



HSS health
support
services



Annual Report
2019-2020

Health
Support
Services



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Statement of compliance

Hon Roger H COOK BA GradDipBus MBA MLA
Deputy Premier; Minister for Health; Mental Health

Deputy Premier

In accordance with section 61 of the *Financial Management Act 2006* (WA), we hereby submit for your information and presentation to Parliament, the Annual Report of Health Support Services for the financial year ended 30 June 2020.

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



Michael Walsh
Board Chair
Health Support Services

01 October 2020



Margaret Pyrchla
Deputy Board Chair
Health Support Services

01 October 2020

Overview of agency



NYLCKE
HEALTH CARE



Robert Toms
Chief Executive



Michael Walsh
Board Chair

Executive summary

On behalf of the Board, executives and employees of Health Support Services (HSS), we are proud to present the 2019-20 HSS Annual Report.

This financial year has been highlighted by our collective response to the global COVID-19 pandemic and the achievement of several significant milestones for our customers and our people.

Responding to COVID-19

The emergence of COVID-19 created a number of significant challenges for us as the shared service provider for the WA health system.

Similar to many organisations, we had to operate in an environment that was volatile, uncertain, complex and ambiguous – for which there was no precedent to refer to as part of our response.

During such extraordinary and uncertain times, we are proud of our leadership teams and our employees in demonstrating our HSS values while ensuring we delivered on our purpose of supporting our customers to provide excellent health care.

Increased demands for critical Personal Protective Equipment (PPE) across the WA health system and disruptions to global supply chains from the start of the pandemic, meant our Procurement and Supply teams had to rapidly adapt and develop alternative sourcing strategies to reduce the risk of supply shortages for our customers.

Working in collaboration with the Department of Health and other government agencies, we were able to diversify local and international lines of supply and set up additional warehousing capacity to accommodate stock on-hand.

Our efforts ensured frontline healthcare staff across the WA health system had access to the correct PPE so that they could do their jobs safely. At the same time, it gave confidence for hospitals to resume full elective surgery activity.

The risk of community transmission at the height of COVID-19 in Western Australia also gave rise to the increased need for our people and customers to work remotely.

In response, our Information and Communication Technology (ICT), Transformation and Strategy and Customer Experience teams successfully developed, tested and implemented a new remote working solution for more than 15,000 customers.

Additional IT equipment was purchased while we doubled our internet capacity across the WA health system to support the increased demands for videoconferencing and virtual workplaces.

Our ICT Field Support teams played an instrumental role in providing critical IT and network support in the rapid establishment of the WA State Incident Coordination Centre and various metropolitan COVID clinics to enable people in the community to be tested.

COVID-19 also presented a number of workforce challenges for the WA health system which we responded to quickly.

A dedicated HSS COVID-19 rapid recruitment team was established to support a system-wide recruitment campaign that resulted in more than 8,200 applications for various medical, nursing and allied health recruitment pools. The team streamlined and simplified the process for rapid

appointment, deployment and onboarding to quickly bolster the clinical workforce for our customers.

While our focus was on supporting our customers through COVID-19, it was important we also prioritised the safety and wellbeing of our people while maintaining business continuity.

We took the opportunity to update our business continuity plans across the organisation and commenced enhanced cleaning and sanitisation protocols across our offices to keep our people safe.

While the COVID-19 situation continues to evolve, we have learnt key lessons from our experience to date and have adapted the way we work in this new COVID-19 environment to meet the demands of our customers.

New Operating Model

The finalisation of our new Operating Model this year was a key outcome in HSS' transformation journey to effectively align our priorities and resources with our customers' needs.

As part of the new model, we introduced new capabilities into our Customer Experience business unit to improve our understanding of customer needs. Direct customer facing roles across key core frontline services have also increased by 12 per cent without additional costs to the organisation.

We are pleased that this change has already resulted in significant improvements in our quarterly Customer Satisfaction (CSAT) score which is our business' overall key performance indicator.

Supporting our Operating Model is a new organisation structure that provides greater clarity and stability for our people. More than 90 per cent of our employees have now been appointed permanently to their roles, with an increase of 36 per cent in the number of women appointed to leadership roles.

Our new structure also aims to increase efficiency and the speed of decision-making by removing layers and duplication, and we introduced new delegations to empower our people.

Embedding our Operating Model will continue to be a key focus in 2020-21.



Culture and capability

A key element of any high-performing organisation is its people.

To achieve our aim of becoming a contemporary shared service provider, we are committed to creating an engaged and capable workforce through a range of initiatives and development opportunities which in turn contribute towards achieving our purpose and objectives.

Work on a new performance development program was designed and piloted this year to enable employees and leaders to regularly review and recognise performance and development needs. This initiative, which will be formally rolled out across HSS in late 2020, goes beyond providing performance feedback and sets every employee up for success to reach their full potential and career aspirations.

In parallel, we continued to implement our HSS Cultural Development Strategy which outlines a three-phase approach to evolving the culture of HSS. This work builds on the results and feedback shared by our people in our regular six-monthly employee culture survey and the annual system-wide Minister for Health's "Your Voice in Health" employee engagement survey.

We are pleased and extremely encouraged that our people-focussed initiatives led to a 9 per cent improvement in our overall employee engagement score for 2020, as compared to the

previous year. This is a fantastic result and a big step in the right direction towards strengthening our organisational culture by creating a healthy and engaged workplace for all.

The introduction of customer experience training across key frontline service areas this financial year was another key highlight of our commitment to creating a 'think customer first' culture throughout the organisation. This training forms part of our Learning and Development Framework to support our workforce to achieve the objectives outlined in our HSS Business Plan.

Operational achievements

We would also like to acknowledge the enormous amount of work that has gone into the delivery of great operational results this year, despite the challenges of COVID-19.

Substantial progress has been made in 2019-20 in the system-wide ICT reform program, HealthNext.

Led by HSS, this program is a key enabler of the WA Health Digital Strategy 2020-2030 by transforming the WA health system's ICT legacy on-premise infrastructure to a scalable, cost-effective hybrid-cloud environment to better support the delivery of health care.

HealthNext's new community cloud, network core, and internet gateway services are now

operational, and work is progressing to safely migrate more than 1,000 clinical and corporate applications to the new cloud environment.

In addition, more than 280 WA health system sites are now connected to an upgraded Wide Area Network (WAN), providing our customers with more robust and improved access to the ICT network regardless of where they are located.

The Medical Imaging Replacement Program (MIRP) is another major ICT initiative being led by HSS that has achieved a number of significant milestones.



MIRP will introduce a new, contemporary medical imaging solution at all major WA health system hospital sites and provide a centralised storage solution for clinical imaging, including radiology reports, X-rays, CT scans, MRIs, ultrasounds and nuclear medicine.

Procurement of the new system was completed by HSS this year on behalf of the WA health system and implementation of the new solution has commenced.

Additionally, we also achieved success in a number of other areas. These include the implementation of online payslips for more than 38,000 customers, cybersecurity enhancements and the continued integration of the Australian My Health Record (MHR) database with the WA health system's core clinical and patient administration applications.



New governing Board

Of significance to the organisation this year was the approval by State Cabinet for the establishment of a governing Board for HSS to commence on 1 July 2020.

This decision supports Recommendation 24 of the Sustainable Health Review, which aims to 'drive capability and behaviour to act as a cohesive, outward-looking system that works in partnership across sectors, with a strong focus on system integrity, transparency and accountability'.

The new HSS Board will provide additional support to our organisation in critical areas by setting strategic direction, driving organisation performance and overseeing our governance functions.

Robert Toms
Chief Executive
Health Support Services

We look forward to working together with our new Board members in 2020-21— all of whom have made significant accomplishments in their respective fields and will be an invaluable asset in enabling us to better deliver on our purpose.

In closing, we want to thank our customers for their ongoing support throughout what has been a challenging year for all. It is a privilege to be part of the WA health system and we are proud to deliver services that support our customers to provide excellent health care.

We also want to acknowledge the magnificent efforts of every HSS employee in demonstrating unwavering dedication and commitment throughout the year. The energy, enthusiasm and willingness of our people to find a way is always inspiring.

We look forward to sharing more of our successes with you in 2020-2021.

Michael Walsh
Board Chair
Health Support Services

Spotlight on HealthNext

HealthNext is a major ICT reform program led by HSS.

The program will transform the WA health system's ageing IT infrastructure into a modern, contemporary and scalable system in a hybrid-cloud environment.

HealthNext aligns with the WA Government's GovNext initiative aimed at reducing ICT infrastructure duplication costs, improving communication and maximising value for the state.

More importantly, modernising our ICT Infrastructure is a foundational step to enable new digital initiatives outlined in the WA Health Digital Strategy 2020-2030.

This will involve:

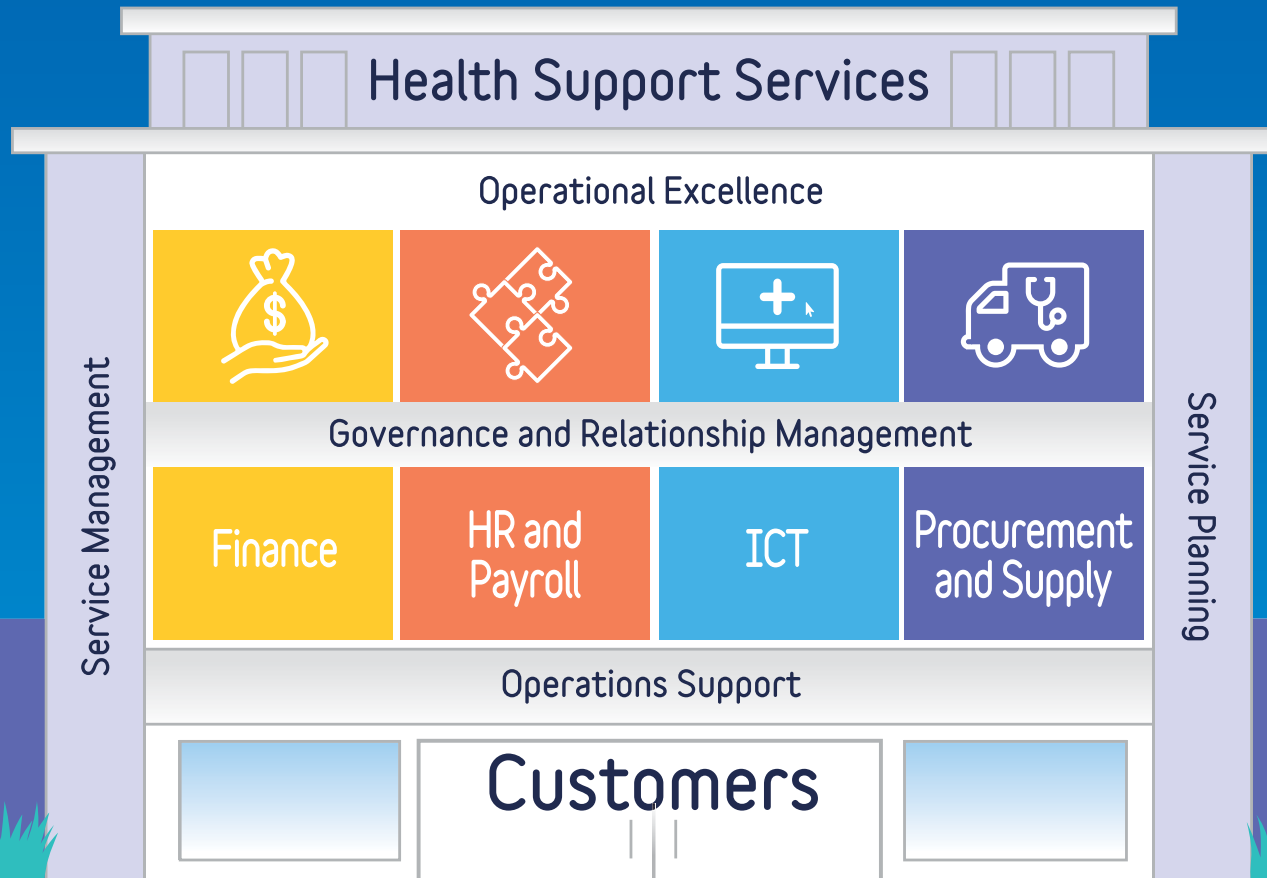
- establishing cloud infrastructure
- migrating more than 1,000 applications and 2,500 servers to the cloud
- transitioning WA health system email accounts and shared folders to the cloud
- creating a dedicated and connected core network
- moving WA health system sites to a new wide area network (WAN) connection.



Our Business Plan for 2019-21



Our Operating Model



We make a difference together

We will find a way

We promise, we own, we do

Think customer first

We support our customers to provide excellent health care

Performance highlights

Despite the challenges associated with the global COVID-19 pandemic, HSS achieved a number of key outcomes in 2019-20 to support our customers to provide excellent health care.

Contact Centre launched

HSS successfully launched a new Contact Centre and primary 13 44 77 number in August 2019 to make it easier for our customers to call us with their queries.

This was an important milestone in our transformation journey to deliver simple, reliable and responsive services by streamlining how customers navigate their way through HSS to find answers to their queries.

Our new easy-to-remember primary number, which replaced 38 previous phone numbers, now simplifies our customers' ability to get through to the right person at the right time.

As at 30 June 2020, the HSS Contact Centre responded to more than 383,000 incoming customer calls.

Feedback about the new service through the quarterly HSS Customer Satisfaction Survey has been positive with our Contact Centre receiving an average satisfaction score of 74 per cent since its inception. Many respondents have also indicated it is now easier to speak with the right team for assistance.

HealthNext

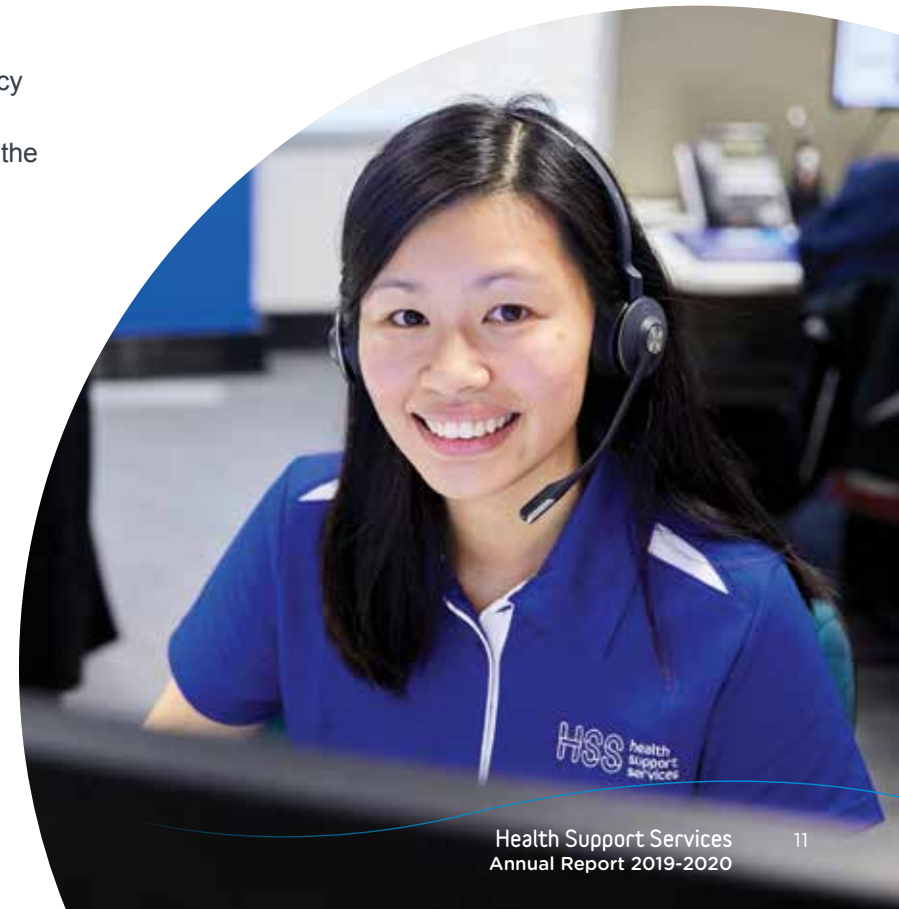
The system-wide ICT reform program, HealthNext, was a key operational priority for HSS in 2019-20.

