



HSS health
support
services

Health Support Services **Annual Report**

2017-2018

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HSS: Fast Facts

THE ICT SERVICE DESK RECEIVES OVER

 **100,000**
CALLS PER YEAR

99% FILL RATE



HSS STATE DISTRIBUTION CENTRE

A FILL RATE IS THE PERCENTAGE OF CUSTOMER DEMAND THAT IS MET THROUGH IMMEDIATE STOCK AVAILABILITY.

20 million+

MEDIUM SIZED EXAMINATION GLOVES DISTRIBUTED TO THE WA HEALTH SYSTEM.



IN A SINGLE YEAR, NURSEWEST WILL FILL OVER

90,000

METROPOLITAN SHIFTS AND

2,000

REGIONAL ASSIGNMENTS



 **\$3.5 billion**

PROCUREMENT SPEND

~70 (WHOLE-OF-HEALTH) CONTRACTS ARE MANAGED BY THE HEALTH PROCUREMENT DIRECTORATE.



26,000

DESKTOPS AND LAPTOPS AND 2,200 SERVERS MANAGED BY HSS.

45,000+



WA HEALTH SYSTEM EMPLOYEES

paid every fortnight

245

CLINICAL APPLICATIONS



ARE OFFICIALLY SUPPORTED BY HSS.

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Statement of Compliance

Hon Roger H COOK

BA GradDipBus MBA MLA

Minister for Health; Mental Health

Deputy Premier

In accordance with section 61 of the
Financial Management Act 2006 (WA),
I hereby submit for your information and
presentation to Parliament, the Annual
Report of Health Support Services for the
financial year ended 30 June 2018.

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



Robert Toms
Chief Executive
Health Support Services
Accountable Authority

17 August 2018

I am very proud of the work undertaken by HSS in the 2017-18 financial year. The organisation has delivered some great outcomes for our customers and the WA health system.



Executive Summary

The 2017-18 financial year was one of significant change for Health Support Services (HSS) as the organisation commenced the implementation of a new Operating Model, increased our focus on improving customer experience and introduced a range of improvements to the way we work.

Our new customer focused Operating Model represents an important step in the ongoing development of HSS. An operating model describes how an organisation delivers value to its customers. Developed in partnership with our customers, our new Operating Model clearly defines the capabilities required of a modern shared services organisation and has led to significant changes in the way we are organised.

These changes include the creation of new capabilities around customer experience and transformation, as well as the reconfiguration of our existing structures to enhance performance, simplify accountabilities and improve efficiency.

During the 2017-18 financial year, HSS also undertook a series of activities to understand our business performance. This involved assessing the capability of our processes and systems, as well as the identification of areas for improvement. This work has led to the identification of a range of improvement projects which we expect to commence toward the end of 2018. These improvement projects aim to deliver better outcomes for our customers across the full range of services that we provide.

To support these changes, we are focused on developing a “think customer first” culture. At HSS we want to be known for placing the customer at the heart of everything we do whilst always delivering on our commitments. We want our people to feel empowered to make decisions and deliver great outcomes for our customers. Within that context, we took the opportunity to re-set our corporate values in 2017-18. Our new corporate values are:

- Think customer first
- We promise, we own, we do
- We will find a way
- We make a difference together

These corporate values clearly indicate how we want to work at HSS. These values act as principles that help frame decision making, guide interactions and focus the choices that we all make day in day out. Our corporate values also help to guide the plan that has been developed to support our progression toward a ‘think customer first’ culture.

HSS delivered considerable outcomes for the WA health system and the people of Western Australia in 2017-18. The commissioning and opening of Perth Children’s Hospital was a cause for celebration and many people across HSS played an important role in this historic project. Multiple HSS business units and functions worked closely with our customers to ensure that the opening of the new hospital was a success.

I want to take this opportunity to thank our customers for their ongoing support and, most importantly, thank all the people at HSS for their hard work and dedication through the past 12 months.

HSS has continued to demonstrate a strong commitment to meeting its financial and performance targets during the 2017-18 financial year. In 2017-18, HSS delivered a net surplus, which was within the 2% budget targets set by Government, whilst also maintaining a strong balance sheet. Operational performance continues to improve with the organisation achieving the majority of its KPIs and customer SLA targets. Customer satisfaction also continues to improve, with the most recent result from the June 2018 quarter indicating that 60% of HSS customers are either satisfied or highly satisfied with our performance. We acknowledge that there is still further work that we can do and we will continue to focus on building off this foundation in 2018-19.

HSS also contributed to the Sustainable Health Review by sharing our perspective on the future of the WA health system, as well as preparing HSS to support the actions that will follow on from this critical review. HSS and its people are committed to supporting the recommendations and actions that were identified in the Service Priority Review and the Special Inquiry into Government Programs and Projects.

I want to take this opportunity to thank our customers for their ongoing support. We are absolutely committed to placing our customers at the heart of everything we do and understand that the primary reason that HSS exists is to provide high quality shared services that enable the delivery of optimal health care.

Most importantly however, I would like to thank all the people at HSS for their hard work and professionalism throughout the 2017-18 financial year. I want to express my appreciation for the positive way in which they have responded to the changes that are underway. As I enter my second year as Chief Executive of HSS, I never cease to be impressed by the dedication that our people show to their work and their customers. We are fortunate to have people who genuinely want to enable better health care here in Western Australia.



Robert Toms
Chief Executive

Performance Highlights



Operating Model and Baseline Performance Review

In late 2017, HSS commenced an Operating Model and Baseline Performance Review. The Review was designed to ensure HSS understood the best way to organise its business in order to deliver value to its customers and the WA health system, as well as identify where HSS needed to improve its performance. The process was a valuable opportunity for HSS to recognise its organisational strengths and opportunities for improvement.

The Review commenced by seeking feedback from our people and our customers about all aspects of HSS' operations. This feedback, coupled with the findings from a comparative review of HSS' interstate shared service peers, informed the design of the new Operating Model for the organisation and the development of a broader Business Transformation Program.

On Tuesday 5 June 2018, HSS implemented its new Operating Model and associated organisational structure. This new way of working will enhance relationships by focusing on service improvement, performance and monitoring, building the capability and capacity of the organisation, and our people, and support the broader HSS Business Transformation Program.

In addition, the new Operating Model ensures that the organisation has a greater strategic focus, increases opportunities for HSS to deliver on key customer needs, and provides improved business efficiency and effectiveness.

The Operating Model introduced two new business areas. The first is a dedicated function for operational excellence, transformation, and strategy, which will support the organisation through required business performance changes over the next 3-5 years. The second is a dedicated customer experience function, which will enhance relationships through simplifying engagement with our customers and monitoring our service performance.

In 2018-19, HSS will commence its Business Transformation Program. This is a program of improvement initiatives that will be undertaken over a 2-3 year timeframe which will improve effectiveness, efficiency and customer experience within HSS' core services. These initiatives will examine HSS' processes that are manual or inefficient for customers and develop system and process improvements accordingly.

Cultural Change within Health Support Services

Culture change has been a key aspect of the HSS story in 2017-18.

In 2017-18, HSS commenced a process to review and develop the HSS Strategic Plan on a Page 2018. As a result of this work, HSS introduced four key values and associated behaviours:

1. Think customer first

- We put our customers first in everything we do.
- We listen to our customers; they know their business best.
- We engage proactively with our customers to find the best solution.

2. We promise, we own, we do

- We commit to delivery - we do what we say.
- We take personal ownership - we own the problem and the outcome.
- We take responsibility for our decisions and actions.

3. We will find a way

- We focus on solutions, not problems.
- We think creatively to develop new and better ways of delivering on our promises.
- We embrace a positive 'Yes, we can' attitude.

4. We make a difference together

- We work together to make a difference to those delivering patient care.
- We are open and learn from our mistakes and our successes.
- We speak up, we listen and we take collective action.

The creation of these values and behaviours was influenced by the type of culture that HSS would like to develop and maintain. The HSS culture has been defined as 'think customer first', and focuses on customer service and has an achievement orientation. The values were carefully designed to be 'real and achievable' to ensure all HSS staff members can understand how they can contribute to the HSS culture.

HSS also developed and implemented its 2018 Culture Development Plan this year. Based on feedback from our staff and customers, the primary focus of the Culture Plan is to implement initiatives that allow HSS to live its 'think customer first' culture. Initiatives implemented to date include the launch of a peer-to-peer recognition program, a values campaign designed to demonstrate what the HSS values mean to our staff and improvements to staff induction processes to focus on culture.

In April 2018, HSS launched the peer-to-peer recognition program 'Send a Thank You Note'. Over 150 messages have been sent at the time of writing. The program helps HSS staff acknowledge their peers' outstanding efforts by nominating those who are living the HSS values. Since the launch of the HSS Culture Development Plan in February 2018, there has been a marked improvement in customer focus with HSS staff feeling a sense of ownership for the delivery and assurance of customer experience.

HSS will continue to monitor progress in the development of its customer focused service culture and will look to launch a formal recognition program in the coming year.

Commissioning of Perth Children's Hospital

The commissioning and opening of Perth Children's Hospital (PCH) was a key part of Western Australia's narrative in 2017-18. Supporting the commissioning of PCH was an operational priority for HSS in 2018. HSS staff played an important role in this historical delivery, with various business units and functions working to ensure the commissioning and opening was a success.

The HSS ICT business unit performed an integral role in the commissioning and opening. The PCH opening process involved HSS ICT teams transitioning approximately 50 existing ICT services and 100 new ICT services, both clinical and non-clinical, and included those delivered by contractors with an IT component.

HSS successfully supported all systems and infrastructure upon the opening of the new hospital including heightened support teams to ensure that PCH staff were provided with responsive on-site support as required.

HSS Employment Services, Payroll Services and the Corporate Business Systems functions worked together to ensure both existing Princess Margaret Hospital staff and new PCH staff were moved into new roles within HR systems in preparation for the opening. Minimal payroll disruption was a priority in the commissioning and opening period, as was ensuring minimum impact to the rostering and reporting systems during the transition period. No significant increase in manual payroll transactions was reported in the post payroll transition period and Payroll Client Liaison Officers held regular sessions on-site to assist PCH staff with any queries regarding salary and wages during the transition period.

To ensure PCH was ready for clinical services, the Procurement and Supply business unit delivered 7,000 common use items that are used routinely to provide services to patients. To support the hospital in the delivery of patient care, HSS has retained a team onsite at PCH to manage 'Imprest' or stored common use items and refill them on a regular basis.

PCH will continue to be an area of focus for HSS as it moves away from the commissioning and opening and into business as usual.

Financial performance

HSS demonstrated a strong commitment to meeting its financial targets in the 2017-18 financial year and this is reflected in the financial performance of the organisation.

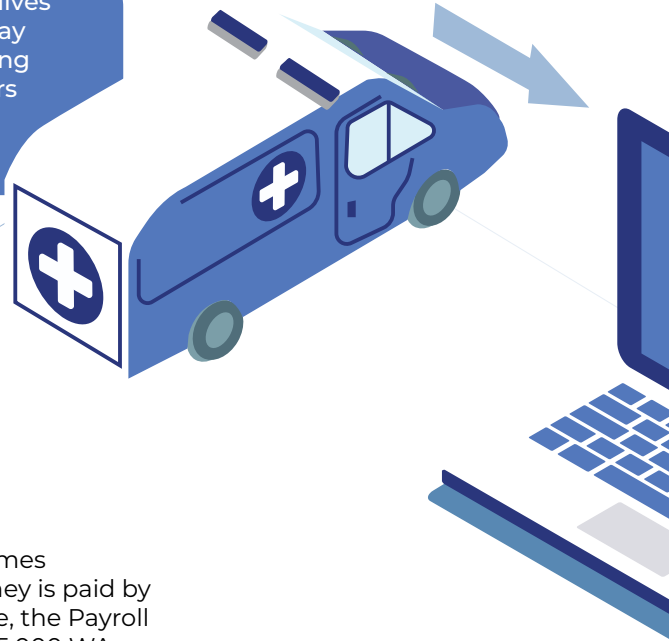
HSS maintained a strong balance sheet with a positive cash flow and delivered a 2017-18 net surplus. As a result of active financial management, the 2017-18 expenditure fell within the 2% budget target set by Government.

The Agency Expenditure Review targets were once again met in 2017-18. HSS also met a further \$6.9 million in non-hospital services budget cuts.

HSS continued to support the use of the Voluntary Targeted Separation Scheme which is expected to realise \$5.5 million in wages savings in forward years.

A Patient Journey

Meet James. He is 34 years old and works as a Teacher. He lives in Perth and loves rugby. James is playing rugby one Sunday when a member of the other team tackles him badly, leaving him unable to get up and in severe pain. His team members think he's broken a leg and call him an ambulance.



It's finally time to go home. James leaves on crutches while thinking he should find a new sport!

- Each and every staff member James encountered on his patient journey is paid by the HSS Payroll team. On average, the Payroll team will issue payslips to over 45,000 WA health system staff each fortnight.



The X-ray results have confirmed James has a broken leg. James' leg is placed in a cast and he is prescribed painkillers to manage the pain.

- HSS developed and supports the Notifications and Clinical Summaries system which produces the discharge summary. A copy is also provided to his GP and HSS facilitates it being uploaded to the national MyHealthRecord platform.

With a care plan in place, James is prepared for discharge and provided with a discharge summary.



James is taken to a WA public hospital and first triaged by a friendly nurse.

- HSS supports over 80 hospitals across Western Australia and many more smaller sites.
- When James is triaged, his details are all captured on the Emergency Department Information System supported by HSS ICT to ensure his care can be tracked.

Emergency Registrar
Dr Clare Wheeler
examines James.

- The HSS Supply Chain team within the State Distribution Centre ensures Dr Wheeler has examination gloves, sterile wipes, wound dressings and other items needed to examine and treat James.

Dr Wheeler sends
James for an X-Ray
to determine if his
leg is broken.

