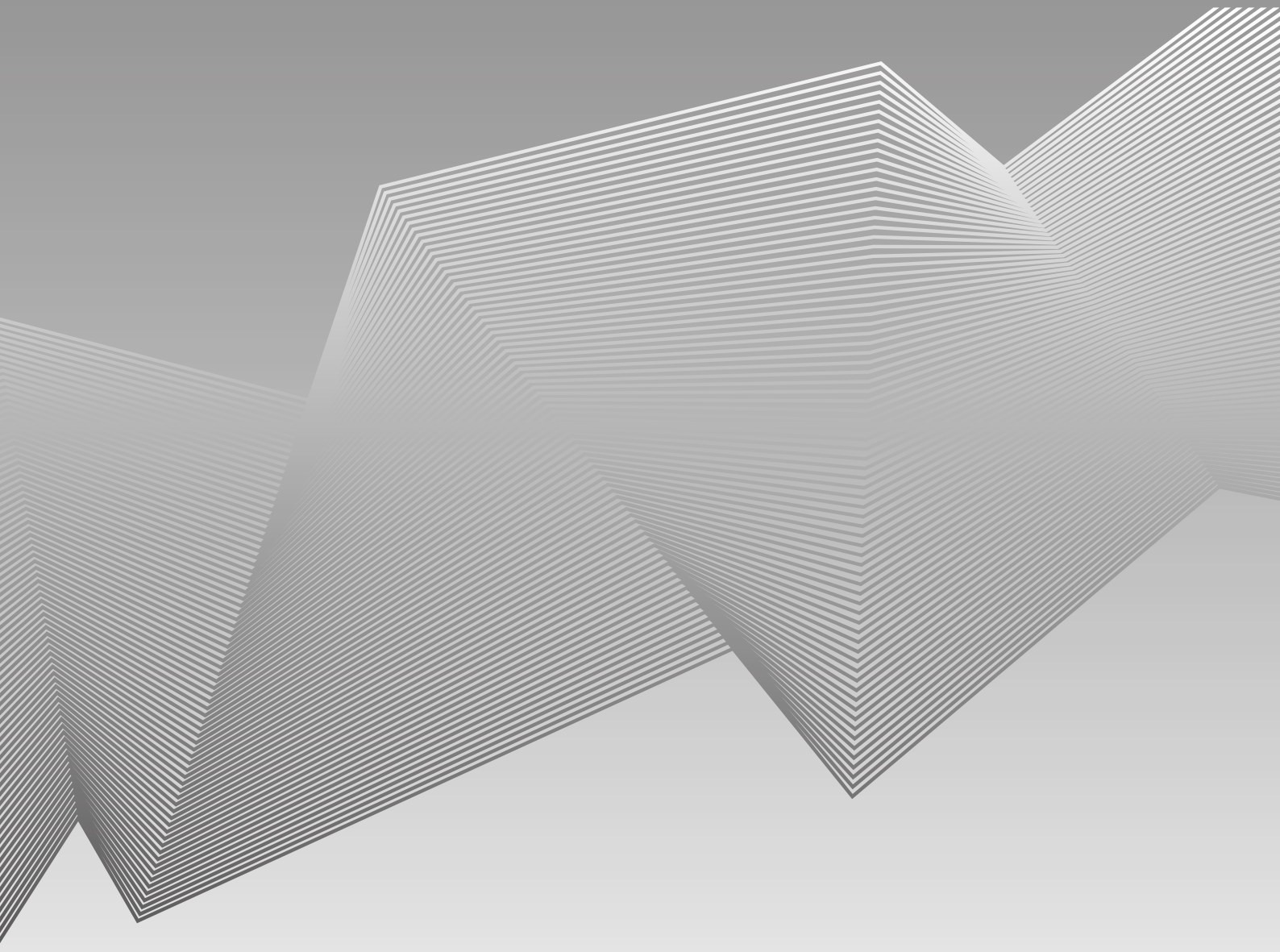
Sunshine Coast Hospital and Health Service

ANNUAL REPORT

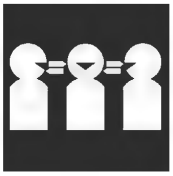
2020–2021



Queensland Government

Information about consultancies, overseas travel, and the Queensland language services policy is available at the Queensland Government Open Data website (qld.gov.au/data). There were no overseas travel expenses for Sunshine Coast Health during the reporting period.

