

Department of Health

# 2012–13 Annual Report

Great state. Great opportunity.



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## For more information

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An electronic version of this document is available at [www.health.qld.gov.au/about\\_qhealth/annual-report](http://www.health.qld.gov.au/about_qhealth/annual-report)

Additional information on consultancies, overseas travel and the Queensland Multicultural Policy has been published on the Queensland Government Open Data website ([qld.gov.au/data](http://qld.gov.au/data))



### Interpreter service statement

The Queensland Government is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding the annual report, you can contact us on (07) 3234 0111 and we will arrange an interpreter to effectively communicate the report to you.

## Letter of compliance

17 September 2013

The Honourable Lawrence Springborg MP  
Minister for Health  
Member for Southern Downs  
Level 19, 147–163 Charlotte Street  
Brisbane Qld 4000

Dear Minister

I am pleased to present the Annual report 2012–13 and financial statements for the Department of Health.

I certify that this annual report complies with:

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

A checklist outlining the annual reporting requirements can be found on page 147 of this annual report or accessed at [www.premiers.qld.gov.au/publications/categories/guides/annual-report-guidelines.aspx](http://www.premiers.qld.gov.au/publications/categories/guides/annual-report-guidelines.aspx).

Yours sincerely

Dr Michael Cleary  
Acting Director-General

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# Every day in Queensland Health...

## Non-admitted patient services in public hospitals

**4735** emergency services are provided for non-admitted patients in acute public hospitals.

**30,007** non-admitted patient services are provided in acute public hospitals.

## Admitted patient services in public hospitals

**1403** people receive same day admitted care in acute public hospitals.

**8554** people receive admitted care in acute public hospitals.

## Maternity services

**123** babies are born in acute public hospitals.

## 13 HEALTH (13 43 25 84)

**859** callers receive information and clinical advice from qualified nurses.

## Breast cancer screening

**638** women are screened for breast cancer.

## Dental

**1819** adult dental appointments are provided.

**1640** child and adolescent dental appointments are provided.

**676** children and adolescents complete dental treatment.

## Year in review

From 1 July 2012, Queensland's public healthcare sector underwent the most significant structural change in its 112 year history. In recent years, it had become increasingly large and centralised. Post health reform, Queensland Health comprises a smaller Department of Health and 17 independent Hospital and Health Services (HHSs). Each HHS is managed by a Hospital and Health Board (HHB) responsible for the delivery of healthcare to their local community.

The *Blueprint for better healthcare in Queensland* was published in February 2013 and outlines structural and cultural improvements to establish Queensland as the leader in Australian healthcare. It marks a significant step towards ensuring Queensland is the pace-setter for value-for-money, performance and delivery. The Queensland Health Renewal Taskforce assisted the Minister for Health in the development of the blueprint.

This reorganisation, and the blueprint's focus on health outcomes rather than inputs, has resulted in significant improvements to health service delivery and a more efficient and cost-effective system overall. Frontline health services are now managed at a local level and are more responsive to the needs of the local community.

Placing the control of health service delivery in the hands of boards has allowed health services to be delivered within budget—a surplus was recorded in 2012–13 for the second year in a row. These budget surpluses are being reinvested to ensure health services are responsive to the needs of the community. These surpluses have been delivered in an environment of rising demand for health services and increased need for financial responsibility across the Queensland Government.

To accommodate an increasing demand for services, a significant investment has been made by the department to support HHSs to implement a range of clinical redesign projects. This has enabled hospital services to become more efficient and better armed to meet the standards set under the national health reform agenda for emergency department access and elective surgery waiting lists. Queensland has delivered its best-ever performance for emergency departments—a reduction of around two hours per patient—and the shortest median waiting times for elective surgery in Australia. Due to the increased efficiencies of our hospitals, we are able to deliver more services to more patients with the same, or reduced, resources.

In addition, in cooperation with the Queensland Ambulance Service (QAS), the practice of placing hospital emergency departments on bypass has been eliminated. In March 2013, 88 per cent of all patients taken to hospital by an ambulance were transferred to a bed inside the emergency department within 30 minutes of arrival—an improvement of nine per cent since March 2012. This has been achieved, in part, because our emergency departments are operating far more efficiently. By transferring patients into a ward sooner, we are able to improve patient safety and free up emergency beds for new patients arriving by ambulance.

This year also saw the introduction of a more open system of reporting hospital performance. Hospital performance data on the Queensland Health website ([www.health.qld.gov.au](http://www.health.qld.gov.au)) was expanded to cover detailed statistics from 40 reporting hospitals. In addition, the first quarterly performance reports were published in local newspapers. These reports compare the performance of HHSs against six key statewide measures:

1. Shorter stays in emergency departments.
2. Shorter waits for elective surgery.
3. Shorter waits for specialist outpatient clinics.
4. Increased support for families with newborns.
5. Fewer hospital acquired infections.
6. Better value-for-money.

Publishing this data in a form that can be easily accessed and understood has helped Queenslanders to better understand and compare the performance of their local health services.

This financial year has also seen continued investment in capital works projects ensuring the public healthcare sector remains capable of providing the high level of care expected by Queenslanders—even in the face of the major challenges of an expanding and ageing population and an increasing demand for health services.

Some of the major projects completed in 2012–13 include:

- Robina Hospital Expansion (July 2012)
- Croydon Primary Health Care Centre and Staff Accommodation (August 2012)
- Redland Hospital Emergency Department (September 2012)
- Townsville Hospital Neo-natal Intensive Care Unit (October 2012)
- Mackay Base Hospital Redevelopment—Stage 2 (November 2012)
- The Prince Charles Hospital Paediatric Emergency Services (November 2012)
- Maryborough Hospital Rehabilitation Services (December 2012)
- Bayside Mental Health Community Care Unit (January 2013)
- Caboolture Hospital Paediatric Emergency Services (February 2013)
- Mount Isa Regional Cancer Centre (March 2013)
- Caloundra Hospital Department of Emergency Medicine Upgrade (March 2013)
- Rockhampton Hospital Expansion—Stage 1 (March 2013)
- Injune and Surat Longer Stay Older Persons Multipurpose Health Centre Upgrades (March 2013)
- Logan Hospital Paediatric and Medical Outpatient Upgrade (May 2013)
- Mount Isa Health Campus Redevelopment—Stage 2 (June 2013).

Meanwhile, the establishment of the department's Contestability Branch has seen an increased emphasis on developing partnerships with the private and not-for-profit sectors for investigation of alternative service delivery models that deliver value-for-money, innovation and improved services. The Department of Health is regarded across government and industry as a leader in implementing contestability reforms. As a result, the Public Service Commission has asked the department to lead the implementation of contestability reforms for whole-of-government corporate services.