- Dr Wheeler orders a Radiology Imaging Assessment via iCM which will create an order for the WA health system's medical imaging solution. This system is supported by HSS.

- HSS Supply Chain manages the Whole-of-Health Pharmaceutical Products contract and works to ensure the best price from suppliers. Pharmaceuticals are ordered via the iPharmacy system which is administered by HSS ICT.

While waiting on the
results of his X-ray,
James has his vital
signs checked by
one of the friendly
and skilled
NurseWest nurses.

- In a regular year, staff employed by HSS fill nearly 100,000 vacant casual Nursing or Assistant in Nursing shifts and assignments across all Western Australia public hospital sites.

The X-Ray results are ready, but
Dr Wheeler has forgotten her
health network login password.
She calls the HSS ICT Service
Desk for help.

- The HSS ICT Service Desk receives over 100,000 calls for assistance from across the WA health system each year, including 23,000 requests for password changes.

Overview of Agency



HSS was established as a statutory authority on 1 July 2016 under the *Health Services Act 2016* (WA). HSS provides a suite of Information Communication Technology (ICT), supply, workforce and financial services to Western Australia's public health care system, including to the Mental Health Commission and the Health and Disability Services Complaints Office. HSS provides all services within a Service Level Agreement framework based on achieving the standards and expectations of our clients.

HSS' mission is to deliver high quality services to support the delivery of optimal patient care.

HSS' vision to enable better health care.

HSS' has four core values. Underpinning each of the HSS values are a series of behaviour statements that demonstrate how staff can 'live' the HSS values each day.

- Think customer first
 - We put our customers first in everything that we do.
 - We listen to our customers; they know their business best.
 - We engage proactively with our customers to find the best solution.

- We promise, we own, we do
 - We commit to deliver – we do what we say.
 - We take personal ownership – we own the problem and the outcome.
 - We take responsibility for our decisions and actions.
- We will find a way
 - We focus on solutions, not problems.
 - We think creatively to develop new and better ways of delivering on our promises.
 - We embrace a positive, 'Yes, we can', attitude.
- We make a difference together
 - We work together to make a difference to those delivering patient care.
 - We are open and learn from our mistakes and our successes.
 - We speak up, we listen and we take collective action

These values underpin not only the corporate mission and vision, but the actions of all HSS staff. Partnering with clients and other stakeholders, HSS operates with a 'think customer first' service culture designed to complement client agency operations.

Legislative Responsibilities

Enabling Legislation

HSS was established as a Chief Executive governed Health Service Provider under clause 15 of the *Health Services (Health Service Provider) Order 2016* (WA) made by the Minister for Health under section 32 of the *Health Services Act 2016* (WA).

The HSS Chief Executive is responsible to the Minister for Health and the Chief Executive Officer (CEO) of the Department of Health (System Manager) for the efficient and effective management of the organisation.

Administered Legislation

- Nil

Bills in Parliament as at June 2018:

- Nil

Key legislation impacting on HSS activities

- *Criminal Code Act Compilation Act 1913* (WA)
- *Electronic Transactions Act 2011* (WA)
- *Equal Opportunity Act 1984* (WA)
- *Evidence Act 1906* (WA)
- *Financial Management Act 2006* (WA)
- *Freedom of Information Act 1992* (WA)
- *Health Practitioner Regulation National Law (WA) Act 2010* (WA)
- *Health Professionals (Special Events Exemption) Act 2000* (WA)
- *Health Services Act 2016* (WA)
- *Industrial Relations Act 1979* (WA)
- *Occupational Safety and Health Act 1984* (WA)
- *Public Sector Management Act 1994* (WA)
- *State Records Act 2000* (WA)
- *State Supply Commission Act 1991* (WA)
- *State Trading Concerns Act 1916* (WA)
- *Workers' Compensation and Injury Management Act 1981* (WA)

Operational Structure



Organisational Chart





Chief Information Officer

Holger Kaufmann

Responsibilities include:

- Infrastructure
- Applications
- Application support
- Service desk
- Field support
- Oversight of major ICT programs
- Planning and architecture
- Service operations
- ICT security and risk management

Chief Financial Officer

Sash Tomson

Responsibilities include:

- Accounts payable
- Accounts receivable
- Facilities
- Fleet
- Statutory and management reporting
- Month-end accounting
- Budgeting and planning
- Cash management
- Taxation
- Costing
- SLA/KPI management

Chief Procurement Officer

Mark Thompson

Responsibilities include:

- Strategic procurement planning
- Category management
- Warehousing
- Supply and inventory management
- Procurement

Director, Office of the Chief Executive

Emily Pestell

Responsibilities include:

- Governance
- Risk
- Compliance
- Policy
- Audit
- Internal and external communication
- Ministerial liaison
- Legal counsel

Executive Structure at 30 June 2018

Chief Executive

Robert Toms

Robert Toms has 20 years' experience in utilities, retail, mining and management consulting and a proven track record of developing and implementing corporate strategy and business transformation. He also has significant experience with ICT program delivery, procurement and supply chain optimisation.

Previously in the utilities and mining sectors, Robert designed and led major Business Transformation Strategies to reduce expenditure while improving customer outcomes, organisational performance and employee engagement.

Robert graduated from Nottingham Trent University with a Bachelor of Business Administration (Hons). He also holds a Post Graduate Diploma in Management Studies, a Masters of Business Administration and completed the London Business School Emerging Leaders Program.

Chief Financial Officer

Sash Tomson

Sash is a management and finance professional with over 20 years' experience as a senior executive in the not-for-profit, government and private sectors. Sash joined HSS most recently from the mining industry where he worked as a Chief Financial Officer for the past five years overseeing projects in Western Australia and Queensland.

Sash has extensive experience in corporate strategy and policy, evaluating the financial impact of new business initiatives, financial modelling, negotiating and overseeing commercial contracts. Sash has previously held executive finance positions at the Telethon Kids Institute, Department of Communities, and Department of Emergency Services in Queensland.

Executive Director, Transformation and Strategy

Jonathan Smith

Jonathan is an experienced transformational and technology leader with a proven track record in the development and delivery of customer centric technology strategy, ICT operations and transformational change across a broad spectrum of sectors and business models.

Jonathan has over 20 years' experience leading a number of organisational and technology transformations, some of which include an offshore banking integration and merger for Lloyds Banking Group, supply chain transformation for CBH Group, and a rapid expansion program and customer centric operating model at Bankwest. Jonathan previously worked as the Program Director for HSS' Digital Information Security (DIS) program.

Chief Procurement Officer

Mark Thompson

Mark has more than 20 years' experience at a senior management level in the telecommunications, utilities and healthcare industries in the government, private and not for profit sectors. Mark has led numerous multi-disciplinary teams covering procurement, contract management, purchasing, supply chain, fleet, sales and bidding. He has extensive experience in strategy and complex negotiations.

Mark has also managed a large warehousing and logistics function, and led one of Western Australia's largest and most complex fleets. Previously, Mark has implemented a major procurement operating model, which included the development of a long-term sustainable supply chain strategy.

Chief Information Officer

Holger Kaufmann

Holger joined HSS with nearly 20 years' experience in executive management roles, a strong commercial acumen and a proven track record in large and complex ICT environments.

Most recently, Holger has been driving the digital transformation of the Western Australian public sector as Executive Director of the GovNext-ICT infrastructure reform program, working closely with Chief Information Officers and other senior stakeholders across the public and private sectors (including HSS). Prior to joining the Office of the Government Chief Information Officer, Holger was an executive team member of a national IT consultancy, and has held a number of senior management positions both locally and in Europe.

Executive Director, Workforce and Organisational Development

Siobhán Mulvey

Siobhán has 25 years' experience as a senior executive in the education, training and mining sectors in both private industry and government. She has led work in strategy development and execution, organisational development, and culture change. She has a strong commitment to the development of an organisational culture that supports, encourages and rewards the achievement of business outcomes.

Siobhán has most recently been a Partner in a boutique consultancy firm, Black House, where she worked on long-term projects with the West Australian Football Commission and the Western Australian Cricket Association. Prior to that, she held senior management positions with Rio Tinto and the Department of Training and Workforce Development.

Executive Director, Customer Experience

Ralph Bates

Ralph is a strong advocate of customer experience strategy and engagement, who, throughout his extensive executive career, has ensured organisations focus on the value they create for their customers. Ralph's passion for customer experience led him to start his own consultancy business to assist organisations in moving from customer experience strategy to action.

Ralph has over 15 years' experience in developing and executing enterprise customer strategy, driving customer focused business improvements, profit and loss oversight, staff development and leadership. Ralph has also previously held senior management positions at RAC (Western Australia), Alinta, Barclaycard and British Gas.

Director, Office of the Chief Executive

Emily Pestell

Emily has worked for the Western Australian State Government for the past six years; initially at the Department of Finance. Emily joined the WA health system in 2014. Prior to her current role, Emily was a member of the Office of the Chief Procurement Officer and played a key part in the delivery of the Strategic Procurement Program for the WA health system, which won a WA Premier's Award and a WA Health Excellence Award, both in 2015.

During her time as Director, Office of the Chief Executive (OCE), Emily has established the OCE as a standalone Business Unit and coordinated key strategic priorities such as the HSS strategic planning process and the development of the HSS Culture Development Plan 2018.

HSS Senior Officers

The HSS Executive structure displayed above includes all officers who were members of the HSS Executive as at 30 June 2018. Other officers who occupied senior positions for a period greater than three months during 2017-18 were:

Stephen Pattison

Acting General Manager ICT Business Engagement and Policy
19 December 2016 to 19 January 2018

Frank Patterson

Acting General Manager ICT Business Engagement and Policy
20 January 2018 to 25 May 2018

Julie Feeney

Acting General Manager Corporate Services
29 November 2017 to 1 June 2018

Bill Bleakley

General Manager Corporate Services
7 August 2017 to 1 June 2018

William Monaghan

Acting Chief Procurement Officer
22 July 2016 to 1 June 2018

Rob Henry

Chief Financial Officer
1 July 2016 to 1 June 2018

Rolly Hester

Acting General Manager ICT Service Delivery and Operations
7 November 2016 to 1 June 2018

HSS Roles and Responsibilities



Procurement and Supply

The Procurement and Supply business unit is responsible for providing procurement and supply chain services across the WA health system. This includes clinical, medical equipment, ICT and other health related contracts. They use the buying power of the WA health system to get best value for customers.

Procurement and Supply focuses on category management to drive value for money through procurement. The business unit seeks to deliver value through enhanced supplier relationships as well as increase customer responsiveness by reducing lead times in critical sourcing for health.

Procurement and Supply aims to deliver rigorous stewardship and risk management to protect the WA health system through the integration of category relationships.

This business unit's functions include inventory, warehouse operations and distribution, procurement and category management. The unit is also responsible for a Commercial Operations function that provides analysis on spend and procurement intelligence to inform business decisions. Procurement and Supply also performs a system-wide Procurement Policy and Governance function for the WA health system.



Workforce and Organisational Development

Workforce and Organisational Development is responsible for building the capability and capacity of HSS staff and developing a customer focused culture to enable a successful transformation agenda.

The business unit works to boost the importance of people management across HSS, empower staff to make decisions, and build capability. It also seeks to provide and increase support for leaders within HSS, as well as advocating for a customer focused culture.

Workforce and Organisational Development consists of 3 functions. Human Resource and Capability, which provides strategic development of HSS capability. This includes activities such as human resources, learning and development and workforce planning. Employee Services oversees human resources services offered to HSS' customers including recruitment and appointment processes and management of people data. The business unit also includes NurseWest, which supplies the WA health system with casual and fixed term nurses.



Information and Communication Technology

Under the HSS Operating Model, the ICT business unit provides technology services for the WA health system. Ensuring round the clock service provision for both clinical and business systems, the ICT business unit is responsible for the strategic transformation of WA Health's ICT system to align with new technology, appropriate use of data and manages ICT risks.

Led by the Chief Information Officer, the ICT business unit manages and mitigates risk in the ICT environment while increasing the maturity of the WA health system's ICT function by introducing planning and demand management capability. ICT also delivers major change programs to support the WA health system.

As the largest business unit in HSS, ICT includes a variety of functions. The Program Delivery function oversees key initiatives such as GovNext and EMPI while Planning and Architecture works with relevant ICT stakeholders to develop and maintain ICT strategy, policy and standards. The Applications function provides ongoing ownership and management of the corporate and clinical applications which support the WA health system.

ICT also includes the Infrastructure business function, which manages the ICT infrastructure within the WA health system. The Service Operations function responds to, and oversees, incident management, software management and application support. Lastly, Security and Risk Management is an important focus for HSS as this function creates awareness around ICT risk and information security.



Finance and Operations

HSS Finance and Operations unit is responsible for maintaining a strategic focus on provision of a value for money service through timely processing of financial services for customers. The business unit also manages service level agreements and are responsible for managing HSS' internal finance and operations.

The Finance and Operations business unit consists of 3 business functions. The Accounts Payable function manages the consolidated accounts payable services across the WA health system. Finance manages HSS' internal accounting and financial reporting responsibilities, and operational services. The unit also has an Analytics and Reporting business function that monitors and reports on HSS' performance against agreed measures as well as providing a central analytics capability for HSS performance data.

Operational Structure



Office of the Chief Executive

The Office of the Chief Executive ensures the Chief Executive is adequately supported in delivering on the expectations of the organisation by providing oversight of policy, governance, audit and risk. The Office of the Chief Executive continues to build on and enhance its strengths including managing advisory groups and interactions with Government.

The Office of the Chief Executive includes the Audit function, which oversees HSS' audit activities, monitors progress against findings and interacts with the Office of the Auditor General. The Governance, Risk and Compliance function manages the governance, risk and compliance of HSS, as well as HSS-wide policy, ministerial and Freedom of Information requests. The Communications function is responsible for internal and external communications as well as public relations.



Customer Experience

The newly formed Customer Experience business unit is responsible for customer relationship management and customer experience across HSS. The business unit has been established as a customer-facing channel to ensure that HSS delivers services that are aligned to our customer focused strategy. This also provides a clear escalation path for HSS' customers to engage with us to resolve issues.

