master Plan has been modified pending the funding of the Plan's major elements being identified.

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

The QEII Medical Centre Trust continues to be involved as a critical stakeholder with the planning of the light rail to assist in transporting people to and from the QEII Medical Centre site.

Changes in written law

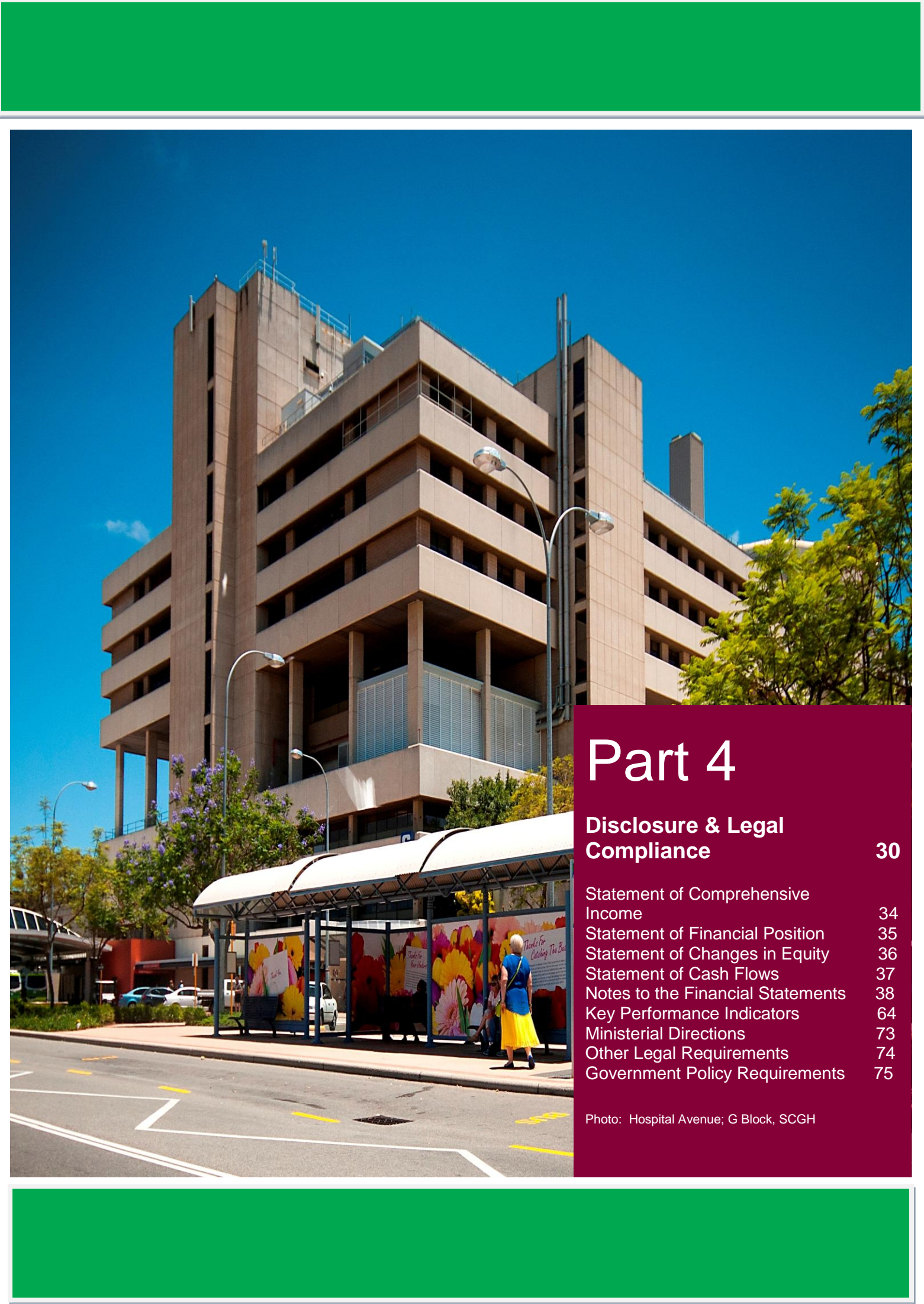
Amendments to the *Queen Elizabeth II Medical Centre Act 1966* received assent in August 2013. These amendments:

- Enabled improved management of Trust business by revising the quorum for meetings and enabling urgent business to be conducted out of session by circular resolution.
- Enabled eligible members to be paid for their commitment to Trust business.
- Increased the maximum penalty for by law offences occurring on the site to maintain relativity with inflationary pressures over recent decreases.

Due to changes to the Hospital and Health Services Act 1927 published in the Government Gazette in June 2014 – from 1 July 2014 the Delegate of the QEII Medical Centre Trust is the Metropolitan Health Service.

The Delegate is the Accountable Authority for the day to day management of the QEIIMC Reserve, including the general administration, management and other statutory requirements in relation to the Reserve.

The administration of the Delegate role is still undertaken by the North Metropolitan Health Service



Part 4

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Photo: Hospital Avenue; G Block, SCGH

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

I have audited the accounts and financial statements of The Queen Elizabeth II Medical Centre Trust.

The financial statements comprise the Statement of Financial Position as at 30 June 2014, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Trust's Responsibility for the Financial Statements

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

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Trust, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of The Queen Elizabeth II Medical Centre Trust at

30 June 2014 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Report on Controls

I have audited the controls exercised by The Queen Elizabeth II Medical Centre Trust during the year ended 30 June 2014.

Controls exercised by The Queen Elizabeth II Medical Centre Trust are those policies and procedures established by the Trust 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.

Trust's Responsibility for Controls

The Trust is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by The Queen Elizabeth II Medical Centre Trust based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Trust complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

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

Opinion

In my opinion, 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 2014.

Report on the Key Performance Indicators

I have audited the key performance indicators of The Queen Elizabeth II Medical Centre Trust for the year ended 30 June 2014.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

Trust's Responsibility for the Key Performance Indicators

The Trust 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 controls as the Trust determines necessary to ensure that the key performance indicators fairly represent indicated performance.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Trust's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

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

Opinion

In my opinion, 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 2014.

Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing and Assurance Standards, and other relevant ethical 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 2014 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.



DON
CUNNINGHAME
ASSISTANT AUDITOR GENERAL FINANCIAL
AUDIT Delegate of the Auditor General for
Western Australia
Perth, Western
Australia
19 September
2014

Certification of Financial Statements

For the year ended 30 June 2014

The accompanying financial statements of the Queen Elizabeth II Medical Centre 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 2014 and the financial position as at 30 June 2014.

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.



A St. Flour
Chief Finance Officer

Date 16/9/2014



G McMath
Deputy Chair of QEII MC Trust

Date 16/9/2014



S Cole
Chairman of QEII MC Trust

Date 16/9/2014

The Queen Elizabeth II Medical Centre Trust

Statement of Comprehensive Income

For the year ended 30 June 2014

	Note	2014 \$	Restated 2013 \$
COST OF SERVICES			
Expenses			
Employee benefits expense	7	1,820,330	1,806,509
Depreciation expense	8	266,980	325,871
Repairs, maintenance and consumable equipment	9	1,281,472	489,585
Other expenses	10	3,060,188	2,385,751 ^(a)
Total cost of services		6,428,970	5,007,716 ^(a)
INCOME			
Revenue			
Car park user fees and fines	11	2,214,313	2,106,686
Car park operator licence fees	12	2,577,472	1,855,626
Grants and contributions	13	5,316	-
Other revenue	14	1,708,778	860,648
Total revenue		6,505,879	4,822,960
Total income other than income from State Government		6,505,879	4,822,960
NET INCOME/(COST) OF SERVICES		76,909	(184,756) ^(a)
INCOME FROM STATE GOVERNMENT			
Service appropriations	15	285,000	921,484
Assets transferred	16	-	(15,079,336)
Total income from State Government		285,000	(14,157,852)
SURPLUS/(DEFICIT) FOR THE PERIOD		361,909	(14,342,608) ^(a)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items not reclassified subsequently to profit or loss			
Changes in asset revaluation reserve	25	(650,028)	86,073
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		(288,119)	(14,256,535) ^(a)

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

(a) Restated amounts for 2013 (see note 6 'Prior years' restatements').