There have also been major improvements to the Queensland Health Payroll System during the last 12 months, including a significant reduction in the instances of incorrect payments to staff. A change to the pay date in October 2012 means there is now more time to submit, approve and process payroll forms for each roster period. Progress was also made on recovering outstanding overpayments and preparations were put in place for the introduction of automated recovery of new overpayments (commencing July 2013). The department also commenced the implementation of an online payroll information system to allow staff to access payslips, payment summaries and overpayment records as well as lodge and track payroll enquiries electronically.

In 2012–13, Queensland was again significantly impacted by natural disasters. Severe flooding caused by Ex-Tropical Cyclone Oswald required the evacuation of 125 patients from Bundaberg Hospital to seven hospitals around the state. As part of the coordinated Queensland Government response, the department activated the State Health Emergency Coordination Centre to tackle the immediate health issues, and collaborated with HHSs on the subsequent recovery efforts, including expanded mental health support for those adversely impacted by flooding.

While the establishment of HHSs and HHBs has significantly increased the level of engagement health services have with their local communities, increased efforts have also been made to explore innovative new ways of engaging with Queenslanders. Expanded use of social media has enabled greater direct interaction with healthcare consumers on a range of health topics. The development of smart phone applications, such as the *Sun Effects Booth*, has opened new channels of communication to allow important messages about sun safety to reach younger people. Taking advantage of these new and exciting ways of delivering health messages to Queenslanders is going to take on greater significance in the future and we are working hard to make sure we deliver those messages in a way that is relevant and engaging to all people.

After a period of significant change, the department is emerging as an efficient, accountable, responsive and innovative organisation that is ready to meet the healthcare needs of the community. While the change process has, at times, been difficult, the dedication of our staff to providing a world-class health service has never been in question. I am confident the reforms we have implemented will provide the kind of public healthcare sector that Queenslanders expect and deserve.

Dr Michael Cleary  
Acting Director-General  
Queensland Health

## Mandate

The Department of Health was established in 1901 and, until 1 July 2012, was responsible for management, administration and delivery of public health services in Queensland.

Enactment of the *Hospital and Health Boards Act 2011* from 1 July 2012 resulted in the establishment of 17 HHSs—-independent statutory bodies, each governed by its own professional HHB and managed by a Health Service Chief Executive (HSCE) with responsibility for the delivery of public health services in their local area.

This change to the health system strengthens local decision-making and accountability, consumer and community engagement, and clinician engagement.

The role of the department is to:

- manage, guide and coordinate the healthcare system through policy and regulation
- manage statewide planning, industrial relations and major capital works
- purchase health services
- monitor the performance of individual HHSs and the system as a whole
- collate and validate statewide performance data and provide performance and other data to the Australian Government
- issue binding health service directives
- employ departmental staff and non-prescribed HHS staff
- own land and buildings and enter into occupancy agreements with the HHSs, prior to proposed devolution to HHSs.

The functions of the department have been realigned under three divisions (Health Service and Clinical Innovation, System and Policy Performance, and System Support Services) and two commercialised business units (Health Services Information Agency and Health Services Support Agency)—all overseen by the Office of the Director-General.

Significant staff changes occurred as part of this realignment. During 2012–13, there was a reduction of 1432 full-time employees through voluntary redundancies, retrenchments, end of temporary contracts and natural attrition. A further 639 full-time employees transferred to HHSs.

The new departmental structure has resulted in a leaner organisation compared to the former corporate office, consistent with returning the management and delivery of health services to local communities.

## **Our vision**

Quality healthcare that Queenslanders value.

## **Our purpose**

To provide leadership and direction for the public healthcare sector, and create an environment that encourages innovation and improvement in the delivery of health services.

## **Our values**

The Department of Health aligns to the Queensland public service values outlined in the code of conduct:

- integrity and impartiality
- promoting the public good
- commitment to the system of government
- accountability and transparency.

## Strategic direction

The *Blueprint for better healthcare in Queensland* has four principal themes:

**1. Health services focused on patients and people.**

Our healthcare system provides the best services, at the best time and in the best place, and patients and people are at the centre of all we do. We are committed to making the healthcare system less complicated and more accessible for all Queenslanders including those in rural and remote communities.

**2. Empowering the community and our health workforce.**

We are committed to empowering local communities and healthcare professionals to make decisions about local healthcare needs. By improving collaboration with non-government providers, we will maximise the value of our health investment. Through greater transparency in the reporting of hospital performance, we promote public confidence in the health system. A more flexible workforce supports local healthcare decision-making, improved patient access and quality service delivery.

**3. Providing Queenslanders with value in health services.**

Queenslanders expect that money provided for healthcare is spent wisely. By investing in public, private and not-for-profit partnerships, we will improve the healthcare system to meet the needs and choices of all Queenslanders. A focus on outcomes rather than inputs will provide a more accurate measure of performance. Exposing public sector health services to contestability will drive innovation and new measures for financial accountability will improve performance and reduce waste.

**4. Investing, innovating and planning for the future.**

A lasting commitment to collaborative effort and improvement will provide Queenslanders with a world-class healthcare system. By simplifying the employment and industrial relations environment and providing access to flexible opportunities for employment, we can build a highly-skilled, capable and sustainable workforce for the future. By exploring new opportunities to promote and review infrastructure investment, we can ensure we have the facilities to support the future delivery of innovative clinical services for Queenslanders.

## Highlights for 2012–13

### The road ahead—continuing the reform process

In 2012–13, the major reform process that was started in 2011–12 continued with the establishment of 17 HHSs as statutory bodies on 1 July 2012 and the launch of the *Blueprint for better healthcare in Queensland* in February 2013. The blueprint outlines the government's direction to ensure Queensland is a pace-setter for value-for-money, performance and delivery.

Other major reform activities included:

- establishment of robust governance and compliance systems for HHSs as statutory bodies
- establishment of a Contestability Branch to lead and coordinate contestability reforms
- restructure of corporate office to support HHSs in the delivery of health services
- planning for the transfer of the employer function to HHSs
- planning for the transfer of ownership of land and buildings to HHSs
- renewal of the membership of HHBs
- implementation of the National Activity Based Funding (ABF) Model for 2013–14, service agreements and successful negotiation and execution of service agreements between the department and the HHSs.

### Fraud risk management

The department has continued to strengthen and improve its fraud and risk control measures, including implementing all of the recommendations of the Auditor-General's *Report to Parliament 9—Fraud risk management*.