Business functions within Customer Experience include Customer Relationships, which provides relationship management services across the WA health system and is a contact point for senior WA health system stakeholders. The business unit works closely with other HSS areas to resolve escalated customer issues and ensure HSS' requirements and expectations are understood. The Customer Experience function will look to implement a unified HSS Contact Centre, which will provide a first, and central, point of contact for non-ICT customer enquiries enabling faster resolution of routine customer queries. This approach will allow other core HSS business units to focus on more complex and specialist enquiries as well as business as usual.



Transformation and Strategy

The Transformation and Strategy business unit oversees HSS-wide strategy, as well as management, reporting and oversight of programs to transform HSS' business. This will lead to an improvement in customer experience and provide value for money for the WA health system. Transformation and Strategy works with the HSS Executive to develop and maintain a HSS strategy that meets the requirements of the WA health system.

Transformation and Strategy is responsible for the delivery of the Transformation Program of Work across HSS and also the Program Management Office which scopes, prioritises and manages program governance.

The Change Management function takes carriage of the implementation of the change program with a focus on minimising risk to business as usual.

Performance Management Framework

To comply with its legislative obligation as a Statutory Authority, HSS operates under the Outcome Based Management (OBM) performance management framework.

The WA health system's Outcome Based Management Policy Framework specifies the requirements that HSS must comply with in order to ensure the integrity of the OBM Framework. This framework describes how outcomes, services and key performance indicators are used to measure HSS' performance towards achieving the relevant overarching whole of government goal.

HSS' outcome based management framework did not change in 2017-18.

Shared Responsibilities with Other Agencies

HSS works closely with its customers to ensure it delivers the best possible shared services. HSS' customers include: the Department of Health, Health Service Providers, the Mental Health Commission and the Health and Disability Services Complaints Office.

HSS contributes to the desired outcomes of its customers by providing modern, accurate and timely financial, human resource, supply and ICT shared services.

Agency Performance



Certification of Key Performance Indicators

HEALTH SUPPORT SERVICES

CERTIFICATION OF KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2018

I hereby certify the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess Health Support Services and fairly represent the performance of the Authority for the financial year ended 30 June 2018.



Robert Toms

**CHIEF EXECUTIVE OFFICER
HEALTH SUPPORT SERVICES
ACCOUNTABLE AUTHORITY**

11 September 2018



Key Performance Indicators

Outcome 3	Page
Average cost of Accounts Payable services per transaction	29
Average cost of Accounts Receivable services per transaction	30
Average cost of Payroll and Support Services to HSS' customers	31
Average cost of Supply Services by purchasing transaction	32
Average cost of providing ICT services to HSS' clients	33
The percentage of responses from HSS customers who are satisfied or highly satisfied with the overall service provided by HSS	34

To comply with its legislative obligation as a Statutory Authority, HSS operates under the Outcome Based Management (OBM) performance management framework. The WA health system's Outcome Based Management Policy Framework specifies the requirements that HSS must comply with in order to ensure the integrity of the OBM Framework. This framework describes how outcomes, services and key performance indicators are used to measure HSS' performance towards achieving the relevant overarching whole of government goal.

Outcome 3 - Strategic leadership, planning and support services that enable a safe, high quality and sustainable WA Health system	Effectiveness KPI	Service 10 – Health Support Services	Percentage of responses from WA Health Service Providers and Department of Health who are satisfied or highly satisfied with the overall service provided by Health Support Services
	Efficiency KPIs	Service 10 - Health Support Services	Average cost of Accounts Payable Services per Transaction Average cost of Accounts Receivable Services per transaction Average cost of payroll and support services to Health Support Services' clients Average cost of supply services by purchasing transaction Average cost of providing ICT services to Health Support Services' clients

Outcome 3
Efficiency KPI
Service 10: Health
Support Service

Average cost of Accounts Payable services per transaction

Rationale

HSS' role is to provide shared services function to its clients. This includes the functions of accounts payable, accounts receivable, payroll services, supply services and the management and delivery of the ICT network.

This KPI aligns to the role of HSS as a Health Service provider in ensuring 'the operations of the health service provider are carried out efficiently, effectively and economically'. This KPI captures the role of HSS in delivering transactional accounts payable finance services to its clients in an efficient manner.

2017- 2018 Budget Target

The target average cost of accounts payable services per transaction for HSS for the 2017- 2018 Financial Year was \$5.00.

Results

The average cost of accounts payable services per transaction for HSS for the 2017-2018 Financial Year is \$7.54. HSS exceeded target by \$2.54 per transaction. This was predominately due to the reallocation of costs for the Spectacle Subsidy Scheme from accounts receivable to accounts payable. In 2016-17, Spectacle Subsidy Scheme costs were apportioned across accounts payable and accounts receivable in line with the approved costing and pricing model. Following customer consultation, this cost was fully aligned to accounts payable in 2017-18. In the 2018-2019 financial year, these targets will be subject to change to reflect these changes in the business model.

Performance Measure	Result 16/17 (\$)	Result 17/18 (\$)	Target 17/18 (\$)
Average cost of Accounts Payable services per transaction	4.53	7.54	5.00

Data Sources: Oracle Financials, HR Data Warehouse, Health Support Services unpublished data.

Average cost of Accounts Receivable services per transaction

Rationale

HSS' role is to provide shared services function to its clients. This includes the functions of accounts payable, accounts receivable, payroll services, supply services and the management and delivery of the ICT network.

This KPI aligns to the role of HSS as a Health Service provider in ensuring 'the operations of the health service provider are carried out efficiently, effectively and economically'. This KPI captures the role of HSS in delivering transactional accounts receivable finance services to clients in an efficient manner.

2017- 2018 Budget Target

The target average cost of accounts receivable services per transaction for HSS for the 2017- 2018 Financial Year was \$28.00.

Results

The average cost of accounts receivable services per transaction for HSS for the 2017-2018 Financial Year is \$15.76 which was below target by \$12.24 per transaction. This was predominately due to the reallocation of costs for the Spectacle Subsidy Scheme from accounts receivable to accounts payable. In 2016-17, Spectacle Subsidy Scheme costs were apportioned across accounts payable and accounts receivable in line with the approved costing and pricing model. Following customer consultation, this cost was fully aligned to accounts payable in 2017-18. As well as this HSS' system reporting costs which were previously allocated across all services have now been recognised solely as an ICT costs this year resulting in a lower average cost of accounts receivable per transaction.

In the 2018-2019 financial year, these targets will be subject to change to reflect these changes in the business model.

Performance Measure	Result 16/17 (\$)	Result 17/18 (\$)	Target 17/18 (\$)
Average cost of Accounts Receivable services per transaction	29.98	15.76	28.00

Data Sources: Oracle Financials, HR Data Warehouse, Health Support Services unpublished data.

Outcome 3
Efficiency KPI
Service 10: Health
Support Service

Average cost of Payroll and Support Services to HSS customers

Rationale

HSS role is to provide shared services function to its clients. This includes the functions of accounts payable, accounts receivable, payroll services, supply services and the management and delivery of the ICT network.

As a WA Health shared services organisation, HSS performs a range of employment and payroll services on behalf of its clients. This indicator measures the efficiency of HSS to provide the continuum of 'hire to retire' workforce services to HSS clients.

2017- 2018 Budget Target

The target average cost of payroll and support services per average FTE to HSS customers for the 2017- 2018 Financial Year was \$981.00.

Results

The average cost of payroll and support services to HSS clients for the 2017-2018 Financial Year is \$992.40 which is within 1.2 percent of the target.

Performance Measure	Result 16/17 (\$)	Result 17/18 (\$)	Target 17/18 (\$)
Average cost of payroll and support services to HSS' clients	1,092.86	992.40	981.00

Data Sources: Oracle Financials, HR Data Warehouse, HSS unpublished data.

Average cost of Supply Services by purchasing transaction

Rationale

HSS role is to provide shared services function to its clients. This includes the functions of accounts payable, accounts receivable, payroll services, supply services and the management and delivery of the ICT network.

HSS' role within WA Health is to seek to improve efficiencies in supply, procurement and contract management in order to support improved value for money for WA Health. This indicator measures the efficiency of HSS to provide supply chain services to its customers.

2017- 2018 Budget Target

The target average cost of supply services per transaction to HSS for the 2017-2018 Financial Year was \$46.00.

Results

The average cost of supply services per transaction to HSS for the 2017-2018 Financial Year is \$38.24. HSS was lower than target by \$7.76 per transaction. This is predominately due to a reallocation from supply services to ICT for HSS' system reporting costs which have now been recognised solely as an ICT cost this year and an increase in volumes of purchasing transactions between years.

In the 2018-2019 financial year, these targets will be subject to change to reflect these changes in the business model.

Performance Measure	Result 16/17 (\$)	Result 17/18 (\$)	Target 17/18 (\$)
Average cost of Supply Services by purchasing transaction	50.17	38.24	46.00

Data Sources: Oracle Financials, HR Data Warehouse, Health Support Services unpublished data.

Outcome 3
Efficiency KPI
Service 10: Health
Support Service

Average cost of providing ICT services to HSS' clients

Rationale

HSS role is to provide shared services function to its clients. This includes the functions of accounts payable, accounts receivable, payroll services, supply services and the management and delivery of the ICT network.

HSS role within WA Health is to seek to implement and maintain an updated computer operating environment, removing difficulties encountered by staff in using outdated operating and other systems. This indicator measures the ability of HSS to deliver ICT services to its customers in an efficient manner.

2017- 2018 Budget Target

The target average cost of providing ICT services to HSS clients for the 2017-2018 Financial Year was \$4,423.00.

Results

The average cost of providing ICT services to HSS clients for the 2017-2018 Financial Year is \$4,625.83, within 4.59% of the target. HSS exceeded the target by \$202.83 per FTE. This was predominately due to the ICT budget being increased after the setting of the KPI targets. The increased budget allocation was to account for the increase in expenditure to facilitate support of Perth Children's Hospital deliverables. As well as this, HSS' system reporting costs which were previously allocated across all services as an overhead have now been recognised solely in our ICT costs this year.

Performance Measure	Result 16/17 (\$)	Result 17/18 (\$)	Target 17/18 (\$)
Average cost of providing ICT services to HSS' customers	4,346.30	4,625.83	4,423.00

Data Sources: Oracle Financials, HR Data Warehouse, HSS unpublished data.

The percentage of responses from HSS customers who are satisfied or highly satisfied with the overall service provided by HSS

Rationale

HSS role is to provide shared services function to its clients. This includes the functions of accounts payable, accounts receivable, payroll services, supply services and the management and delivery of the ICT network.

This KPI reports the satisfaction levels of services delivered to HSS customers. On a quarterly basis, service recipients will be provided with a survey to complete and the responses will measure the extent to which the expectations of service delivery by HSS were met.

Target

The 2017-18 target is set at 50% customer satisfaction. A result above the target is desirable. HSS has exceeded its target of 50% in 2017-18 and has significantly improved on its 2016-2017 result.

Results

2018 HSS Stakeholder Engagement Survey		Result 16/17	Result 17/18	Target 17/18
Highly Satisfied		4.55%	0.00%	
Satisfied		43.18%	66.67%	
Total Percentage Satisfied		47.73%	66.67%	>50%

Data Sources: Responses to the survey, as received by Health Support Services.

Summary of KPIs

HSS' Key Performance Indicators measure the efficiency and effectiveness of the services provided by HSS in order to achieve the desired stated outcome.

A summary of HSS Key Performance Indicators from the 2017-18 period is provided. This should be read in conjunction with detailed information on each key performance indicator found in the Key Performance Indicators section of this report.

Key Performance Indicators	2017-18 Actual	Target
Efficiency Indicators		
Average cost of Accounts Payable services per transaction	\$7.54	\$5.00
Average cost of Accounts Receivable services per transactions	\$15.76	\$28.00
Average cost of Payroll and support services to Health Support Services clients	\$992.40	\$981.00
Average cost of Supply Services by purchasing transaction	\$38.24	\$46.00
Average cost of providing ICT services to Health Support Services clients	\$4,625.83	\$4,423.00
Effectiveness Indicators		
The Percentage of responses from WA Health Service Providers and Department of Health who are satisfied with the overall service provided by Health Support Services	66.67%	50.00%

Actual Results vs Budget Targets

The total cost of providing services to the WA health system in 2017-18 was \$253,295 million.

Results for 2017-18 against agreed financial targets (based on Budget statements) are presented with full details of HSS' financial performance during 2017-18 provided in the Financial Statements section of this report.

	2017-18 Target (\$'000)	2017-18 Actual (\$'000)	2017-18 Variation (\$'000)
Total cost of services	249,370	253,295	-3,925
Net cost of services	240,912	244,081	-3,169
Total Equity	307,341	321,230	-13,889
Net increase/decrease in cash held	-	10,505	-10,505
Approved Full time equivalent staff level (salary associated with FTE)	1,018	1,027	-9



Significant Issues



Current and Emerging Issues and Trends

Movement to GovNext environment and challenging the way we have delivered ICT services in the past

GovNext is a WA Government wide project to modernise ICT in the public sector. As part of this project, WA government agencies are moving from a model of individual ownership of ICT infrastructure to procuring ICT infrastructure as an external service. The GovNext strategy aims to deliver long-term savings across the public sector by reducing ICT infrastructure duplication, harnessing whole-of-government buying power and ensuring interconnecting government ICT.

The WA health system's part of this project has been dubbed 'HealthNext' and HSS played a vital role in the design and preliminary planning activities required for the project in 2017-18. Since the commencement of HealthNext in September 2017, a large team of HSS staff members have worked on the project to consider and develop new and better ways of delivering ICT infrastructure to the WA health system.

In 2017-18, a HSS project team delivered the HealthNext Business Case which included the respective Work Package Evaluation costings. The tender and evaluation of the Work Packages was completed and the procurement process commenced, with planning workshops scheduled for July 2018 with the successful procurement respondents.