The Queen Elizabeth II Medical Centre Trust

Statement of Financial Position

As at 30 June 2014

	Note	2014 \$	Restated 2013 \$	Restated 2012 \$
ASSETS				
Current Assets				
Cash and cash equivalents	27	2,173,139	4,667,363	4,216,531
Receivables	17	2,870,949	260,834 ^(a)	269,108 ^(a)
Other current assets		-	-	277
Total Current Assets		5,044,088	4,928,197^(a)	4,485,916^(a)
Non-Current Assets				
Amounts receivable for services	18	7,831,080	7,546,080	6,716,353
Property, plant and equipment	19	8,334,989	9,251,997	24,571,131
Total Non-Current Assets		16,166,069	16,798,077	31,287,484
Total Assets		21,210,157	21,726,274^(a)	35,773,400^(a)
LIABILITIES				
Current Liabilities				
Payables	22	202,947	446,605 ^(a)	351,203
Provisions	23	256,915	241,208	153,327
Other current liabilities	24	5,644	5,836	-
Total Current Liabilities		465,506	693,649	504,530
Non-Current Liabilities				
Provisions	23	35,962	35,817	15,527
Total Non-Current Liabilities		35,962	35,817	15,527
Total Liabilities		501,468	729,466	520,057
NET ASSETS		20,708,689	20,996,808^(a)	35,253,343^(a)
EQUITY				
Reserves	25	29,564,904	30,214,932	30,128,859
Accumulated surplus/ (deficit)	26	(8,856,215)	(9,218,124) ^(a)	5,124,484 ^(a)
TOTAL EQUITY		20,708,689	20,996,808	35,253,343

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

^(a) Restated amounts for balances as at 30 June 2013 and comparative opening balance as at 1 July 2012 (see note 6 'Prior years' restatements').

The Queen Elizabeth II Medical Centre Trust

Statement of Changes in Equity

For the year ended 30 June 2014

	Note	2014 \$	Restated 2013 \$
RESERVES	25		
Asset Revaluation Reserve			
Balance at start of period		30,214,932	30,128,859
Comprehensive income/(loss) for the period		(650,028)	86,073
Balance at end of period		<u>29,564,904</u>	<u>30,214,932</u>
ACCUMULATED SURPLUS/(DEFICIT)	26		
Balance at start of period		(9,218,124)	5,638,903
Correction of prior period errors		-	(514,419) ^(a)
Restated balance at start of period		<u>(9,218,124)</u>	<u>5,124,484^(a)</u>
Surplus/(deficit) for the period		361,909	(14,342,608) ^(a)
Balance at end of period		<u>(8,856,215)</u>	<u>(9,218,124)^(a)</u>
TOTAL EQUITY			
Balance at start of period		20,996,808	35,253,343 ^(a)
Total comprehensive income/(loss) for the period		<u>(288,119)</u>	<u>(14,256,535)^(a)</u>
Balance at end of period		<u>20,708,689</u>	<u>20,996,808</u>

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

^(a) Restated amounts for 2013 (see note 6 'Prior years' restatements').

The Queen Elizabeth II Medical Centre Trust

Statement of Cash Flows

For the year ended 30 June 2014

	Note	2014 \$ Inflows/ (Outflows)	2013 \$ Inflows/ (Outflows)
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriations		-	91,757
Net cash provided by State Government	27	-	91,757
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(1,789,105)	(1,682,534)
Supplies and services		(4,599,036)	(3,314,245)
Receipts			
Receipts from customers		2,062,941	2,044,149
Car park operator licence fees		1,147,358	1,855,626
Other receipts		678,302	1,456,079
Other grants and subsidies		5,316	-
Net cash provided by / (used in) operating activities	27	(2,494,224)	359,075
Net increase / (decrease) in cash and cash equivalents		(2,494,224)	450,832
Cash and cash equivalents at the beginning of the period		4,667,363	4,216,531
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	27	2,173,139	4,667,363

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 2014

Note 1 Australian Accounting Standards

General

The Trust's financial statements for the year ended 30 June 2014 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*'.

There has been no early adoption of Australian Accounting Standards that have been issued or amended (but not operative) by the Trust for the annual reporting period ended 30 June 2014.

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* 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 Australian Accounting Standards Board.

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, site works and building external services 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 only.

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 consequently, under provisions in the Hospital and Health Services Act 1927, the Minister for Health is the de facto Board of Management of Sir Charles Gairdner Hospital. As it is impractical for the Minister to exercise this role, the responsibility for Delegate activities has been placed with the Chief Executive of the North Metropolitan Health Service (the North Metropolitan Health Service has administrative responsibility for the Sir Charles Gairdner Hospital).

(d) Contributed Equity

AASB Interpretation 1038 '*Contributions by Owners Made to Wholly-Owned Public Sector Entities*' requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by Treasurer's Instruction 955 '*Contributions by Owners made to Wholly Owned Public Sector Entities*' and have been credited directly to Contributed Equity.

The transfer of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

Notes to the Financial Statements

For the year ended 30 June 2014

Note 2 Summary of significant accounting policies (continued)

(e) 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:

Sale of goods

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

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 15 '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.

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

Gains

Realised and unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

(f) 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, site works and building external services and historical cost for all other property, plant and equipment. Land, site works and building external services are carried at fair value less accumulated depreciation (site works and building external services) 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, site works and building external services is determined on the basis of existing use. This normally applies where site works and building external services are specialised or where land use is restricted. Fair value for site works and building external services 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 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 works and building external services are revalued, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

Land, site works and building external services are independently valued annually by the Western Australian Land Information Authority (Valuation Services) and recognised annually 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 19 'Property, plant and equipment' for further information on revaluation.

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 as described in note 19 'Property, plant and equipment'.

Notes to the Financial Statements

For the year ended 30 June 2014

Note 2 Summary of significant accounting policies (continued)

(f) Property, Plant and Equipment (continued)

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 works and building external services - diminishing value
- * Plant and equipment - diminishing value with a straight line switch

Under the diminishing value with a straight line switch method, the cost amounts of the assets are allocated on average on a diminishing value basis over the first half of their useful lives and a straight line basis for the second half of their useful lives.

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

Site works	50 years
Plant and equipment	8 to 10 years

(g) 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/amortisation 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 21 'Impairment of assets' for the outcome of impairment reviews and testing.
Refer also to note 2(l) 'Receivables' and note 17 'Receivables' for impairment of receivables.

(h) 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 and cash equivalents
- * Receivables
- * Amounts receivable for services

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.

(i) Cash and Cash Equivalents

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

Notes to the Financial Statements

For the year ended 30 June 2014

Note 2 Summary of significant accounting policies (continued)

(j) Accrued Salaries

Accrued salaries (see note 22 '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.

(k) Amounts Receivable for Services (holding account)

The Trust receives income from the State Government as an asset (holding account receivable). The holding account receivable balance, resulting from service appropriation funding, is accessible on the emergence of the cash funding requirement to cover asset replacement. See also note 15 'Service appropriations' and note 18 'Amounts receivable for services'.

(l) 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.

See also note 2(h) 'Financial Instruments' and note 17 'Receivables'.

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 as from 1 July 2012. The 'Minister for Health in his Capacity as the Deemed Board of the Metropolitan Public Hospitals' (Metropolitan Health Services) was the NGR in previous financial years. The entities in the GST group include the Department of Health, Mental Health Commission, Metropolitan Health Services, Peel Health Service, WA Country Health Service, WA Alcohol and Drug Authority, QE II Medical Centre Trust, and Health and Disability Services Complaints Office.

GST for accounts payable are recognised upon the receipt of tax invoices for purchases of goods and services. Accordingly, accrued expense amounts are generally exclusive of GST.

(m) 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(h) 'Financial instruments' and note 22 'Payables'.

(n) 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 23 '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.

Notes to the Financial Statements

For the year ended 30 June 2014

Note 2 Summary of significant accounting policies (continued)

(n) Provisions (continued)

Long Service Leave

Long service leave not expected to be settled wholly within 12 months after the end of the reporting period 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(o) '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 23 'Provisions'.

Notes to the Financial Statements

For the year ended 30 June 2014

Note 2 Summary of significant accounting policies (continued)

(o) Superannuation Expense

The superannuation expense in the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), WSS, GESBS and other superannuation funds.

(p) Assets Transferred between Government Agencies

Discretionary transfers of net assets (assets and liabilities) between State Government agencies free of charge, are measured at the fair value of those net assets that the Trust would otherwise pay for, and 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.

(q) 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 7.2%. 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.

Other 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.

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 2013 that impacted on the Trust.

AASB 13 *Fair Value Measurement*

This Standard defines fair value, sets out a framework for measuring fair value and requires additional disclosures for assets and liabilities measured at fair value. There is no financial Impact.

AASB 119 *Employee Benefits*

This Standard supersedes AASB 119 (October 2010), making changes to the recognition, presentation and disclosure requirements.