As a key enabler of the WA Health Digital Strategy 2020-2030, HealthNext will transform the WA health system's ICT legacy infrastructure to a scalable, cost-effective hybrid-cloud environment to better support the delivery of healthcare.

Key achievements made this year by the program include:

- Successfully connecting more than 280 WA health system sites to an upgraded Wide Area Network (WAN), providing customers with improved access to the ICT network regardless of their location.
- Migrating the email accounts of more than 44,000 WA health system employees and 1,000 business-critical shared accounts from the physical data centres to the Microsoft Cloud, as part of a shift to Microsoft 365.

- The activation of a new community cloud, a network core, and internet gateway services.
- Commencing the migration of more than 1,000 clinical and corporate applications to the new cloud environment.



Medical Imaging Replacement Program

A major ICT initiative currently being led by HSS is the Medical Imaging Replacement Program (MIRP) that will introduce a new, contemporary medical imaging solution at all major WA health system hospital sites.

HSS successfully awarded a 10.5-year, \$47.2 million contract in October 2019 for a replacement state-wide medical imaging system that will better support clinicians in WA public hospitals to deliver world-class care.

The new system will replace the existing Picture Archiving and Communication System/ Radiology Information System (PACS/RIS), which is reaching the end of its life, with a new centralised platform for radiology reports and images for X-rays, CT scans, MRIs, ultrasounds and nuclear medicine.

In preparation for the new medical imaging solution, HSS successfully replaced 60 per cent of end-of-service radiology diagnostic workstations across metropolitan hospitals to assist radiologists with more effective diagnosis.

Commissioning of the new system is planned for early 2021 over a 12-month period.

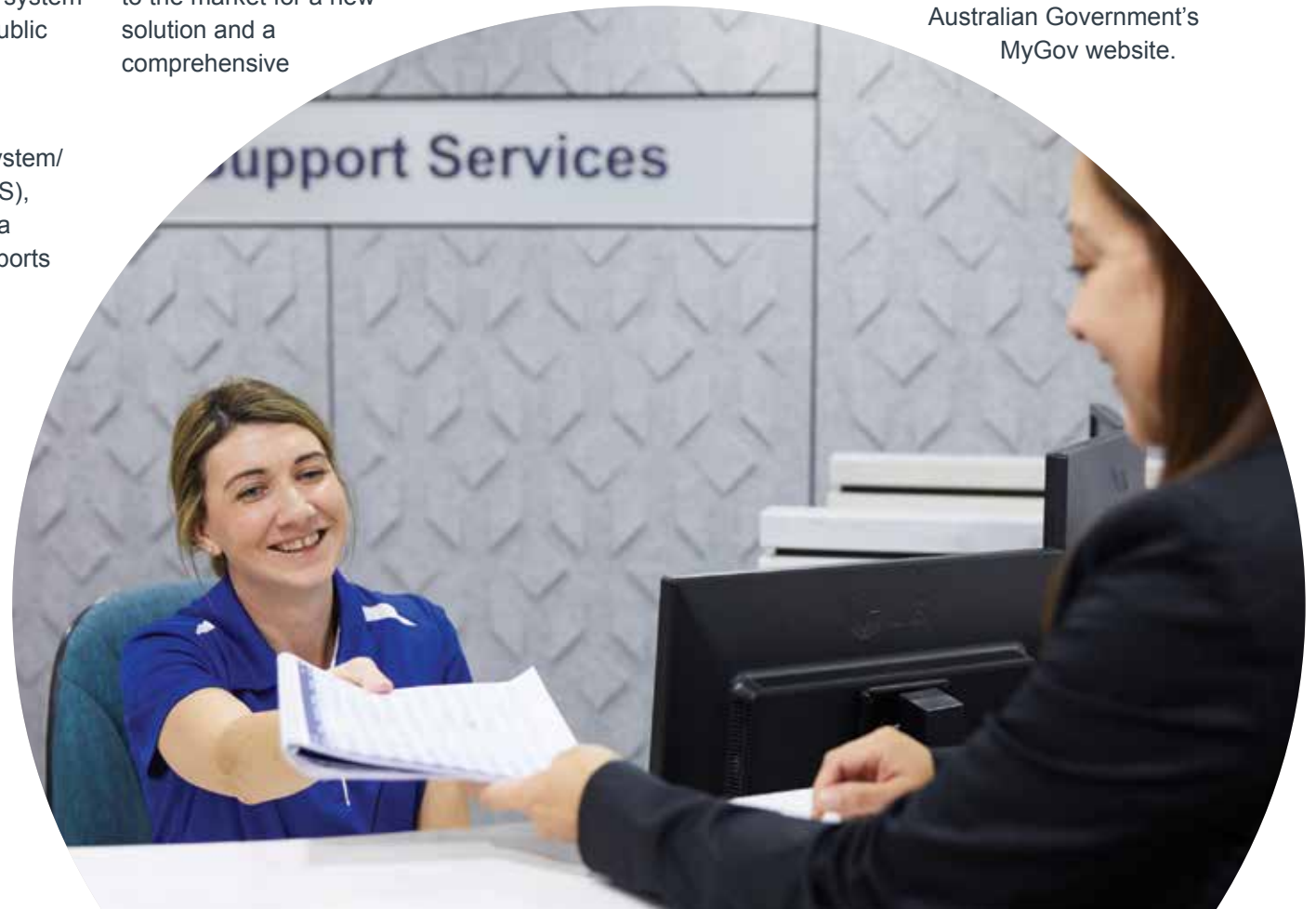
Human Resource Management Information System

HSS is leading the implementation of a new Human Resource Management Information System and Rostering System for the WA health system.

This complex program, which commenced this year, will be implemented in several phases. The first phase includes an approach to the market for a new solution and a comprehensive

remediation of the current systems, to maintain stability and operational compliance until a replacement is in place.

The remediation work implemented this year ensured the legacy payroll systems remain operational and compliant with the Australian Taxation Office (ATO) Single Touch Payroll requirements. This enabled WA health system employees to easily access their income statements through the Australian Government's MyGov website.



Enhancing digital security

HSS provides certainty and stability that the digital information created or used across the WA health system is stored and retrieved in a manner that protects its integrity and confidentiality.

HSS implemented a series of system-wide security enhancements in 2019-20 to address the increasing risk of cybersecurity threats. This included the introduction of stronger passphrase security, new threat assessment tools and two-factor authentication for all remote access to the WA health system network.

This year, HSS began participating in government-wide initiatives such as reporting to the Office of Digital Government and partnering with the Federal Australian Cyber Security Centre (ACSC) on cybersecurity-related matters.

My Health Record integration

The Australian My Health Record (MHR) system provides a personally-controlled online summary of a consumer's health information. HSS played a key role in enabling Western Australia to become the first jurisdiction to integrate its core clinical and patient administration systems with MHR. These records are now accessed by WA health system clinicians more than 10,000 times per week.

This year, HSS undertook further integration with MHR including the uploading of specialist outpatient letters and mammography reports. The latter enabled BreastScreen WA to become the first breast screening service in Australia to connect to MHR.

HSS also led the National Collaboration on Goals of Care and Advanced Care Planning to facilitate the development of national guidelines for broader document sharing and data uploads to MHR.

These achievements have led to additional Commonwealth funding being provided to the WA health system in 2020-21 to undertake a range of projects to further integrate with MHR.

Online payslips

In 2019-20, HSS successfully completed the rollout of an online payslip portal across the WA health system. The solution provided nearly 40,000 employees (who previously received paper payslips) with easy and secure access to their current and historic payslips through an online portal and removed the need for payslips to be printed and posted to employees each fortnight.

This initiative was a big milestone in HSS' journey to provide our customers with reliable and responsive payroll services. At the same time, it significantly reduced the risk of lost paper payslips, costs associated with printing and postage and our environmental footprint.

Enabling a virtual workspace

The COVID-19 pandemic sparked a state-wide rapid shift from office-based working to a mobile workforce with the capability to work from anywhere. This included the ability to hold virtual meetings and clinical video consultations.

HSS responded to this rapidly changing work environment by accelerating several digital transformation initiatives.

This included:

- the development and implementation of a new virtual desktop solution to enable more than 15,000 WA health system staff to work remotely
- doubling the WA health system's network capacity to support the increased demand for video conferencing
- enabling cloud storage and real-time collaboration tools.

The WA health system now has the biggest user base of any public sector agency in WA, with 15,000 staff regularly conducting virtual meetings through Microsoft Teams.

Having experienced the benefits of a contemporary digital workspace, HSS will continue the rollout of updated collaboration tools, cloud-based applications and self-serve capabilities in 2020-21 to further drive improvements to information sharing and innovation across the system.

Procurement and supply improvement initiatives

In 2019-20, HSS enhanced its analysis and modelling capabilities to gain insights into the WA health system's spend profile, contracts and purchasing practices to inform the prioritisation of future procurement projects.

This included the establishment of system-wide self-service dashboards that offer customers deeper insights into supplier performance against contracted deliverables and buyer behaviour.

Other Procurement and Supply highlights include:

- Achieving approximately \$15 million in price reductions, through optimising procurement and contract management of whole-of-health contracts.
- Reduction in the procurement cycle time by approximately 34 weeks through:
 - early engagement with customers during the planning stage
 - reviewing, enhancing and developing procurement and contract templates
 - providing clarity on decision-making and streamlining the approvals processes.

- Introduction of a new contract performance management model across strategic contracts ensuring accountability and collaborative working relationships with our suppliers while achieving value for money outcomes for the WA health system.
- Delivery of a systemised five-year Forward Procurement Plan for the WA health system that supports forecasting future contract terms, identification of aggregation opportunities for strategic sourcing and reduces non-compliance and contract variations.

Maintaining critical supplies in a global pandemic

The COVID-19 pandemic resulted in a significant increase in global demand for critical PPE and vital equipment such as ventilators.



Coupled with disruptions to global manufacturing and supply chains, our Procurement and Supply teams had to quickly respond to ensure our customers could continue to receive essential equipment to provide excellent health care.

Leading the engagement with Health Service Providers (HSPs), Department of Health and Department of Finance, HSS was able to identify critical PPE, alternate sourcing strategies and create dashboard visibility of PPE usage across the system.

Our teams diversified our local and international lines of supply and set up additional warehousing capacity to accommodate stock on hand.

The HSS response ensured hospitals and health services could confidently access sufficient volumes of the right medical PPE across metropolitan and regional sites to meet clinical needs.

Collaboration with the Department of Health and Department of Finance also fostered an even stronger working relationship to ensure business-as-usual activity continued despite the increased focus on PPE sourcing.

Improving program and project delivery

In September 2019 the HSS Enterprise Portfolio Management Office (EPMO) implemented a new Program and Project Management Framework and Policy to strengthen and improve the delivery of programs and projects for our customers.

The Framework defines a staged approach to project management that promotes a shared delivery responsibility across the organisation and enables oversight over the portfolio of projects.

It includes a clear set of Standards that outline a benchmark of performance and provides resources and materials aimed at supporting the project community to improve the quality of delivery resulting in better project outcomes.

The EPMO will continue working closely with program and project teams to foster consistent delivery practices across our portfolio of projects that will provide our customers with a visible, structured and consistent experience.

Andrew Simons

Service Agent
ICT, HSS

“Thinking customer first means fixing faults as quickly as possible so that we minimise the impact on our customers and their ability to deliver excellent health care.”

Performance highlights

How we supported the WA health system in 2019-20



Paid
48,000+
WA health system employees every fortnight



Managed
175
contracts worth a total
\$2.9 billion



Processed
230,000
iProcurement requisitions



Resolved
198,436
requests for ICT help



Supported
27,132
PCs and laptops for customers



NurseWest temporarily filled
78,469
metropolitan nursing shifts
2,773
regional assignments and
54,948
Assistant-in-nursing shifts



Advertised
6,134
external
recruitment
positions



Managed a
catalogue
of
77,000
product lines



Responded
383,000
calls to our
Contact Centre



Provisioned
65,094
IT requests for
access



Supplied
1.11
million
inventory lines
to customers



Processed
28,830
employment
contract
variations

Operational structure

HSS was established as a Chief Executive governed Health Service Provider under 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)*.

Note that effective 1 July 2020, HSS became a board-governed Health Service Provider under an amendment to the *Health Services (Health Service Provider) Order 2016 (WA)*.

Responsible minister

For the period 1 July 2019 to 30 June 2020, the HSS Chief Executive was responsible to the Minister for Health and to the Chief Executive Officer of the Department of Health.

Key legislation impacting on HSS activities

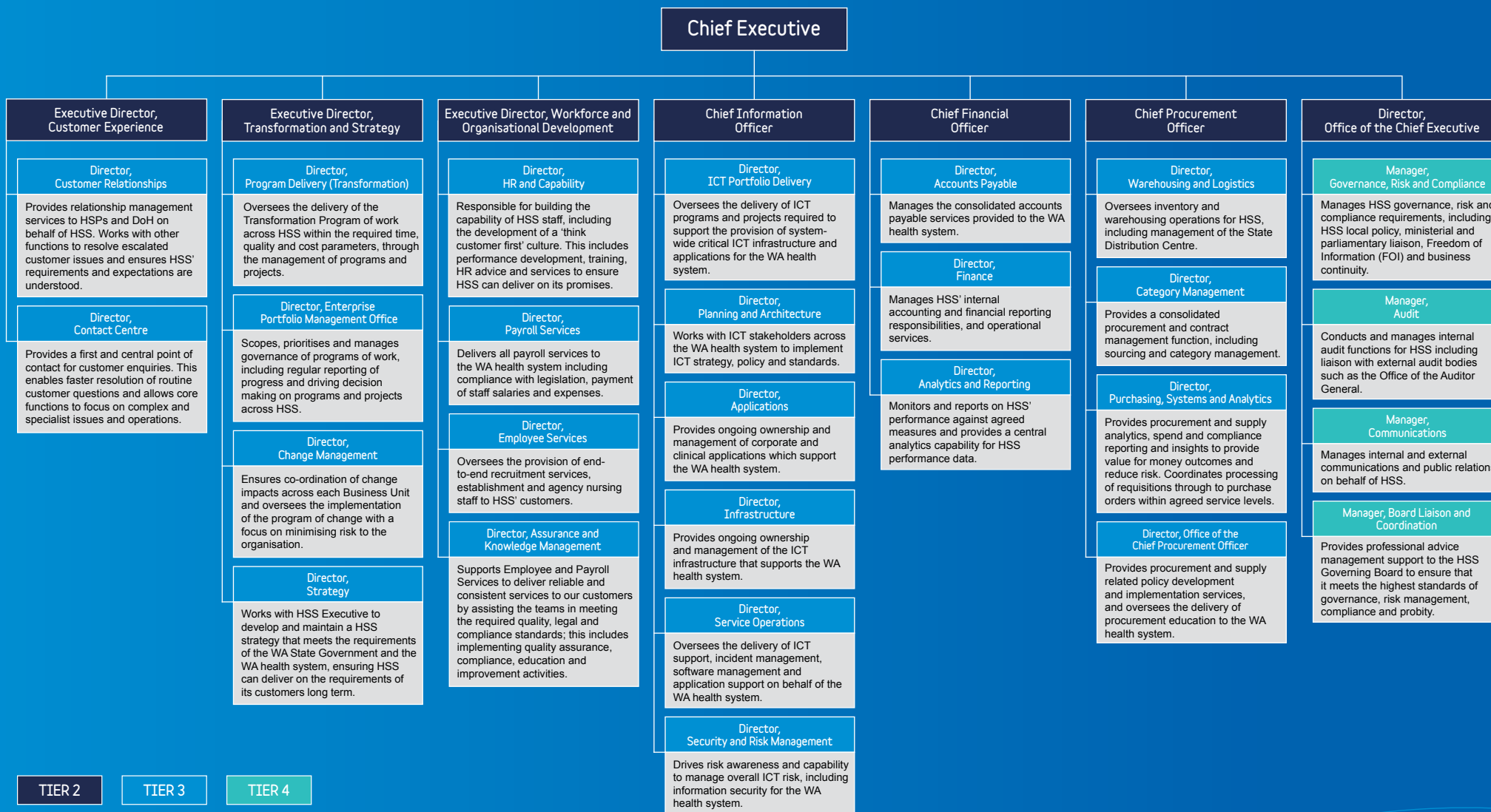
- Auditor General Act 2006 (WA)
- Construction Contracts Act 2004 (WA)
- Contaminated Sites Act 2003 (WA)
- Criminal Code Act Compilation Act 1913 (WA)
- Dangerous Goods Safety Act 2004 (WA)
- Disability Services Act 1993 (WA)
- Electronic Transactions Act 2011 (WA)
- Equal Opportunity Act 1984 (WA)
- Evidence Act 1906 (WA)
- Financial Management Act 2006 (WA)
- Freedom of Information Act 1992 (WA)
- Government Financial Responsibility Act 2000 (WA)
- Health (Miscellaneous Provisions) Act 1911 (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)
- Minimum Conditions of Employment Act 1993 (WA)
- Occupational Safety and Health Act 1984 (WA)
- Public Health Act 2016 (WA)
- Public Sector Management Act 1994 (WA)
- Public Works Act 1902 (WA)
- Salaries and Allowances Act 1975 (WA)
- State Records Act 2000 (WA)
- State Superannuation Act 2000 (WA)
- State Supply Commission Act 1991 (WA)
- State Trading Concerns Act 1916 (WA)
- Unclaimed Money Act 1990 (WA)
- Workers' Compensation and Injury Management Act 1981 (WA)
- Working with Children (Criminal Record Checking) Act 2004 (WA)

Administered legislation

- Nil

HSS Organisation structure

As at 30 June 2020



TIER 2 TIER 3 TIER 4



Executive team as at 30 June 2020



Robert Toms, Chief Executive

Robert has been the Chief Executive of HSS for the past three years. He is focused on ensuring the organisation performs with excellence in responding to the needs of our customers.