During 2012–13, a Fraud risk and control improvement project educated staff about the department's zero tolerance approach to fraud, misconduct and corruption. The project delivered a:

- Fraud Control Policy
- Implementation Standard for Fraud Control Governance, Prevention, Detection and Response
- Guide to Fraud and Corruption Control
- centralised fraud risk register
- comprehensive fraud risk assessment
- fraud awareness training program
- integrated fraud control education program
- increased employee fraud awareness during February–March 2013 with the fraud awareness month activities.

To continue a focus on fraud control, a Fraud and Corruption Working Group chaired by the chief governance officer, was established with membership from across the department.

## **Payroll and Rostering System**

Ongoing improvement of the payroll and roosting system continued to impact budget allocation in 2012–13. The department continued to operate, maintain and enhance the roosting and payroll environment to improve the pay outcomes for Queensland Health staff, reduce the level of fortnightly overpayments and reduce recurrent operational payroll costs.

Key initiatives commenced to address the recommendations from the independent review of the payroll system which was tabled in Parliament on 6 June 2012 include:

- moving the staff pay date by one week to enable more time to submit, approve and process payroll forms
- progressive rollout of the online Payroll Self Service since October 2012
- Payroll Program Board established to oversee payroll and workforce management projects
- a workforce transformation project focused on identifying potential future payroll operating and service delivery models
- payroll forms lodgement campaign to encourage timely submission
- recovery of overpayments
- progressive introduction of automated recovery of any new overpayments from July 2013.

More than 630 payroll system information sessions kept staff informed about progress with improvements to the Queensland Health Payroll System and to resolve any disputes or issues with overpayments experienced by staff.

The department also assisted the Commission of Inquiry into the implementation of the Queensland Health Payroll System, which commenced on 1 February 2013. Both current and former staff provided evidence.

## **Finding efficiencies**

The department initiated a number of strategies to reduce costs and increase efficiency, including:

- implementing a series of clinical service redesign projects in hospitals around the state to streamline processes in emergency departments
- continuing the Health Practitioner Models of Care project to explore how allied health professionals can decrease patient waiting time and improve patient satisfaction and outcomes
- implementing the Surgery Connect Program to reduce pressure on elective surgery waiting lists
- partnering with private dental providers to reduce public dental waiting lists

- expanding Hospital in the Home to increase the delivery of hospital services to people in their own homes
- implementing a series of waste cutting initiatives, including realising around \$169 million in cost savings on the purchase of clinical products by Queensland public hospitals.

## Better healthcare

The department implemented a number of initiatives to improve the health of Queenslanders, including:

- commencement of the Enhanced Maternal and Child Health Service Initiative
- development of statewide health service strategies for diabetes and intensive care services and rural and remote health services
- completing the Queensland Bedside Audit to support HHSs improve patient safety and care
- investments in health infrastructure totalling more than \$1.6 billion
- expansion of the Telehealth network to provide better care to people in rural and remote communities
- eliminating hospital bypass and improving patient-off-stretcher-time
- implementing the Healthy Hearing Program to screen more than 99 per cent of all children
- developing health campaigns to help Queenslanders make healthy choices:
  - *E.N.D. H.I.V.*
  - *Young women and smoking*
  - *Get healthy*
  - *Defend against Dengue*
  - Workplace Quit Smoking Program.
- improving engagement with clinicians through the Queensland Clinical Senate and 18 clinical advisory networks
- implementing a range of eHealth solutions to support the increasingly sophisticated demands of a modern healthcare system
- preparations for the establishment of the Queensland Mental Health Commission on 1 July 2013.

## Closing the Gap

The department implemented a number of strategies and initiatives to help close the gap in health outcomes for Indigenous Queenslanders, including:

- publishing the Indigenous Health Policy and associated plans

- opening the Southern Queensland Centre of Excellence for Indigenous Primary Health Care in Inala to provide best practice health services, training of health professionals and service delivery research
- implementing the *Young women and smoking* campaign aimed at young Indigenous women living in rural and remote locations
- implementing the Indigenous Respiratory Outreach Care Program
- implementing an Indigenous Cardiac Outreach Program to service 28 rural and remote sites across northern Queensland
- implementing expanded respiratory services for rural and remote communities and a statewide spirometry training program for Indigenous health workers
- establishing 17 new multidisciplinary care teams in Aboriginal and Torres Strait Islander Community Controlled Health Services in high demand locations
- establishing the Regional Indigenous Youth Alcohol and Other Drugs Treatment Network in Brisbane, Gold Coast, Cherbourg, Rockhampton, Mount Isa, Townsville and Cairns
- implementing programs under the National Partnership Agreement on Indigenous Early Childhood Development
- implementing programs under the Project Agreement for Improving Ear Health Services for Indigenous Australian Children
- implementing programs under the Project Agreement on Improving Trachoma Control Services for Indigenous Australians
- providing three Drover Mobile Dental Clinics and mobile dental equipment to deliver improved dental services to Indigenous Australians in Cherbourg, the Torres Strait and Cape York, and surrounding communities in Queensland
- implementing an *Aboriginal and Torres Strait Islander Workforce Strategy* to position Queensland Health as a responsive employer of Aboriginal and Torres Strait Islander people
- launching a proactive Quitline quit smoking support program for Aboriginal and Torres Strait Islander clients.

## Enabling technologies

The department received the 2012 Queensland iAwards merit award for its statewide patient information viewing solution (The Viewer/Clinical Data Repository). The application, which gives Queensland Health clinicians faster access to patient information in one place, received the award for developing an innovative information and communications technology (ICT) solution that supports a broad spectrum of services and activities delivered by healthcare professionals.

The department also implemented a number of eHealth, and ICT projects to support the increasingly sophisticated demands of a modern healthcare system, including:

- an emergency department information system to record patient treatment details
- a teleradiology network providing specialised digital radiology services

- an operating room management system to assist with effective theatre management
- an automated anaesthetic record keeping solution to capture vital signs data for patients in operating theatres
- an endoscopy information solution that reports diagnostic treatment and follow-up information
- a statewide patient discharge summary system that delivers discharge information to general practitioners (GPs) to support the continuity of care
- a digital breast screening solution that has resulted in a reduction of technical recall rates due to the replacement of chemical film processing
- a schools oral health information system
- a mental health application that provides detailed patient mental health information to authorised clinicians and administration staff
- a testing phase for an integrated electronic medical record (ieMR)
- expansion of the Telehealth network
- expansion of the number of medical imaging facilities with access to teleradiology reporting
- exploring the use of mobile technology solutions.

In addition, the Queensland Government Chief Information Office undertook a whole-of-government ICT audit, with a focus on identifying savings and waste, risks and issues, and performance and accountability. A review of the Health Services Information Agency was completed in April 2013 and the agency is working to implement the six recommendations.