The Trust assessed employee leave patterns to determine whether annual leave is a short-term or other long-term employee benefit. The resultant discounting of annual leave liabilities that were previously measured at the undiscounted amounts is not material.

Notes to the Financial Statements

For the year ended 30 June 2014

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

Initial application of an Australian Accounting Standard (continued)

AASB 1048 *Interpretation of Standards*

This Standard supersedes AASB 1048 (June 2012), enabling references to the Interpretations in all other Standards to be updated by reissuing the service Standard. There is no financial impact.

AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Int 2, 4, 12, 13, 14, 17, 19, 131 & 132]

This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as the result of issuing AASB 13 in September 2011. There is no financial impact.

AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)* [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Int 14]

This Standard makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 in September 2011. The resultant discounting of annual leave liabilities that were previously measured at the undiscounted amounts is not material.

AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-11 Cycle* [AASB 1, 101, 116, 132 & 134 and Int 2]

This Standard makes amendments to the Australian Accounting Standards and Interpretations as a consequence of the annual improvements process. There is no financial impact.

AASB 2012-6 *Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures* [AASB 9, 2009-11, 2010-7, 2011-7 & 2011-8]

This Standard amends the mandatory effective date of AASB 9 Financial Instruments to 1 January 2015 (instead of 1 January 2013). Further amendments are also made to numerous consequential amendments arising from AASB 9 that will now apply from 1 January 2015. There is no financial impact.

AASB 2012-10 *Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments* [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Int 12]

This Standard introduces a number of editorial alterations and amends the mandatory application date of Standards for not-for-profit entities accounting for interests in other entities. There is no financial impact.

AASB 2013-9 *Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments*.

Part A of this omnibus Standard, makes amendments to other Standards arising from revisions to the Australian Accounting Conceptual Framework for periods ending on or after 20 December 2013. Other Parts of this Standard become operative in later periods. There is no financial impact for Part A of the Standard.

Notes to the Financial Statements

For the year ended 30 June 2014

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 Treasurer's Instruction 1101 '*Application of Australian Accounting Standards and Other Pronouncements*'. Consequently, the Trust has not applied early any of the following Australian Accounting Standards that have been issued that may impact the Trust. Where applicable, the Trust plans to apply these Australian Accounting Standards from their application date.

Title		Operative for reporting periods beginning on/after
AASB 9	<p><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 was amended to 1 January 2017. The Trust has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2017
AASB 1031	<p><i>Materiality</i></p> <p>This Standard supersedes AASB 1031 (February 2010), removing Australian guidance on materiality that is not available in IFRSs and refers to other Australian pronouncements that contain guidance on materiality. There is no financial impact.</p>	1 Jan 2014
AASB 1055	<p><i>Budgetary Reporting</i></p> <p>This Standard requires specific budgetary disclosures in the financial statements of not-for-profit entities within the General Government Sector. The Trust will be required to disclose additional budgetary information and explanations of major variances between actual and budgeted amounts, though there is no financial impact.</p>	1 Jul 2014
AASB 2010-7	<p><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. The Trust has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2015
AASB 2013-3	<p><i>Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets.</i></p> <p>This Standard introduces editorial and disclosure changes. There is no financial impact.</p>	1 Jan 2014
AASB 2013-9	<p><i>Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments.</i></p> <p>The omnibus Standard makes amendments to other Standards arising from the deletion of references to AASB 1031 in other Standards for periods beginning on or after 1 January 2014 (Part B), and, defers the application of AASB 9 to 1 January 2017 (Part C). The Trust has not yet determined the application or the potential impact of AASB 9, otherwise there is no financial impact for Part B.</p>	1 Jan 2014 1 Jan 2017

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2014

Note 6 Prior years' restatements

(a) GST on unpaid purchases invoices

The prior year's amounts for Receivables and Payables have been adjusted to include the GST amounting to \$4,363 on unpaid purchase invoices.

In the previous years' financial statements, the GST amounts on unpaid purchase invoices in Payables were recognised in the accounts of the Nominated Group Representative for the GST group.

Information on the accounting procedure for Goods and Services Tax is provided at note 2(l).

(b) Incorrect revenue and expense recognition

It was disclosed in the financial statements for the 2012-13 financial year that parking fees amounting to \$358,255 were incorrectly recognised as revenue and receivables in the 2011-12 financial year. The total parking fees incorrectly recognised was actually \$872,674. As a result, the subsequent recognition of doubtful debts expense of \$514,419 was incorrect in the 2012-13 financial year.

The combined impact of the prior years' restatements on the Trust's individual line items in the financial statements can be summarised as follows:

30 June 2013 comparative year

		2013 (Previously stated)	Increase/ (decrease) due to prior period restatements	2013 (Restated)
	Note	\$	\$	\$
<u>Statement of Comprehensive Income (Extract)</u>				
Expenses				
Other expenses				
Doubtful debts expense	10	516,036	(514,419)	1,617
Total other expenses	10	2,900,170	(514,419)	2,385,751
Total Expenses		5,522,135	(514,419)	5,007,716
Deficit for the period		14,857,027	(514,419)	14,342,608
<u>Statement of Financial Position (Extract)</u>				
Current Assets				
Receivables				
Other receivables	17	596,017	(514,419)	81,598
Allowance for impairment of receivables	17	(525,919)	514,419	(11,500)
GST receivable	17	-	4,363	4,363
Total receivables	17	256,471	4,363	260,834
Total Current Assets		4,923,834	4,363	4,928,197
Current Liabilities				
Payables				
Trade creditors	22	45,193	4,363	49,556
Total payables	22	442,242	4,363	446,605
Total Current Liabilities		689,286	4,363	693,649
Equity				
Accumulated surplus/ (deficit)				
Balance at start of the period 1 July 2012	26	5,638,903	(514,419)	5,124,484
Result for the period	26	(14,857,027)	514,419	(14,342,608)
Accumulated deficit at end of period 30 June 2013	26	(9,218,124)	-	(9,218,124)

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2014

Note 6 Prior years' restatements (continued)

1 July 2012 (comparative year opening balances)

		1 July 2012 (Previously restated)	Increase/ (decrease) due to prior period restatements	1 July 2012 (Restated)
	Note	\$	\$	\$
Statement of Financial Position (Extract)				
Current Assets				
Receivables				
Other receivables	17	676,211 (a)	(514,419)	161,792
Total receivables	17	783,527 (a)	(514,419)	269,108
Total Current Assets		5,000,335 (a)	(514,419)	4,485,916
Equity				
Accumulated surplus				
Result for the period	26	840,151 (a)	(514,419)	325,732
Accumulated surplus	26	5,638,903 (a)	(514,419)	5,124,484

(a) Includes restatement of \$358,255 previously disclosed in the 2012-13 financial statements.

		2014 \$	2013 \$
Note 7 Employee benefits			
Salaries and wages (a)		1,688,120	1,703,354
Superannuation - defined contribution plans (b)		132,210	103,155
		1,820,330	1,806,509

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(n) '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 Super and other eligible funds.

Note 8 Depreciation expense

Site works	266,311	298,198
Plant and equipment	669	27,673
	266,980	325,871

Note 9 Repairs, maintenance and consumable equipment

Repairs and maintenance	1,252,899	467,788
Consumable equipment	28,573	21,797
	1,281,472	489,585

The Queen Elizabeth II Medical Centre
Trust

Notes to the Financial Statements
For the year ended 30 June 2014

Note	10 Other expenses	2014	2013
		\$	\$ <u>Restated</u>
	Communications	2,466	4,141
	Computer services	6,680	12,993
	Consultancies	212,464	408,458
	Direct invoice parking bays (a)	145,539	113,828
	Chargeable parking bays for user groups (a)	190,533	-
	Doubtful debts expense (b)	70,927	1,617 ^(b)
	Employee related expenses (c)	1,564	1,566
	Legal expenses	34,119	77,804
	Management fees for at-grade car parks (d)	1,755,805	935,781
	Motor vehicle expenses	11,232	9,166
	Operating lease expenses	24,000	-
	Printing and stationery	38,417	57,464
	Purchase of outsourced services	201,434	196,991
	Public transport expenses	269,756	472,877
	Other	95,252	93,065
		<u>3,060,188</u>	<u>2,385,751</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) See note 6 'Prior years' restatements' with respect to the incorrect revenue recognition in the 2011-12 financial year and incorrect subsequent recognition of doubtful debts expenses in the 2012-13 financial year.

(c) 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.

(d) See note 11 'Car park user fees and fines' for further information.