Under Robert's leadership, HSS has transformed its core business operating model to align with the requirements of our customers, resulting in better outcomes for the WA health system and the people who work within it.

Throughout his career, Robert has successfully developed and led the implementation of corporate strategy and business transformation in various organisations to improve efficiency, customer outcomes, organisational performance and employee engagement.

Prior to joining HSS, Robert held several senior executive roles in the utilities, retail, mining and management consulting industries and has significant experience with ICT program delivery, procurement and supply chain optimisation.

"By staying true to our purpose and values, I believe HSS is on the right track to becoming the modern and contemporary shared services provider that the WA health system needs now and into the future."



Ralph Bates, Executive Director, Customer Experience

Ralph joined HSS in 2018 and through his extensive executive career has ensured the customer is put at the heart of the organisation's purpose.

His experience has led him to successfully develop and execute a number of enterprise customer strategies and lead customer-focused transformation.

In 2019, Ralph was focused on establishing the new Customer Experience business unit, developing customer-focused service level agreements (SLAs) and key performance indicators (KPIs). At the same time, he established a more formal mechanism for HSS to manage performance and simplified how customers contact HSS by implementing an enterprise contact centre.

Ralph previously held senior positions in the utilities, banking and automobile industries as well as consultancy services.

"Our customers will always be at the centre of everything we do, and we are committed to exceeding their expectations and ensuring their experience with HSS is simple, reliable and responsive."

Executive team as at 30 June 2020



Louise Williams, Acting Executive Director, Transformation and Strategy

Louise's career has spanned more than 20 years in Strategic Human Resources (HR), change management and organisational development within the public sector.

Prior to joining HSS in 2018, Louise held a number of leadership and management roles at the Department of Primary Industries and Regional Development and Department of Fisheries.

She is passionate about people, their development, their success and their overall contribution to excellence in an organisation. Louise also has a keen interest in diversity and inclusion, culture and engagement and the development of values-based organisations.

"We want to drive continuous improvement that transforms the way our customers' interact with our organisation while delivering high quality services that will benefit the WA health system for years to come."



Jonathan Smith, Acting Chief Information Officer

Jonathan has held three senior management roles since joining HSS in November 2017 and is now leading the HSS ICT business unit to deliver a number of significant ICT initiatives across the WA health system.

Jonathan has a proven track record in developing and delivering successful customer centric technology strategies, business operations and transformational change across a broad spectrum of sectors and business models.

He has previously led organisational and technology transformation in the banking, agriculture and energy industries which resulted in improved business performance and customer-focussed operating models.

"There is a significant amount of change happening in digital health right now and our priority is to support the WA Health system by delivering innovative and secure ICT services that respond effectively and efficiently to the evolving needs of our customers and the wider community."



Siobhán Mulvey, Executive Director, Workforce and Organisational Development

Siobhán joined HSS in May 2018 with a strong commitment to the development of an organisational culture that supports, encourages and rewards the achievement of business outcomes.

With more than 25 years' experience as a senior executive in both the private and public sectors, Siobhán has successfully led the implementation of people strategies to improve culture and engagement.

Before joining HSS, Siobhán held senior management positions in the education, training and mining industries, and provided consultancy services to a number of sporting organisations.

“Continuing our journey to align our culture with our operations will enable us to become a high-performing organisation, focussed on supporting our customers to provide excellent health care.”



Sash Tomson, Chief Financial Officer

Sash has been part of HSS since May 2018 and has provided leadership in strategic planning, compliance, efficiency and effectiveness of financial management services across the organisation. This included the development, implementation and monitoring of the costing and pricing model for the services HSS delivers to customers.

Sash is a management and finance professional with more than 20 years' experience as a senior executive, having held executive finance positions in the not-for-profit, government and private sectors. He has a proven track record in financial management, corporate strategy and policy, evaluating the financial impact of new business initiatives, financial modelling, negotiating and overseeing commercial contracts.

“We are committed to providing value-for-money services to our customers while meeting our financial and performance targets to ensure the WA health system remains sustainable.”

Executive team as at 30 June 2020



Mark Thompson, Chief Procurement Officer

Mark joined HSS in June 2018 and has been leading the modernisation and transformation of procurement and supply services to reduce supply risk while achieving significant return on investment and cost savings across HSS and the WA health system.

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

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

"Working together to improve our supply chain will lead to efficiencies and increase the reliability and responsiveness of supply to support the WA health system."



Emily Pestell, Director, Office of the Chief Executive

Emily has been part of HSS since 2016 and has established the Office of the Chief Executive (OCE) as a standalone Business Unit responsible for Ministerial and Parliamentary Liaison, Governance, Risk, Compliance, Internal Audit, Communications and Executive Support.

Emily has broad business experience with oversight of strategic management issues, project management and governance. She has worked for the Western Australian State Government for the past eight years; initially at the Department of Finance before joining 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.

"Our core values help us to work towards elevating our organisation to a higher standard, enabling us to better support our customers to deliver excellent health care."

HSS Senior Officers

The HSS Executive structure displayed includes all officers who were members of the HSS Executive as at 30 June 2020.

Holger Kaufmann occupied the position of Chief Information Officer from 1 July 2019 to 22 June 2020.

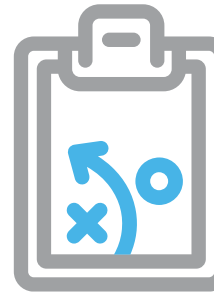
HSS roles and responsibilities



Customer Experience

The Customer Experience business unit is responsible for customer relationship management and customer experience across HSS and takes an enterprise view of service planning and management. Its key objectives are to ensure HSS delivers services that are aligned to our customers changing needs. It also provides a clear escalation path for HSS's customers to engage with the organisation to resolve service issues.

Business functions within Customer Experience include Customer Relationships and the HSS Contact Centre. Customer Relationships provides relationship management services across the WA health system, ensures that HSS is delivering services in line with the Service Level Agreements in place, and is the key contact point for senior WA health system stakeholders. This function works closely with other HSS areas to resolve escalated customer issues and ensures the requirements and expectations of the customer are considered in the delivery of services. As part of the HSS Transform2021 program, the Customer Experience business unit has also focused on implementing a new HSS Contact Centre which will provide a more simple, responsive and reliable service for our customers.

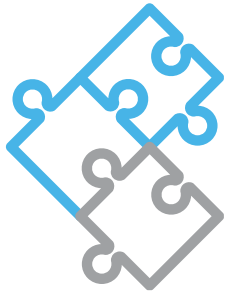


Transformation and Strategy

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 closely with the HSS Executive Team to develop and maintain the HSS strategy to ensure it meets the requirements of the WA health system.

This business unit is responsible for the delivery of the business transformation program, Transform2021, while its Enterprise Portfolio Management Office scopes, prioritises and manages program governance. Their Change Management function also takes carriage of the implementation of the change program with a focus on minimising risk to business as usual activities.

The Transformation and Strategy Business unit also acted as the Crisis Management Lead for the organisation's response to COVID-19 to ensure HSS maintains business continuity.



Workforce and Organisational Development

Workforce and Organisational Development is responsible for building the capability and capacity of HSS employees as well as the provision of payroll, recruitment, appointment and employee services across the WA health system.

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

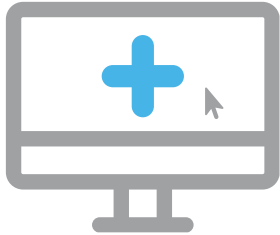
Workforce and Organisational Development consists of four functions:

- HR and Capability provides human resource consultancy services to HSS managers and employees, as well as strategic workforce planning and capability development. This Function also leads the implementation of the organisation's culture and employee engagement strategies.
- Payroll Services supports all HSS customers to ensure that around 50,000 WA health system employees are paid accurately and on-time each fortnight, while providing customer-focused payroll advice and assistance.
- Employee Services provides customer-focused end-to-end recruitment and appointment services and manages

workforce and establishment data. This Function also includes NurseWest, which provides a state-wide centralised casual pool of registered nurses, midwives, enrolled nurses and assistants-in-nursing to fill temporary nursing shifts across both metropolitan and regional areas.

- Assurance and Knowledge Management supports the Employee and Payroll Services functions to deliver reliable and consistent services to our customers by assisting the teams to meet the required quality, legal and compliance standards. This includes implementing quality assurance, compliance, education and improvement activities. The team was established as a separate function in 2019-20, to provide a level of independence from Payroll and Employee Services.

HSS roles and responsibilities



Information and Communication Technology

The HSS Information and Communication Technology (ICT) business unit comprises six business functions, which together provide end-to-end ICT services for the WA health system. This includes ensuring 24-hour service provision and operational support for critical clinical and business systems, network and telephony services and other critical ICT assets. ICT also provides network and system security, as well as solution design and delivery services for digital innovation across the WA health system.

- The ICT Planning and Architecture function supports the WA health system with the concept and design of new business capabilities and technology solutions. It acts as a facilitator for digital innovation and oversees the enterprise architecture of the system.
- The ICT Portfolio Delivery function oversees and facilitates ICT solution delivery across the WA health system. It works closely with the HSS EP MO, which provides a delivery assurance function. HSS are currently tasked with delivering an ICT program portfolio of over \$150 million.
- ICT Service Operations provides digital workspace support and software access for more than 35,000 full-time users, as well as service desk, field support and technology service management process and performance management across HSS ICT.
- ICT Applications support more than 1,000 clinical and business applications used every day across the WA health system.
- ICT Infrastructure provides managed network and telephony support to approximately 460 sites across WA, as well as platform support for more than 2,000 servers with five petabytes of storage.
- ICT Security and Risk function is tasked with maintaining and improving cybersecurity across the WA health system.



Finance and Operations

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

Finance and Operations consists of three business functions:

- Accounts Payable manages the consolidated accounts payable services across the WA health system.
- Finance manages HSS' internal accounting and financial reporting responsibilities as well as operational services.
- Analytics and Reporting monitors and reports on HSS' performance against agreed measures while providing a central analytics capability for HSS performance data.



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 the supply of essential clinical consumables, medical equipment, ICT and other health products and services. This unit leverages the buying power of the WA health system to achieve the best outcomes for customers.

Procurement and Supply focuses on category management and supply chain services to drive value for money decisions for customers. The unit also delivers value through enhanced supplier performance as well as increased customer responsiveness, by reducing lead times for critical sourcing activities.

The business unit aims to deliver responsible stewardship and risk management to protect and support the WA health system.

Procurement and Supply's functions include:

- procurement services and category management
- inventory management, warehouse operations and distribution
- analysis on spend and procurement intelligence to inform business decisions
- advisory services and education to support alignment of the procurement and contract management policy framework.

HSS roles and responsibilities



Office of the Chief Executive

The Office of the Chief Executive (OCE) provides critical support functions for the HSS Chief Executive and Executive Team. The OCE is responsible for providing the tools and assurance required that ensures the organisation has a robust operating framework.

The HSS Governance, Risk and Compliance team has oversight of corporate risk and business continuity management, policy development and review, freedom of information, legal matters as well as compliance monitoring and reporting. Their work ensures all HSS employees have a clear understanding of the regulatory and policy frameworks that guide their decision-making.

The HSS Audit team develops and conducts a comprehensive annual internal audit program that enables the independent testing of operational controls. By partnering with other HSS functions, they are able to ensure process improvements are implemented in a timely manner.

The HSS Communications team provides internal and external communications services across HSS. By engaging with each HSS function, the team is a key enabler to ensure messages are disseminated to employees and customers in a timely and consistent manner. Public relations and media liaison also form part of their day-to-day role, ensuring HSS is able to provide prompt and appropriate responses.

The Board Liaison and Coordination team was established in 2020 to support the establishment of the HSS governing Board from 1 July 2020. They are responsible for all aspects of board administrative, secretariat, operational and management support.

Performance management framework

Outcome-based management framework

To comply with its legislative obligation as a Western Australian Government agency, HSS operates under the Outcome Based Management (OBM) performance management framework determined by the Western Australian Department of Health (DoH).

This framework describes how outcomes, services and KPIs are used to measure agency performance towards achieving the relevant overarching whole-of-government goals.

This framework is underpinned by key principles of:

Transparency: Transparent reporting of performance against agreed outcome targets.

Accountability: Clearly defined roles and responsibilities to achieve agreed outcome targets.

Recognition: Acknowledgement of performance against agreed outcome targets.

Consistency: Consistent systems to support the achievement of agreed outcome targets.

Integration: Integrated systems and policies to support the achievement of agreed outcome targets.

DoH's 2019-20 KPIs measure the effectiveness and efficiency of HSS in achieving the outcomes of:

Outcome 3: Strategic leadership, planning and support services that enable a safe, high quality and sustainable WA health system.

HSS's performance against these services and outcomes are summarised in the Summary of KPIs section (see page 90) and described in detail in the KPI section (see page 91).

Changes to outcome-based management framework

HSS' outcome-based management framework did not change during 2019-20.

Shared responsibilities with other agencies

HSS works closely with its customers to ensure it delivers simple, reliable and responsive services to enable them to provide excellent health care. Our customers include: the Department of Health, Health Service Providers, the Mental Health Commission, the Health and Disability Services Complaints Office and the Quadriplegic Centre.

HSS also provides some ICT services to the WA Department of Justice.



Agency performance



Report on operations

Financial targets	2019-20 Target (\$'000')	2019-20 Actual (\$'000')	2019-20 Variations ^(a) (\$'000')
<i>Efficiency Indicators</i>			
Total cost of services	260,452	271,690	-11,238
Net cost of services	236,435	248,208	-11,773
Total Equity	403,308	441,791	-38,483
Net increase/decrease in cash held	45,932	98,209	-52,277
Approved salary expense level	104,377	114,470	-10,093

(a) Please refer to the explanatory statement for further details

Summary of key performance indicators

HSS' KPIs measure the efficiency and effectiveness of the services provided by HSS in order to achieve the desired outcome.

A summary of HSS Key Performance Indicators from the 2019-20 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 on page 89.

Key Performance Indicators	2019-20 Actual	2019-20 Target
<i>Efficiency Indicators</i>		
Average cost of Accounts Payable services per transaction	\$7.71	\$8.00
Average cost of Payroll and support services to Health Support Services clients	\$1,008.60 ^(a)	\$955.00
Average cost of Supply Services by purchasing transaction	\$47.85 ^(b)	\$38.00
Average cost of providing ICT services to Health Support Services clients	\$4,925.67 ^(c)	\$4,790.00
<i>Effectiveness Indicators</i>		
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	88.89%	50.00%

^(a) The variance of 5.6% above target can be explained by additional costs incurred in response to COVID-19. This includes additional resources to support the increase in recruitment for WA Health as part of the overarching WA Health Recruitment campaign.

^(b) The variance of 25.9% above target can be explained by a significant increase in expenditure in response to COVID-19, including additional supply of stock, equipment, and additional warehousing facilities.