# Department of Health structure

## Health Service and Clinical Innovation

Health Service and Clinical Innovation (HSCI) delivers statewide clinical support and coordination functions to assist HHSs. HSCI has three branches and four professional offices:

- Office of the Deputy Director-General
- Chief Health Officer Branch
- Mental Health, Alcohol and Other Drugs Branch
- Health Systems Innovation Branch
- Nursing and Midwifery Office
- Office of the Chief Dental Officer
- Office of the Chief Allied Health Officer
- Office of the Principal Medical Officer.

HSCI is responsible for:

- statutory functions related to public health, private health licensing and mental health, as required under relevant legislation
- statewide coordination of regulatory and other interventions to address potential harm or illness caused by exposure to environmental hazards, diseases or harmful practices, including disease surveillance, prevention and control
- statewide coordination and monitoring of interventions and oversight of service quality in relation to alcohol and other drugs as well as mental health
- advice and support services to maximise patient safety outcomes, and clinical process improvement to help resolve and improve patient access to care across Queensland and improve the efficiency and performance of the health system
- provision of statistical information to enable decision-making, clinical improvement, monitoring and evaluation of health services, and for reporting against national agreements and other requirements
- development of strategies to meet future clinician workforce challenges
- provision of advice and coordination, workforce development and support—including education and training—and performance and productivity monitoring, for nursing, medical, allied health and dental professions
- setting system-wide preventive health program objectives and targets in line with government policy direction, epidemiological information for statewide planning and public health data management, cancer screening strategies, policies and standards, and leadership and direction for health and medical research.

HSCI also delivers the following statewide services:

- aeromedical coordination and retrieval capability
- clinical and operational leadership and governance for specialised and contracted retrieval services and aeromedical transport providers
- counter disaster and mass events coordination and response
- statewide management of organ and tissue donation, and blood supply.

## **Health Services Information Agency**

The Health Services Information Agency (HSIA) coordinates the operation of information systems and technologies for the department and HHSs.

HSIA is responsible for:

- ICT strategies, policy, governance and architecture, including standards
- access to major information systems, such as desktop computers, laptops, personal computing devices, mobile devices and telephones
- shared (enterprise) infrastructure, applications and services
- ICT procurement and strategic sourcing
- information management policy and standards
- eHealth strategy and solution delivery, including compliance with the national eHealth agenda and whole-of-government direction.

## **Health Services Support Agency**

The Health Services Support Agency (HSSA) provides forensic, scientific, diagnostic and therapeutic services to support HHSs in achieving efficiency, improved patient flow, access and patient safety. HSSA manages 13 HEALTH (13 43 25 84), which provides Queenslanders access to health advice 24 hours a day, seven days a week.

HSSA is progressively commercialising its operations, establishing fully costed charges for the goods and services it provides, and is adopting other features of the commercial environment. The introduction of contestability is a key strategy for HSSA to improve health service delivery outcomes. Contestability is a process of conducting business reviews to compare current HSSA service delivery to alternative operational models and to recommend future service delivery models. Contestability assessments of HSSA services are progressing with a preliminary business case completed for Central Pharmacy.

HSSA is responsible for:

- Diagnostic and Scientific Services: Pathology Queensland, Forensic and Scientific Services (FSS), and Laboratory Information Systems and Solutions
- Procurement Logistics and Health Technology: Biomedical Technology Services, Group Linen Services, and Procurement Logistics and Contracts

- Clinical Support Services: Radiology Support, Healthy Hearing Program, Health Contact Centre and Medication Services Queensland
- Business and Commercial Support Portfolio: Finance, ICT Portfolio, and Human Resources (HR) and Business Support.

## **Office of the Director-General**

The Office of the Director-General (ODG) provides support and advice to the Director-General and Minister for Health through the strategic coordination of departmental activities. ODG facilitates intra- and inter-governmental partnerships and communication, and delivery of statewide marketing and media campaigns.

ODG contains the following units:

- Cabinet and Parliamentary Services Unit. This unit manages the provision of strategic services to the Office of the Minister for Health, provides high-level strategic policy advice on Cabinet and executive government issues, and coordinates whole-of-government reporting.
- Departmental Liaison and Executive Support Unit (comprising Senior Departmental Liaison Office, Departmental Liaison Office, and Executive Support Services). This unit manages the flow of information to and from other government departments and statutory bodies, and manages incoming patient and customer feedback on behalf of the department and the Minister.
- Marketing and Online Communication Unit. This unit develops and manages statewide marketing and communication campaigns and strategies, manages the department's brand, develops and manages online services and provides graphic design services.
- Media and Communication Unit. This unit develops standards, guidelines and plans, and delivers media and communication strategies. It manages enquiries, provides strategic advice to the Minister, Director-General and other agency leads and provides stakeholder engagement and communication services.
- Secretariat Services (providing secretariat services to the department's Executive Management Team (EMT), Australian Health Ministers' Advisory Council, Australian Health Workforce Ministerial Council, Standing Council on Health, Community Care and Population Health Principal Committee and Estimates Committee). This unit provides secretariat services to key decision-making bodies within the health system, represents the department's interest on a state and national level, and manages engagement and relationships to facilitate inter- and intra-governmental relations.

## System Policy and Performance

System Policy and Performance (SPP) leads high-level strategic and policy development, plans and forecasts health services for the Queensland population, acts as purchaser of health services on behalf of the state, and monitors and manages performance according to the purchasing model and service agreements.

SPP also provides leadership and strategic advice on Aboriginal and Torres Strait Islander health and supports the statutory agencies within the health portfolio.

SPP is responsible for:

- development, review and updating of portfolio legislation and regulations
- data analysis and research to support health service planning
- statewide health service planning and support HHS with local service planning
- strategic planning and policy development
- integrated planning frameworks
- introduction of an activity based funding model and national efficient price for services
- healthcare purchasing and development/execution of service agreements between the department and HHSs
- performance monitoring and management of HHSs
- development of the department's state budget submissions and contribution to the state budget papers
- support of statutory agencies within the health portfolio
- coordination of policy, planning, investment and monitoring of Aboriginal and Torres Strait Islander health initiatives.

## System Support Services

System Support Services (SSS) is responsible for major corporate functions, including financial, legal and HR services. It administers the infrastructure program and has oversight of key governance functions, such as risk, audit, right to information, privacy ethical standards, and service procurement and contract management. Additionally, through the Contestability Branch, the division provides strategic oversight and coordination on contestability reforms which are the basis for improving operational efficiencies across Queensland Health.