An electronic copy of this report is available at https://www.health.qld.gov.au/sunshinecoast/about_us/publications-and-reports/annual-reports. Hard copies of the annual report are available by phoning Communications and Corporate Affairs on 07 5202 0000. Alternatively, you can request a copy by emailing sc-communications@health.qld.gov.au.



The Queensland Government is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding the annual report, you can contact us on telephone (07) 5202 0000 and we will arrange an interpreter to effectively communicate the report to you.

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Acknowledgement to Traditional Owners

Sunshine Coast Hospital and Health Service acknowledges and pays respects to the Traditional Custodians, the Gubbi Gubbi (Kabi Kabi) and Jinibara people, their Elders past, present and emerging on whose lands and waters we provide health services. Achieving sustainable health for Aboriginal and Torres Strait Islander people in the Sunshine Coast and Gympie regions is a core responsibility and high priority for our health services, and is a guiding principle of our overarching strategy, Making Tracks toward closing the gap in health outcomes for Indigenous Queenslanders by 2033.

Recognition of Australian South Sea Islanders

Sunshine Coast Hospital and Health Service formally recognises the Australian South Sea Islanders as a distinct culture group with our geographical boundaries. Sunshine Coast Health is committed to fulfilling the Queensland Government Recognition Statement for Australian South Sea Islander Community to ensure that present and future generations of South Sea Islanders have equality of opportunity to participate in, and contribute to, the economic, social, political and cultural life of the State.

7 September 2021

The Honourable Yvette D'Ath MP
Minister for Health and Ambulance Services
GPO Box 48
Brisbane QLD 4001

Dear Minister

I am pleased to submit for presentation to the Parliament the Annual Report 2020–2021 and financial statements for Sunshine Coast Hospital and Health Service.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2019*; and
- the detailed requirements set out in the Annual Report Requirements for Queensland Government agencies.

A checklist outlining the annual reporting requirements can be found on page 34 of this annual report.

Yours sincerely

Sabrina Walsh
Chair
Sunshine Coast Hospital and Health Board

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Statement on Queensland Government objectives for the community

In 2020-2021, Sunshine Coast Hospital and Health Service (Sunshine Coast Health) continued to fulfil its obligations to the community by providing an effective public health service.

Sunshine Coast Health Service's Strategic Plan 2020-2024 supports the Queensland Government's objectives for the community—Unite and Recover: Queensland's Economic Recover Plan, specifically:

- safeguarding our health
- building Queensland
- backing our frontline services
- protecting the environment.

Sunshine Coast Health's priorities also closely align with Queensland Health's commitment to:

- Protect the health of all Queenslanders through effectively planned and timely responses to system-wide threats
- Effective partnerships with Primary care and Queensland Ambulance Service to drive co-designed models of care
- Support and advance our workforce
- Advance Health Equity for First Nations people
- Health reform that plans for a sustainable future
- Interconnected system governance that delivers the building blocks to support Hospital and Health Services.

This drives our commitment to co-design models of care, supporting and advancing our workforce, health equity for Aboriginal and Torres Strait Islander people, and health reforms that support a sustainable future.

Sunshine Coast Health's priorities are:

- Provide a network of health services that are responsive to the needs of our population/ region
- Strengthen and grow strategic and operational partnerships
- Inspire a workplace where staff thrive and know they are valued
- Leading and embedding an education and research culture
- Leveraging digital technology advances in healthcare
- Aboriginal and Torres Strait Islander Health—making it everyone's business.

These priorities support our delivery of the directions outlined in My health, Queensland's future: Advancing health 2026:

- promoting wellbeing
- delivering healthcare
- connecting healthcare
- pursuing innovation.

Message from the Board Chair and Chief Executive

The 2020-2021 financial year was a challenging but successful period for Sunshine Coast Health. We continued to provide a greater range of health services to the local community and with increasing demand for our services, delivered record volumes of safe, quality care to our patients. This could not have been realised without the dedication, professional skills and passion of our staff.

There is no doubt COVID-19 continued to provide a challenging environment for healthcare last year. The staff at Sunshine Coast Health have worked exceptionally hard to meet this challenge.

Throughout 2020-2021, we've placed a significant focus on the health and wellbeing of our staff including the development of a dedicated Employee Support and Wellbeing Response Plan, a diversity and inclusion strategy and action plan and an Aboriginal and Torres Strait Islander Workforce Strategy.

Sunshine Coast Health continued to progress works under the $86 million Nambour General Hospital redevelopment and, as well, reached technical completion of Sunshine Coast University Hospital Stage 3.