^(c) The variance of 2.8% above target can be explained by additional costs incurred in response to COVID-19. This includes additional ICT resources, Increase in infrastructure bandwidth, ICT support and equipment for the newly created command centres and COVID clinics, along with costs associated with working from home for WA Health staff.

Significant issues



Current and emerging issues and trends

Responding to COVID-19

The emergence of COVID-19 has refocused the entire WA health system onto a response to this global pandemic and managing the immediate community health risks.

HSS put in place business continuity plans to ensure essential services could be maintained during the COVID-19 response, as well as supported its customers with additional services to support their response requirements.

These services included establishing large scale remote working technologies, the set up of metropolitan COVID Clinics with technology and connectivity, procurement and supply of vital PPE and medical consumables and establishing a rapid response recruitment process and team to support thousands of applicants.

The ability to rapidly respond to the needs of customers and deliver projects in a COVID-19 environment identified the need to ensure a capability exists to support agile delivery practices at HSS and this will continue throughout 2020.

The safety and wellbeing of our employees remains a priority during this pandemic. Enhanced cleaning and sanitisation protocols across our offices were implemented while employees were kept informed through regular COVID-19 updates. Working arrangements were also adjusted in line with the operational requirements of each team and how risks were being managed.

An HSS Culture Pulse survey conducted after the initial months of the pandemic found 82 per cent of employees felt safe carrying out their role during the pandemic, while 83 per cent felt supported by HSS. More than 87 per cent of respondents agreed that communication within HSS about COVID-19 was clear and timely. This positive feedback will continue to guide our COVID-19 planning to ensure employee wellbeing is maintained throughout the pandemic.



Enabling a digital workspace

It is recognised that the workplace is adapting to digital technology at an exponential rate.

In 2019-20, the onset of the COVID-19 pandemic caused a state-wide rapid shift from office-based working to a mobile workforce with the capability to work from anywhere and to hold virtual meetings or clinical video consultations.

HSS responded to this rapidly changing work environment through the acceleration of digital transformation initiatives. This included:

- increasing the capacity for remote working and providing cloud storage and real-time collaboration tools
- implementing solutions to enable remote working for Contact Centre and ICT Service Desk teams
- doubling the WA health system's internet capacity to support the increased demand for video conferencing and users across the system.

The WA health system is now the biggest public sector user of Microsoft 365 in WA, with 15,000 staff regularly conducting virtual meetings via Microsoft Teams.

The contemporary digital workspace strategy will remain on the agenda and is central to driving transformational change across the WA health system. Under the Transform2021 Program, having been expedited with the COVID-19 response and the need for remote working capabilities, the rollout of updated collaboration tools, cloud-based applications and self-serve capabilities will see improved information sharing and innovation.

Alinta de Boer

Team Leader, Payroll Services (Junior Medical)
Workforce and Organisational Development, HSS

“Having spent so much time in hospitals in the past few years, I’m blown away by the kindness and compassion shown by all the dedicated healthcare workers I’ve met. That is why I am committed to ensuring my team provides them with the best possible payroll service.”

Digital Strategy 2020-2030

Aligned to the Sustainable Health Review, the WA health system has developed a roadmap for a digital transformation that aims to improve health service delivery across the State, improve equity of access, and empower consumers to become true partners in their own care.

Key to this strategy will be digital enhancement of older facilities, the establishment of a system-wide electronic medical record (EMR), and an investment in digital health technologies applications roadmap that balances long-term strategic planning and short-term actions. This will enable the WA health system to accommodate digital disruption and changing industry trends.

HSS will support the WA health system to ensure system-wide initiatives achieve digitisation goals. The three major ICT transformation programs (HealthNext, Medical Imaging Replacement Program and the HR Management Information System) being driven by HSS will contribute to this strategy.

Sourcing during a global pandemic

To ensure consistent and reliable supply, HSS competed in global markets, which required new ways of working and a higher tolerance



for risk. HSS' ability to flex to meet the surge in demand required arrangements to satisfy the current need for PPE and sustain ongoing supply.

HSS adopted a practice of frequent and proactive market testing due to uncertain conditions, which also required shorter than usual, responsive cycle times.

HSS worked closely with Clinical staff to assess and expedite the selection and acquisition of suitable substitution products.

During the pandemic, HSS also continued supporting high profile programs, contributing to the Electronic Medical Record (EMR) and Human Resource Management Information System (HRMIS) solutions.

COVID-19 Rapid Recruitment

To ensure that the WA health system is positioned to provide additional support in response to the COVID-19 pandemic, HSS worked tirelessly to build an extensive recruitment pool of suitably qualified individuals for critical front-line roles which can be accessed instantly if required.

Payroll and recruitment processes

HSS will continue the next stage of improving the WA health system’s payroll and recruitment processes to further provide customers with simple, reliable and responsive services.

Priority focus will be to improve those processes our customers most frequently experience, to ensure we deliver tangible improvements and provide more efficient payroll and recruitment services.

Assurance and Knowledge Management will be working closely with Payroll and Employee Services to support them in mapping out processes for improved consistency and preparing for the rollout of a new HRMIS for for the WA health system.

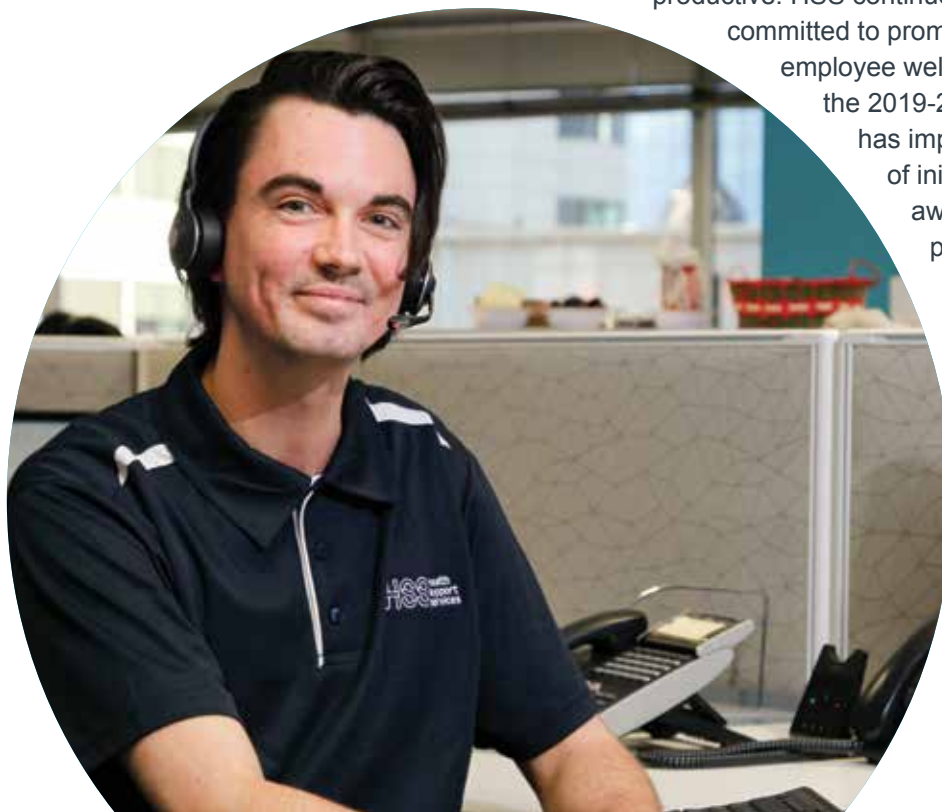
Supporting employee wellbeing

Mentally healthy workplaces are positive and productive. HSS continues to be strongly committed to promoting and maintaining employee wellbeing. Throughout the 2019-20 financial year, HSS has implemented a number of initiatives to raise awareness, educate and provide employees with opportunities to improve their mental and physical health. HSS has offered skin checks during summer, with 135 HSS employees taking up this offer. In addition, HSS provided two

mental health first aid training sessions, with 14 employees attending, including directors, managers and frontline employees. The organisation also provided employees with the opportunity to have body composition scans, with 157 employees gaining an overall understanding of their physical fitness. HSS annually acknowledges R U Ok? Day with communication and events held to ensure our employees talk about mental health and information on how employees can support themselves and each other.

With the recent COVID-19 pandemic, employee safety and psychological wellbeing has been at the forefront. HSS focused on transparent, open and regular communication, and was led through bi-weekly COVID-19 employee newsletters, ensuring employees were aware of Employee Assistance Program services, working from home tips and mental wellbeing strategies. HSS also established a Leadership library in SharePoint for all leaders to access information relating to COVID-19, focusing on leading through a crisis and leading remotely.

As HSS progresses into working in the “new normal”, we continue to focus on the recovery and return to work for employees, with further initiatives focusing on the impact of reverse culture shock and strategies to mitigate mental health problems and impact on productivity and customer service.



Office of the Auditor General qualification

In 2019-20 HSS received a qualified opinion from the Auditor General in respect to the findings of the annual Information Systems General Computer Controls Audit. HSS understands the qualified opinion was driven by the level of risk that was introduced from March to June 2020 following the significant increase in WA health system staff working remotely in response to the COVID-19 pandemic.

The four-month period in question was an extremely challenging time for HSS and the broader WA health system. The implementation of remote working was a critical strategy in the prevention and/or mitigation of a site-based outbreak that could potentially impact frontline health services during a major global pandemic.

Since receiving the findings, HSS has commenced a comprehensive program of work to address the issues identified. HSS is committed to addressing all recommendations in a systematic manner to ensure high standards of information systems control are met.

Changes in written law

No changes to written law impacted HSS service delivery during 2019-20.

Kalan Stoker

Team Leader, Accounts Payable
Finance and Operations, HSS

“I once had to take my daughter to the Emergency Department and when I was looking around the room I could see all the items that we had helped to purchase to enable the staff to provide my daughter with care. Knowing I’m a part of the WA health system that saves lives makes me feel proud to be a part of HSS.”

Disclosure and compliance



Independent auditor's report



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 2020, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Summary of Consolidated Account Appropriations 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 2020 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 Responsibility 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 entity'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.

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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.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website at https://www.aasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of my auditor's report.

Report on controls

Qualified 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, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, 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 2020.

Basis for Qualified Opinion

We identified significant weaknesses in remote access and network security controls implemented by Health Support Services. These weaknesses could result in a potential security exposure such as unauthorised access to sensitive information and an increased risk of information loss. The weaknesses exposed the network to increased vulnerabilities which could undermine the integrity of data across all systems, including the financial system.

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 were implemented as designed.

Page 2 of 4

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 non-compliance 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 2020. 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 2020.

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 entity'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 2020 included on the Health Support Services' website. Health Support Services' management is responsible for the integrity of the Health Support Services' website. This audit does not provide assurance on the integrity of the Health Support Services' 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 contact the entity to confirm the information contained in the website version of the financial statements and key performance indicators.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
17 September 2020

Certification of financial statements

Health Support Services

Certification of Financial Statements for the year ended 30 June 2020

The accompanying financial statements of Health Support Services have been prepared in compliance with the provisions of the *Financial Management Act 2006* WA from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2020 and the financial position as at 30 June 2020.

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.



Michael Walsh
Board Chair
Health Support Services

10 September 2020



Margaret Pyrchla
Finance, Risk and Audit Committee Chair
Health Support Services

10 September 2020



Sash Tomson
Chief Financial Officer
Health Support Services

10 September 2020

Statement of comprehensive income

For the year ended 30 June 2020

	Notes	2020 (\$'000)	2019 (\$'000)		Notes	2020 (\$'000)	2019 (\$'000)
COST OF SERVICES				INCOME FROM STATE GOVERNMENT			
Expenses				Service appropriations			
Employee benefits expense	3.1	114,470	106,478		4.1	289,256	232,016
Contracts for services	3.2	3,496	3,500		4.1	21,827	6,108
Supplies and services	3.2	83,408	65,335		4.1	182	230
Finance costs	7.2	373	-	Total income from State Government			
Depreciation and amortisation expense	5.1.2, 5.2.1, 5.3.1	27,601	24,668			311,265	238,354
Loss on disposal of non-current assets		-	8	SURPLUS FOR THE PERIOD			
Repairs, maintenance and consumable equipment	3.2	14,911	11,751			63,057	18,958
Other expenses	3.2	27,431	31,209	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			
Total cost of services		271,690	242,949			63,057	18,958
INCOME							
Revenue							
Fees for services	4.2	6,962	7,884				
Grants and contributions	4.3	779	1,487				
Donation revenue	4.4	1,066	-				
Other revenue	4.5	14,675	14,182				
Total revenue		23,482	23,553				
Total income other than income from State Government		23,482	23,553				
NET COST OF SERVICES		248,208	219,396				

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

Statement of financial position

As at 30 June 2020

	Notes	2020 (\$'000)	2019 (\$'000)		Notes	2020 (\$'000)	2019 (\$'000)
ASSETS				LIABILITIES			
Current Assets				Current Liabilities			
Cash and cash equivalents	7.3	95,663	59,335	Payables	6.5	82,405	55,275
Restricted cash and cash equivalents	7.3.1	534	4,260	Lease Liabilities	7.1	2,196	-
Receivables	6.1	7,390	4,789	Employee benefit provision	3.1(b)	23,607	20,168
Inventories	6.2	31,728	7,042	Other current liabilities	6.6	1,778	7,602
Other current assets	6.4	15,191	8,335	Total Current Liabilities		109,986	83,045
Total Current Assets		150,506	83,761	Non-Current Liabilities			
Non-Current Assets				Lease Liabilities	7.1	9,495	-
Restricted cash and cash equivalents	7.3.1	2,012	1,612	Employee benefit provision	3.1(b)	6,762	6,534
Amounts receivable for services	6.3	238,972	211,867	Other non-current liabilities	6.6	-	6,691
Property, plant and equipment	5.1.1	17,358	16,619	Total Non-Current Liabilities		16,257	13,225
Right-of-use assets	5.2	11,470	-	Total Liabilities			
Intangible assets	5.3	147,335	137,906			126,243	96,270
Other non-current assets	6.4	381	-	NET ASSETS			
Total Non-Current Assets		417,528	368,004			441,791	355,495
Total Assets				EQUITY			
		568,034	451,765	Contributed equity	9.8	327,399	311,996
				Accumulated surplus	9.8	114,392	43,499
				TOTAL EQUITY		441,791	355,495

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

Statement of changes in equity

For the year ended 30 June 2020

	Notes	2020 (\$000)	2019 (\$000)
CONTRIBUTED EQUITY	9.8		
Balance at start of period		311,996	296,689
Contribution by owners		-	-
Balance at start of period		311,996	296,689
Transactions with owners in their capacity as owners:			
Capital appropriations		15,403	15,558
Other contributions by owners		-	(251)
Balance at end of period		327,399	311,996
ACCUMULATED SURPLUS	9.8		
Balance at start of period		43,499	24,541
Changes in Accounting Policy		7,836	-
Restated balance at start of period		51,335	24,541
Surplus for the period		63,057	18,958
Balance at end of period		114,392	43,499
TOTAL EQUITY			
Balance at start of period		355,495	321,230
Changes in Accounting Policy	9.8	7,836	-
Restated balance at start of period		363,331	321,230
Total comprehensive income for the period		63,057	18,958
Transactions with owners in their capacity as owners		15,403	15,307
TOTAL EQUITY		441,791	355,495

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

Statement of cash flows

For the year ended 30 June 2020

	Notes	2020 (\$'000)	2019 (\$'000)		Notes	2020 (\$'000)	2019 (\$'000)
CASH FLOWS FROM STATE GOVERNMENT				CASH FLOWS FROM INVESTING ACTIVITIES			
Service appropriations		262,149	212,536	Payments			
Contribution from owners		-	2,556	Payment for purchase of non-current physical and intangible assets		(30,342)	(24,219)
Funding for capital projects		21,827	5,490	Receipts			
Capital appropriations		15,403	15,307	Proceeds from sale of non-current physical assets		-	-
Net cash provided by State Government		299,379	235,888	Net cash used in investing activities		(30,342)	(24,219)
Utilised as follows:				CASH FLOWS FROM FINANCING ACTIVITIES			
CASH FLOWS FROM OPERATING ACTIVITIES				Payments			
Payments				Principal elements of lease payments		(3,346)	-
Employee benefits		(108,809)	(105,535)	Net cash used in financing activities		(3,346)	-
Supplies and services		(120,710)	(75,962)	Net increase in cash and cash equivalents			
Finance costs		(259)	-			33,002	37,268
Other payments		(21,206)	(31,204)	Cash and cash equivalents at the beginning of the period		65,207	27,939
Receipts				CASH AND CASH EQUIVALENTS AT THE END OF PERIOD			
Other grants and contributions		779	1,487		7.3.1	98,209	65,207
Donations received		65	-				
Other receipts		17,451	36,814				
Net cash used in operating activities		(232,689)	(174,400)				

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

Summary of consolidated account appropriations

For the year ended 30 June 2020

	2020 Budget Estimate (\$'000')	2020 Supplementary Funding (\$'000')	Revised Budget (\$'000')	2020 Actual (\$'000')	2020 Variance (\$'000')
Delivery of Services					
Net amount appropriated to deliver services	256,700	-	256,700	265,986	9,286
COVID-19 appropriation funding	-	-	-	23,270	23,270
Section 25 Transfer of Service appropriation	-	-	-	-	-
Amount Authorised by Other statutes	-	-	-	-	-
Total appropriations provided to deliver services	256,700	-	256,700	289,256	32,556
Capital					
Capital Appropriations	19,420	-	19,420	15,403	(4,017)
Grand Total	276,120	-	276,120	304,659	28,539

Notes to the financial statements

For the year ended 30 June 2020

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 Accountable Authority of the Authority on 10 September 2020.