SSS is responsible for:

- Finance Branch—supports Queensland Health in the delivery of efficient and quality health services. This is achieved through effective partnering with the HHSs, enabling compliance, financial service delivery and reporting, and strategic financial policy, strong governance frameworks and business advice.
- Legal Branch—provides legal services to the Minister, Director-General, deputy directors-generals and other senior officers.

- Human Resource Services Branch—provides statewide support, including enterprise bargaining and industrial relations functions.
- Health Infrastructure Branch—leads and coordinates statewide health service infrastructure and ensures the life of built assets is maximised. The branch works with HHSs, other government agencies and key stakeholders on service and infrastructure planning and delivery.
- Governance Branch—develops and implements risk mitigation strategies and frameworks, internal audit, right to information, privacy, ethical standards, and service procurement and contract management.
- Contestability Branch—provides strategic oversight and coordination of contestability reforms which are the basis for improving operational efficiencies and ensuring value-for-money in the delivery of healthcare services. It provides assistance to the department and HHSs through the development of policy and operational frameworks, as well as high-level expertise in the engagement of industry in innovative and sustainable contracting models.

## Overview of organisational changes

### Health Service and Clinical Innovation

HSCI's role in the following services discontinued in 2012–13 when they were transitioned to HHSs:

- public health units
- dental workshop
- organ and tissue donation
- Queensland Tuberculosis Control Centre
- victim support services
- BreastScreen vans and radiography relief pool.

### Health Services Support Agency

HSSA's role in the following services discontinued in 2012–13 when they were transferred to HSCI and HHSs:

- the management of blood and blood products
- Telehealth
- pharmacist continuing education program
- provision of pharmacist and radiography relievers.

Of the notable appointments, Helen Little became General Manager, Michael Kelly became Chief Finance Officer, Malcolm Burchett became Chief Operating Officer and Matt Mazotta became Chief Procurement Officer. The role of Senior Director, Business Services has been replaced with an Executive Director, People, Change and Communications. The HSSA Advisory Board, chaired by Professor Gary Sturgess, was established to provide advice to Kathy Byrne, Chief Executive, HSSA. Membership includes five HHB members, three HHS executive members and one independent member.

### Office of the Director-General

In mid-2012, ODG implemented an organisational restructure, in line with the department's commitment to drive cost efficiency. The restructure resulted in the transfer of the Ethical Standards Unit, and Assurance and Risk Advisory Services to SSS.

### System Policy and Performance

SPP was created from work units, or parts thereof, that were previously located across three divisions: Policy, Strategy and Resourcing; Performance and Accountability and Health Planning; and Infrastructure Division. Philip Davies was appointed Deputy Director-General on 27 May 2013.

## **System Support Services**

SSS brought together three previous divisions: Human Resource Services (including Payroll Portfolio Office); Finance, Procurement and Legal Services; and elements of Health Planning and Infrastructure Division. It also incorporated units from the former ODG, Performance and Accountability Division and Policy, Strategy and Resourcing Division. The former Health Services Purchasing and Logistics Branch, excluding Community Services Unit and Strategic Procurement Unit, was transferred to HSSA.

Following the initial establishment of SSS, the division underwent further structural changes with the transitioning of the shared services to other divisions. Supply Services was transferred from SSS to HSSA and some areas of Recruitment Services and Finance Transactional Services were transferred to the HHSs. In addition, the Strategic Procurement team transitioned to HSSA in December 2012. The former Community Services Unit transitioned from the Finance Branch to the Governance Branch and was renamed the Funding and Contract Management Unit from 1 January 2013.

## **Machinery-of-government change**

The Queensland Health Shared Service Partner ceased existence on 27 July 2012 after the following changes: Supply Services and Linen Services transitioned to the HSSA from 1 July 2012; Finance Transactional Services transitioned to the Finance Branch within SSS from 27 July 2012 and Payroll and Establishment Services and Statewide Recruitment Services transitioned to Human Resource Services Branch within SSS from 27 July 2012.

## Financial highlights

Queensland Health is committed to creating dependable healthcare and better health for all Queenslanders. To achieve this, six major services are utilised to reflect the department's planning priorities. These services are: Prevention, promotion and protection; Primary health care; Ambulatory care; Acute care; Rehabilitation and extended care; and Integrated mental health services.

### How the money was spent

The department's major services and their relative share are shown in Figure 1.

Queensland Health achieved an operating surplus of \$14.1 million in 2012-13 while still delivering on agreed major services.

Queensland Health, through its risk management framework and financial management policies, is committed to minimising operational expenses and related liabilities. In addition, the department's risk of contingent liabilities resulting from health litigations is mitigated by its insurance with the Queensland Government Insurance Fund.