Our commitment to environmental sustainability was further embedded this year with our membership to the Global Green and Healthy Hospitals network and the launch of our first environmental sustainability strategy.

Partnerships continue to be a priority for Sunshine Coast Health with our focus on co-design and collaboration with organisations including the Central Queensland, Wide Bay and Sunshine Coast PHN, North Coast Aboriginal Corporation for Community Health and Vitality Village.

In March 2021, the first Sunshine Coast Health Institute (SCHI) Health Symposium was held. This was a wonderful collaboration between SCHI partners (Sunshine Coast Health, University of the Sunshine Coast, TAFE Queensland and Griffith University) and members of the Sunshine Coast Health Panel. More than 500 people attended the two-day virtual event.

On behalf of the Board and Executive Leadership Team, we wish to thank our staff for their exceptional contributions in providing care for our community over the past year.

Sabrina Walsh
Board Chair

Dr Mark Waters
Interim Health Service Chief Executive

About us

Sunshine Coast Health is the major provider of public health services, health education and research in the Sunshine Coast, Gympie and Noosa local government areas.

Established in 2012, Sunshine Coast Health is an independent statutory body governed by the Sunshine Coast Hospital and Health Board under the *Hospital and Health Boards Act 2011*.

We operate according to a service agreement with Queensland Health which identifies the services to be provided, funding arrangements, performance indicators and targets to ensure the expected health outcomes for our communities are achieved.

Our strategic direction

Our Strategic Plan 2020-2024 outlines our vision, purpose, values, objectives and future direction as well as how we work with our community to improve people's health and wellbeing. When determining our strategic vision and objectives we respect, protect and promote human rights in our decision-making and actions.

Our priorities

- Provide a network of health services that are responsive to the needs of our population/ region
- Strengthen and grow strategic and operational partnerships
- Inspire a workplace where staff thrive and know they are valued
- Leading and embedding an education and research culture
- Leveraging digital and technology advances in healthcare
- Aboriginal and Torres Strait Islander health—making it everyone's business.

Our vision, purpose, values

Our vision:
Health and wellbeing through exceptional care.

Our purpose:
To provide high quality healthcare in collaboration with our communities and partners, enhanced through education and research.

Our values:
The values of Sunshine Coast Health underpin the culture of our organisation. We have adopted the Queensland Public Service values of: Customers First; Unleash Potential; Ideas into Action; Empower People; and Be Courageous; as well as three additional values—Compassion, Respect and Integrity.

Aboriginal and Torres Strait Islander health

Aboriginal peoples and Torres Strait Islander peoples comprise two per cent of the health service region's total population, with the largest proportion residing in the Gympie (23 per cent) and Caloundra (18 per cent) regions. In comparison to the total health service population, the Aboriginal and Torres Strait Islander population are much younger, with more than half of the population aged under 25 years, and only two per cent aged 70 years and over.

Sunshine Coast Health is committed to achieving the outcomes of the Queensland Government's strategy, *Making Tracks toward closing the gap in health outcomes for Indigenous Queenslanders by 2033*. Overseen and monitored by its Closing the Gap Committee, Sunshine Coast Health is on track to meet its targets. They are:

- Embed Aboriginal and Torres Strait Islander representation in leadership, governance and workforce
- Improve local engagement and partnerships between Sunshine Coast Health and Aboriginal and Torres Strait Islander people, communities and organisations
- Improve transparency, reporting and accountability in our efforts to close the gap in health outcomes for Aboriginal peoples and Torres Strait Islander peoples by maintaining and regularly reviewing an outcome-based report of services delivered.

In 2020-2021:

- 3.17 per cent of our inpatients identified as being of Aboriginal and Torres Strait Islander origin
- 0.82 per cent of Aboriginal and Torres Strait Islander inpatients discharged against medical advice
- Hospital Liaison Officers supported 10,422 Aboriginal and Torres Strait Islander patients and their families
- 95.9 per cent of children who identified as Aboriginal and Torres Strait Islander in our region are fully vaccinated at age five
- 41.5 per cent Indigenous inpatients completed a smoking cessation pathway
- 5.8 per cent Indigenous babies were born with a low birth weight (‹2500g)
- 199 mental health consumers were supported through our Cultural Healing Programs in Gympie and Nambour.