Statement of compliance

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

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

The FMA 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.

Notes to the financial statements

For the year ended 30 June 2020

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.

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 Authority's objectives. This note also provides the distinction between controlled funding and administered funding:

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

2.1 Agency objectives

Mission

We support our customers to provide excellent health 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, Information and Communication technology (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.

Notes to the financial statements

For the year ended 30 June 2020

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	2020 (\$000)	2019 (\$000)
Employee benefits expense	3.1(a)	114,470	106,478
Employee benefits provision	3.1(b)	30,369	26,702
Other expenses	3.2	129,246	111,795

3.1(a) Employee benefits expense

Employee benefits	102,373	96,380
Termination Benefits	2,882	1,143
Superannuation - defined contribution plans	9,196	8,955
Add: AASB 16 Non-monetary benefits	42	-
Less: Employee Contributions	(23)	-
	114,470	106,478

Employee Benefits: Include wages, salaries and social contributions, accrued and paid leave entitlements and paid sick leave, profit-sharing and bonuses; and non monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for employees.

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.

AASB 16 Non-monetary benefits: Non-monetary employee benefits, that are employee benefits expenses, predominantly relate to the provision of Vehicle and Housing benefits are measured at the cost incurred by the Authority.

Notes to the financial statements

For the year ended 30 June 2020

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.

	2020 (\$000)	2019 (\$000)
Current		
<u>Employee benefits provision</u>		
Annual leave (a)	14,220	11,951
Time off in lieu leave (a)	281	240
Long service leave (b)	8,783	7,674
Deferred salary scheme (c)	323	302
	23,607	20,167
Non-current		
<u>Employee benefits provision</u>		
Long service leave (d)	6,762	6,535
	6,762	6,535
Total employee related provisions	30,369	26,702

(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. 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.

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.

Notes to the financial statements

For the year ended 30 June 2020

3.1(b) Employee benefits provision (continued)

(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.

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.

Notes to the financial statements

For the year ended 30 June 2020

3.2 Other expenditure

	2020 (\$000)	2019 (\$000)
Contracts for services		
Australian Digital Health Agency - Member Contribution	3,496	3,500
Total contracts for services	3,496	3,500
Supplies and Services		
Computer services	78,613	60,277
Domestic charges	590	574
Utility costs	1,187	1,241
Subsidy spectacle scheme	2,541	2,414
Sanitisation and waste removal services	95	89
Administration and management services	67	274
Security services	148	87
Other	167	379
Total supplies and Services	83,408	65,335
Repairs, maintenance and consumable equipment		
Repairs and maintenance	8,314	8,442
Consumable equipment	6,597	3,309
Total repairs, maintenance and consumable equipment	14,911	11,751

	2020 (\$000)	2019 (\$000)
Other expenses		
Telecommunication expenses	12,995	11,047
Workers compensation insurance (a)	489	588
Operating lease expenses	10,577	13,892
Other insurances	128	110
Other employee related expenses	752	905
Printing and stationery	321	468
Doubtful debts expense	-	5
Motor vehicle expenses	88	54
Other	2,081	4,140
Total other expenses	27,431	31,209
Total other expenditure	129,246	111,795

Notes to the financial statements

For the year ended 30 June 2020

3.2 Other expenditure (continued)

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	2020 (\$000)	2019 (\$000)
Income from State Government	4.1	311,265	238,354
Fees for services	4.2	6,962	7,884
Grants and contributions	4.3	779	1,487
Donation revenue	4.4	1,066	-
Other revenue	4.5	14,675	14,182

4.1 Income from State Government

	2020 (\$000)	2019 (\$000)
Appropriation revenue received during the period:		
Service appropriations (funding via the Department of Health) (a)	265,986	232,016
COVID-19 appropriation funding (funding via the Department of Health)	23,270	-
Total appropriation revenue	289,256	232,016

Notes to the financial statements

For the year ended 30 June 2020

	2020 (\$000)	2019 (\$000)
Assets transferred from/(to) other State government agencies during the period:		
Funds transferred from the Department of Health for the HealthNext capital project	21,827	5,490
Assets transferred from the Department of Health	-	618
Total assets assumed	21,827	6,108
Services received free of charge from other State government agencies during the period:		
Department of Finance - government accommodation - leasing	182	230
Total services received	182	230
Total Income from State Government	311,265	238,354

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

Service appropriations fund the net cost of services delivered. Appropriation revenue comprises the following:

- Cash component; and
- A receivable (asset)

(c) **Transfer of Assets:** from other parties are recognised as income at fair value when the assets are transferred.

The application of AASB 15 and AASB 1058 from 1 July 2019 has had no impact on the treatment of income from State.

Notes to the financial statements

For the year ended 30 June 2020

4.2 Fees for services

	2020 (\$000)	2019 (\$000)
Non clinical services to other health organisations	55	167
Telecommunication recoups	6,907	5,783
Other	-	1,933
	6,962	7,884

Until 30 June 2019, revenue was recognised and measured at the fair value of consideration received or receivable.

From 1 July 2019, revenue is recognised at the transaction price when the Authority transfers control of the services to customers. Revenue is recognised for the major activities as follows:

- Revenue is recognised at a point-in-time for Non clinical services to other health organisations. The Authority provides consumable inventory equipment to external organisations. The performance obligations for these user fees and charges are satisfied when goods have been provided.
- Revenue is recognised over-time for Telecommunication recoups. The Authority provides network and connectivity services to other WA Health Agencies. The performance obligations in relation to these user fees and charges when the services have been provided.

4.3 Grants and contributions

	2020 (\$000)	2019 (\$000)
Australian Digital Health Agency - My Health Records rollout	779	1,487
	779	1,487

Until 30 June 2019

Income from the Australian Digital Health Agency is recognised at fair value when the grant is receivable.

From 1 July 2019

Income from the Australian Digital Health Agency as income when the milestone of the grant agreement is achieved.

4.4 Donation revenue

	2020 (\$000)	2019 (\$000)
Donated personal protective equipment	1,001	-
Donated cash for personal protective equipment	65	-
	1,066	-

During the 2019-20 financial year HSS received donated Personal Protective Equipment (PPE) on behalf of WA Health. This stock was received from the Commonwealth National stockpile. Under the National Partnership Agreement, WA Health will be expected to pay 50% of the cost of the PPE. HSS has valued the inventory as per Note 6.2 Inventories and recorded 50% of the value as donation revenue and 50% as a liability payable to the Commonwealth.

Notes to the financial statements

For the year ended 30 June 2020

4.5 Other revenue

	2020 (\$000)	2019 (\$000)
RiskCover insurance premium rebate	648	553
Parking	-	5
Criminal Screen Recording	71	135
Service provided to the Department of Health	13,830	12,894
Recoveries	105	11
Other	21	584
	14,675	14,182

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	2020 (\$000)	2019 (\$000)
Property, plant and equipment	5.1	17,358	16,619
Right-of-use assets	5.2	11,470	-
Intangibles	5.3	147,335	137,906
Total key assets		176,163	154,525

Notes to the financial statements

For the year ended 30 June 2020

5.1.1 Property, plant and equipment

Year ended 30 June 2020	Leasehold improvements (\$000)	Computer equipment (\$000)	Furniture and fittings (\$000)	Medical equipment (\$000)	Other plant and equipment (\$000)	Work in progress (\$000)	Total (\$000)
1 July 2019							
Gross carrying amount	5,528	27,187	32	246	777	8,187	41,957
Accumulated depreciation	(1,494)	(23,249)	(8)	(226)	(361)	-	(25,338)
Accumulated impairment loss	-	-	-	-	-	-	-
Carrying amount at start 1 July 2019	4,033	3,938	24	20	416	8,187	16,619
Additions	1	452	-	-	67	8,117	8,637
Transfers(a)	-	515	-	-	26	(5,315)	(4,774)
Transfers between asset classes	(4,034)	-	4,034	-	-	170	170
Depreciation	-	(2,769)	(389)	(3)	(133)	-	(3,294)
Carrying amount at 30 June 2020	-	2,136	3,669	17	376	11,159	17,357
Gross carrying amount	1,494	28,154	4,066	246	870	11,159	45,989
Accumulated depreciation	(1,494)	(26,018)	(397)	(229)	(494)	-	(28,632)
Accumulated impairment loss	-	-	-	-	-	-	-

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.

Notes to the financial statements

For the year ended 30 June 2020

5.1.2 Depreciation and impairment

	2020 (\$000)	2019 (\$000)
<u>Depreciation</u>		
Leasehold improvements	-	605
Computer equipment	2,769	4,747
Furniture and fittings	389	3
Medical equipment	3	72
Other plant and equipment	133	127
Total Depreciation for the period	3,294	5,554

As at 30 June 2020 there were no indications of impairment to property plant and equipment.

Please refer to note 5.3 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.

Notes to the financial statements

For the year ended 30 June 2020

5.1.2 Depreciation and Impairment (continued)

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 Profit and Loss.

As the Authority is a not-for-profit entity, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

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.

5.2 Right-of-use assets

	2020 (\$000)	2019 (\$000)
<u>Right-of-use assets</u>		
Buildings	11,098	-
Vehicles	133	-
ICT Equipment	239	-
	11,470	-

Additions to right-of-use assets during the 2019-2020 financial year were \$45,231.

Initial recognition

Right-of-use assets are measured at cost including the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs
- restoration costs, including dismantling and removing the underlying asset

Notes to the financial statements

For the year ended 30 June 2020

This includes all leased assets other than investment property ROU assets, which are measured in accordance with AASB 140 'Investment Property'.

The Authority has elected not to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less) and low value leases (with an underlying value of \$5,000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

Subsequent Measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

5.2.1 Depreciation charge of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to the Authority at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in note 5.1.2.

	2020 (\$000)	2019 (\$000)
Buildings	4,072	-
Vehicles	43	-
ICT Equipment	63	-
Total right-of-use asset depreciation	4,178	-
Lease interest expense (included in Finance cost)	373	-
Expenses relating to variable lease payments not included in lease liabilities		
Short-term leases (included in Other expenditure)	71	-
Total amount recognised in the statement of comprehensive income	4,622	-

The total cash outflow for leases in the 2019-20 financial year was \$3,604,569.

The Authority has leases for vehicles, Buildings and ICT data centres.

The Authority has also entered into a Memorandum of Understanding Agreements (MOU) with the Department of Finance for the leasing of office accommodation. These are not recognised under AASB 16 because of substitution rights held by the Department of Finance and are accounted for as an expense incurred.

Notes to the financial statements

For the year ended 30 June 2020

5.2.1 Depreciation charge of right-of-use assets (continued)

Up to 30 June 2019, the Authority classified leases as either finance leases or operating leases. From 1 July 2019, the Authority recognises leases as right-of-use assets and associated lease liabilities in the Statement of Financial Position.

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in note 7.1.

5.3 Intangible assets

Year ended 30 June 2020	Computer Software (\$000)	Work in Progress (\$000)	Total (\$000)
1 July 2019			
Gross carrying amount	177,835	17,736	195,571
Accumulated depreciation	(57,665)	-	(57,665)
Carrying amount at 1 July 2019	120,170	17,736	137,906
Additions	190	24,764	24,954
Transfers from works in progress	10,127	(5,334)	4,793
Transfers	(20)	-	(20)
Transfers between asset classes	1	(169)	(168)
Amortisation expense	(20,129)	-	(20,129)
Carrying amount at 1 July 2020	110,339	36,997	147,336

Initial recognition

Intangible assets are initially recognised at cost. For assets acquired at significantly less than fair value, 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:

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

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

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

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

Notes to the financial statements

For the year ended 30 June 2020

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.

5.3.1 Amortisation and impairment

Charge for the period

	2020 (\$000)	2019 (\$000)
<u>Amortisation</u>		
Computer software	20,129	19,114
	20,129	19,114

As at 30 June 2020 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 annually.

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

Computer software 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 5.1.2.

Notes to the financial statements

For the year ended 30 June 2020

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	2020 (\$000)	2019 (\$000)
Receivables	6.1	7,390	4,789
Inventories	6.2	31,728	7,042
Amounts receivable for services	6.3	238,972	211,867
Other assets	6.4	15,572	8,335
Payables	6.5	82,405	55,275
Other liabilities	6.6	1,778	14,293

6.1 Receivables

	2020 (\$000)	2019 (\$000)
<u>Current</u>		
Other receivables	1,343	552
Less: Allowance for impairment of receivables	(9)	(10)
Accrued revenue	4,159	2,188
GST Receivables	1,897	2,059
Total current	7,390	4,789
Total receivables	7,390	4,789

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.

6.2 Inventories

	2020 (\$000)	2019 (\$000)
<u>Current</u>		
State Distribution Centre - supply stores (at cost)	31,728	7,042
Total current inventories	31,728	7,042

The State Distribution Centre has increased level of consumable equipment as at 30 June 2020 is as result of stockpiling for COVID-19.

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a weighted average cost basis.

Inventories not held for resale are measured at cost unless they are no longer required, in which case they are measured at net realisable value.

During the 2019-20 Financial Year HSS has received and is holding shipments of personal protective equipment on behalf of WA Health from the Commonwealth National Stock Pile to the value of \$2.002m. Inventory received has been valued at current replacement cost at the date of acquisition, adjusted where applicable for any loss of service potential.

Notes to the financial statements

For the year ended 30 June 2020

6.3 Amounts receivable for services (Holding Account)

	2020 (\$000)	2019 (\$000)
Non-current	238,972	211,867
Balance at end of period	238,972	211,867

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.

Amounts receivable for services are considered not impaired (i.e. there is no expected credit loss of the Holding Account).

6.4 Other assets

	2020 (\$000)	2019 (\$000)
<u>Current</u>		
Prepayments	15,191	8,335
Total current	15,191	8,335
<u>Non-Current</u>		
Prepayments	381	-
Total non-current	381	-
Balance at end of period	15,572	8,335

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.

6.5 Payables

	2020 (\$000)	2019 (\$000)
Current		
Trade creditors	13,426	6,681
Other creditors	11,091	10,400
Accrued expenses	54,125	36,401
Personal protective equipment payable to the Commonwealth	1,001	-
Accrued salaries	2,762	1,794
Total current payables	82,405	55,275
Balance at end of period	82,405	55,275

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 'Restricted cash and cash equivalents') 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.

Notes to the financial statements

For the year ended 30 June 2020

6.6 Other liabilities

	2020 (\$000)	2019 (\$000)
<u>Current</u>		
Income received in advance	856	761
Lease discount received in advance	-	1,145
Paid parental leave scheme	30	26
Patient receipts on behalf of WA Health	534	4,260
Other	358	1,410
Total current	1,778	7,602
<u>Non-Current</u>		
Lease discount received in advance	-	6,691
Total non-current	-	6,691
Balance at end of period	1,778	14,293

7. Financing

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

	Note
Leases	7.1
Finance costs	7.2
Cash and cash equivalents	7.3
Commitments	7.4
Capital commitments	7.4.1
Other expenditure commitments	7.4.2

7.1 Leases

a. The statement of financial position shows the following amounts relating to lease liabilities:

	2020 (\$000)	2019 (\$000)
Lease liabilities		
Current	2,196	-
Non-current	9,495	-
	11,691	-

b. The Authority's leasing activities and how these are accounted for:

The Authority measures a lease liability, at the commencement date, at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Authority uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Lease payments included by the Authority as part of the present value calculation of lease liability include:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date

Notes to the financial statements

For the year ended 30 June 2020

- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise of purchase options (where these are reasonably certain to be exercised);
- Payments for penalties for terminating a lease, where the lease term reflects the Authority exercising an option to terminate the lease;

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Variable lease payments, not included in the measurement of lease liability, that are dependent on sales are recognised by the Authority in profit or loss in the period in which the condition that triggers those payments occurs.