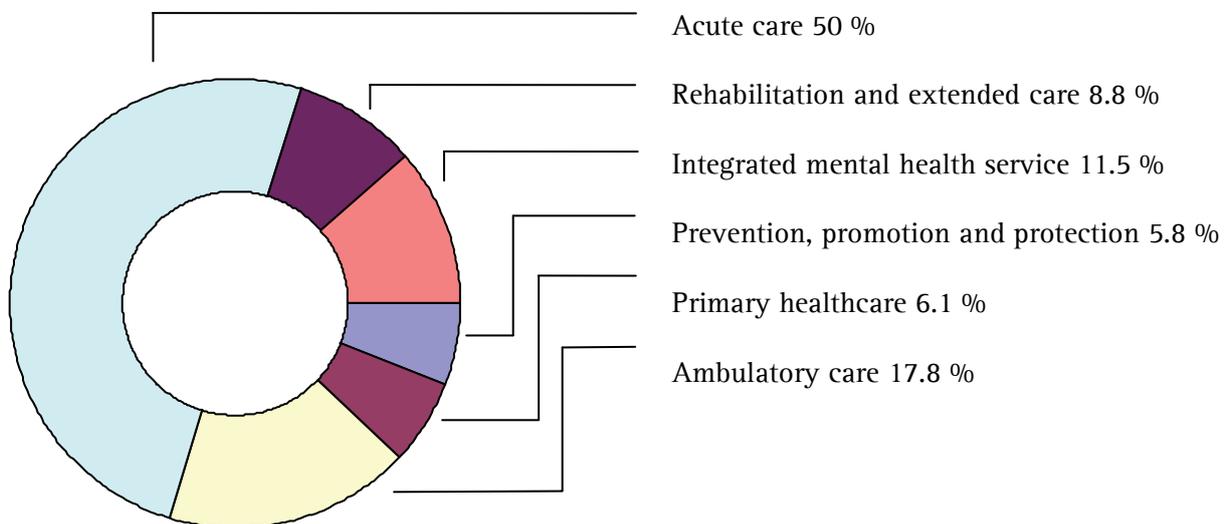


Figure 1: Expense by major services

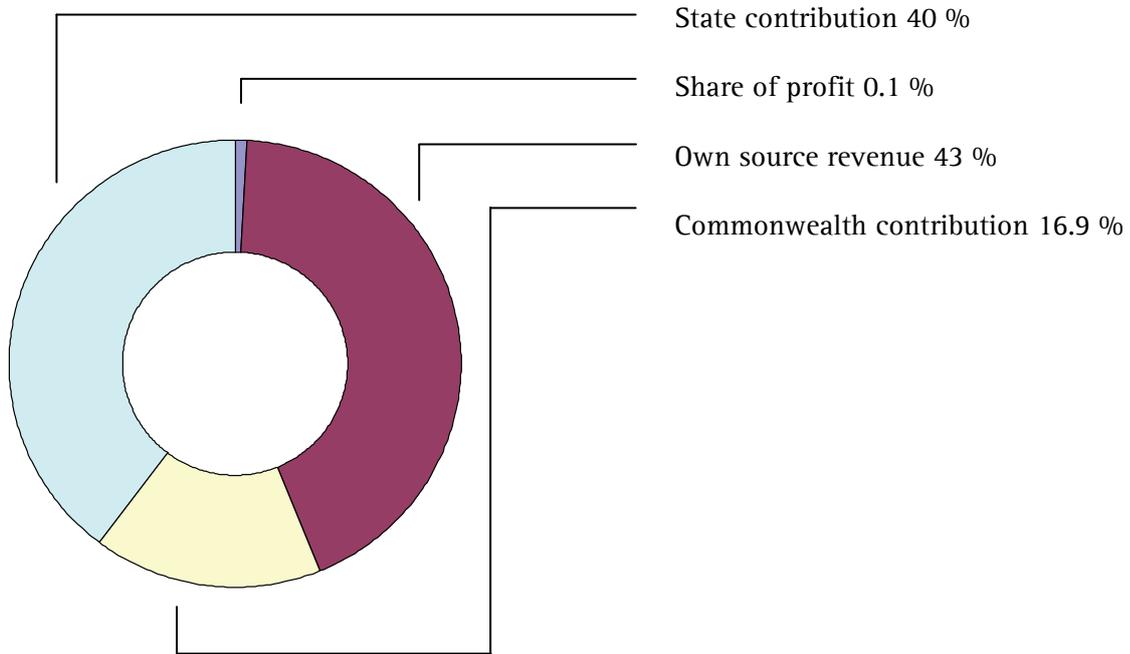


Figure 2: Revenue by funding source

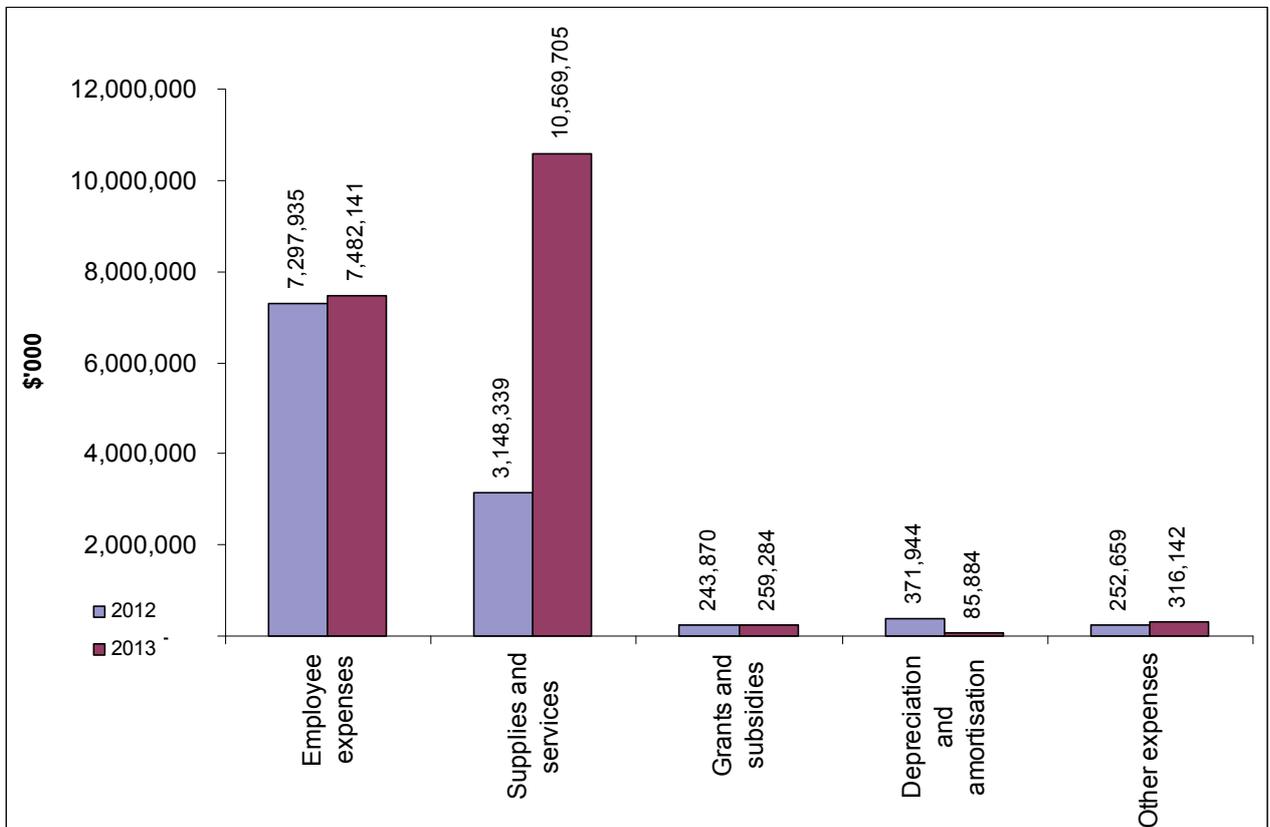


Figure 3: Expense two-year comparison

## Income

Queensland Health's income includes operating revenue and its share of profit in associates. The operating revenue is sourced from three areas:

- State contributions
- Commonwealth contributions and grants
- Own sourced revenue generated from user charges (including Right of Private Practice arrangements), grants and other revenue (including recoveries from Health and Hospital Services).

Figure 2 details the extent of these funding sources for 2012-2013.

Queensland Health's total gross income from continuing operations and share of profit in associates for 2012-13 was \$18.727 billion. This is inclusive of \$6.693 billion for labour recoveries from the HHSs. The \$18.727 billion includes a state contribution of \$7.495 billion (40 per cent), Australian Government contribution of \$3.157 billion (16.9 per cent), other revenue of \$8.062 billion (43 per cent) and share of profit in associates of \$0.014 billion (0.1 per cent).