Note 11 Car park user fees and fines

Parking fees received under the Capella Parking Agreement (a)	1,754,517	935,781
Other parking fees	179,514	1,047,036
Fines and penalties	280,282	123,869
	<u>2,214,313</u>	<u>2,106,686</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 10).

Note 12 Car park operator licence fees (a)

2,577,472	1,855,626
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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).

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2014

	2014 \$	2013 \$
Note 13 Grants and contributions		
Healthier Workplace WA - TravelSmart grant	5,316	-
Note 14 Other revenue		
Tenant charges	1,051,523	-
Rent from commercial properties	420,670	545,727
Services to external organisations (a)	207,293	240,141
Other	29,292	74,780
	<u>1,708,778</u>	<u>860,648</u>

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

Note 15 Service appropriations

Appropriation revenue received via the Department of Health:	285,000	921,484
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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 (2014: \$285,000; 2013: \$829,727) and the agreed increase in leave liabilities during the year (2014 \$nil; 2013: \$17).

See note 2(e) 'Income' and note 27 'Notes to the statement of cash flows'.

Note 16 Assets transferred

Assets transferred from/(to) other State government agencies during the period:

Transfer of site works from the North Metropolitan Health Service	-	2,297,413
Transfer of building external services to the North Metropolitan Health Service	-	(17,376,749)
	-	<u>(15,079,336)</u>

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.

	2014 \$	2013 \$	2012 \$
Note 17 Receivables		Restated	Restated
Current			
Licence fee receivable	1,430,114	-	-
Fines and penalties receivables	189,381	141,305	65,680
Other receivables	219,520	81,598 ^(a)	161,792 ^(a)
Allowance for impairment of receivables	(82,427)	(11,500) ^(a)	(9,883)
Accrued revenue	1,111,333 ^(b)	45,068	51,519
GST receivable	3,028	4,363 ^(a)	-
	<u>2,870,949</u>	<u>260,834^(a)</u>	<u>269,108</u>
Reconciliation of changes in the allowance for impairment of receivables:			
Balance at start of year	11,500	9,883 ^(a)	-
Doubtful debts expense recognised in the Statement of Comprehensive Income	70,927	1,617 ^(a)	9,883
Balance at end of year	<u>82,427</u>	<u>11,500</u>	<u>9,883</u>

The Trust does not hold any collateral as security or other credit enhancements relating to receivables.

See also note 2(l) 'Receivables' and note 38 'Financial instruments'.

(a) See note 6 'Prior years' restatements' with respect to the inclusion of GST on unpaid purchases invoices, incorrect revenue recognition in the 2011-12 financial year and incorrect subsequent recognition of doubtful debts expenses in the 2012-13 financial year.

(b) Includes accrued tenant charge revenue of \$993,495, accrued rental revenue of \$44,830 and accrued fleet parking charges of \$73,008

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2014

	2014 \$	2013 \$
Note 18 Amounts receivable for services (holding account)		
Non-current		
Amounts receivable for services	7,831,080	7,546,080
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(k) 'Amounts receivable for services'.		
Note 19 Property, plant and equipment		
Land		
At fair value (a)	452,000	370,500
Site works (b)		
At fair value (a)	7,879,200	8,877,039
Plant and equipment		
At cost	5,994	5,994
Accumulated depreciation	(2,205)	(1,536)
	3,789	4,458
Total property, plant and equipment	8,334,989	9,251,997

(a) Land and site works were revalued as at 1 July 2013 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2014 and recognised at 30 June 2014. In undertaking the revaluation fair value of site works was determined on the basis of depreciated replacement cost and 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(f) 'Property, plant and equipment'.

(b) Site works include roads, footpaths, paved areas, car parks, boundary walls, boundary fencing, boundary gates, covered ways, landscaping and improvements.

Building external services include external stormwater drainage, external sewer drainage, external water supply, external gas, external fire protection, external electric light and power, external communications, external special services, service tunnels, ducts, conduits and the systems for the provision of chilled water, high temperature water and steam to buildings on the site.

All building external services were transferred to North Metropolitan Health Service during the 2012-13 financial year.

Reconciliations

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

	2014 \$	2013 \$
Land		
Carrying amount at start of period	370,500	353,500
Revaluation increments	81,500	17,000
Carrying amount at end of period	452,000	370,500
Site works and building external services		
Carrying amount at start of period	8,877,039	24,185,500
Transfer of building external services to Health Service (see note 16)	-	(15,079,336)
Revaluation increments / (decrements)	(731,528)	69,073
Depreciation	(266,311)	(298,198)
Carrying amount at end of period	7,879,200	8,877,039
Plant and equipment		
Carrying amount at start of period	4,458	32,131
Depreciation	(669)	(27,673)
Carrying amount at end of period	3,789	4,458
Total property, plant and equipment		
Carrying amount at start of period	9,251,997	24,571,131
Transfer to other reporting entities	-	(15,079,336)
Revaluation increments / (decrements)	(650,028)	86,073
Depreciation	(266,980)	(325,871)
Carrying amount at end of period	8,334,989	9,251,997

Notes to the Financial Statements
For the year ended 30 June 2014

Note 20 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).

The following table represents the Trust's assets measured and recognised at fair value at 30 June 2014.

2014	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<u>Land</u>					
Specialised	19	-	-	452,000	452,000
<u>Site works</u>					
Specialised	19	-	-	7,879,200	7,879,200
		-	-	8,331,200	8,331,200

There were no transfers between Levels 1, 2, or 3 during the period.

(b) Valuation techniques used to derive level 2 and level 3 fair values

The Trust obtains independent valuations of land and site works from the Western Australian Land Information Authority (Landgate Valuation Services) annually. 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 works 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 works, 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 works 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 works in accordance with the types of improvements and area measurement and in proportion to the current replacement costs of buildings on the site.

Notes to the Financial Statements

For the year ended 30 June 2014

Note 20 Fair value measurements (continued)

(b) Valuation techniques used to derive level 2 and level 3 fair values (continued)

The maximum effective age used in the valuation of site works is 50 years. The effective age of the site works is initially calculated from the commissioning date, and is reviewed after the site works 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 works 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.

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

The following table represents the changes in level 3 items for the period ended 30 June 2014:

	Land \$	Site Works \$
2014		
Fair value at start of period	370,500	8,877,039
Revaluation increments/(decrements)	81,500	(731,528)
Depreciation	-	(266,311)
Fair value at end of period	452,000	7,879,200
Total gains or losses for the period included in profit or loss, under 'Other Gains'	-	-
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	-	-

(d) Information about significant unobservable inputs (Level 3) in fair value measurements

Description	Fair value at 30 June 2014 \$	Unobservable inputs	Range of inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Specialised Land	\$ 452,000	Difference between hypothetical alternate land use value and current use land value	99.0% - 99.4% (99.4%) of hypothetical alternate land use value	The higher the difference, the lower the fair value.
Specialised site works	\$ 7,879,200	Residual value of 25% of current replacement cost	\$7,879,200 per site works	A change of residual value percentage by +/- 5% (i.e. 20% or 30%) results in a change in fair value of \$1,575,850.

Residual values used in the calculation of depreciated replacement costs is an unobservable input for site works, as the valuation processes do not involve physical inspection on site to determine the actual conditions of the assets.

(e) Valuation processes

The Financial Services Branch at the Health Corporate Network (HCN) 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. Discussions of valuation processes and results are held between the HCN and the Trust at least once every year.

Landgate Valuation Service determines the fair values of the Trust's land and site works annually. A quantity surveyor is engaged by the Department of Health to provide an annual update of the current replacement costs for site works. The Landgate Valuation Services endorses the current replacement costs calculated by the quantity surveyor and calculates the depreciated replacement costs.

Note 21 Impairment of Assets

There were no indications of impairment to property, plant and equipment at 30 June 2014.

The Trust held no goodwill during the reporting period.

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2014

Note	22	Payables	2014 \$	2013 \$ <u>Restated</u>	2012 \$ <u>Restated</u>
		Current			
		Trade creditors	43,123	49,556 ^(a)	133,477
		Accrued expenses	96,660	349,258	185,739
		Accrued salaries	63,164	47,791	31,987
			<u>202,947</u>	<u>446,605^(a)</u>	<u>351,203</u>

See also note 2(m) 'Payables' and note 38 'Financial instruments'.

(a) See note 6 'Prior years' restatements' with respect to the inclusion of GST on unpaid purchases invoices.