This section should be read in conjunction with Note 5.2

Subsequent Measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modification.

7.2 Finance costs

	2020 (\$000)	2019 (\$000)
Lease interest expense	373	-
Finance costs expensed	373	-

“Finance costs” includes the interest component of lease liability repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Notes to the financial statements

For the year ended 30 June 2020

7.3 Cash and cash equivalents

7.3.1 Reconciliation of cash

	2020 (\$000)	2019 (\$000)
Cash and cash equivalents	95,663	59,335
Restricted cash and cash equivalents	534	4,260
Accrued salaries suspense account (a)	2,012	1,612
Balance at end of period	98,209	65,207

(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.

The Authority held cash balances of \$1.654M within Cash and cash equivalents as of 30 June 2020 for the purposes of completing capital projects in the Asset Investment Program.

7.4 Commitments

7.4.1 Capital expenditure commitments:

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

	2020 (\$000)	2019 (\$000)
Within 1 year	19,654	18,793
Later than 1 year, and not later than 5 years	7,264	1,659
	26,919	20,452

The totals presented for capital commitments are GST inclusive.

7.4.2 Other expenditure commitments:

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

	2020 (\$000)	2019 (\$000)
Within 1 year	131,754	97,876
Later than 1 year, and not later than 5 years	291,318	139,762
Later than 5 years	33,237	18,972
	456,308	256,610

The totals presented for other expenditure commitments are GST inclusive.

Notes to the financial statements

For the year ended 30 June 2020

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. Financial instruments and Contingencies

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

	Note
Financial instruments	8.1
Contingent assets	8.2.1
Contingent liabilities	8.2.2

8.1 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:

	2020 (\$000)	2019 (\$000)
<u>Financial assets</u>		
Cash and cash equivalents	95,663	59,335
Restricted cash and cash equivalents	2,546	5,872
Loans and receivables (a)	244,465	214,597
Total financial assets	342,674	279,804
<u>Financial liabilities</u>		
Payables	82,405	55,275
Total financial liability	82,405	55,275

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

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

Notes to the financial statements

For the year ended 30 June 2020

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
Initial application of Australian Accounting Standards	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
Supplementary financial information	9.9
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.

9.2 Initial application of Australian Accounting Standards

(a) AASB 15 Revenue from Contract with Customers and AASB 1058 Income of Not-for-Profit Entities

AASB 15 *Revenue from contracts with customers* replaces AASB 118 *Revenue* and AASB 111 *Construction contracts* for annual reporting periods on or after 1 January 2019. Under the new model, an entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service and is based upon the transfer of control rather than transfer of risks and rewards.

AASB15 focuses on providing sufficient information to the users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the contracts with customers. Revenue is recognised by applying the following five steps:

- Identifying contracts with customers.
- Identifying separate performance obligations.
- Determining the transaction price of the contract.
- Allocating the transaction price to each of the performance obligations.
- Recognising revenue as each performance obligation is satisfied.

Notes to the financial statements

For the year ended 30 June 2020

Revenue is recognised either over time or at a point in time. Any distinct goods or services are separately identified and any discounts or rebates in the contract price are allocated to the separate elements.

In addition, the Authority derives income from appropriations which are recognised under AASB 1058. AASB 1058 is applied to Not-for-Profit Entities for recognising income that is not revenue from contracts with customers. Timing of income recognition under AASB 1058 depends on whether such a transaction gives rise to a liability or other performance obligation a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) recognised by an Authority.

The Authority will adopt the modified retrospective approach on transition to AASB 15 and AASB 1058. No comparative information will be restated under this approach, and the Authority will recognise the cumulative effect of initially applying the standard as an adjustment to the opening balance of accumulated surplus/ (deficit) at the date of initial application (1 January 2019).

Under this transition method, Authority may elect to apply the Standard retrospectively only to contracts and transactions that are not completed contracts at the date of initial application.

Refer to Note 4.1, 4.2 and 4.3 for the revenue and income accounting policies adopted from 1 January 2019.

There was no material effect of adopting AASB 15 and AASB 1058 as at 1 July 2019.

(b) AASB 16 Leases

AASB 16 *Leases* supersedes AASB 117 *Leases*, Interpretation 4 *Determining whether an Arrangement contains a Lease* and Interpretation 115 *Operating lease - Incentives* and Interpretation 127 *Evaluating the substance of Transactions Involving the Legal Form of a Lease*. AASB 16 primarily affects lessee accounting and provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

The main changes introduced by the new Standard include identification of lease within a contract and a new lease accounting model for lessees that require lessees to recognise all leases (operating and finance leases) on the Statement of Financial Position as a right-of-use asset and lease liability, except for short term leases (lease terms of 12 months or less at commencement date) and low-value assets (valued less than \$5,000). The operating lease and finance lease distinction for lessees no longer exists.

Notes to the financial statements

For the year ended 30 June 2020

9.2 Initial application of Australian Accounting Standards

(b) AASB 16 Leases (continued)

Under AASB 16, the Authority takes into consideration all operating leases that were off balance sheet under AASB 117 and recognises:

The Authority is permitted on a lease-by-lease basis to apply the following practical expedients.

- a) Right of use assets and lease liabilities in the Statement of Financial Position, initially measured at the present value of future lease payments, discounted using the incremental borrowing rate (2.5%) on 1 July 2019;
- b) Depreciation of right-of-use assets and interest on lease liabilities in the Statement of Comprehensive Income.
- c) The total amount of cash paid as principal amount, which is presented in the cash flows from financing activities, and interest paid, which is presented in the cash flows from operating activities, in the Statement of Cash Flows.

In relation to leased vehicles that were previously classified as finance leases, their carrying amount before transition is used as the carrying amount of the right-of-use assets and the lease liabilities as of 1 July 2019.

The Authority measures concessionary leases that are of low value terms and conditions at cost at inception. There is no financial impact as the Authority is not in possession of any concessionary leases at the date of transition.

The right-of-use assets are assessed for impairment at the date of transition and the Authority has not identified any impairments to its right-of-use assets.

On transition, the Authority has elected to apply the following practical expedients in the assessment of their leases that were previously classified as operating leases under AASB 117:

- a) A single discount rate has been applied to a portfolio of leases with reasonably similar characteristics.
- b) The Authority has relied on its assessment of whether existing leases were onerous in applying AASB 137 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review. The Authority has adjusted the ROU asset at 1 July 2019 by the amount of any provisions included for onerous leases recognised in the statement of financial position at 30 June 2019.
- c) Where the lease term at initial application ended within 12 months, the Authority has accounted for these as short-term leases.
- d) Initial direct costs have been excluded from the measurement of the right-of-use assets.
- e) Hindsight has been used to determine if the contracts contained options to extend or terminate the lease.

The Authority has not reassessed whether existing contracts are, or contained a lease at 1 July 2019. The requirements of paragraphs 9-11 of AASB 16 are applied to contracts that came into existence post 1 July 2019.

Notes to the financial statements

For the year ended 30 June 2020

a Measurement of lease liabilities

Restated Operating Lease Commitments disclosed as at 30 June 2019	14,973
Discounted using incremental borrowing rate at date of initial application	14,593
Lease liability recognised at 1 July 2019	14,593
Current lease liabilities	3,673
Non-current lease liabilities	10,920

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 (\$)	2020	2019
\$100,001 - \$110,000	-	1
\$140,001 - \$150,000	-	1
\$190,001 - \$200,000	1	-
\$220,001 - \$230,000	-	2
\$230,001 - \$240,000	2	1
\$240,001 - \$250,000	2	2
\$250,001 - \$260,000	2	1
\$350,001 - \$360,000	1	-
\$360,001 - \$370,000	-	1
Total:	8	9

	2020 (\$000)	2019 (\$000)
Short-term employee benefits	1,787	1,815
Post-employment benefits	160	160
Other long-term benefits	58	79
Termination benefits	-	-
Total remuneration of senior officers	2,005	2,054

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 2020

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.
- Associated and joint ventures, that are included in the whole of government consolidated financial statements.
- 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 4.2)
- 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 \$3,588,610 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 2020

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:

	2020 (\$000)	2019 (\$000)
Balance at the start of period	-	3
Add Receipts	1	-
	1	4
Less Payments	-	(3)
Balance at the end of period	1	-

9.7 Remuneration of auditors

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

	2020 (\$000)	2019 (\$000)
Auditing the accounts, financial statements and key performance indicators	190	203

9.8 Equity

	2020 (\$000)	2019 (\$000)
Contributed equity		
Balance at start of period	311,996	296,689
<u>Contributions by owners</u>		
Capital appropriation	15,403	15,558
Transfer of the State Distribution Centre from the Department of Health	-	(251)
	15,403	15,307
Balance at end of period	327,399	311,996
Accumulated surplus		
Balance at start of period	43,499	24,541
Changes in Accounting policy	7,836	-
Restated balance at start of period	51,335	24,541
Result for the period	63,057	18,958
Balance at end of period	114,392	43,499

Notes to the financial statements

For the year ended 30 June 2020

9.9 Supplementary financial information

	2020 (\$000)	2019 (\$000)
(a) Write - offs		
a) Revenue and debts written off under the authority of the Accountable Authority	1	1
b) Public and other property written off under the authority of the Accountable Authority	-	-
	<u>1</u>	<u>1</u>
(b) Losses of public moneys and other property		
Losses of public moneys and public or other property through theft or default	-	1
Less amount recovered	-	-
Net losses	<u>-</u>	<u>1</u>

(c) Services provided free of charge

	2020 (\$000)	2019 (\$000)
During the period the following services were provided to other agencies free of charge:		
North Metropolitan Health Services	63,392	55,135
South Metropolitan Health Services	50,933	49,084
East Metropolitan Health Services	47,574	39,144
Child and Adolescent Health Services	33,898	33,470
WA Country Health Services	40,389	31,824
Pathwest	10,548	9,612
The Queen Elizabeth II Medical Centre Trust	88	33
Quadriplegic Centre Board	0	103
Mental Health Commission	1,911	2,951
Health and Disability Services Complaints Office	114	156
	<u>248,847</u>	<u>221,512</u>

Notes to the financial statements

For the year ended 30 June 2020

9.10 Explanatory statement

All variances between estimates (original budget) and actual results for 2020 are shown below. Narratives are provided for selected major variances, which are generally greater than:

- 10% and \$1.0 million for the Statement of Comprehensive Income and Cash Flows and for the Statement of Financial Position

Statement of Comprehensive Income	Note	2020 Estimates (\$000)	2020 Actual (\$000)	2019 Actual (\$000)	Variance between estimate and actual (\$000)	Variance between actual 2019 and 2020 (\$000)
COST OF SERVICES						
Expenses						
Employee benefits expense		104,377	114,470	106,478	10,093	7,992
Contracts for services		3,615	3,496	3,500	(119)	(4)
Supplies and services	a	79,768	83,408	65,335	3,640	18,073
Finance costs		-	373	-	373	373
Depreciation and amortisation expense	b	28,208	27,601	24,668	(607)	2,933
Loss on disposal of non-current assets		-	-	8	-	(8)
Repairs, maintenance and consumable equipment	1, c	11,223	14,911	11,751	3,688	3,160
Other supplies and services		204	-	-	(204)	-
Other expenses	2, d	33,057	27,431	31,209	(5,626)	(3,778)
Total cost of services		260,452	271,690	242,949	11,238	28,741
INCOME						
Revenue						
Fees for services		7,685	6,962	7,884	(723)	(922)
Grants and contributions		-	779	1,487	779	(708)
Donation revenue	3, e	-	1,066	-	1,066	1,066
Other revenue	4	16,332	14,675	14,182	(1,657)	493
Total Revenue		24,017	23,482	23,553	(535)	(71)
Total income other than income from State Government		24,017	23,482	23,553	(535)	(71)

Notes to the financial statements

For the year ended 30 June 2020

9.10 Explanatory statement (continued)

Statement of Comprehensive Income	Note	2020 Estimates (\$000)	2020 Actual (\$000)	2019 Actual (\$000)	Variance between estimate and actual (\$000)	Variance between actual 2019 and 2020 (\$000)
NET COST OF SERVICES		236,435	248,208	219,396	11,773	28,812
INCOME FROM STATE GOVERNMENT						
Service appropriations	5, f	236,362	289,256	232,016	52,894	57,238
Assets (transferred)/assumed	6, g	-	21,827	6,108	21,827	15,719
Services received free of charge		73	182	230	109	(49)
Total income from State Government		236,435	311,265	238,354	74,830	72,908
SURPLUS/(DEFICIT) FOR THE PERIOD		-	63,057	18,958	63,057	44,096
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		-	63,057	18,958	63,057	44,096

Notes to the financial statements

For the year ended 30 June 2020

Significant variances between estimated and actual for 2020

- 1 Repairs, maintenance and consumable equipment
Increase in expenses of \$3.668M (33%) can largely be attributable to purchases of portable devices in response to the COVID-19 pandemic.
- 2 Other expenses
Decrease in expenses of \$5.626M (17%) can largely be attributed to the adoption of AASB 16 Leases standard, with the impact occurring in lease accommodation.
- 3 Donation Revenue
Increase in revenue of \$1.066M (100%) can be attributed to the donated personal protective equipment from the Commonwealth National Stockpile in response to COVID-19. These items have been recognised at current replacement cost at the date of acquisition, adjusted where applicable for any loss of service potential.
- 4 Other revenue
Decrease in revenue of \$1.657m (10%) can largely be attributed to a change in methodology for allocating services provided to the Department of Health in the 2019-20 financial year.
- 5 Service appropriations
Increase in revenue of \$52.894M (22%) can largely be attributable to additional funding provided to the authority in order to secure personal protective equipment for the COVID-19 pandemic response. This funding was to procure these items on behalf of the WA Health System.

6 Assets (transferred)/assumed

Increase in Assets (transferred)/assumed of \$21.827m (100%) can largely be attributed to the classification of funds transferred for the HealthNext capital project.

Significant variances between actual for 2019 and 2020

- a Supplies and services
Increase in expenses of \$18.073m (28%) can largely be attributed to computer services which is a result of the HealthNext project.
- b Depreciation and amortisation expense
Increase in expense of \$2.933m (12%) can largely be attributed to the adoption of AASB 16 Leases standard.
- c Repairs, maintenance and consumable equipment
Please see item 1 Repairs maintenance and consumable equipment for details.
- d Other expenses
Please see item 2 Other expenses for details.
- e Donation revenue
Please see item 3 Donation Revenue for details.
- f Service appropriations
Please see item 5 Service appropriations for details.
- g Assets (transferred)/assumed
Please see item 6 Assets (transferred)/assumed for details.