Keeping pace with technological change and responding to new and different cyber security issues / threats

HSS has embraced digital transformation with innovations in patient care and advances in the workplace for our customers. These new capabilities were embraced with appropriate management of any potential risks of these technologies.

In 2017-18 HSS established the Digital Information Security (DIS) program to develop a comprehensive program of work for those risks that will not be addressed by digital transformation. The DIS and other programs seek to systematically address known risks, develop capabilities to detect and minimise new risks,

and plan the transition to new technologies. Through use of planned programs of work, HSS has ensured that the risk management approach is thorough, programmatic and cost-effective.

Cyber security crime and personal privacy information abuse are a constantly evolving set of threats in the healthcare space. The perpetrators of these crimes are increasingly professional, often operating with support of organised crime organisations. The DIS program will ensure the WA health system is equipped with dynamic threat detection and is positioned to ensure appropriate responses are in place to meet these challenges.

The DIS program commenced the delivery of cyber security training to all HSS team members to assist in creating greater awareness about cyber security and to ensure that HSS staff have the ability to respond to cyber threats with confidence.

Attracting and retaining a skilled workforce

To continue supporting the WA health system's shared service requirements and to ensure the future needs of the WA health system are met, HSS requires a capable, adequately trained and appropriately skilled workforce. HSS is committed to developing internal staff with a wide range of expertise and approaches while seeking to position HSS as an 'employer of choice' to acquire talent from outside the organisation.

HSS is developing the capability of leaders and managers to support them in leading a strong, innovative and productive workforce. This will be achieved by providing effective leadership development programs, improving current performance development practices, assessing existing recruitment and retention strategies and modifying them to incorporate new skill sets, training needs, and employee requirements.

While developing internal talent is an important focus, HSS is also looking to strengthen the capability pool by recruiting strong and experienced leaders and managers. HSS seeks to build solid practices in all functional areas as well as leadership capability that contributes to the efficient provision of services across the WA health system which will ensure the future needs of the WA health system's customers are met.

Changes in Written Law

In 2017-18, Outcome Based Management framework reporting was introduced to health service providers.

HSS had adopted this reporting in 2016-17 and as a result, this Change in Written Law is not applicable.

As a newly formed organisation, HSS did not have KPIs previously with Treasury and adopted the outcome based management framework reporting in 2016-17 in order to meet reporting requirements.

Disclosure and Compliance



Ministerial Directives

Treasurer's Instructions 902 (12) requires disclosing information on any Ministerial Directives relevant to the setting of desired outcomes or operational objectives, the achievement of desired outcomes or operational objectives, investment activities, and financing activities.

Although no Ministerial Directives were issued to HSS in 2017-18, the Minister for Health provided a Statement of Expectation in November 2017, which set out the Minister's expectations for the functions and responsibilities of HSS, as well as its accountabilities and priorities. HSS responded to this with a Statement of Intent in January 2018.

Both of these documents are available on the WA health system website.

Pecuniary Interests

Senior Officers of government agencies are required to declare any interest in an existing or proposed contract that has, or could result in, the member receiving a financial benefit and/or present an actual, potential or perceived conflict of interest.

In 2017-18, all HSS Executives submitted annual declarations regarding this requirement. No perceived, potential or actual conflicts of interest, or interests in any contracts that may provide a financial benefit, were identified.

Boards and Committees Remuneration

HSS was established as a Chief Executive governed Health Service Provider in the *Health Services (Health Service Provider) Order 2016* (WA) made by the Minister for Health under section 32 of the *Health Services Act 2016* (WA).

The Chief Executive is responsible to the Minister for Health and the CEO of the Department of Health (System Manager) for the efficient and effective management of the organisation. As such, HSS does not provide remuneration for boards or committees.

Pricing Policy

HSS receives state appropriation from the Department of Health. HSS does not invoice Health Services Providers or clients for the services provided.

Currently HSS provides resources free of charge to each of the following reporting entities:

- Child and Adolescent Health Service
- East Metropolitan Health Service
- Health and Disability Services Complaints Office
- Mental Health Commission
- North Metropolitan Health Service
- Quadriplegic Centre
- South Metropolitan Health Service
- WA Country Health Service

Capital Works

There were no capital works completed in the 2017-18 Financial Year.

Capital works in progress in 2017-18 Financial Year

Project Name	Estimated Total Cost in 2016-17 (\$'000)	Reported in 2016-17 (\$'000)	Variance (\$'000)	Expected Completion Date	Estimated Cost to Complete	2016-17 and 2017-18 variation to cost explanation (>=10%)
ICT Minor Works Program	4,000	4,000	-	2018-19	0	
Replacement of Medical Imaging System (Picture Archive Communication System - Radiology Information System)	52,525	52,557	-32	2021-22	50,219	
Continued rollout of the Patient Administration System (PAS)	13,670	-	13,670	2018-19	8,896	New Project

a) The above information is based upon the:

- i 2017-18 published budget papers.
- ii 2016-17 published budget papers.

b) Completion timeframes are based upon a combination of known dates at the time of reporting

Employee Profile

The Full Time Equivalent (FTE) staffing within HSS in the 2017-18 financial year was 1,027.

Health Support Services

Category	Definition	2016-17	2017-18
Administration and clerical	Includes all clinical-based occupations together with patient-facing (ward) clerical support staff.	901.4	918.0
Agency	Includes FTE associated with the following occupational categories: administration and clerical, hotel services and other.	42.6	51.0
Nursing	Includes all nursing occupations. Does not include agency nurses.	3.9	2.9
Hotel Services	Includes catering, cleaning, stores/supply, laundry and transport occupations.	55.6	54.7
Other Categories	Includes Aboriginal and ethnic health worker related occupations	0.6	0.5
Total		1,004.1	1,027.0

Industrial Relations

HSS receives industrial relations support from System Wide Industrial Relations at the Department of Health. Industrial relations advice to HSS relates to discipline, performance, claims for permanency, change management processes, industrial disputes and fitness for work matters.

HSS ensures compliance with the WA Health Industrial Relations Policy and provides advisory services through the HR branch around industrial relations.

HSS consults with System Wide Industrial Relations as appropriate and where directed. Where HSS receives formal contact from union bodies, HSS is obliged to notify State Wide Industrial Relations who are responsible for coordinating formal responses on behalf of HSS.

Advertising

In 2017-18, in accordance with section 175ZE of the *Electoral Act 1907* (WA), HSS incurred no advertising costs.

Disability Access

The Disability Services Act 1993 (WA) was introduced to ensure that people with a disability have the same opportunities to fully access the range of services, facilities and information available to all members of the public. The Act also requires public authorities ensure that people with a disability have equal opportunities for employment.

HSS is continually seeking to improve accessibility for any Western Australian wanting to engage with HSS, including people with a disability. All HSS facilities are accessible to people with a disability, with dedicated parking bays maintained for those with disabilities. General access areas are on the ground floor level of all HSS facilities and these areas include motion-activated and timed access doors.

Requirements for staff with a disability are considered and accommodated in the planning of any events and/or services. This includes choosing appropriate venues that are compliant with recommended access

guidelines in relation to access, ease of movement within the building, parking arrangements, transport and travel to and from the building.

All communication materials can be provided in alternate formats to ensure equitable access to information for people with a disability. HSS complies with the WA Health Recruitment, Selection and Appointment Policy and associated procedures which forms part of the WA health system's Employment Policy Framework. This ensures recruitment and selection is undertaken in a consistent, inclusive and open and transparent manner. Training is provided to those participating in selection processes to ensure full understanding of the relevant public sector standards, legislation and regulations, including those that relate to disability discrimination.

Public Sector Standards and Ethical Codes

Public Sector Standards have been developed to support the principles of appropriate behaviour outlined in the Western Australia Public Sector Commission's Code of Ethics. HSS also ensures employee compliance with the WA Health Code of Conduct which forms part of the WA health system's Employment Policy Framework.

HSS employees are expected to uphold the Public Sector Standards and the WA Health Code of Conduct and are responsible for ensuring their behaviour reflects the Code of Ethics. To assist HSS employees to understand and comply with the principles of workplace behaviour and conduct, information regarding Public Sector Standards is provided at Corporate Induction, ad-hoc presentations to employees and through a number of professional and learning development courses.

Structures are in place to ensure Breach of Standard claims are reported to the Public Sector Commission as required and complainants are provided with advice on

the ability to lodge a breach should they wish. Where a breach of standard has been lodged, an internal assessment is undertaken and HSS complies with the Public Sector Commission Managing Breach Claims Agency Guide.

In 2017-18, two breach claims were lodged regarding the recruitment, selection and appointment process. One was withdrawn and the other was lodged at the Public Sector Commission but not upheld.

In 2017-18, HSS identified four suspected compliance issues with the Code of Conduct. Of these issues, one has been upheld. Three issues are still undergoing the disciplinary process and no decision has been made as to whether a final breach has occurred.

Structures are in place to ensure Breach of Standard claims are reported to the Public Sector Commission as required and complainants are provided with advice on the ability to lodge a breach should they wish.

Record Keeping Plans

The State Records Act 2000 (WA) mandates the standardisation of statutory recordkeeping practices for every State Government agency. HSS complies with *State Records Act 2000 (WA)*.

HSS is committed to maintaining systems that enable employees to manage transactional and corporate content to support business practices. All HSS business records, correspondence that enters HSS for business purposes or supports evidence of business activity and decision making is identified and captured in an electronic records management system. All employees within HSS are required to undertake mandatory Recordkeeping Awareness Training.

The record management practice within HSS is outlined in a framework of accountabilities, responsibilities and the statutory basis for the implementation and ongoing improvement of recordkeeping solutions.

Employee Development

HSS is committed to the continuous development of a highly capable, appropriately skilled and qualified workforce. HSS recognises that an ongoing commitment to staff development helps attract and retain talented employees.

HSS has a commitment to build the capabilities of our frontline leaders and equip them to lead a customer focused service culture. The HSS Team Leader Program provides team leaders and team members with leadership potential by providing the opportunity to achieve a Certificate IV in Leadership and Management. In 2018 the inaugural cohort of HSS participants graduated from the program and two additional cohorts commenced.

All HSS employees are provided with access to a comprehensive calendar of training events to support ongoing development. In 2017-18, 94 short duration training events were delivered internally, developing key workplace skills of HSS employees.

In addition, HSS employees are also supported to access technical and professional training as required. In 2017-18 HSS employees participated in 136 externally provided short courses to extend their specific professional or technical skills.

Workers' Compensation

HSS is committed to providing staff with a safe and healthy work environment.

In 2017-18 a total of seven new workers' compensation claims were made.

Workers' Compensation Claims - Nature of the Injuries

	2017/18	2016/17	2015/16	2014/15
All Other Diseases	0	2	1	0
Burns	1	0	0	1
Confusion and Crushing	0	0	2	1
Fractures	0	1	1	1
Foreign Bodies	0	0	0	0
Sprains, Strains and Dislocations	1	4	5	8
Superficial Injury	0	0	2	0
Mental Disorders	3	2	2	0
Musculoskeletal System	1	1	0	0
Open Wound	1	0	0	1
Total Number of Workplace Injuries	7	10	13	12

Substantive Equality

HSS contributes towards substantive equality for all Western Australians through the implementation of the Policy Framework for Substantive Equality.

The Framework provides a clear direction for HSS as an employer and service provider by addressing the potential for systemic discrimination and promoting sensitivity to the different needs of HSS' client groups.

In 2017-18 HSS commenced implementation of its inaugural Workforce Plan, with focus on the development of a workplace environment that values the employment and retention of Aboriginal and Torres Strait Islander employees.

The following strategies for increasing workforce diversity were actioned:

- a communication campaign calling all HSS employees to refresh their personal diversity information, which enabled a more accurate baseline measure of HSS workforce diversity;
- participation in the WA health system pilot application of Section 51 of the *Equal Opportunity Act 1984* to increase its Aboriginal workforce;
- planning of an Aboriginal Cadetship Program to commence in the second half of 2018; and
- ongoing development of employees' understanding and respect for Aboriginal culture and perspectives with 80% of HSS staff having undertaken Aboriginal cultural awareness training.

OSH and Injury Management


HSS recognises its responsibility under the *Occupational Safety and Health Act 1984* (WA) and associated legislation. HSS is committed to ensuring the safety, health and welfare of its employees, contractors and visitors.

Appropriate safety training is provided to all employees in order to meet the requirements of the *Occupational Safety and Health Act 1984* (WA) and *Occupational Safety and Health Regulations 1996* (WA). HSS complies with legal requirements to implement safe systems and work practices that reflect its commitment to providing a safe workplace.

HSS has a dedicated Occupational Safety and Health (OSH) Framework and Policy with annual strategic goals and targets for occupational safety, health and injury management performance. Employees are also educated in OSH responsibilities and obligations through mandatory training requirements. The Occupational Safety and Health Committee, including employee representatives and managers, forms a core element of occupational safety and health consultation and delivery within HSS.

HSS is committed to assisting injured employees with work related injuries to return to work as soon as medically appropriate in accordance with the requirements of the *Workers Compensation and Injury Management Act 1981* (WA) and *Injury Management, A Guide for Employees 2016* (WA). Managers are responsible for providing suitable duties for injured employees where required and for ensuring that support is provided to the employee following their injury or illness and during their return to work.

Managers are responsible for providing suitable duties for injured employees where required and for ensuring that support is provided to the employee following their injury or illness and during their return to work.