Note	23	Provisions	2014 \$	2013 \$
		Current		
		<u>Employee benefits provision</u>		
		Annual leave (a)	141,413	125,159
		Long service leave (b)	115,502	116,049
			<u>256,915</u>	<u>241,208</u>
		Non-current		
		<u>Employee benefits provision</u>		
		Long service leave (b)	35,962	35,817
			<u>292,877</u>	<u>277,025</u>

(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	106,060	92,618
More than 12 months after the end of the reporting period	35,353	32,541
	<u>141,413</u>	<u>125,159</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	15,015	20,889
More than 12 months after the end of reporting period	136,449	130,977
	<u>151,464</u>	<u>151,866</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 24 Other liabilities

Current		
Income received in advance	5,324	5,836
Refundable deposits held for TravelSmart bicycle hire	320	-
	<u>5,644</u>	<u>5,836</u>

Note 25 Reserves

Asset revaluation reserve (a)		
Balance at start of the period	30,214,932	30,128,859
Net revaluation increments/(decrements) (b):		
Land	81,500	17,000
Site works	(731,528)	69,073
Balance at end of the period	<u>29,564,904</u>	<u>30,214,932</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.

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2014

Note 26 Accumulated surplus/(deficit)	2014	2013	2012
	\$	\$	\$
Balance at start of the period	(9,218,124)	5,638,903	4,798,752
Correction of prior period errors		(514,419) ^(a)	
Restated balance at start of period	(9,218,124)	5,124,484	4,798,752 ^(a)
Result for the period	361,909	(14,342,608) ^(a)	325,732 ^(a)
Balance at end of the period	(8,856,215)	(9,218,124) ^(a)	5,124,484 ^(a)

(a) See note 6 'Prior years' restatements' with respect to the inclusion of GST on unpaid purchases invoices, incorrect revenue recognition in the 2011-12 financial year and incorrect subsequent recognition of doubtful debts expenses in the 2012-13 financial year.

Note 27 Notes to the Statement of Cash Flows

2014
\$

2013
\$

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 and cash equivalents	2,173,139	4,667,363
---------------------------	-----------	-----------

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

Net cash provided by/ (used in) operating activities (Statement of Cash Flows)	(2,494,224)	359,075
<u>Increase/(decrease) in assets:</u>		
GST receivable	(1,335)	-
Receivables	2,682,377	(11,020)
Prepayments	-	(277)
<u>Decrease/(increase) in liabilities:</u>		
Payables	243,658	(91,039)
Current provisions	(15,707)	(87,881)
Non-current provisions	(145)	(20,290)
Income received in advance	512	(5,836)
Other liabilities	(320)	-
<u>Non-cash items:</u>		
Doubtful debts expense (note 10)	(70,927)	(1,617) ^(a)
Depreciation expense (note 8)	(266,980)	(325,871)
Net income/(cost) of services (Statement of Comprehensive Income)	76,909	(184,756) ^(a)

Reconciliation of income from State Government to cash flows from State Government

Service appropriations as per Statement of Comprehensive Income	285,000	921,484
Less: <u>Non-cash items</u>		
Accrual appropriations	(285,000)	(829,727)
Cash Flows from State Government as per Statement of Cash Flows	-	91,757

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.

(a) See note 6 'Prior years' restatements' with respect to the incorrect revenue recognition in the 2011-12 financial year and incorrect subsequent recognition of doubtful debts expense in the 2012-13 financial year.

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2014

Note 28 Remuneration of members of the accountable authority and senior officers

Remuneration of members of the accountable authority

On 19 August 2013, the QEII Medical Centre Amendment Bill 2013 was given Royal Assent. These amendments include a new section in the Queen Elizabeth II Medical Centre Act 1966 permitting the payments of remuneration and allowances to the members of the Trust. Prior to this date, the members of the Trust were not remunerated.

The number of members of the accountable authority, whose total remuneration and allowances for the financial year fall within the following bands are:

\$1 - \$10,000	1	-
\$40,001 - \$50,000	1	-
Total	2	-
	\$	\$
	46,883	-

The total remuneration of members of the accountable authority is:

The total remuneration includes the superannuation expense incurred by the Trust in respect of members of the accountable authority.

Note 29 Remuneration of auditor

Remuneration payable to the Auditor General in respect to the audit for the current financial year is as follows:

Auditing the accounts, financial statements and key performance indicators	15,300	18,000
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Note 30 Operating lease rental receivables

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

Within 1 year	2,618,400	2,561,658
Later than 1 year, and not later than 5 years	9,709,900	9,926,425
Later than 5 years	42,003,500	43,227,979
Total operating lease rental receivables (excluding GST)	54,331,800	55,716,062

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 31 Commitments

Restated

Operating lease commitments:

Commitments in relation to non-cancellable leases contracted for at the end of the reporting period but not recognised as liabilities are payable as follows:

Within 1 year	19,800	19,800
Later than 1 year, and not later than 5 years	33,000	52,800
Total operating lease commitments (including GST)	52,800	72,600

Expenditure commitments:

Expenditure commitments contracted at the end of the reporting period but not recognised as liabilities, are payable as follows:

Within 1 year	23,845	-
Total expenditure commitments (including GST)	23,845	-

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2014

Note 32 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 and Conservation (DEC). In accordance with the Act, DEC classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as *contaminated – remediation required* or *possibly contaminated – investigation required*, the Trust may have a liability in respect of investigation or remediation expenses.

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

Note 33 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 34 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 35 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 36 Not for profit leases

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

Based on indicative market rental rates from the Landgate Valuation Services as at June 2014, the total net rental values of the not-for-profit leases for the financial year is \$2,050,000 (2013: \$1,715,000).

Tenant	Area (sqm)	Net Rent per annum \$
Cancer Foundation – Crawford Lodge (land only)	6,300	275,000
Lions Eye Institute (land only)	2,600	475,000
The Niche – Cystic Fibrosis WA (land only)	6,200	800,000
WA Institute for Medical Research (land only)	2,486	500,000
		<u>2,050,000</u>

Notes to the Financial Statements

For the year ended 30 June 2014

Note 37 Explanatory Statement

Significant variances between actual results for 2013 and 2014

Significant variations between actual results with the corresponding items of the preceding reporting period are detailed below. Significant variations are those greater than 10% or that are 4% or more of the current year's Total Cost of Services.

	Note	2014 Actual \$	2013 Actual \$	Variance \$
Expenses				
Employee benefits expense		1,820,330	1,806,509	13,821
Depreciation expense	(a)	266,980	325,871	(58,891)
Repairs, maintenance and consumable equipment	(b)	1,281,472	489,585	791,887
Other expenses	(c)	3,060,188	2,385,751	674,437
Income				
Car park user fees and fines	(d)	2,214,313	2,106,686	107,627
Car park operator licence fees	(e)	2,577,472	1,855,626	721,846
Grants and contributions	(f)	5,316	-	5,316
Other revenue	(g)	1,708,778	860,648	848,130
Service appropriations	(h)	285,000	921,484	(636,484)
Assets transferred	(i)	-	(15,079,336)	15,079,336

(a) Depreciation expense

The decrease in depreciation expense is mainly due to the discretionary transfer of building external services to North Metropolitan Health Service amounting to \$17.377 million during the 2012-13 financial year.

(b) Repairs, maintenance and consumable equipment

The increase in repair and maintenance costs is primarily due to the remediation cost to the storm water basin belonging to the Water Corporation located along Aberdare Road for \$0.700 million. The Trust uses the basin as part of its water reticulation system and for patient, visitor and staff amenity. This maintenance program is on a 10 year cycle resulting in the costs being incurred during the 2013-14 financial year.

(c) Other expenses

In October 2012, the Trust commenced the payments of management fees to Capella for At-Grade car parks and Direct invoice parking bays amounting to \$1.050 million. In 2013-14, a full financial year of management fees to Capella has been recorded resulting in an increase to \$2.112 million.

(d) Car park user fees and fines

The increase of the parking fine revenue of \$0.156 million is due to more infringement notice issued in this financial year (7,462 tickets) as compared to 2012-13 (3,123 tickets). Car park user fees have also increased by \$0.049 million due to an increase in daily parking rates for staff (2014: \$4.10 per day; 2013: \$3.40 per day) and visitor (2014: \$3.00 per hour; 2013: \$2.80 per hour).

(e) Car park operator licence fees

Capella commenced the payment of licence fees to the Trust in October 2012. As such, the Trust has recognised a full 12 months of licence fees of \$2.577 million in this financial year compared to 9 months in the previous financial year.

(f) Grants and contributions

During the year, the Trust received a TravelSmart grant from Healthier Workplace WA.

(g) Other revenue

The increase in other revenue is due to the introduction of tenant charges amounting to \$1.052 million in 2013-14. The tenant charges cover the costs of maintaining the common area facilities and services on the QEII Medical Centre site. This includes the roads, paths, at-grade car parks, gardens and lighting. In addition, the tenant charges will cover the provision of external security and safety by the Trust to their tenants.