Queensland Health's underlying revenue exclusive of labour recoveries and profits from associates was \$12.005 billion when compared to the 2012–13 budget of \$11.049 billion. The difference relates to a greater receipt of user charges and recoveries from HHSs for items such as drugs, pathology and blood products.

## Expenses

Total expenses for 2012–13 were \$18.713 billion. These are inclusive of HHS labour costs of \$6.693 billion. The underlying expenses of \$12.012 billion represent an increase of 6.2 per cent in comparison to the previous financial year. Figure 3 provides a comparison of expenses in 2011–12 and 2012–13.

The increase in expenses incurred includes:

- supplies and services—which reflects the revision of service procurement expenditure in 2012-13
- employee expenses—salary increases under the current enterprise bargaining agreement
- depreciation and amortisation—following trends over previous years
- other expenses—reflecting increase in insurance premiums.

Supplies and services for 2012-13 include labour recoveries revenue from HHSs. The increase in labour recoveries revenue largely relates to the change in accounting treatment from prior year upon the creation of HHSs. The department continues to be the employer of all health service employees (excluding persons appointed as a health executive). Employees are provided by the department to perform work for HHSs under a fee-for-service agreement. Under this agreement the department recovers all employee expenses and associated costs

from the HHSs. This arrangement has resulted in an increase in revenue and a corresponding increase in employee expenses.

## Comparison of actual financial results with budget

Queensland Health actual result in comparison to its budget as published in the State Budget Papers 2012-13 Service Delivery Statements are presented in Table 1 and Table 2 with accompanying notes.

**Table 1: Statement of comprehensive income for the year ended 30 June 2013**

	Notes	2012-13 actual	2012-13 budget	Variance
		\$000	\$000	%
<b>Income</b>				
Departmental services revenue	1	7,853,570	7,792,873	1%
User charges	2	1,396,834	473,357	195%
Labour recoveries	3	6,693,409	-	n/a
Grants and contributions		2,734,388	2,771,610	(1)%
Other revenue		32,815	11,194	193%
Gains		2,093	-	n/a
<b>Total income</b>		<b>18,713,109</b>	<b>11,049,034</b>	<b>69%</b>
<b>Expenses</b>				
Employee expenses	4	7,482,141	1,224,465	511%
Supplies and services	5	906,879	410,313	121%
Health Services	6	9,662,826	-	n/a
Grants and subsidies	7	259,284	9,197,675	(97)%
Depreciation and amortisation		85,884	95,102	(10)%
Impairment loss		13,487	-	n/a
Appropriation returned		120,453	-	n/a
Other expenses		182,202	121,479	50%
<b>Total expenses</b>		<b>18,713,156</b>	<b>11,049,034</b>	<b>69%</b>
Share of profit of associates	8	14,147	-	n/a
<b>Operating result from continuing operations</b>		<b>14,100</b>	<b>-</b>	<b>n/a</b>

### Notes:

- The increase in service revenue to budget is due to funding related to the public sector voluntary separation program, offset by a deferral of Commonwealth National Healthcare specific purpose payments operating funds as a result of a delay in the associated Capital Build.
- Variance to budget predominately relates to recoveries from HHSs for items such as drugs, pathology, ambulance and fixed wing, biotechnology services and blood and blood products. The variance can also be attributed to an increase greater than forecast revenue received from the Department of Veteran's Affairs, QComp and Motor Accident Insurance Commission and other reimbursements.
- The increase in labour recoveries revenue largely relates to the change in accounting treatment from prior years upon the creation of HHSs. The Department of Health continues to be the employer of all health service employees (excluding persons appointed as a Health Executive). Employees are provided by the department to perform work for the HHSs under a fee for service agreement. Under this agreement the

department recovers all employee expenses and associated costs from the HHSs. This arrangement has resulted in an increase in revenue and a corresponding increase in employee expenses. This change in accounting treatment has not been reflected in the 2012–13 budget.

4. Refer to point 3 above. The increase in employee expenses above budget predominately relates to salaries associated with employees contracted to HHSs and the cost associated with the government's voluntary separation process.
5. The increase in supplies and services expenses compared to budget is due to a change in accounting treatment for payments to HHSs. Refer to point 2 above
6. The increase in actuals compared to budget is a result of a change in accounting treatment for funding payments to HHSs reclassified from grants to supplies and services.
7. Refer point 6 above. The decrease in actuals compared to budget is a result of a change in accounting treatment for funding payments to HHSs reclassified from grants to supplies and services.
8. The increase in actuals above budget is due to the recognition of share of profit in associates. As at the 30th June 2013, the department has two associates: the Translational Research Institute (TRI) Trust and the Queensland Children's Medical Research Institute (QCMRI). Dividends receivable from associates are recognised in the Statement of Profit or Loss and Other Comprehensive Income as a component of Other Income. The share of profit in associates for 2012–13 relates to TRI. The department has reinvested all distributions from TRI in accordance with the TRI Trust Deed. These amounts have not been reflected in the 2012/13 Budget.

**Table 2. Statement of Financial Position as at 30 June 2013**

	Notes	2012-13 Actual \$000	2012-13 Budget \$000	Variance %
<b>Current assets</b>				
Cash and cash equivalents		(181,785)	(231,090)	(21)%
Loans and Receivables	9	974,024	713,384	37%
Inventories		48,747	60,295	(19)%
Assets held for sale		-	-	n/a
Other		137,521	125,080	10%
<b>Total current assets</b>		<b>978,507</b>	<b>667,669</b>	<b>47%</b>
<b>Non-current assets</b>				
Loans and Receivables	10	424,464	20,191	2,002%
Property, plant & equipment	11	3,532,114	2,019,426	75%
Intangibles		229,861	157,037	46%
Other financial assets		20,000	90,769	(78)%
Investments in Associates		83,339	-	n/a
Other		3,394	(2,217)	(253)%
<b>Total non-current assets</b>		<b>4,293,172</b>	<b>2,285,206</b>	<b>88%</b>
<b>Total assets</b>		<b>5,271,679</b>	<b>2,952,875</b>	<b>79%</b>
<b>Current liabilities</b>				
Payables	12	551,815	318,314	73%
Accrued employee benefits	13	611,207	463,095	32%
Interest-bearing liabilities	14	-	179,857	n/a
Other liabilities		9,113	2,068	341%
<b>Total current liabilities</b>		<b>1,172,135</b>	<b>963,334</b>	<b>22%</b>