Annual Estimates 2018-19

Statement Of Comprehensive Income

2018/2019 Estimate
\$'000s**COST OF SERVICES****Expenses**

Employee benefits expense	111,972
Fees for visiting medical practitioners	-
Contracts for services	4,312
Supplies and services	63,190
Finance costs	-
Depreciation and amortisation expense	26,420
Loss on disposal of non-current assets	-
Repairs, maintenance and consumable equipment	10,678
Other supplies and services	382
Other expenses	28,947

Total cost of services**245,900****INCOME**

Revenue	
Patient charges	-
Other fees for services	6,860
Commonwealth grants and contributions	-
Other grants and contributions	751
Donation revenue	-
Interest revenue	-
Commercial activities	-
Other revenue	15,396

Total revenue**23,007****Gains**

Gain on disposal of non-current assets	-
Gain on disposal of other assets	-
Other Gains	-

Total Gains**-****Total income other than income from State Government****23,007****NET COST OF SERVICES****222,893**

Income from State Government	
Service appropriation	222,822
Assets (transferred) / assumed	-
Services received free of charge	72
Royalties for Regions Funds	-

Total income from State Government**222,893****SURPLUS / (DEFICIT) FOR THE PERIOD****0****OTHER COMPREHENSIVE PROFIT / (LOSS)****Items not reclassified subsequently to profit or loss**

Changes in asset revaluation reserve	-
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TOTAL COMPREHENSIVE LOSS FOR THE PERIOD**0**

Statement of Financial Position	
	2018/2019 Estimate \$'000s
ASSETS	
Current Assets	
Cash and cash equivalents	27,939
Restricted cash and cash equivalents	-
Receivables	3,630
Amounts receivable for services	-
Inventories	-
Other current assets	8,370
Non-current assets classified as held for sale	-
Total Current Assets	39,938
Non-Current Assets	
Restricted cash and cash equivalents	-
Amounts receivable for services	213,700
Receivables	-
Intangible assets	131,372
Property, plant and equipment	19,685
Other non-current assets	-
Total Non-Current Assets	364,757
Total Assets	404,695
LIABILITIES	
Current Liabilities	
Borrowings	-
Payables	24,757
Provisions	21,680
Other current liabilities	1,085
Total Current Liabilities	47,522
Non-Current Liabilities	
Borrowings	-
Payables	-
Provisions	5,311
Other non-current liabilities	6,751
Total Non-Current Liabilities	12,062
Total Liabilities	59,584
NET ASSETS	345,112
EQUITY	
Contributed equity	345,112
Reserves	-
Accumulated surplus	0
TOTAL EQUITY	345,112

Statement of Cash Flows	
	2018/2019 Estimate \$'000s
CASH FLOWS FROM STATE GOVERNMENT	
Service appropriation	196,017
Capital appropriation	23,865
Holding account drawdown	
Royalties for Region Funds	
Net cash provided by State Government	219,882
<i>Utilised as follows:</i>	
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments	
Employee benefits	(110,058)
Supplies and services	(108,966)
Finance costs	-
Grants and Subsidies	-
Contributions to Capital Works Funds	-
GST payments on purchases	-
Other Payments	-
Receipts	
User charges and fees	-
Commonwealth grants and contributions	-
Other grants and contributions	751
Donations received	-
Interest received	-
GST receipts on sales	-
GST refunds with taxation authority	-
Other receipts	22,256
Net cash used in operating activities	(196,017)
CASH FLOWS FROM INVESTING ACTIVITIES	
Payments	
Payment for purchase of non-current physical and intangible assets	(23,865)
Receipts	
Proceeds from sale of non-current physical assets	-
Net cash used in investing activities	(23,865)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments	
Repayment of finance lease liabilities	-
Repayment of borrowings	-
Repayment of other liabilities	-
Net cash used in financing activities	-
Net increase / (decrease) in cash and cash equivalents	
Cash and cash equivalent at the beginning of the period	27,939
Cash transferred from Department of Health	-
Cash and Cash Equivalents transferred to other agencies	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	27,939



Financial Statements



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

HEALTH SUPPORT SERVICES

Report on the Financial Statements

Opinion

I have audited the financial statements of the Health Support Services which comprise the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Health Support Services for the year ended 30 June 2018 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for Opinion

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

Responsibility of the Chief Executive for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Report on Controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Health Support Services. The controls exercised by the Health Support Services are those policies and procedures established by the Chief Executive to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

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

In my opinion, in all material respects, the controls exercised by the Health Support Services 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 2018.

The Chief Executive's Responsibilities

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

Auditor General's Responsibilities

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

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

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

Limitations of Controls

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

Report on the Key Performance Indicators**Opinion**

I have undertaken a reasonable assurance engagement on the key performance indicators of the Health Support Services for the year ended 30 June 2018. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Health Support Services are relevant and appropriate to assist users to assess the Health Support Services' performance and fairly represent indicated performance for the year ended 30 June 2018.

The Chief Executive's Responsibility for the Key Performance Indicators

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

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

Auditor General's Responsibility

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

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

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

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

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

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

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

This auditor's report relates to the financial statements and key performance indicators of the Health Support Services for the year ended 30 June 2018 included on the Health Support Service's website. The Health Support Service's management is responsible for the integrity of the Health Support Service's website. This audit does not provide assurance on the integrity of the Health Support Service'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.

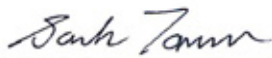


CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
/7 September 2018

CERTIFICATION OF FINANCIAL STATEMENTS**HEALTH SUPPORT SERVICES****Certification of Financial Statements for the year ended 30 June 2018**

The accompanying financial statements of Health Support Services 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 2018 and the financial position as at 30 June 2018.

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



Sash Tomson
Chief Financial Officer
Health Support Services

Date: 12-9-2018



Robert Toms
Chief Executive
Health Support Services

Date: 12.09.18

Financial Statements

Health Support Services

Statement of Comprehensive Income

For the year ended 30 June 2018

	Notes	2018 (\$000)	2017 (\$000)
COST OF SERVICES			
Expenses			
Employee benefits expense	3.1	109,265	105,030
Contracts for services	3.2	3,768	3,687
Supplies and services	3.2	70,356	68,618
Finance costs	7.1	-	1,007
Depreciation and amortisation expense	5.1.1, 5.2	28,217	31,476
Loss on disposal of non-current assets	5.2	911	-
Repairs, maintenance and consumable equipment	3.2	7,243	4,432
Other expenses	3.2	33,535	29,521
Total cost of services		253,295	243,771
INCOME			
Revenue			
Fees for services	4.2	8,016	8,279
Grants and contributions	4.3	370	523
Other revenue	4.4	828	850
Total revenue		9,214	9,652
Total income other than income from State Government		9,214	9,652
NET COST OF SERVICES		244,081	234,119
INCOME FROM STATE GOVERNMENT			
Service appropriations	4.1	247,293	254,879
Assets (transferred)/assumed	4.1	201	-
Services received free of charge	4.1	184	184
Total income from State Government		247,678	255,063
SURPLUS / (DEFICIT) FOR THE PERIOD		3,597	20,944
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		3,597	20,944

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

Health Support Services

Statement of Financial Position

As at 30 June 2018

	Notes	2018 (\$000)	2017 (\$000)
ASSETS			
Current Assets			
Cash and cash equivalents	7.2	26,727	16,222
Receivables	6.1	3,134	3,044
Other current assets	6.3	7,730	6,608
Total Current Assets		37,591	25,874
Non-Current Assets			
Restricted cash and cash equivalents	7.2.1	1,212	1,212
Amounts receivable for services	6.2	186,896	158,266
Property, plant and equipment	5.1	16,994	22,204
Intangible assets	5.2	137,370	148,130
Other non-current assets	6.3	75	45
Total Non-Current Assets		342,547	329,857
Total Assets		380,138	355,731
LIABILITIES			
Current Liabilities			
Payables	6.4	23,894	17,296
Provisions	3.1(b)	20,737	20,326
Other current liabilities	6.5	1,089	792
Total Current Liabilities		45,720	38,414
Non-Current Liabilities			
Provisions	3.1(b)	5,311	5,447
Other non-current liabilities	6.5	7,877	7,032
Total Non-Current Liabilities		13,188	12,479
Total Liabilities		58,908	50,893
NET ASSETS		321,230	304,838
EQUITY			
Contributed equity	9.8	296,689	283,894
Accumulated surplus/(deficit)	9.8	24,541	20,944
TOTAL EQUITY		321,230	304,838

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

Financial Statements

Health Support Services

Statement of Changes in Equity For the year ended 30 June 2018

		2018	2017
	Notes	(\$000)	(\$000)
CONTRIBUTED EQUITY	9.8		
Balance at start of period		280,042	-
Contribution by owners		3,852	280,042
Restated balance at start of period		283,894	280,042
Transactions with owners in their capacity as owners:			
Capital appropriations		7,315	3,924
Other contributions by owners		5,480	-
Distributions to owners		-	(72)
Balance at end of period		296,689	283,894
ACCUMULATED SURPLUS	9.8		
Balance at start of period		20,944	-
Surplus for the period		3,597	20,944
Balance at end of period		24,541	20,944
TOTAL EQUITY			
Restated balance at start of period		304,838	280,042
Total comprehensive income for the period		3,597	20,944
Transactions with owners in their capacity as owners		12,795	3,852
Balance at end of period		321,230	304,838

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

Health Support Services

Statement of Cash Flows

For the year ended 30 June 2018

	Notes	2018 (\$000)	2017 (\$000)
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriations		218,663	221,039
Capital appropriations		7,315	3,851
Net cash provided by State Government		225,978	224,890
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(108,672)	(102,680)
Supplies and services		(75,324)	(69,404)
Finance costs		-	(282)
Other payments		(33,530)	(30,295)
Receipts			
Other grants and contributions		370	523
Other receipts		8,813	8,061
Net cash used in operating activities	7.2.2	(208,343)	(194,077)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Payment for purchase of non-current physical and intangible assets		(7,130)	(9,226)
Receipts			
Proceeds from sale of non-current physical assets		-	-
Net cash used in investing activities		(7,130)	(9,226)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Repayment of finance lease liabilities		-	(4,205)
Net cash used in financing activities		-	(4,205)
Net Increase in cash and cash equivalents		10,505	17,382
Cash and cash equivalents at the beginning of the period		17,434	52
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	7.2.1	27,939	17,434

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

Health Support Services

Notes to the Financial Statements

For the year ended 30 June 2018

1 Basis of preparation

Health Support Services (The Authority) is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The Authority is a not-for-profit entity (as profit is not its principal object).

These annual financial statements were authorised for issue by the Chief Executive Officer of the Authority on 12 September 2018.

Statement of compliance

These general purpose financial statements have been prepared in accordance with:

- 1) The *Financial Management Act 2006 (FMA)*
- 2) The *Treasurers Instructions (the Instructions or TI)*
- 2) *Australian Accounting Standards (AAS)* including applicable interpretations
- 2) Where appropriate, those AAS paragraphs for not-for-profit entities have been applied.

The *Financial Management Act 2006* and the *Treasurer's Instructions (the Instructions)* take precedence over AAS. Several AAS are modified by the Instructions to vary application, disclosure format and wording. 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.

Basis of preparation

The financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousand dollars (\$000).

Judgement and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

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 2018

2 Agency outputs

How the Authority operates

This section includes information regarding the nature of funding the Authority receives and how this funding is utilised to achieve the Authorities objectives. This note also provides the distinction between controlled funding and administered funding:

Agency Objectives	Note
Schedule of Income and Expenses by Service	2.1
	2.2

2.1 Agency objectives

Mission

To deliver high quality services to support the delivery of optimal patient care.

Services

Service 1: Health Support Services

The provision of purchased health support services to WA Health Entities inclusive of corporate recruitment and appointment, employee data management, payroll services, workers compensation calculation and payments and processing of termination and severance payments. Health Support Services includes finance and business systems services, IT and ICT services, workforces services, project management of system wide projects and programs and the management of the supply chain and whole of health contracts.

2.2 Schedule of income and expenses by service

The Authority has one service which is to provide a shared service of functions of human resources and payroll services, ICT support services and the management of the supply chain for WA Health Service Providers. Refer to Statement of Comprehensive Income.

Health Support Services

Notes to the Financial Statements For the year ended 30 June 2018

3 Use of our Funding

Expenses Incurred in the delivery of services

This section provides additional information about how the Authority's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the Authority in achieving its objectives and the relevant notes are:

	Notes	2018 (\$000)	2017 (\$000)
Employee benefits expense	3.1(a)	109,265	105,030
Employee benefits provision	3.1(b)	26,048	25,773
Other expenses	3.2	33,535	29,521
3.1(a) Employee benefits expense			
Salaries and wages		94,977	93,047
Termination Benefits		5,393	3,390
Superannuation - defined contribution plans (a)		8,895	8,593
		109,265	105,030

(a) Defined contribution plans include West State, Gold State and GESB Super and other eligible funds.

Wages and Salaries: Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax and leave entitlements.

Termination benefits: Payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the authority is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Superannuation: The amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBs, or other superannuation funds. The employer contribution paid to the Government Employees Superannuation Board (GESB) in respect of the GSS is paid back into the Consolidated Account by the GESB.

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 Authority to GESB extinguishes the Authority's obligations to the related superannuation liability.

The Authority 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 Authority to the GESB.

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

Health Support Services

Notes to the Financial Statements

For the year ended 30 June 2018

3.1(b) Employee benefits provision

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

	2018 (\$000)	2017 (\$000)
Current		
<u>Employee benefits provision</u>		
Annual leave (a)	12,329	11,967
Time off in lieu leave (a)	237	265
Long service leave (b)	7,924	7,689
Deferred salary scheme (c)	247	405
	<u>20,737</u>	<u>20,326</u>
Non-current		
<u>Employee benefits provision</u>		
Long service leave (b)	5,311	5,447
	<u>5,311</u>	<u>5,447</u>
Total provisions	<u>26,048</u>	<u>25,773</u>

(a) Annual leave liabilities and time off in lieu 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:

	2018 (\$000)	2017 (\$000)
Within 12 months of the end of the reporting period	8,867	8,440
More than 12 months after the end of the reporting period	3,699	3,792
	<u>12,566</u>	<u>12,232</u>

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

(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.

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Authority has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of services.