(h) Service appropriations

The Trust did not receive any service appropriations in cash this financial year, but received \$0.92 million in the previous financial year. There was also a reduction of \$0.544 million in accrual appropriations received via the Department of Health.

(i) Assets transferred

In the previous financial year, a net asset transfer of \$15.079 million consisted of a once-off discretionary transfer of external services of \$17.377 million from the Trust to North Metropolitan Health Service and the receipt of \$2.297 million of site works surrounding the new Central Energy Plant.

Notes to the Financial Statements

For the year ended 30 June 2014

Note 37 Explanatory Statement (continued)

Significant variances between estimates and actual results for 2014

Significant variations are considered to be those greater than 10%. There were no significant variances between estimates and actual results for 2014.

		2014 Actual \$	2014 Estimates \$	Variance \$
Operating expenses				
Employee benefits expense	(a)	1,820,330	2,340,000	(519,670)
Other goods and services	(b)	4,608,640	5,264,000	(655,360)
Total expenses		6,428,970	7,604,000	(1,175,030)
Less: Revenues	(c)	(6,505,879)	(7,604,000)	1,098,121
Net income/ (cost) of services		76,909	-	76,909

(a) Employee benefits expense

The 2014 estimates include an expectation of 24 full time equivalent employees (FTEs) in the proposed new structure. However only 19 FTEs were employed as of June 2014. The lower than expected employment cost is predominantly due to unfilled vacancy positions and delays in finalising the new organisation structure.

(b) Other goods and services

Expenditure on other goods and services is lower than 2014 estimates due to the reduction in usage of contract personnel, public transport, professional fees and depreciation.

(c) Revenues

Actual tenant charge revenue for the financial year amounted to \$1.052 million compared to the 2014 estimates of \$1.200 million. Actual Capella monthly management revenue for the year amounted to \$1.750 million compared to the 2014 estimates of \$2.130 million. In addition, the Trust did not receive any cash appropriations for the year, however an amount of \$0.676 million was included in the 2014 estimates.

The Queen Elizabeth II Medical Centre Trust

Notes to the Financial Statements

For the year ended 30 June 2014

Note 38 Financial instruments

a) Financial risk management objectives and policies

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

Credit risk

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 38(c) 'Financial Instrument disclosures' and note 17 '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:

	2014 \$	2013 \$
Financial Assets		
Cash and cash equivalents	2,173,139	4,667,363
Loans and receivables	10,699,001	7,802,551
Financial Liabilities		
Financial liabilities measured at amortised cost	202,947	446,605

(a) The amount of loans and 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 2014

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	
	\$	\$	\$	\$	\$	\$	\$
2014							
Cash and cash equivalents	2,173,139	2,173,139	-	-	-	-	-
Receivables	2,867,921	1,204,538	1,495,357	98,348	67,355	2,323	-
Amounts receivable for services	7,831,080	7,831,080	-	-	-	-	-
	<u>12,872,140</u>	<u>11,208,757</u>	<u>1,495,357</u>	<u>98,348</u>	<u>67,355</u>	<u>2,323</u>	<u>-</u>
2013							
Cash and cash equivalents	4,667,363	4,667,363	-	-	-	-	-
Receivables	256,471	74,533	45,219	59,307	76,402	1,010	-
Amounts receivable for services	7,546,080	7,546,080	-	-	-	-	-
	<u>12,469,914</u>	<u>12,287,976</u>	<u>45,219</u>	<u>59,307</u>	<u>76,402</u>	<u>1,010</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 2014

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>	Nominal Amount \$	<u>Maturity dates</u>			
			Non- interest bearing		Up to 3 months	3-12 months	1-5 years	More than 5 years
			\$		\$	\$	\$	\$
2014								
<u>Financial Assets</u>								
Cash and cash equivalents	-	2,173,139	2,173,139	2,173,139	2,173,139	-	-	-
Receivables	-	2,867,921	2,867,921	2,867,921	2,867,921	-	-	-
Amounts receivable for services	-	7,831,080	7,831,080	7,831,080	-	-	-	7,831,080
		<u>12,872,140</u>	<u>12,872,140</u>	<u>12,872,140</u>	<u>5,041,060</u>	<u>-</u>	<u>-</u>	<u>7,831,080</u>
<u>Financial Liabilities</u>								
Payables	-	202,947	202,947	202,947	202,947	-	-	-
		<u>202,947</u>	<u>202,947</u>	<u>202,947</u>	<u>202,947</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 2014

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>	Nominal Amount \$	<u>Maturity dates</u>			
			Non- interest bearing \$		Up to 3 months \$	3-12 months \$	1-5 years \$	More than 5 years \$
2013								
<u>Financial Assets</u>								
Cash and cash equivalents	-	4,667,363	4,667,363	4,667,363	4,667,363	-	-	-
Receivables	-	256,471	256,471	256,471	256,471	-	-	-
Amounts receivable for services	-	7,546,080	7,546,080	7,546,080	-	-	-	7,546,080
		12,469,914	12,469,914	12,469,914	4,923,834	-	-	7,546,080
<u>Financial Liabilities</u>								
Payables	-	446,605	446,605	446,605	446,605	-	-	-
		446,605	446,605	446,605	446,605	-	-	-

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

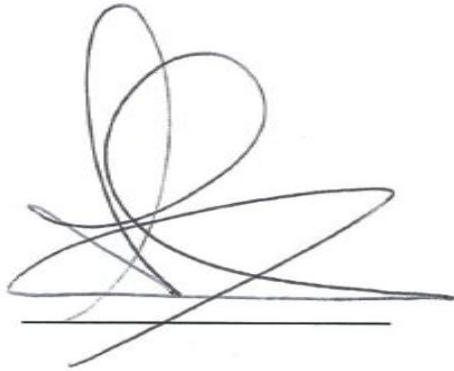
Interest rate sensitivity analysis - A change in banking arrangement effective from 1 July 2011 in accordance with the State Government's direction has resulted in the loss of interest earning capacity for the Trust's bank account.

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 39 Schedule of income and expenses by services.**

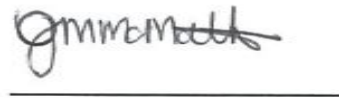
The Trust has only one service which is the development, management and administration of the Queen

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 2014.

A large, stylized handwritten signature in dark ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.

S Cole
Chairman
Queen Elizabeth II Medical Centre Trust
Date 16/9/2014

A handwritten signature in dark ink, appearing to read 'G McMath' with a stylized flourish at the end.

G McMath
Deputy Chair
Queen Elizabeth II Medical Centre Trust
Date 16/9/2014

Key Performance Indicators

The Trust Key Performance Indicators have recently been revised and the new approved Key Performance Indicators measured for the first time in 2013/14.

The stated desired outcomes for the Queen Elizabeth II Medical Centre Trust are:

- The Queen Elizabeth II Medical Centre is developed as a well planned, world-class healthcare, research and education centre.
- 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 2013/14 Key Performance Indicators have been revised from previous years. As a result, the survey participants, method of data collection and scale used to measure satisfaction for the 2013-14 period differs from that of previous years also. The 2013/14 data will provide a new base for benchmarking the data of subsequent years.

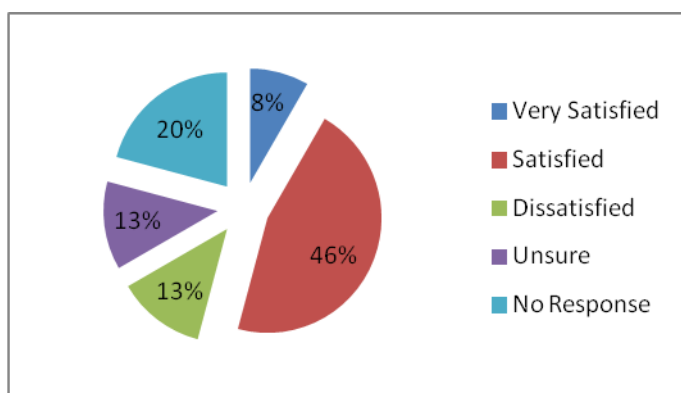
The 2013/14 period survey examines stakeholder satisfaction levels of the Trust's statutory responsibilities relating to planning and development of the reserve and management of the shared facilities and services.

Two QEII Medical Centre stakeholder surveys were conducted. The surveys requesting observations relating to the 2013/14 period were conducted from June 2014 to August 2014, with hard copies of surveys mailed out on 13 June 2014 and returned by mail or email by 8 August 2014.