<b>Non-current liabilities</b>				
Other financial liabilities	15	263,665	59,977	340%
Other liabilities payable		4,953	1,775	179%
Total non-current liabilities		<b>268,618</b>	<b>61,752</b>	<b>335%</b>
<b>Total liabilities</b>				
		<b>1,440,753</b>	<b>1,025,086</b>	<b>41%</b>
<b>Net assets</b>				
		<b>3,830,926</b>	<b>1,927,789</b>	<b>99%</b>
<b>Equity</b>				
Contributed equity		335,593	(1,523,276)	(122)%
Retained surpluses		3,417,084	2,417,194	41%
Asset revaluation surplus	16	78,249	1,033,871	(92)%
Total equity		<b>3,830,926</b>	<b>1,927,789</b>	<b>99%</b>

Notes:

9. Increase in actuals to budget predominately relates to Appropriation receivable from Queensland Treasury and Trade and an increase in operating receivables.
10. Increase in actuals to budget relates to the finance lease for the TRI and payroll overpayments.
11. Increase in actuals to budget is due to a change in commissioning date for Gold Coast University Hospital.
12. Increase in actuals to budget reflects an increase in payables primarily as a result for final payment for 2012-13 to HHSs
13. Increase in actuals to budget is due to additional 14 days accrual for salaries and wages as a result of the change in pay date.
14. Decrease in actuals to budget is due to the re-classification of pre-paid lease payments by the TRI from current to non-current.
15. Refer 14 above. Increase in actuals to budget is due to the re-classification of pre-paid lease payments by the TRI from current to non-current.
16. Decrease in actuals to budget is a result of the reduction in revaluation surplus as a result of land and buildings being controlled by HHSs.

## Chief Finance Officer statement

Section 77 (2)(b) of the *Financial Accountability Act 2009* requires the Chief Finance Officer of the Department of Health to provide the accountable officer with a statement as to whether the Department's financial internal controls are operating efficiently, effectively, and economically.

For the financial year ended 30 June 2013, a statement assessing the Department of Health's financial internal controls has been provided by the A/Chief Finance Officer to the A/Director-General.

The statement was prepared in accordance with Section 57 of the *Financial Performance Management Standard 2009*. The statement was also provided to the Department's Audit and Risk Committee.

## Future outlook

In 2013-14, Queensland Health's overall budget (including The Department of Health and 17 Hospital and Health Services) will grow to \$12.326 billion, an increase of 3.9 per cent on the 2012-13 budget.

Queensland Health will also invest \$1.752 billion in 2013-14 in a range of health infrastructure priorities including hospitals, health technology, research and scientific services, mental health services, residential care, staff accommodation, and ICT.

2013–14 infrastructure program highlights include:

- scheduled opening of the Gold Coast University Hospital in September 2013
- continued development of the Queensland Children's Hospital and the Sunshine Coast Public University Hospital
- continued redevelopments at Cairns, Mackay, Mount Isa (construction forecast to be completed in June 2014), Rockhampton (construction forecast to be completed in mid 2014), Townsville, Logan, QEII (construction forecast to be completed in January 2014) and Ipswich (construction forecast to be completed in February 2014) Hospitals
- continued rectification works at rural and remote facilities
- completion of the Medical Research Centre at the Queensland Institute of Medical Research.

### Queensland Mental Health Commission

From 1 July 2013, \$7.147 million has been allocated to establish and run the new Queensland Mental Health Commission. This funding was made up of \$2 million for operational management of the commission's functions and \$5.147 million for strategic programs now managed through the commission which were previously managed through Queensland Health.

The commission will drive ongoing reform towards a more integrated, evidence-based, recovery-oriented mental health, drug and alcohol system and will be responsible for leading a cultural change in the way mental health, drug and alcohol services are planned and delivered in Queensland.

### Cochlear Implant Waiting Lists

In 2013–14, \$5.8 million has been allocated to provide cochlear implants to patients with moderate to profound hearing loss. It is expected that this additional funding will mean all people currently on the cochlear implants waiting list will receive their implant during the 2013-14 financial year.

### Hospital in the Home

An additional \$28.3 million has been allocated over the next four years for additional hospital in the home (HITH) services to be provided by the private sector and non-

government organisations. HITH provides acute care by health care professionals at a patient's usual place of residence as a substitute for inpatient care received in a hospital.

### **Backlog maintenance**

Increased funding of \$147 million over four years has been allocated to address the backlog of maintenance. This brings the total contribution from the department and HHSs for the backlog maintenance program to \$327 million.

### **Revitalisation of regional, rural and remote services**

To address the specific service delivery challenges for the health sector in non-metropolitan areas, the government has approved funding of \$51.9 million over four years to support and enable better access to health care services for Queenslanders in regional, rural and remote communities.

### **Rural Telehealth Service**

To support enhanced models of care and outreach services, the government has approved funding of \$30.9 million over four years to establish a Rural Telehealth Service. For Queenslanders from rural areas, this will improve access to health services and reduce extended waiting times for treatment.

### **Rural Mental Health**

In 2013-14, the department will provide \$0.2 million to facilitate the provision of mental health first aid and psychological first aid workshops by non-government organisations in rural communities declared in drought. These workshops will assist communities to identify mental health related issues, promote normal recovery pathways, increase resilience and facilitate access to physical, emotional and social supports.

In addition, the department will provide \$0.7 million in funding in 2013-14 to the non-government sector to provide mental health information, advice and personal support through individual and group counselling services for patients in the North Burnett and Bundaberg regions affected by Ex-Tropical Cyclone Oswald.

### **Payroll system enhancements**

Additional funding of \$384.3 million over four years, including \$124.3 million in 2013-14, will enable the department to operate, maintain and enhance the Queensland public health system rostering and payroll environment. This will be used to improve the pay outcomes for Queensland public health system employees, reduce the level of fortnightly overpayments and reduce recurrent operational payroll costs.

### **Service Agreements**

In 2013-14, \$10.319 billion (or 83.7 per cent of the total budget) will be allocated through service agreements to purchase public healthcare services from Hospital and Health Services and other organisations, including Mater Health Services, St Vincent's Hospital, Noosa Hospital, and from December 2013, the Sunshine Coast University Private Hospital.

## **Activity based funding**

In 2012-13, Queensland transitioned to the national activity based funding model developed by the Independent Hospital Pricing Authority. The national model will be adopted as far as practicable in 2013-14. The remaining Queensland Health hospitals and some specialised services and non-hospital services such as primary and community care are funded by block grants. These arrangements are subject to agreed adjustments in the service agreements between the system manager and HHSs.

The Commonwealth has also committed to fund 45 per cent of the efficient growth in public hospital activity from 1 July 2014, increasing to 50 per cent from 1 July 2017.