	2018 (\$000)	2017 (\$000)
Assessments indicate that actual settlement of the liabilities is expected to occur as follows:		
Within 12 months of the end of the reporting period	1,981	1,768
More than 12 months after the end of the reporting period	11,254	11,368
	<u>13,235</u>	<u>13,136</u>

The provision for long service leave is calculated at present value as the Authority does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, 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.

(c) Deferred salary scheme 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:

	2018 (\$000)	2017 (\$000)
Within 12 months of the end of the reporting period	67	243
More than 12 months after the end of the reporting period	179	162
	<u>247</u>	<u>405</u>

Financial Statements

Health Support Services

Notes to the Financial Statements

For the year ended 30 June 2018

d) Key sources of estimation uncertainty - long service leave

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.

Several estimates and assumptions are used in calculating the Authority's long service leave provision. These 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. Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

3.2 Operational Expenditure

	2018 (\$000)	2017 (\$000)
Contracts for services		
Australian Digital Health Agency - Member Contribution	3,768	3,687
Total contracts for services	3,768	3,687
Supplies and Services		
Computer services	65,312	63,959
Domestic charges	549	503
Utility costs	1,292	1,060
Subsidy spectacle scheme	2,471	2,467
Sanitisation and waste removal services	106	78
Administration and management services	70	7
Security services	121	141
Other	435	403
Total supplies and Services	70,356	68,618
Repairs, maintenance and consumable equipment		
Repairs and maintenance	5,553	3,634
Consumable equipment	1,690	798
Total repairs, maintenance and consumable equipment	7,243	4,432
Other expenses		
Telecommunication expenses	10,834	9,862
Workers compensation insurance (a)	1,523	1,354
Operating lease expenses	14,556	14,151
Other insurances	103	117
Other employee related expenses	994	1,014
Printing and stationery	453	490
Doubtful debts expense	5	-
Motor vehicle expenses	72	75
Other	4,995	2,458
Total other expenses	33,535	29,521
Total other expenditure	114,902	106,259

Notes to the Financial Statements

For the year ended 30 June 2018

Contracts for services

Contracts for services are recognised as an expense in the reporting period in which they are incurred.

Supplies and Services

Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amount of any materials held for distribution are expensed when the materials are distributed.

Repairs, maintenance and consumable equipment

Repairs, maintenance and consumable equipment costs are recognised as expenses are incurred, except where they relate to the replacement of a significant component of an asset. In that case, the costs are capitalised and depreciated.

Other expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

(a) Employee on-cost includes workers' compensation insurance and other employment on-costs. The on costs liability associated with the recognition of annual and long service leave liabilities included at Note 3.1 (b) Employee benefit provision. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

4. Our funding sources

How we obtain our funding

This section provides additional information about how the Authority obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Authority and the relevant notes are:

	Notes	2018 (\$000)	2017 (\$000)
Income from State Government	4.1	247,678	255,063
Fees for services	4.2	8,016	8,279
Grants and contributions	4.3	370	523
Other revenue	4.4	828	850

4.1 Income from State Government

	2018 (\$000)	2017 (\$000)
Appropriation revenue received during the period:		
Service appropriations (funding via the Department of Health) (a)	247,293	254,879
Assets transferred from/(to) other State government agencies during the period:		
Equipment transferred from Western Australian Country Health Services	201	-
Total assets assumed	201	-
Services received free of charge from other State government agencies during the period:		
Department of Finance - government accommodation - leasing	184	184
Total services received	184	184
Total Income from State Government	247,678	255,063

(a) Service appropriations fund the net cost of services delivered (as set out in note 2.2) Appropriation revenue comprises the following

- Cash component; and
- A receivable (asset)
- The receivable (holding account - note 6.2) comprises the following:
 - The budgeted depreciation expense for the year; and
 - Any agreed increase in leave liabilities during the year.

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For the year ended 30 June 2018

- (b) **Transfer of Assets:** Discretionary transfers of net assets (assets and liabilities) 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 net assets transferred. Other non-discretionary non-reciprocal transfers of assets and liabilities designated as contributions by owners under TI 955 are also recognised directly to equity.

4.2 Fees for services	2018 (\$000)	2017 (\$000)
Non clinical services to other health organisations	140	158
Telecommunication recoups	5,390	5,185
Other	2,486	2,936
	<u>8,016</u>	<u>8,279</u>

Revenue is recognised and measured at the fair value of consideration received or receivable. Revenue is recognised as and when the service is provided.

4.3 Grants and contributions	2018 (\$000)	2017 (\$000)
Australian Digital Health Agency - My Health Records rollout	366	523
Other	4	-
	<u>370</u>	<u>523</u>

The My health records rollout grant is a non-reciprocal grant from the Commonwealth Department Australian Digital Health Agency. The terms of the grant specify that the funding is to be used for the rollout of electronic health records within Western Australia. The grant has been recognised in its entirety upon receipt.

Grant income arises from transactions described as:

- Non-reciprocal (where the agency does not provide approximate equal value in return to a party providing goods or assets (or extinguishes a liability); or
- Reciprocal (where the agency provides equal value to the recipient of the grant provider).

The accounting for these are set out below.

For non-reciprocal grants, the Authority recognises revenue when the grant is receivable at its fair value as and when its fair value can be reliably measured.

Contributions of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

For reciprocal grants, the Authority recognises income when it has satisfied its performance obligations under the terms of the grant.

Grants can further be split between:

- General purpose grants
- Specific purpose grants

General purpose grants refers to grants which are not subject to conditions regarding their use. Specific purpose grants are received for a particular purpose and/or have conditions attached regarding their use.

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4.4 Other Revenue

	2018 (\$000)	2017 (\$000)
RiskCover insurance premium rebate	7	61
Parking	19	22
Criminal Screen Recording	64	68
Recoveries	537	385
Other	201	314
	<u>828</u>	<u>851</u>

Other Revenue: is recognised as and when it is incurred.

5 Key assets

Assets the Authority utilises for economic benefit or service potential

This section includes information regarding the key assets the Authority utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

	Notes	2018 (\$000)	2017 (\$000)
Property, plant and equipment	5.1	16,994	22,204
Intangibles	5.2	<u>137,370</u>	<u>148,130</u>
Total key assets		<u>154,364</u>	<u>170,334</u>

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For the year ended 30 June 2018

5.1 Property, plant and equipment

Year ended 30 June 2017	Leasehold improvements	Computer equipment	Furniture and fittings	Medical equipment	Other plant and equipment	Work in progress	Total
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
1 July 2016							
Contribution by Owners	-	12,303	33	266	682	12,195	25,479
Additions	4,405	3,296	8		148	213	8,068
Transfers(a)		8,391				(8,391)	-
Transfers between asset classes		491					491
Depreciation	(284)	(11,001)	(3)	(68)	(114)		(11,469)
Write-down of assets		(270)	(7)	(19)	(68)		(384)
Carrying amount at end of period	4,121	13,210	29	179	648	4,017	22,204

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Year ended 30 June 2018	Leasehold improvements	Computer equipment	Furniture and fittings	Medical equipment	Other plant and equipment	Work in progress	Total
	(\$'000')	(\$'000')	(\$'000')	(\$'000')	(\$'000')	(\$'000')	(\$'000')
1 July 2017							
Contribution by owners	4,405	24,211	32	246	762	-	29,656
Accumulated depreciation	(284)	(11,001)	(3)	(68)	(114)	4,017	(7,451)
Accumulated impairment loss	-	-	-	-	-	-	-
Carrying amount at start of period	4,121	13,210	29	179	648	4,017	22,204
Additions	-	250	-	-	-	3,999	4,249
Transfers(a)	-	-	-	-	-	-	-
Transfers between asset classes	-	(84)	-	-	-	10	(54)
Depreciation	(605)	(8,587)	(3)	(87)	(123)	-	(9,405)
Capitalised to assets	1,122	3,851	-	-	-	(4,973)	-
Carrying amount at end of period	4,638	8,660	26	92	525	3,053	16,994

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Initial recognition

Items of property, plant and equipment, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. 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).

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the leasehold improvement.

Subsequent measurement

All items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Significant assumptions and judgements: The most significant assumptions and judgements in estimating fair value are made in assessing whether to apply existing use basis to assets and in determining estimated economic life.

5.1.1 Depreciation and Amortisation expense

	2018 (\$000)	2017 (\$000)
Depreciation		
Leasehold improvements	605	284
Computer equipment	8,587	11,001
Furniture and fittings	3	3
Medical equipment	87	68
Other plant and equipment	123	114
Total Depreciation for the period	9,404	11,470

As at 30 June 2018 there were no indications of impairment to property plant and equipment.

Please refer to note 5.2 for guidance in relation to the impairment assessment that been performed for intangible assets.

Finite useful lives

All property, plant and equipment having a limited useful life are depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits. The exceptions to this rule include items under operating leases.

Depreciation is calculated on a straight line basis, at rates that allocate asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Leasehold improvements	Term of the lease
Computer equipment	4 to 7 years
Furniture and fittings	2 to 20 years
Motor vehicles	3 to 10 years
Medical equipment	10 years
Other plant and equipment	5 to 10 years

The estimated useful lives are reviewed at the end of each annual reporting period, and adjustments should be made where appropriate.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

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Impairment

Property, plant and equipment and intangible assets 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 in 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 Authority 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 the asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

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.

5.2 Intangible assets

Year ended 30 June 2017

	Computer Software (\$000)	Work in Progress (\$000)	Total (\$000)
1 July 2016			
Contribution by owners	164,432	1,685	166,117
Additions	768	1,742	2,510
Transfers from works in progress	1,080	(1,080)	-
Amortisation expense	(20,007)	-	(20,007)
Transfers between asset classes	-	(491)	(491)
Carrying amount at end of period	146,274	1,856	148,130

Year ended 30 June 2018

	Computer Software (\$000)	Work in Progress (\$000)	Total (\$000)
1 July 2017			
Contribution by owners	166,282	1,856	168,138
Accumulated depreciation	(20,007)	-	(20,007)
Carrying amount at start of period	146,275	1,856	148,131
Additions	294	3,134	3,428
Other disposals	(911)	-	(911)
Transfers	5,480	-	5,480
Transfers from works in progress	3,596	(3,596)	-
Transfers between asset classes	64	(10)	54
Amortisation expense	(18,812)	-	(18,812)
Carrying amount at end of period	135,986	1,384	137,370

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Initial recognition

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets that comply with the recognition criteria as per AASB 138.57 (as noted below), are capitalised.

Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

An internal generated intangible asset arising from development (or from the development phase of an internal project) is recognised if and only if, all of the following are demonstrated:

- (a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) An intention to complete the intangible asset and use or sell it;
- (c) the ability to use or sell the intangible asset;
- (d) The intangible asset will generate probable future economic benefit;
- (e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- (f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Costs incurred in the research phase of a project are immediately expensed.

Subsequent measurement

The cost model is applied for subsequent measurement of intangible assets, requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Charge for the period

	2018 (\$000)	2017 (\$000)
<u>Amortisation</u>		
Computer software	18,812	20,006
	<u>18,812</u>	<u>20,006</u>

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As at 30 June 2018 there were no indications of impairment to intangible assets.
The Authority held no goodwill or intangible assets with an indefinite useful life during the reporting period.

Amortisation of finite life intangible assets is calculated on a straight line basis at rates that allocate the asset's value over its estimated useful life. All intangible assets controlled by the Authority have a finite useful life and zero residual value. Estimated useful lives are reviewed

The estimated useful lives for each class of intangible asset are:

Computer 3 - 15 years

Impairment of intangible assets

Intangible assets with finite useful lives are tested for impairment annually or when an indication of impairment is identified

The policy in connection with testing for impairment is outlined in note 5.1.1.

6. Other assets and liabilities

This section sets out those assets and liabilities that arose from the Authority's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes	2018 (\$000)	2017 (\$000)
Receivables	6.1	3,134	3,044
Amounts receivable for services	6.2	186,896	158,266
Other assets	6.3	7,805	6,653
Payables	6.4	23,894	17,296
Other liabilities	6.5	10,052	8,607

6.1 Receivables

Current

Other receivables	375	316
Less: Allowance for impairment of receivables	(5)	-
Accrued revenue	1,148	1,525
GST Receivables	1,616	1,203
Total current	3,134	3,044
Total receivables	3,134	3,044

The Authority does not hold any collateral or other credit enhancements as security for receivables.

Receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

6.1.1 Movement of the allowance for impairment of receivables

	2018 (\$000)	2017 (\$000)
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of period	-	-
Doubtful debts expense	5	-
Balance at end of period	5	-

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 Authority will not be able to collect the debts.

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6.2 Amounts receivable for services (Holding Account)

	2018 (\$000)	2017 (\$000)
Non-current	186,896	158,266
Balance at end of period	186,896	158,266

Amounts receivable for services represent the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

The Authority receives funding on an accrual basis. The appropriations are paid partly in cash and partly as an asset (holding account receivable). The accrued amount receivable is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

6.3 Other assets

	2018 (\$000)	2017 (\$000)
<u>Current</u>		
Prepayments	7,730	6,535
Other	-	73
Total current	7,730	6,608
<u>Non-current</u>		
Prepayments	75	45
Total non-current	75	45
Balance at end of period	7,805	6,653

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

6.4 Payables

	2018 (\$000)	2017 (\$000)
<u>Current</u>		
Trade creditors	1,247	1,794
Other creditors	5	16
Accrued expenses	21,137	14,282
Accrued salaries	1,505	1,204
Total current payables	23,894	17,296
Balance at end of period	23,894	17,296

Payables are recognised at the amounts payable when the Authority 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 settlement is generally within 30 days.

Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight of the reporting period end. The Authority considers the carrying amount of accrued salaries to be equivalent to its fair value.

The accrued salaries suspense account (see note 7.2.1 'Reconciliation of cash') consists of amounts paid annually, from Authority appropriations for salaries expense, into a Treasury suspense account to meet the additional cash outflow for employee salary payments in reporting periods with 27 pays instead of the normal 26. No interest is received on this account.