Notes to the financial statements

For the year ended 30 June 2020

9.10 Explanatory statement (continued)

Statement of Financial Position	Note	2020 Estimates (\$'000)	2020 Actual (\$'000)	2019 Actual (\$'000)	Variance between estimate and actual (\$'000)	Variance between actual 2019 and 2020 (\$'000)
ASSETS						
Current Assets						
Cash and cash equivalents	8, h	44,320	95,663	59,335	51,343	36,328
Restricted cash and cash equivalents	i	-	534	4,260	534	(3,726)
Receivables	9, j	4,789	7,390	4,789	2,601	2,600
Inventories	10, k	7,042	31,728	7,042	24,686	24,686
Other current assets	11, l	8,413	15,191	8,335	6,778	6,855
Total Current Assets		64,564	150,506	83,761	85,942	66,743
Non-Current Assets						
Restricted cash and cash equivalents		1,612	2,012	1,612	400	400
Amounts receivable for services	m	241,674	238,972	211,867	(2,702)	27,105
Property, plant and equipment	12	8,554	17,358	16,619	8,804	738
Right-of-use assets	13, n	120,343	11,470	-	(108,873)	11,470
Intangible assets		152,939	147,335	137,906	(5,604)	9,428
Other non-current assets		-	381	-	381	381
Total Non-Current Assets		525,122	417,528	368,004	(107,594)	49,523
Total Assets		589,686	568,034	451,765	(21,652)	116,266

Notes to the financial statements

For the year ended 30 June 2020

9.10 Explanatory statement (continued)

Statement of Financial Position	Note	2020 Estimates (\$000)	2020 Actual (\$000)	2019 Actual (\$000)	Variance between estimate and actual (\$000)	Variance between actual 2019 and 2020 (\$000)
LIABILITIES						
Current Liabilities						
Payables	14, o	40,524	82,405	55,275	41,881	27,130
Lease Liabilities	p	-	2,196	-	2,196	2,196
Employee benefit provision	15, q	19,940	23,607	20,168	3,667	3,440
Other current liabilities	r	2,486	1,778	7,602	(708)	(5,825)
Total Current Liabilities		62,950	109,986	83,045	47,036	26,941
Non-Current Liabilities						
Lease Liabilities	s	-	9,495	-	9,495	9,495
Employee benefit provision		5,912	6,762	6,534	850	228
Other non-current liabilities	16, t	117,516	-	6,691	(117,516)	(6,690)
Total Non-Current Liabilities		123,428	16,257	13,225	(107,171)	3,033
Total Liabilities		186,378	126,243	96,270	(60,135)	29,974
NET ASSETS		403,308	441,791	355,495	38,483	86,292
EQUITY						
Contributed equity		362,928	327,399	311,996	(35,529)	15,403
Accumulated surplus		40,380	114,392	43,499	74,012	70,893
TOTAL EQUITY		403,308	441,791	355,495	38,483	86,296

Notes to the financial statements

For the year ended 30 June 2020

9.10 Explanatory statement (continued)

Significant variances between estimated and actual for 2019

8 Cash and cash equivalents

Increase of \$51.343m (116%) can largely be attributed to additional cash provided to HSS in order to procure personal protective equipment in response of the COVID-19 pandemic.

9 Receivables

Increase of \$2.601m (54%) can largely be attributed to timing of recouping ICT costs from Health Service Providers.

10 Inventories

Increase of \$24.686m (351%) can largely be attributed to an increase in stock holdings in response of the COVID-19 pandemic.

11 Other current assets

Increase of \$6.778m (81%) can largely be attributed to an increase in prepayments for ICT software licences (from last year) and in addition for PPE and Medical supplies held on behalf of WA Health in response of the COVID-19 pandemic.

12 Property, plant and equipment

Increase of \$8.804m (103%) can largely be attributed to a classification variance between PPE and Intangibles.

13 Right-of-use assets

Decrease of \$108.873m (90%) due to changes in recognition for government accommodation leases which is no longer in scope for the leases standard.

14 Payables

Increase of \$41.881m (103%) can largely be attributed to an increase in procurement in response of the COVID-19 pandemic and timing of the payment run for 2019-20 financial year.

15 Employee benefit provision

Increase of \$3.667m (18%) can largely be attributed to revaluation of employee entitlements in the 2019-20 financial year and the accumulation of leave during the COVID-19 pandemic.

16 Other non-current liabilities

Decrease of \$117.516m (100%) can largely be attributed to the reclassification of lease liabilities from Other non-current liabilities to Lease Liabilities and due to changes in recognition for government accommodation leases which is no longer in scope for the leases standard.

Notes to the financial statements

For the year ended 30 June 2020

9.10 Explanatory statement (continued)

Significant variances between actual for 2019 and 2020

- h Cash and cash equivalents
Please see item 8 Cash and cash equivalents for details.
- i Restricted cash and cash equivalents
Decrease of \$3.726m (87%) can largely be attributed to a decrease in funds being held on behalf of WA health for patients.
- j Receivables
Please see item 9 Receivables for details.
- k Inventories
Please see item 10 Inventories for details.
- l Other current assets
Please see item 11 Other current assets for details.
- m Amounts receivable for services
Increase of \$27.105m (13%) can largely be attributed to the accrual appropriation funding for depreciation in the 2019-20 financial year.
- n Right-of-use assets
Please see item 13 Right-of-use assets.
- o Payables
Please refer to item 14 Payables for further details.
- p Lease Liabilities
Increase of \$2.196m (100%) can be attributed to the adoption of AASB 16 Leases standard requiring the recognition of a lease liability.
- q Employee benefit provision
Please refer to item 15 Employee Benefits provision for further details.
- r Other current liabilities
Decrease of \$5.825m (77%) can largely be attributed to a reduction in the amounts received from Patients and held on behalf of WA Health.
- s Lease Liabilities
Increase of \$9.495m (100%) can be attributed to the adoption of AASB 16 Leases standard requiring the recognition of a lease liability.
- t Other non-current liabilities
Please see item 16 Other non-current liabilities.

Notes to the financial statements

For the year ended 30 June 2020

9.10 Explanatory statement (continued)

Statement of Cash Flows	Note	2020 Estimates (\$000)	2020 Actual (\$000)	2019 Actual (\$000)	Variance between estimate and actual (\$000)	Variance between actual 2019 and 2020 (\$000)
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriations	17, u	211,320	262,149	212,536	50,829	49,614
Contribution from owners		-	-	2,556	-	(2,556)
Funding for capital projects	18, v	-	21,827	5,490	21,827	16,337
Capital appropriations	19	35,069	15,403	15,307	(19,666)	96
Net cash provided by State Government		246,389	299,379	235,888	52,990	63,491
Utilised as follows:						
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits		(104,377)	(108,809)	(105,535)	(4,432)	(3,275)
Supplies and services	w	(122,532)	(120,710)	(75,962)	1,822	(44,748)
Finance costs		-	(259)	-	(259)	(259)
Other payments	20, x	-	(21,206)	(31,204)	(21,206)	9,997
Receipts						
Other grants and contributions		-	779	1,487	779	(708)
Donations received		-	65	-	65	65
Other receipts	21, y	24,017	17,451	36,814	(6,566)	(19,363)
Net cash used in operating activities		(202,892)	(232,689)	(174,400)	(29,797)	(58,291)

Notes to the financial statements

For the year ended 30 June 2020

9.10 Explanatory statement (continued)

Statement of Cash Flows	Note	2020 Estimates (\$000)	2020 Actual (\$000)	2019 Actual (\$000)	Variance between estimate and actual (\$000)	Variance between actual 2019 and 2020 (\$000)
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Payment for purchase of non-current physical and intangible assets	22, z	(35,069)	(30,342)	(24,219)	4,727	(6,123)
Net cash used in investing activities		(35,069)	(30,342)	(24,219)	4,727	(6,123)
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments						
Repayment of lease payments	23, aa	(8,248)	(3,346)	-	4,902	(3,346)
Receipts						
Net cash used in financing activities		(8,248)	(3,346)	-	4,902	(3,346)
Net increase / (decrease) in cash and cash equivalents		45,932	33,002	37,268	(12,930)	(4,268)
Cash and cash equivalents at the beginning of the period		-	65,207	27,939	65,207	37,268
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		45,932	98,209	65,207	52,277	33,000

Notes to the financial statements

For the year ended 30 June 2020

9.10 Explanatory statement (continued)

Significant variances between estimated and actual for 2019

17 Service appropriations

Please see note 5 Service appropriations for details.

18 Funding for capital projects

Please see note 6 Assets (transferred)/assumed for details.

19 Capital appropriations

Please see note 6 Assets (transferred)/assumed for details.

20 Other payments

Increase in cash outflows of \$21.206m (100%) can largely be attributed to a reclassification of cash outflows to Other payments.

21 Other receipts

Decrease in cash inflows of \$6.566m (27%) can largely be attributed to the timing of recouping telecommunications service charges and a decrease in funds being held on behalf of WA Health for patients.

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

Decrease in cash outflows of \$4.727m (13%) can largely be attributed to changes in timing of execution of Capital Works Program.

23 Repayment of lease payments

Please see note 13 Right-of-use assets for details.

Significant variances between actual for 2019 and 2020

u Service appropriations

Please refer to item 17 Service Appropriations for details.

v Funding for capital projects

Please refer to item 18 Funding for Capital Projects for details.

w Supplies and services

Increase in cash outflows of \$40.748m (59%) can largely be attributed to a reclassification of cash outflows to Other payments.

x Other payments

Please refer to item 20 Other payments.

y Other receipts

Please refer to comment 21 Other receipts for further details.

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

Please refer to comment 22 Payment for purchase of non-current physical and intangible assets for further details.

aa Repayment of lease payments

Please refer to comment 23 Repayment of lease payments for further details.

Audited key performance indicators for the year ended 30 June 2020

Certification of Key Performance Indicators

Health Support Services

Certification of key performance indicators for the year ended 30 June 2020

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 Health Support Services for the financial year ended 30 June 2020.



Michael Walsh
Board Chair
Health Support Services
Accountable Authority

10 September 2020

Key performance indicators

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 (KPIs) 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 11 - 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 11 - Health Support Services	<p>Average cost of Accounts Payable Services per transaction</p> <p>Average cost of Payroll and support services to Health Support Services' clients</p> <p>Average cost of supply services by purchasing transaction</p> <p>Average cost of providing ICT services to Health Support Services' clients</p>

Average cost of Accounts Payable services per transaction

Rationale

HSS' role is to provide a shared services function to its clients. This includes the functions of Accounts Payable, 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.

2019-2020 Budget Target

The target average cost of Accounts Payable services per transaction for HSS for the 2019-2020 Financial Year was \$8.00. A result below the target is desirable.

Results

The average cost of Accounts Payable services to HSS customers for the 2019-2020 Financial Year is \$7.71. HSS has achieved its target for the year with its result.

Performance Measure	Result 2016-17 (\$)	Result 2017-18 (\$)	Result 2018-19 (\$)	Result 2019-20 (\$)	Target 2019-20 (\$)
Average cost of Accounts Payable services per transaction	4.53	7.54	6.65	7.71	8.00

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

Average cost of Payroll and support services to HSS clients

Rationale

HSS' role is to provide a shared services function to its clients. This includes the functions of Accounts Payable, Payroll services, Supply services and the management and delivery of the ICT network.

This KPI aligns to the role of HSS as the WA health system's shared service provider providing a range of employment and payroll services for other Health Service Providers. This KPI captures the role of HSS in providing Payroll services to customers in an efficient manner.

2019-2020 Budget Target

The target average cost of Payroll and support services per average full-time equivalent (FTE) to HSS customers for the 2019-2020 Financial Year was \$955.00. A result below the target is desirable.

Results

The average cost of Payroll and Support services to HSS' customers for the 2019-2020 Financial Year is \$1,008.60. The average cost has exceeded the targeted cost by 5.6%.

Performance Measure	Result 2016-17 (\$)	Result 2017-18 (\$)	Result 2018-19 (\$)	Result 2019-20 (\$)	Target 2019-20 (\$)
Average cost of Payroll and Support services to HSS' clients	1,092.86	992.40	961.72	1,008.60	955.00

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

Average cost of Supply services by purchasing transaction

Rationale

HSS' role is to provide a shared services function to its clients. This includes the functions of Accounts Payable, Payroll services, Supply services and the management and delivery of the ICT network.

HSS' role within the WA health system 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.

2019-2020 Budget Target

The target average cost of Supply services per transaction to HSS for the 2019-2020 Financial Year was \$38.00. A result below the target is desirable.

Results

The average cost of Procurement and Supply services to HSS' clients for the 2019-2020 Financial Year is \$47.85, which is above the target by \$9.85. This represents a variance of 25.9% above target. This variance can be explained by a significant increase in expenditure in response to COVID-19, including additional supply of stock, equipment, and additional warehousing facilities.

Performance Measure	Result 2016-17 (\$)	Result 2017-18 (\$)	Result 2018-19 (\$)	Result 2019-20 (\$)	Target 2019-20 (\$)
Average cost of Supply services by purchasing transaction	50.17	38.24	40.89	47.85	38.00

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

Average cost of providing ICT services to HSS' clients

Rationale

HSS' role is to provide a shared services function to its clients. This includes the functions of Accounts Payable, Payroll services, Supply services and the management and delivery of the ICT network.

HSS role within the WA health system 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.

2019-2020 Budget Target

The target average cost of providing ICT services to HSS clients for the 2019-2020 Financial Year was \$4,790.00. A result below the target is desirable.

Results

The average cost of ICT services to HSS clients for the 2019-2020 Financial Year is \$4,925.67, which is above the target by \$135.67. The average cost has exceeded the targeted cost by 2.8%.

Performance Measure	Result 2016-17 (\$)	Result 2017-18 (\$)	Result 2018-19 (\$)	Result 2019-20 (\$)	Target 2019-20 (\$)
Average cost of providing ICT services to HSS' clients	4,346.30	4,625.83	4,381.94	4,925.67	4,790.00

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

Percentage of responses from WA Health Service providers and Department of Health who are satisfied or highly satisfied with the overall service provided by HSS

Rationale

HSS' role is to provide a shared services function to its clients. This includes the functions of Accounts Payable, 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. Service recipients are provided with a survey to complete and the responses will measure the extent to which the expectations of service delivery by HSS were met.

2019-2020 Budget Target

The 2019-2020 target is set at 50% customer satisfaction. A result above the target is desirable.

Results

HSS has exceeded its target with a result of 88.89% for the 2019-2020 financial year.

2019 HSS Stakeholder Engagement Survey	Result 2016-17 (%)	Result 2017-18 (%)	Result 2018-19 (%)	Result 2019-20 (%)	Target 2019-20 (%)
Highly Satisfied	4.55	0.00	25.00	11.11	-
Satisfied	43.18	66.67	50.00	77.78	-
Total Percentage Satisfied	47.73	66.67	75.00	88.89	50.00

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

Please note: HSS was able to obtain a 90% response rate for the survey for the 2019-20 financial year.

Ministerial Directives

Treasurer's Instructions 902 (12) requires the disclosure of 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 2019-20, the Minister for Health provided a Statement of Expectation in February 2020, which set out the Minister's expectations for the functions and responsibilities of HSS, as well as some areas of priority action. This Statement of Expectation was revised in April 2020 in the context of the COVID-19 pandemic. HSS responded to this with a Statement of Intent in April 2020.

Both of these documents are available on the Health Support Services website.

Other financial disclosures

Pricing policy of services provided

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
- Department of Health

- East Metropolitan Health Service
- Health and Disability Services Complaints Office
- Mental Health Commission
- North Metropolitan Health Service
- PathWest
- Queen Elizabeth II Medical Centre
- Quadriplegic Centre
- South Metropolitan Health Service
- WA Country Health Service



Employee profile 2019-20

The Full Time Equivalent ^(a) staffing within HSS in the 2019-20 financial year was 1,087.

Health Support Services

Category	Definition	2018-19	2019-20
Administration and clerical	Includes all clinical-based occupations together with patient-facing (ward) clerical support staff.	925	962
Agency	Includes FTE associated with the following occupational categories: administration and clerical, hotel services and other.	40	65
Nursing	Includes all nursing occupations. Does not include agency nurses.	3	4
Hotel services	Includes catering, cleaning, stores/supply, laundry and transport occupations.	53	52
Other Categories	Includes Aboriginal and ethnic health worker related occupations	0	4
Total		1,021	1,087 ^(a)

(a) 2019-20 have included Capital FTE

Industrial relations

Industrial Relations specialists from within the HSS Human Resource and Capability team provides advice on matters relating to discipline and misconduct, performance management, claims for permanency, change management processes, industrial disputes and fitness for work matters.

Key activities for 2019/20 included:

- supporting the implementation of significant organisational structural change associated with the new HSS Operating Model
- supporting the conversion of 53 fixed-term and casual employees to permanent employment under the Public Sector Commissioner’s Instruction No. 23.
- contributing to policy development and review activities to ensure compliance with legislative requirements.
- managing HSS’ relationship with the unions that represent our employees by responding to their enquiries in a constructive and timely manner and facilitating regular consultative forums around key organisational issues.
- assisting the HSS ICT Service Operations function to implement temporary changes to roster patterns for employees working in other Health Service Providers in response to the COVID-19 pandemic. This was achieved through positive and effective union and staff consultation processes.

Employee development

HSS is committed to creating an engaged and capable workforce and providing development opportunities that contribute towards achieving our HSS purpose and objectives.