The external stakeholder survey asked participants about site planning and development, the sustainability of the reserve environment and TravelSmart initiatives. In addition to these questions, the internal stakeholder survey also asked participants about the upkeep of gardens and grounds, path and road maintenance and At Grade parking area maintenance. The scale used to measure the satisfaction of stakeholders was as follows: No Response, Unsure, Dissatisfied, Satisfied and Very Satisfied.

Key Performance Indicator 1.1:

Satisfaction levels of the QEIMC Trust planning for and development of the site.

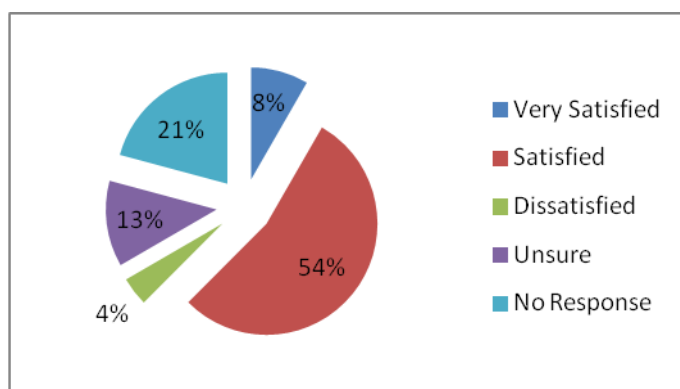


This key indicator measures the satisfaction levels of planning and development of the QEII Medical Centre site.

The target of greater than 50% of respondents being satisfied was met.

Key Performance Indicator 1.2:

Satisfaction levels of the QEIMC maintaining a sustainable access environment.

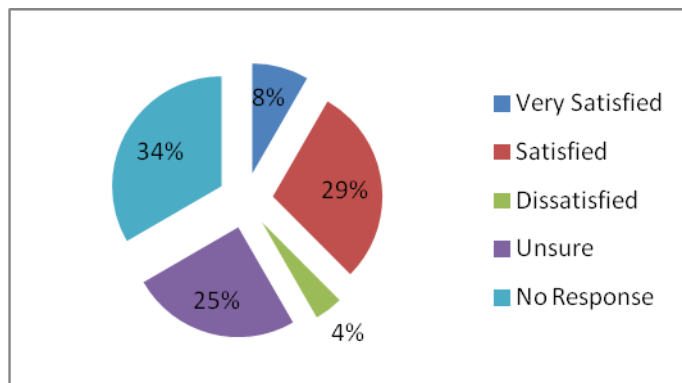


This key indicator measures the satisfaction levels of the QEII Medical Centre in maintaining a sustainable access environment.

The target of greater than 50% of respondents being satisfied was met

Key Performance Indicator 1.2(a):

Satisfaction levels of the QEII MC TravelSmart initiatives.



This key indicator measures the satisfaction levels of the QEII Medical Centre Travel Smart initiatives.

The measure of success was set at achieving more than 50% of respondents reporting that they were satisfied with the Travelsmart initiatives.

While the graph indicates a 13% shortfall in attaining the 50% target, it needs to be noted that only 4% of Respondents reported being actually unsatisfied. The 34% of No Responses coupled with 25% of Respondents being Unsure has effectively diminished the likelihood of the target being achieved.

Key Efficiency Indicator

Timeliness in the consideration of development submissions received by the QEIMC 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)

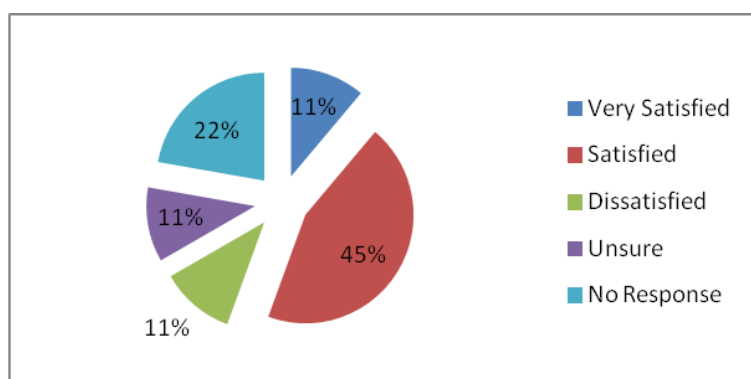
There were no development submissions considered by the Trust in the 2013/14 Financial Year.

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(a):

Satisfaction levels of the implementation and upkeep of landscaping and gardens and grounds at QEIMC for staff.

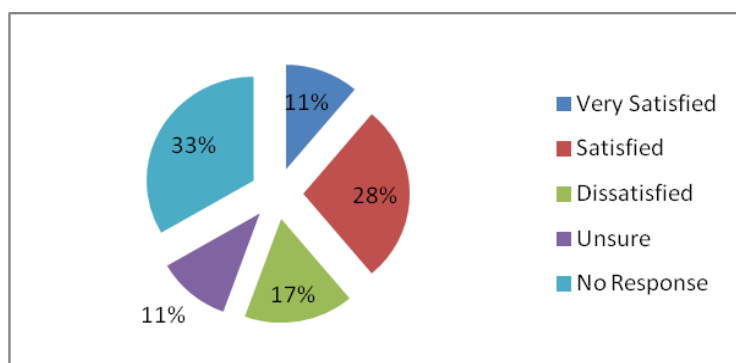


This key indicator measures staff satisfaction levels of the implementation and upkeep of landscaping and gardens and grounds at QEII Medical Centre.

The measure of success for this indicator has been set at greater than 50% of staff satisfied and was exceeded by 6%.

Key Performance Indicator 2.1(b):

Satisfaction levels of the implementation and upkeep of landscaping and gardens and grounds at QEIMC for visitors (including patients).

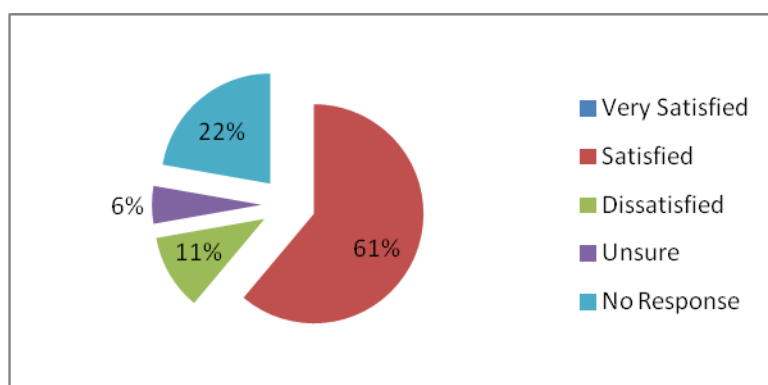


This key indicator measures visitor (including patients) satisfaction levels of the implementation and upkeep of landscaping and gardens and grounds at QEIMC Medical Centre.

The measure of success for this indicator has been set at greater than 50% of visitors satisfied. The survey results indicate that 39% of visitors were satisfied (11% under target). It is probable that the construction works over the year were a contributing factor to not achieving the target.

Key Performance Indicator 2.2(a):

Satisfaction levels at the repair and maintenance of paths and roads at QEIMC for staff.

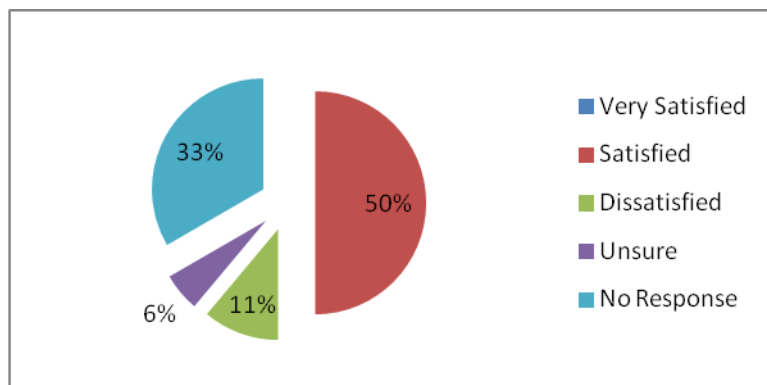


This key indicator measures staff satisfaction levels of the repair and maintenance of paths and roads at QEIMC Medical Centre.

A target of greater than 50% of staff satisfied was set and was exceeded by 11%.

Key Performance Indicator 2.2(b):

Satisfaction levels at the repair and maintenance of paths and roads at QEIMC for visitors (including patients).