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6.5 Other liabilities

	2018 (\$000)	2017 (\$000)
<u>Current</u>		
Lease discount received in advance	1,086	783
Paid parental leave scheme	-	7
Other	4	2
Total current	1,089	793
<u>Non-Current</u>		
Lease discount received in advance	7,877	7,032
Total non-current	7,877	7,032
Balance at end of period	8,966	7,825

7. Financing

This section sets out the material balances and disclosures associated with the financing and cashflows of the Authority.

	Note
Finance costs	7.1
Cash and cash equivalents	7.2
Reconciliation of cash	7.2.1
Reconciliation of operating activities	7.2.2
Commitments	7.3
Non-cancellable operating lease commitments	7.3.1
Capital commitments	7.3.2
Other expenditure commitments	7.3.3

7.1 Finance costs

	2018 (\$000)	2017 (\$000)
Buyout of finance leases	-	725
Finance lease charges	-	273
Other financial expenses	-	9
Finance costs expensed	-	1,007

Finance cost' includes the buyout of the data centre leases in the 2016/17 financial year.

7.2 Cash and cash equivalents

7.2.1 Reconciliation of cash

	Notes	2018 (\$000)	2017 (\$000)
Cash and cash equivalents		26,727	16,222
Restricted cash and cash equivalents	8.1		
Accrued salaries suspense account(a)		1,212	1,212
Balance at end of period		27,939	17,434

(a) funds held in the suspense account for the purpose of meeting the 27th pay in a reporting period that occurs every 11th year. This account is classified as non-current for 10 out of 11 years.

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7.2.2 Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

Notes	2018 (\$000)	2017 (\$000)
Net cash used in operating activities (Statement of Cash Flows)	(208,343)	(194,077)
<u>Increase/(decrease) in assets:</u>		
GST receivable	413	251
Other current receivables	(322)	4,578
Prepayments and other current assets	1,195	(2,373)
Other non-current assets	30	45
<u>Decrease/(increase) in liabilities:</u>		
Payables	(6,598)	1,533
Current provisions	(410)	(1,616)
Non-current provisions	136	(607)
Other current liabilities	(298)	(318)
Other non-current liabilities	(844)	(6,344)
<u>Non-cash items:</u>		
Doubtful debts expense	(5)	-
Depreciation and amortisation expense	(28,217)	(31,476)
Net gain/(loss) from disposal of non-current assets	(911)	-
Services received free of charge	(184)	(184)
Write down of property, plant and equipment	-	(364)
Adjustment for other non-cash items	275	(3,167)
Net cost of services (Statement of Comprehensive Income)	(244,081)	(234,119)

7.3 Commitments

7.3.1 Non-cancellable operating lease commitments

	2018 (\$000)	2017 (\$000)
Commitments for minimum lease payments are payable as follows:		
Within 1 year	11,574	13,047
Later than 1 year, and not later than 5 years	38,270	35,849
Later than 5 years	23,465	32,155
Balance at end of period	73,309	81,051

Operating leases are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

7.3.2 Capital expenditure commitments:

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements are payable as follows:

	2018 (\$000)	2017 (\$000)
Within 1 year	5,083	806
Later than 1 year, and not later than 5 years	-	-
Later than 5 years	-	-
	5,083	806

The totals presented for capital commitments are GST inclusive.

7.3.3 Other expenditure commitments:

Other expenditure commitments contracted for at the reporting period but not recognised as liabilities are payable as follows:

	2018 (\$000)	2017 (\$000)
Within 1 year	48,130	57,090
Later than 1 year, and not later than 5 years	27,972	66,138
Later than 5 years	-	450
	76,102	123,678

The totals presented for other expenditure commitments are GST inclusive.

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For the year ended 30 June 2018

Judgements made by management in applying accounting policies - operating lease commitments

The Authority has entered into a number of leases for buildings for branch office accommodation. Some of these leases related to buildings of a temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

8. Risks and Contingencies

This note sets out the key risk management policies and measurement techniques of the Authority.

	Note
Financial risk management	8.1
Contingent assets	8.2.1
Contingent liabilities	8.2.2

8.1 Financial risk management

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

(a) Summary of risks and risk management

Credit risk

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

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

Credit risk associated with the Authority's financial assets is generally confined to patient fee debtors. The main receivable of the Authority is the amounts receivable for services (holding account). For receivables other than government agencies and patient fee debtors, the Authority trades only with recognised, creditworthy third parties. The Authority has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Authority's exposure to bad debts is minimised. At the end of the reporting period, there were no significant concentrations of credit risk.

All debts are individually reviewed, on a timely basis at 30, 60, 90 and 120 days. In circumstances where a third party is responsible for payment, or there are legal considerations, payment of accounts can be delayed considerably. Unpaid debts are referred to an external debt collection service within six months of the account being raised.

Allowance for impairment of financial assets is calculated based on objective evidence such as observable data indicating changes in client credit ratings. For financial assets that are either past due or impaired.

Liquidity risk

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

The Authority 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 Authority's income or the value of its holdings of financial instruments. The Authority does not trade in foreign currency and is not materially exposed to other price risks.

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(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:

	2018 (\$000)	2017 (\$000)
Financial assets		
Cash and cash equivalents	26,727	16,222
Restricted cash and cash equivalents	1,212	1,212
Loans and receivables (a)	188,413	160,107
Total financial assets	216,352	177,541
Financial liabilities		
Payables	23,894	17,296

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Notes to the Financial Statements For the year ended 30 June 2018

(c) Ageing analysis of financial assets

Aged analysis of financial assets						
Carrying amount (\$000)	Not past due and not impaired (\$000)	Past due but not impaired				Impaired Financial assets (\$000)
		1 - 3 months (\$000)	3 - 12 months (\$000)	1-5 years (\$000)	More than 5 years (\$000)	
2018						
Cash and cash equivalents	26,727	26,727	-	-	-	-
Restricted cash and cash equivalents	1,212	1,212	-	-	-	-
Receivables (a)	1,518	1,497	17	2	-	5
Amounts receivable for services	186,896	186,896	-	-	-	-
216,352	216,332	17	2	2	-	5
2017						
Cash and cash equivalents	16,222	16,222	-	-	-	-
Restricted cash and cash equivalents	1,212	1,212	-	-	-	-
Receivables (a)	1,841	1,841	-	-	-	-
Amounts receivable for services	158,266	158,266	-	-	-	-
177,540	177,540	-	-	-	-	-

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

Health Support Services

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(d) Liquidity Risk and Interest Rate Exposure

Liquidity risk and interest rate exposure

The following table details the Authority's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest 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

	<u>Interest rate exposure</u>					<u>Maturity dates</u>			
	Weighted average effective interest rate	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing	Nominal Amount	Up to 3 months	3 months to 1 year	More than 1-5 years
	%	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
2018									
<u>Financial Assets</u>									
Cash and cash equivalents	-	26,727	-	-	26,727	26,727			
Restricted cash and cash equivalents	-	1,212	-	-	1,212	1,212			
Receivables - non interest bearing (a)	-	1,518	-	-	1,518	1,518			
Amounts receivable for services	-	186,896	-	-	186,896	186,896	-	-	-
		216,352	-	-	216,352	216,352	-	-	-
<u>Financial Liabilities</u>									
Payables	-	23,894	-	-	23,894	23,894	23,894	-	-
		23,894	-	-	23,894	23,894	23,894	-	-

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

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(d) Liquidity Risk and Interest Rate Exposure (continued)

	<u>Interest rate exposure</u>					<u>Maturity dates</u>			
	Weighted average effective interest rate	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing	Nominal Amount	Up to 3 months	3 months to 1 year	More than 1-5 years
	%	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
2017									
<u>Financial Assets</u>									
Cash and cash equivalents	-	16,222	-	-	16,222	16,222			
Restricted cash and cash equivalents	-	1,212	-	-	1,212	1,212			
Receivables (a)	-	1,841	-	-	1,841	1,841			
Amounts receivable for services	-	158,266	-	-	158,266	158,266	-	-	-
		177,541	-	-	177,541	177,541	-	-	-
<u>Financial Liabilities</u>									
Payables	-	17,296	-	-	17,296	17,296	17,296	-	-
		17,296	-	-	17,296	17,296	17,296	-	-

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

Notes to the Financial Statements

For the year ended 30 June 2018

8.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively

8.2.1 Contingent assets

At the reporting date, the Authority is not aware of any contingent assets.

8.2.2 Contingent liabilities

At the reporting date, the Authority is not aware of any contingent liabilities

9. Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	Note
Events occurring after the end of the reporting period	9.1
Future impact of Australian standards issued not yet operative	9.2
Key management personnel	9.3
Transactions With Related parties	9.4
Related bodies	9.5
Administered trust accounts	9.6
Remuneration of auditors	9.7
Equity	9.8
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Explanatory statement	9.10

9.1 Events occurring after the end of the reporting period

There were no events occurring after the reporting period which had significant financial effects on these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2018

9.2 Future Impact of Australian Accounting Standards not yet operative

The Authority cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements* or by an exemption from TI 1101. Consequently, the Authority has not applied early any of the following Australian Accounting Standards that have been issued that may impact the Authority. Where applicable, the Authority plans to apply the following Australian Accounting Standards from their application date. Where applicable, the Authority plans to apply the following 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 is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9 and AASB 2014-1 <i>Amendments to Australian Accounting Standards</i>. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 15	<p><i>Revenue from Contracts with Customers</i></p> <p>This Standard establishes the principles that the Authority shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The mandatory application date of this Standard is currently 1 January 2019 after being amended by AASB 2016-7.</p> <p>The Authority's income is principally derived from appropriations which will be measured under AASB 1058 <i>Income of Not-for-Profit Entities</i> and will be unaffected by this change. However, the Authority has not yet determined the potential impact of the Standard on 'Grants and contributions' revenues. In broad terms, it is anticipated that the terms and conditions attached to this revenue item will defer revenue recognition until the Authority has discharged its performance obligations.</p>	1 Jan 2019
AASB 16	<p><i>Leases</i></p> <p>This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Authority has not yet determined the application or the potential impact of the Standard.</p> <p>Whilst the impact of AASB 16 has not yet been quantified, the entity currently has operating lease commitments for \$ 73,952,129. The worth of non-cancellable operating leases with the Authority anticipates most of this amount will be brought onto the statement of financial position, excepting amounts pertinent to short-term or low value leases. Interest and amortisation expenses will increase and rental</p>	1 Jan 2019
AASB 1058	<p><i>Income for Not-for-Profit-Entities</i></p> <p>This Standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, more closely reflecting the economic reality of NFP entity transactions that are not contracts with customers. Timing of income recognition is dependent on whether such a transaction gives rise to a liability, a performance obligation (a promise to transfer a good or service), or, an obligation to acquire an asset. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2019

Health Support Services

Notes to the Financial Statements

For the year ended 30 June 2018

		Operative for reporting periods beginning on/after
AASB 1059	<p><i>Service Concession Arrangements: Grantors</i></p> <p>This standard addresses the accounting for a service concession arrangement (a type of public private partnership) by a grantor that is a public sector entity by prescribing the accounting for the arrangement from the grantor's perspective. Timing and measurement for the recognition of a specific asset class occurs on commencement of the arrangement and the accounting for associated liabilities is determined by whether the grantee is paid by the grantor or users of the public</p>	1 January 2019
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.</p> <p>The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 2014-1	<p><i>Amendments to Australian Accounting Standards</i></p> <p>Part E of this standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by the Authority to determine the application or potential impact of the Standard.</p>	1 Jan 2018
AASB 2014-5	<p><i>Amendments to Australian Accounting Standards arising from AASB 15</i></p> <p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 2014-7	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i></p> <p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 2016-3	<p><i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i></p> <p>This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and, provides further transitional provisions to AASB 15. The Authority has not yet determined the application or the potential impact.</p>	1 Jan 2018
AASB 2016-8	<p><i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i></p> <p>The Standard inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. This guidance assists not-for-profit entities in applying those Standards to particular transactions and other events. There is no financial impact.</p>	1 Jan 2019

Notes to the Financial Statements

For the year ended 30 June 2018

9.3 Compensation of key management personnel

Remuneration of members of the Accountable Authority

The Authority has determined that the key management personnel include Ministers, members and senior officers of the Authority. However, the Authority is not obligated to compensate Ministers and therefore disclosures in relation to Ministers' compensation may be found in the Annual Report on State Finances. Total compensation for key management personnel, comprising members and senior officers of the Authority for the reporting period are presented within the following bands:

Compensation of members of the accountable authority:

Compensation Band (\$)	2018	2017
\$0 - \$10,000	-	1
\$10,001 - \$20,000	4	-
\$20,001 - \$30,000	2	-
\$30,001 - \$40,000	1	-
\$40,001 - \$50,000	-	1
\$50,001 - \$60,000	1	1
\$60,001 - \$70,000	-	1
\$70,001 - \$80,000	-	1
\$80,001 - \$90,000	1	1
\$90,001 - \$100,000	1	-
\$100,001 - \$110,000	1	1
\$110,001 - \$120,000	-	1
\$120,001 - \$130,000	-	1
\$130,001 - \$140,000	1	-
\$140,001 - \$150,000	1	-
\$150,001 - \$160,000	-	-
\$160,001 - \$170,000	-	-
\$170,001 - \$180,000	-	-
\$180,001 - \$190,000	-	-
\$190,001 - \$200,000	-	-
\$200,001 - \$210,000	-	-
\$210,001 - \$220,000	-	-
\$220,001 - \$230,000	-	-
\$230,001 - \$240,000	-	-
\$240,001 - \$250,000	-	-
\$250,001 - \$260,000	-	-
\$260,001 - \$270,000	-	-
\$270,001 - \$280,000	-	-
\$280,001 - \$290,000	-	-
\$290,001 - \$300,000	-	-
\$300,001 - \$310,000	-	-
\$310,001 - \$320,000	-	-
\$320,001 - \$330,000	-	-
\$330,001 - \$340,000	-	-
\$340,001 - \$350,000	-	-
\$350,001 - \$360,000	-	-
\$360,001 - \$370,000	-	-
\$370,001 - \$380,000	-	-
\$380,001 - \$390,000	-	-
Total:	15	10

	2018 (\$000)	2017 (\$000)
Short-term employee benefits	1,913	1,612
Post-employment benefits	271	136
Other long-term benefits	(85)	22
Termination benefits	122	-
Total remuneration of senior officers	2,221	1,770

Total compensation includes the superannuation expense incurred by the Authority in respect of senior officers.