A significant focus in 2019-20 was implementing the structural components of the new HSS Operating Model as part of the HSS Transform2021 program. Recognising the time and investment required across the business to do this successfully, the development programs offered in 2019 were tailored to those who were helping employees effectively transition to the new structures and teams, while creating a positive and supportive workplace.

The HSS Cultural Development Strategy was introduced this year to outline a three-phase approach to progressing the culture of HSS from 2019 to 2021.

This strategy will guide HSS on this journey, evolving as the organisation matures and different needs emerge.

Over the past financial year there has been a continued focus on employee development related to creating a ‘think customer first’ culture with the introduction of Customer Experience training. A total of 72 HSS employees have since completed this training.



Leadership development was a priority for HSS in 2019-20. Senior HSS leaders participated in a series of Senior Leadership Forums, focused on improving collaboration and alignment at a strategic level. Quarterly HSS Extended Leadership Team forums were also held to build leadership capability and support cultural change.

Targeted leadership development programs such as *Managing at HSS* and *Leadership Foundations* were introduced to build capability, with 73 frontline managers completing these courses. A leadership development framework was launched in June 2020 to support the continued development of HSS leaders aligned with our values.

An HSS-specific Capability Framework has been developed to further define the range of capabilities required for success at each Tier (4 to 6) to achieve our purpose and objectives through values-based decisions and behaviours.

To enable a holistic approach to performance and capability development, the Capability Framework will be launched in July 2020 in conjunction with HSS' new performance development program, MyPerformance.

MyPerformance will enable employees and leaders to regularly review and recognise performance and development opportunities to support employees to reach their full potential.

The HSS induction and on-boarding process has been enhanced in 2019-20 to create an improved experience for new employees and to efficiently support them to be productive in their new roles. Business Unit induction handbooks have also been developed to support existing programs in the induction suite and create a better onboarding experience for new starters.

An HSS Learning and Development (L&D) Framework has been developed to support a learning culture and build the capabilities of the workforce to achieve the objectives detailed in the HSS Business Plan 2019-21.

Supporting this framework was the introduction of online and flexible modes of learning for employees. HSS now has a suite of online courses that includes:

- The HSS induction
- Accountable and Ethical Decision Making
- Recordkeeping Awareness Training
- Emergency procedures
- Common Information Security Training
- Aboriginal Cultural eLearning
- Occupational Safety and Health (OSH) for line managers
- Foundations of working with a Board training for leaders.

HSS participated in the Institute of Health Leadership (IHL) Graduate Development Program by offering placements to two graduates in the ICT stream and one in the Corporate (HR) stream in 2019-20. HSS also took part in the Aboriginal Cadetship program and hosted two cadets in 2019 and 2020.

Formal training events are regularly offered in response to capability gaps and employees are encouraged to access these with consideration to their own professional development needs.



Workers' compensation

The WA Workers' Compensation system was established by the *Workers' Compensation and Injury Management Act 1981* (WA).

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

In 2019-20, a total of 11 new workers compensation claims were made.

Workers' Compensation Claims - Nature of the Injuries

	2019-20	2018-19	2017-18	2016-17
All Other Diseases	2	1	0	2
Burns	0	0	1	0
Contusion and Crushing	0	0	0	0
Fractures	1	0	0	1
Foreign Bodies	0	0	1	0
Sprains, Strains and Dislocations	5	4	1	4
Superficial Injury	0	0	0	0
Mental Disorders	1	2	3	2
Musculoskeletal System	1	4	1	2
Open Wound	1	0	1	0
Total Number of Workplace Injuries resulting in claims	11	11	8	10

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 2019-20, 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.



Unauthorised use of purchasing cards

HSS uses corporate purchasing cards for the purchase of goods and services. This enables HSS to achieve savings through improved administrative efficiency and more effective cash management. The purchasing card is a personalised credit card that provides a clear audit trail for management.

HSS purchasing cards are only issued to employees who have a justified work need and meet relevant criteria. Purchasing cards are not to be used for personal (unauthorised) purposes (e.g. a purpose that is not directly related to performing functions for the agency). Should a cardholder use a purchasing card for a personal purpose, they must give written notice to the Accountable Authority within five working days and refund the total amount of expenditure. All credit card purchases are reviewed by someone other than the cardholder to monitor compliance.

Despite each cardholder being made aware of their obligations annually under the HSS credit card policy, there was one instance (total amount of \$12.00) in 2019-20 where a purchasing card was used for personal purposes.

A review of the transaction confirmed it was an unintentional error and the full amount was refunded before the end of the reporting period.

Personal use expenditure by HSS purchasing cardholders, 2019-20

Purchasing card personal use expenditure	2019-20
Aggregate amount of personal use expenditure for the reporting period	\$12.00
Aggregate amount of personal use expenditure settled by the due date (within five working days)	\$12.00
Aggregate amount of personal use expenditure settled after the period (after five working days)	\$0
Aggregate amount of personal use expenditure outstanding at balance date	\$0



Summary of boards and committee remuneration

The HSS Interim Board Chair Michael Walsh commenced in March 2020 and total remuneration for 2019-20 was \$18,369.00.

The HSS Board commenced on 1 July 2020 and the following members were appointed:

- Ms Margaret Pyrchla (Deputy Chair)
- Dr Paul Boyatzis
- Ms Cheryl Chan
- Dr Rowan Ellis
- Ms Diana Forsyth
- Ms Amanda McKnight
- Dr Constantine Phatouros
- Ms Yaso Ponnuthurai
- Mr Jonathan Ford

The total annual remuneration for the Board will be reported in the next financial year.

Disability access and inclusion plan outcomes

The *Disability Services Act 1993 (WA)* was introduced to ensure people with 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 people with a disability have equal opportunities for employment.

HSS is continually seeking to improve accessibility for people with disability wanting to engage with HSS.

HSS Disability Reference Group

The HSS Diversity and Inclusion Strategy aims to increase the participation of different demographic groups across HSS, including people with a disability. In compliance with the *Disability Services Act 1993 (WA)*, HSS aims to be a disability confident employer and is working towards creating an environment

Expenditure on advertising

In 2019-20, in accordance with section 175ZE of the *Electoral Act 1907 (WA)*, HSS incurred the following expenditure in advertising.

Total expenditure for 2019/20 was \$12,031.68 and was incurred in the following areas.

Expenditure	Organisation	Amount (\$)
Advertising	Initiative Media	\$12,031.68
Total		\$12,031.68

of trust where employees feel comfortable to share information about their disability with HSS. In addition, we continue to build awareness and educate our workforce about different types of disability, seen and unseen, contributing towards creating a more inclusive workplace.

Our Disability Reference Group was established in February 2020 and involves employees with disability or who care for someone with disability. Members are involved in the design and

implementation of the organisation's Disability Access and Inclusion Plan (DAIP) by providing feedback and ensuring all seven outcome areas of the Plan are appropriately considered.

Using the feedback received from the reference group, HSS' DAIP 2020-22 was developed and endorsed in June 2020. The initial phase of the plan sought advice and input from various stakeholders across HSS to identify tangible, actionable and achievable actions that comply with the outcomes stipulated in *Disability Services Act 1993 (WA)*. In 2020-21, HSS will focus on the

development of implementation action plans in conjunction with the various stakeholders across HSS.

The final phase of the DAIP will track progress of the activities associated with the implementation action plans.

To date, HSS has been educating our employees about how to ensure online content is written and presented in a way that meets accessibility standards for people with disability. This training has been specifically designed to support the refresh of our HSS intranet and is aligned to the achievement of Outcome Area 3 'Information' in our DAIP.

HSS continues to focus on eliminating and reducing barriers preventing full participation at work and to provide a universally accessible workplace which supports employees with disability to fully contribute. In March 2020, HSS launched a Flexible Working Arrangements Policy and Procedures and a Home-Based Work Policy to assist employees with disability to balance their work and personal needs.

All communication materials produced by HSS can be provided in alternate formats to ensure equitable access to information for people with disability.



Compliance with public sector standards and ethical codes

Public Sector Standards guide the design and practical implementation of HSS policies and procedures, guiding our processes and ensuring that our decision-making is transparent and capable of review.

HSS employees are expected to uphold the Public Sector Code of Ethics and the WA Health Code of Conduct (which forms part of the WA health system's Employment Policy Framework) and are responsible for ensuring their behaviour reflects the expectations of the Public Sector Commissioner.

HSS employees are provided with both online and face-to-face training and information about the Code of Ethics and Code of Conduct at induction and online training is required to be re-completed by all employees every two years.

Systems 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 2019-20, two breach claims were lodged, one against the Employment Standard and one against the Grievance Resolution Standard. The claim against the Employment Standard was withdrawn and the claim against the Grievance Standard was referred to the Public Sector Commission but was not upheld.



In 2019-20, HSS formally identified and managed 21 issues of compliance with the WA Health Code of Conduct and finalised matters carried forward from 2018-19. One case was reported to the Corruption Crime Commission (CCC) and four cases were reported to the Public Sector Commission. One case resulted from an anonymous report received from the CCC. Three matters are still undergoing the disciplinary process and no final decision has been made as to whether a breach has occurred.

Freedom of Information

The *Freedom of Information Act 1992 (WA)* gives all Western Australians a right of access to information held by HSS. Information and details about the process to lodge a Freedom of Information (FOI) application is available on the HSS website. FOI applicants can be granted full access, partial access or access may be refused in accordance with the *Freedom of Information Act 1992 (WA)*.

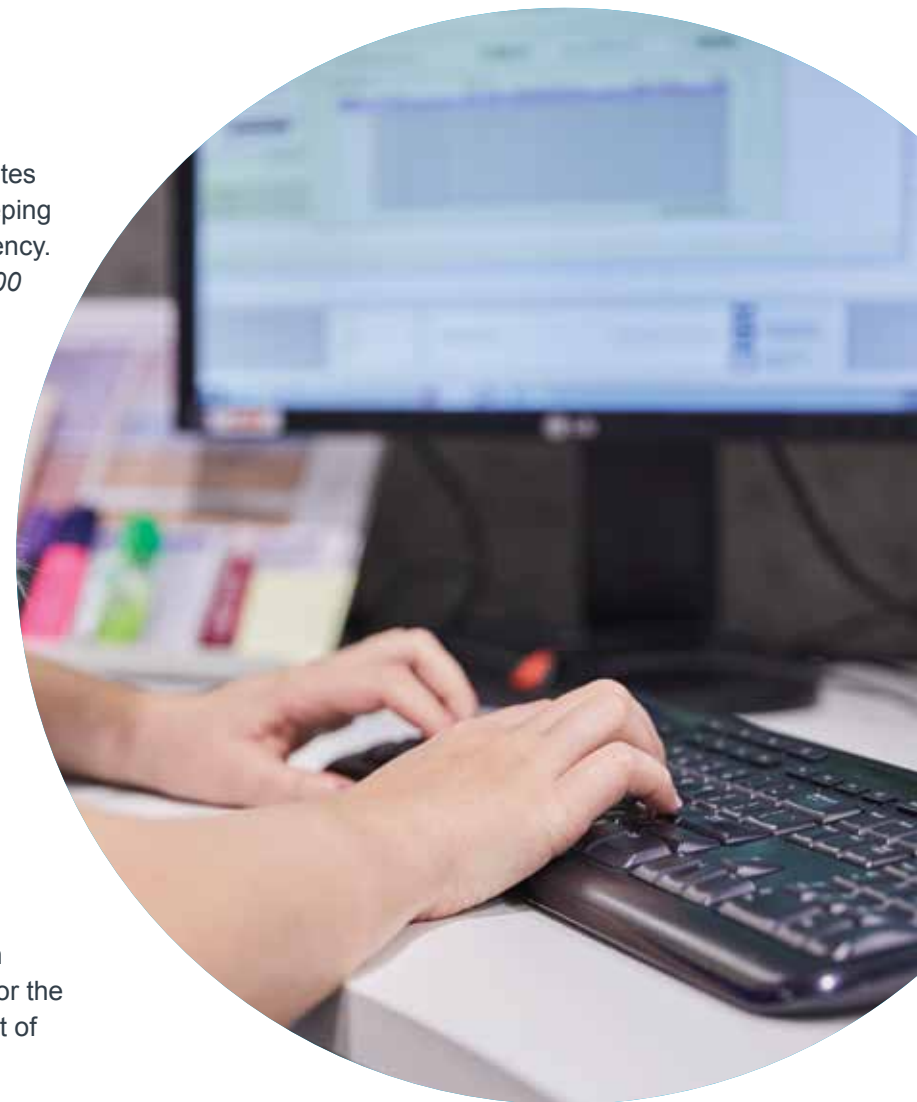
In the 2019-20 financial year, HSS received four new non-personal FOI application. No personal access applications were received.

Recordkeeping 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 records management practice within HSS is outlined in a framework of accountabilities and responsibilities which clearly demonstrates the statutory basis for the implementation and ongoing improvement of recordkeeping solutions.



Substantive equality

HSS contributes to the substantive equality for all Western Australians through the implementation of the Equal Opportunity Commission's 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' customer groups.

This year HSS launched its inaugural Diversity and Inclusion Strategy 2019-22. The strategy is a key deliverable of our Strategic Workforce Plan 2019-22 and aims to ensure our workforce broadly reflects that of the WA community and our culture is recognised as one of openness and inclusiveness.

In 2019-20, HSS implemented several initiatives to build cultural competency and improve attraction of Aboriginal people. This included the roll out of Aboriginal Cultural Competency Workshops for leaders and acknowledging our indigenous heritage by showcasing artwork of Aboriginal symbols painted by a local Wadjuk artist at HSS' head office in Perth.

Through the establishment of our Disability Reference Group and Gender Equity Focus Group, we will continue to progress further initiatives in 2020-21 to meet the outcomes of the Policy Framework for Substantive Equality.



Occupational safety, health and injury management

HSS is committed to ensuring the safety, health and wellbeing of its employees, contractors and visitors through the following principles:

- Compliance with the *Occupational Safety and Health Act 1984* (WA) and associated legislation.
- Implement safe systems of work and work practices to provide a safe workplace for all.
- Implement wellness initiatives and activities to promote a healthy workplace.

- Engage with managers and employees to promote accountability and action to improve safety for all aspects of the workplace.

This commitment is expressed through a dedicated HSS Work, Health and Safety (WHS) Policy and Framework which clearly establishes goals, strategies and monitoring systems, and articulates staff responsibilities.

An audit of the Occupational Safety and Health Management System (HSS OSH Framework) was completed in December 2019. Actions identified are in progress and due for completion in early 2021.

HSS also has a dedicated wellness program where employees have access to a number of health and wellbeing initiatives, including a flu vaccination program.

HSS supports a network of various safety volunteer roles, which include First Aid Officers, Safety and Health Representatives and Workstation Assessors. All WHS volunteers are provided with on-going training. HSS' elected Safety Health Representatives are vital to investigating hazards and incidents and working with managers to implement recommended controls and improvement initiatives.

WHS and Injury Management performance and wellness activities are monitored and reported monthly to the HSS Executive Committee.

HSS WHS performance is measured against public sector KPIs, and includes a review of key WHS issues, activities and initiatives.

The HSS WHS Committee, comprising employee representatives and managers, forms a core element of work, health and safety consultation and delivery within HSS.

HSS is committed to assisting 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). Managers actively participate in the management and workplace rehabilitation of injured employees, with support from the HR and WHS team and are responsible for providing suitable and alternative duties for injured employees where required.



Workplace Health and Safety Targets

Measures	Targets	Results 2019/2020	Results 2018/2019	Comments towards targets
Number of fatalities	0	0	0	Target met
Lost time injury and disease incidence rate	0 or 10% reduction in incidence rate	0.77%	0.69%	Target not met
Lost time injury and severity rate	0 or 10% reduction in severity rate	13%	14%	One claim (of eight) was classed as severe (exceeding 60 days).
Percentage of injured workers returned to work (i) within 13 weeks	Greater than or equal to 80%	38%	71%	Three claims of eight returned to full time duties within 13 weeks.
Percentage of injured workers returned to work (ii) within 26 weeks	Greater than or equal to 80%	50%	86%	Four claims of eight returned to full time duties within 26 weeks.
Percentage of managers trained in occupational safety, health and injury management responsibilities, including refresher training within 3 years	Greater than or equal to 80%	94%	57%	Target met. OSH Manager training has increased significantly in 2019/2020.





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