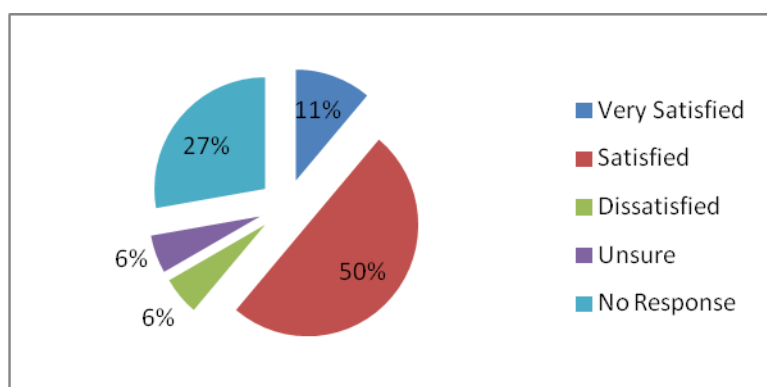


This key indicator measures visitor (including patients) satisfaction levels of the repair and maintenance of paths and roads at QEII Medical Centre.

A target of greater than 50% of visitors satisfied was set and the 50% level was attained. It was expected that the high level of building works on site would have a detrimental effect on the survey results.

Key Performance Indicator 2.2(c):

Satisfaction levels at the repair and maintenance of At Grade parking areas at QEIMC for staff.

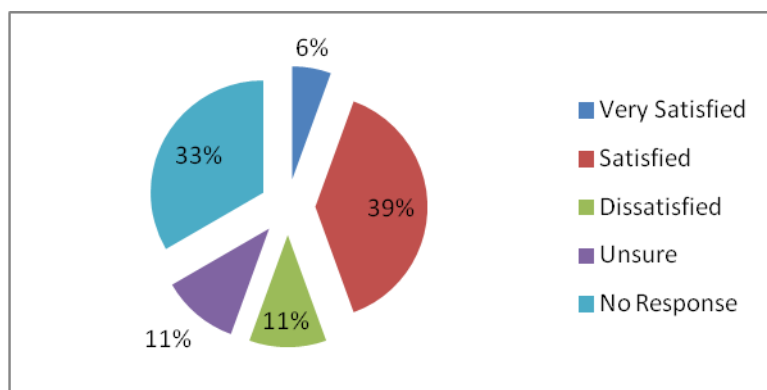


This key indicator measures staff satisfaction levels of the repair and maintenance of At Grade parking areas.

A target of greater than 50% of staff satisfied was set and was exceeded by 11%.

Key Performance Indicator 2.2(d):

Satisfaction levels at the repair and maintenance of At Grade parking areas at QEIMC for visitors (including patients).



This key indicator measures visitor (including patients) satisfaction levels of the repair and maintenance of At Grade parking areas.

A target of greater than 50% of visitors satisfied was set and the survey results show that only 45% of visitors reported being satisfied. The extensive building works on site may have contributed to the lower than expected result.

Key Performance Indicator 2.3

Provision of a safe and secure environment on the QEIMC

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

As at 30 June 2014, QEII Medical Centre had a total of 4,652 parking bays (3,440 staff and 1,212 visitors).

Key Effectiveness Indicators

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

	2013/14	2012/13	2011/12
Percentage of vehicles stolen in comparison to the number of car parking bays	0%	0.03%	0%

Key Efficiency Indicators

1 Administration costs as a % 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 fee paid under the Capella Parking Agreement.

Target: <50%

2013/14	
Administration cost as a percentage of total revenue	46.00%

2 Operating cost per hectare of common area

This indicator is to measure the cost of developing, controlling, managing the QEII Medical Centre site.

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.

Target: < \$500,000 per hectare of common area

2013/14	
Operating cost per hectare of common area	\$463,746

3 Maintenance cost per hectare of common area

This indicator is to measure the cost of maintenance and repairs of site facilities including roads, paths, car parks, lighting and gardens and grounds around the QEII Medical Centre

Target: < \$200,000 per hectare of common area

2013/14	
Maintenance cost per hectare of common area	\$189,884

4 Operating cost per gross floor area of tenant premises

This indicator is another measure of the cost of developing, controlling, managing the QEII Medical Centre site.

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.

Target: < \$12.00 per square metre.

	2013/14
Operating cost per gross floor area (square metre) of tenant premises	\$9.99

Note:

This is the first year of these KPIs where continuing targets will be informed by continuing and ongoing performance.

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

Ministerial Directions

There were no Ministerial Directives in 2013/14.

Capital Works

No material capital works funded by the QEIIMC Trust were undertaken in 2013/14 other than restoration of the Aberdare Road Water Cooperation Basin.

Employment and Industrial Relations

The QEIIMC Trust does not employ any staff. Staff engaged on QEIIMC Trust related activities are employees of North Metropolitan Health Service.

Staff Development

The QEIIMC Trust does not employ any staff. Staff engaged on the QEIIMC Trust related activities are employees of North Metropolitan Health Service.

Workers Compensation

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

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 QEII MC 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 QEII Medical Centre Trust relies upon the Delegate to achieve the disability access and inclusion plan outcomes.

However the QEII Medical Centre 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 QEII Medical Centre Trust's area of responsibility include:

- Provision of ample designated parking bays for ACROD permit holders in the multi-deck car park and at various other locations around the site for people experiencing difficulty walking long distances.
- Provision of a site buggy service for people experiencing difficulty walking long distances.
- Continuous improvements throughout the QEII Medical Centre for easier and safer access for all.
- The QEII Medical Centre website has been designed to assist those who are visually impaired with alternative formats.
- A QEII Medical Centre Guide has been designed to assist people with disability and is available in hard and electronic copy.
- ACROD parking maps are available in hard and electronic copies.
- Ongoing training as to how to assist people with disabilities has been provided to the QEII Medical Centre 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 QEII Master Plan, Landscape Master Plan and the Urban Design Guidelines.

Compliance with Public Sector Standards and ethical codes

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

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

Recordkeeping Plans

In the past the QEII Medical Centre 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 the North Metropolitan Health Service as the Trust's Delegate. Appropriate record management systems and processes are now being developed.

The QEII Medical Centre Trust's archival records are held onsite and this area is accessible to authorised staff only. All records are stored in a secured environment.

Government Policy Requirements

Occupational Safety, Health and Injury Management

The QEII Medical Centre Trust does not employ any staff. Staff engaged on QEII Medical Centre Trust's related activities are employees of the North Metropolitan Health Service.

Australian Neuromuscular Research Institute
4th Floor, A Block
Hospital Avenue
Nedlands WA 6009

Keogh Institute for Medical Research
3rd Floor, A Block
Hospital Avenue
Nedlands WA 6009

Lions Hearing Clinic
3rd Floor, A Block
Hospital Avenue
Nedlands WA 6009

Lung Institute of Western Australia
Ground Floor, E Block
Hospital Avenue
Nedlands WA 6009

Oral Health Centre of WA
Ground Floor, E Block
Hospital Avenue
Nedlands WA 6009

Sir Charles Gairdner Hospital
Hospital Avenue
Nedlands WA 6009

St John Ambulance
Nedlands Depot
Hospital Avenue
Nedlands WA 6009

WA Sleep Disorders Research Institute
5th Floor, G Block
Hospital Avenue
Nedlands WA 6009

SCGH Auxiliary
Ground Floor, E & G Block
Hospital Avenue
Nedlands WA 6009

Charlies Garden Coffee Lounge
Ground Floor, E Block
Hospital Avenue
Nedlands WA 6009

Sushi Bar
Ground Floor, E Block
Hospital Avenue
Nedlands WA 6009

Crawford Lodge
55 Monash Avenue
Nedlands WA 6009

Lions Optic
Ground Floor, A Block
Hospital Avenue
Nedlands 6009

Lions Eye Institute
AA Block
W Verdun Street
Nedlands WA 6009

The Niche
11 Aberdare Road
Nedlands WA 6009

Pathwest
J Block
Hospital Avenue
Nedlands WA 6009

State Head Injuries Unit
Ground Floor, E Block
Hospital Avenue
Nedlands WA 6009

UWA (Faculty of Medicine & Dentistry)
N Block
Caladenia Crescent
Nedlands WA 6009

WA Heart Research Institute
R Block
Verdun Street
Nedlands WA 6009

April's Flowers
Ground Floor, G Block
Hospital Avenue
Nedlands WA 6009

Hair at Charlies
Ground Floor, E Block
Hospital Avenue
Nedlands WA 6009

Medical Centre Chemist
Ground Floor, E Block
Hospital Avenue
Nedlands WA 6009