Notes to the Financial Statements

For the year ended 30 June 2018

9.4 Transactions with related parties

The Authority is a wholly owned and controlled entity of the State of Western Australia. In conducting its activities, the Authority is required to pay various taxes and levies based on the standard terms and conditions that apply to all tax and levy payers to the State and entities related to State.

Related parties of the Authority include:

- all Ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers of Health Support Services and the Department of Health and their close family members, and their controlled or jointly controlled entities;
- other statutory authorities and public sector entities, including related bodies included in the whole of government consolidated financial statements; and
- associated and joint ventures, that are included in the whole of government consolidated financial statements; and
- the Government Employees Superannuation Board (GESB).

Significant transactions with government related entities

Significant transactions include:

- service appropriations (note 4.1)
- capital appropriations (note 4.1)
- services received free of charge (note 4.1)
- superannuation payments to GESB (note 3.1)
- telecommunication recoups (note 3.2)
- services provided free of charge (note 9.9)

Material transactions with other related parties:

The Authority had no material related party transactions with Ministers/senior officers or their close family members or their controlled (or jointly controlled) entities for disclosure.

During the year, the Authority paid \$3,451,088 in employee superannuation contributions to the Government Employees Superannuation Board.

9.5 Related bodies

A related body is a body which receives more than half its funding and resources from the Authority and is subject to operational control by the Authority.

The Authority had no related bodies during the financial year.

Notes to the Financial Statements

For the year ended 30 June 2018

9.6 Administered trust accounts

Funds held in these trust accounts are not controlled by the Authority and are therefore not recognised in the financial statements.

The Authority administers a trust account for medical practitioners exercising a 'right of private practice' when treating privately referred non-inpatients.

A summary of the transactions for this trust account is as follows:

	2018 (\$000)	2017 (\$000)
Balance at the start of period	5	18
Add Receipts	3	49
	8	67
Less Payments	(5)	(62)
Balance at the end of period	3	5

9.7 Remuneration of auditors

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

	2018 (\$000)	2017 (\$000)
Auditing the accounts, financial statements and key performance indicators	187	135

9.8 Equity

	2018 (\$000)	2017 (\$000)
Contributed equity		
Balance at start of period (a)	283,894	280,042
Restated balance at start of period	283,894	280,042
Contributions by owners (c)		
Capital appropriation (b)	7,315	3,924
Transfer of assets from the Department of Health	5,480	-
	12,795	3,924
Distributions to owners (c) (d)		
Transfer of employee entitlements between WA Health entities	-	(72)
	-	(72)
Total contributions by owners	-	(72)
Balance at end of period	296,689	283,894

(a) Balance at the start of the period represents assets and liabilities contributed as a result of establishment of the Authority under the new *Health Service Act 2016* effective 1 July 2016.

Summary of assets and liabilities contributed are as follows:

ASSETS		
Cash and cash equivalents	-	52
Receivables	-	126,143
Property, plant and equipment	-	25,479
Intangible assets	-	166,117
Other current assets	-	8,979
	-	326,770
LIABILITIES		
Payables	-	17,785
Borrowings	-	4,205
Provisions	-	23,551
Other liabilities	-	1,187
	-	46,728
Net Contribution	-	280,042

Notes to the Financial Statements

For the year ended 30 June 2018

(b) Treasurer's Instruction (TI) 955 'Contributions by Owners Made to Wholly Owned Public Sector Entities' designates capital appropriations as contributions by owners in accordance with AASB Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities'.

(c) AASB 1004 'Contributions' requires transfers of net assets as a result of a restructure of administrative arrangements to be accounted for as contributions by owners and distributions to owners.

TI 955 designates non-discretionary and non-reciprocal transfers of net assets between state government agencies as contributions by owners in accordance with AASB Interpretation 1038. Where the transferee agency accounts for a non-discretionary and non-reciprocal transfer of net assets as a contribution by owners, the transferor agency accounts for the transfer as a distribution to owners.

(d) TI 955 requires non-reciprocal transfers of net assets to Government to be accounted for as distribution to owners in accordance with AASB Interpretation 1038.

Accumulated surplus

Balance at start of period	20,944	-
Result for the period	3,597	20,944
Balance at end of period	24,541	20,944

9.9 Supplementary financial information

(a) Revenue, public and other property written off

a) Revenue and debts written off under the authority of the Accountable Authority	-	-
b) Public and other property written off under the authority of the Accountable Authority	-	-

(b) Losses of public moneys and other property

Losses of public moneys and public or other property through theft or default	-	-
Less amount recovered	-	-
Net losses	-	-

(d) Services provided free of charge

During the period the following services were provided to other agencies free of charge:

North Metropolitan Health Services	55,419	63,114
South Metropolitan Health Services	54,043	64,370
East Metropolitan Health Services	41,759	42,602
Child and Adolescent Health Services	30,668	28,168
WA Country Health Services	31,799	26,536
The Queen Elizabeth II Medical Centre Trust	41	84
Quadriplegic Centre Board	123	115
Mental Health Commission	3,291	3,069
Health and Disability Services Complaints Office	165	170
	217,308	228,229

Notes to the Financial Statements

For the year ended 30 June 2018

9.10 Explanatory statement

All variances between estimates (original budget) and actual results for 2018 are shown below. Narratives are provided for selected major variances, which are generally greater than:

- 5% and \$4.88 million for the Statement of Comprehensive Income and Cash Flows; and
- 5% and \$7.1 million for the Statement of Financial Position

Statement of Comprehensive Income		2018 Estimates (\$000)	2018 Actual (\$000)	2017 Actual (\$000)	Variance between estimate and actual (\$000)	Variance between actual 2017 and 2018 (\$000)
COST OF SERVICES						
Expenses	Note					
Employee benefits expense		104,483	109,265	105,030	4,782	4,235
Contracts for services		4,175	3,768	3,687	(407)	81
Supplies and services	1	64,280	70,356	68,618	6,076	1,738
Finance costs		-	-	1,007	-	(1,007)
Depreciation and amortisation expense		28,582	28,217	31,476	(365)	(3,259)
Loss on disposal of non-current assets		-	911	-	911	911
Repairs, maintenance and consumable equipment		5,886	7,243	4,432	1,357	2,811
Other supplies and services		560	-	-	(560)	-
Other expenses	2	41,404	33,535	29,521	(7,869)	4,014
Total cost of services		249,370	253,295	243,771	3,925	9,524
INCOME						
Revenue						
Fees for services		7,082	8,016	8,279	934	(263)
Grants and contributions		958	370	523	(588)	(153)
Other revenue		418	828	850	410	(22)
Total Revenue		8,458	9,214	9,652	756	(438)
Total income other than income from State Government		8,458	9,214	9,652	756	(438)
NET COST OF SERVICES		240,912	244,081	234,119	3,168	9,962
INCOME FROM STATE GOVERNMENT						
Service appropriations		240,842	247,293	254,879	6,451	(7,586)
Assets (transferred)/assumed			201	-	201	201
Services received free of charge		70	184	184	114	(0)
Total income from State Government		240,912	247,678	255,063	6,766	(7,385)
SURPLUS/(DEFICIT) FOR THE PERIOD		-	3,597	20,944	3,597	(17,347)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		-	3,597	20,944	3,597	(17,347)

Financial Statements

Health Support Services

Notes to the Financial Statements

For the year ended 30 June 2018

Significant variances between estimated and actual for 2018

1 Supplies and services and Other expenses

The higher Supplies and services costs can largely be attributable to the Perth Children's Hospital ICT costs, HSS did not receive the funding for this item in the original 2017/18 budget submission.

2 Other expenses

HSS received a budget cut during the 2017-18 financial year, as part of the mid year review process, that was not included within the original budget. HSS had set aside funds in the other expenses category to provide for this cut.

Statement of Financial Position	Note	2018 Estimates (\$000)	2018 Actual (\$000)	2017 Actual (\$000)	Variance between estimate and actual (\$000)	Variance between actual 2017 and 2018 (\$000)
ASSETS						
Current Assets						
Cash and cash equivalents	3,a	16,222	26,727	16,222	10,505	10,505
Receivables		3,034	3,134	3,044	100	90
Amounts receivable for services		-	-	-	-	-
Other current assets		7,184	7,730	6,608	546	1,122
Total Current Assets		26,440	37,591	25,874	11,151	11,717
Non-Current Assets						
Restricted cash and cash equivalents		1,212	1,212	1,212	-	-
Amounts receivable for services		186,848	186,896	158,266	48	28,630
Property, plant and equipment	4,b	23,810	16,994	22,204	(6,816)	(5,210)
Intangible assets	5,c	122,966	137,370	148,130	14,404	(10,760)
Other non-current assets		-	75	45	75	30
Total Non-Current Assets		334,836	342,547	329,857	7,711	12,690
Total Assets		361,276	380,138	355,731	18,862	24,407
LIABILITIES						
Current Liabilities						
Payables		20,338	23,894	17,296	3,556	6,598
Borrowings		-	-	-	-	-
Provisions		20,326	20,737	20,326	411	411
Other current liabilities		792	1,089	792	297	297
Total Current Liabilities		41,456	45,720	38,414	4,264	7,306
Non-Current Liabilities						
Borrowings		-	-	-	-	-
Provisions		5,447	5,311	5,447	(136)	(136)
Other non-current liabilities		7,032	7,877	7,032	845	845
Total Non-Current Liabilities		12,479	13,188	12,479	709	709
Total Liabilities		53,935	58,908	50,893	4,973	8,015
NET ASSETS		307,341	321,230	304,838	13,889	16,392
EQUITY						
Contributed equity		288,918	296,689	283,894	7,771	12,795
Accumulated surplus		18,423	24,541	20,944	6,118	3,597
TOTAL EQUITY		307,341	321,230	304,838	13,889	16,392

Health Support Services

Notes to the Financial Statements

For the year ended 30 June 2018

Significant variances between estimated and actual for 2018

3 Cash and cash equivalents

The higher cash balance in June 2018 against estimate can largely be attributable to the higher payables balance that HSS had at the end of the financial year.

4 Property, plant and equipment

The lower balance against budget can be attributable to allocation of Work In Progress budget for 2017/18, which was anticipated to be spent against Property plant and equipment, however the spend incurred in 2017/18 was against the Intangible assets category.

5 Intangible Assets

Increase can largely be attributable to the transfer of Perth Children's Hospital Information Communication Technology assets of \$5.480M in the 2017/18 financial year.

Significant variances between actual for 2017 and 2018

a Cash and cash equivalents

The increase in cash balance in June 2018 can largely be attributable to the higher payables balance that HSS had at the end of the financial year.

b Property Plant and Equipment

The decrease against actual position in June 2018 can largely be attributable to depreciation expense during the 2017/18 financial year.

c Intangible Assets

Please refer to comment 5 Intangible assets for further details.

	Note	2018 Estimates (\$000)	2018 Actual (\$000)	2017 Actual (\$000)	Variance between estimate and actual (\$000)	Variance between actual 2017 and 2018 (\$000)
Statement of Cash Flows						
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriations		212,280	218,663	221,039	6,403	(2,376)
Capital appropriations	6,d	5,024	7,315	3,851	2,291	3,464
Net cash provided by State Government		217,284	225,978	224,890	8,694	1,088
Utilised as follows:						
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits	e	(104,483)	(108,672)	(102,680)	(4,189)	(5,992)
Supplies and services/Other payments	7,f	(116,235)	(75,324)	(69,404)	40,911	(5,920)
Finance costs		-	-	(282)	-	282
Other payments		-	(33,530)	(30,295)	(33,530)	(3,235)
Receipts						
Other grants and contributions		958	370	523	(588)	(153)
Other receipts		7,500	8,813	8,061	1,313	752
Net cash used in operating activities		(212,260)	(208,343)	(194,077)	3,917	(14,266)
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Payment for purchase of non-current physical and intangible assets	8	(5,024)	(7,130)	(9,226)	(2,106)	2,096
Net cash used in investing activities		(5,024)	(7,130)	(9,226)	(2,106)	2,096
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments						
Repayment of finance lease liabilities		-	-	(4,205)	-	4,205
Net cash used in financing activities		-	-	(4,205)	-	4,205
Net increase / (decrease) in cash and cash equivalents		-	10,505	17,382	10,505	(6,877)
Cash and cash equivalents at the beginning of the period	9	17,434	17,434	52	-	17,382
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		17,434	27,939	17,434	10,505	10,505

Financial Statements

Health Support Services

Notes to the Financial Statements

For the year ended 30 June 2018

Significant variances between estimated and actual for 2018

6 Capital appropriations

The higher capital appropriations can largely be explained by the addition of funding during the 2017-18 financial year for WebPAS project, which is to fund the roll out a new patient administration to metropolitan hospital sites.

7 Supplies and services/Other payments

The lower balance can be attributable to the timing of payments, as a result HSS has a higher payables and cash balance in June 2018.

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

Please see comment 6 Capital Appropriations for further details.

9 Cash and cash equivalents at the beginning of the period

Please refer to comment 3 Cash and cash equivalents for further details.

Significant variances between actual for 2017 and 2018

d Capital appropriations

Please see comment 6 Capital appropriations for further details.

e Employee benefits

The increase in cash paid for Employee Entitlements can largely be attributed to the VTSS payments made during the 2017/18 financial year.

f Supplies and services/Other payments

The increase against prior period can largely be attributable to planned project management and consultancy costs in the 2017/18 financial year.





HSS health
support
services

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