Our community-based and hospital services

Sunshine Coast Health provides care for the community through its four hospitals, a residential aged care facility and a number of community health facilities including:

Sunshine Coast University Hospital

Sunshine Coast University Hospital, Sunshine Coast Health's newest facility, opened in 2017 and is progressively expanding its tertiary-level services. It is collocated with the Sunshine Coast Health Institute and the Sunshine Coast University Private Hospital.

Nambour General Hospital

Nambour General Hospital has a proud history of providing services to the Sunshine Coast community since the 1920s. Nambour General Hospital is undergoing a $86.239 million redevelopment to better service the growing health needs of the local community.

Caloundra Health Service

Caloundra Health Service is Sunshine Coast Health's hub for palliative care and ophthalmology and provides a range of outpatient, ambulatory and community-based services including:

- a Minor Injury and Illness Clinic
- ambulatory care, renal, oral health and community services for residents of Caloundra and surrounds.

Gympie Hospital

Gympie Hospital has served the community for more than 150 years and provides acute regional services to residents in the Gympie, Cooloola and Kilkivan areas. A range of acute, ambulatory, community and mental health services are provided including emergency, surgical and medical services, palliative care and rehabilitation, maternity services and renal dialysis.

Maleny Soldiers Memorial Hospital

Maleny Soldiers Memorial Hospital is a rural facility providing services to the Maleny region. It delivers an emergency service, medical care, a fully functional sub-acute rehabilitation unit, ambulatory clinics, essential diagnostic and clinical support services and oral health and community-based services.

Glenbrook Residential Aged Care Facility

Glenbrook Residential Aged Care Facility is a 45-bed purpose built high care residential aged care facility in Nambour. Glenbrook provides high quality resident-focussed care in a home-like environment including:

- Transition care
- General aged care
- Older persons mental health care
- Secure dementia wing.

Janelle Killick Community Care Unit

The Community Care Unit provides a 24-hour, seven days per week, mental health residential rehabilitation service. The service aims to promote an individual's recovery by providing opportunities to maximise their strengths and potential, peer support and supervised rehabilitation. Clinical interventions and living skills development are provided to consumers who require medium to long term mental health care and rehabilitation.

Maroochydore Community Hub

The Maroochydore Community Hub opened in January 2019. This is a purpose-built facility which consolidates 19 community-based services into one facility increasing and improving access for our patients and the community. The hub accommodates services from Mental Health and Specialised Services, Community and Preventative Health and Women's and Children's services.

Concessional parking

Sunshine Coast Health provides free parking for patients and carers at the majority of its facilities however concessional parking is available for eligible patients and carers at Sunshine Coast University Hospital and Nambour General Hospital. In 2020-2021, Sunshine Coast Health issued 13,610 concessional parking tickets for patients and carers to the value of $185,353.20.

Targets and challenges

Sunshine Coast Health has experienced significant growth in both the range of services provided and expanded capacity. The new tertiary health precinct at Sunshine Coast University Hospital is supporting Sunshine Coast Health to innovate and better meet the diverse health needs of our community. Sunshine Coast Health understands it must become sustainable and deliver services that align with best practices in patient care. The successful transformation of Sunshine Coast Health towards a sustainable future is a priority.

Targets

- ***Responsive health services:*** service agreement targets are met within agreed budgets; National Safety and Quality Standards are met and maintained; capital projects are delivered within scope, budget and on time; waste, energy and water consumption are reduced; and Sunshine Coast Health is responsive and informed by long-term clinical planning.
- ***Partnerships:*** increased and diversified consumer and community representation across Sunshine Coast Health; improved consumer satisfaction and experience; improved consumer, family and carer understanding of their health; and increased number of co-design activities and consultation/collaboration with consumers and the community.
- ***Focus on our people:*** a growing, highly-skilled and valued workforce; improved employee health and wellbeing and a reduction in the number of staff incidents and injuries; improved staff engagement and satisfaction results; improved capability of leaders and succession plans for key leadership roles in place; and decreased number of grievances and/or disputes.
- ***Grow research and education capability:*** increased consumer participation in clinical trials and research; increased number of research publications and citations; increased number of conjoint appointment; increased number of inter-professional education and training opportunities; and Sunshine Coast Health Institute hosted national conferences.
- ***Embrace technology for a digital future:*** enhanced sharing of information and data facilitated by use of digital technologies across the health and community sector; increased technology enabled models of care to deliver care as close to home as possible; improved reporting and clinical data analytics to improve health service delivery; and data security is enhanced through the implementation of a information Security Management System.
- ***Closing the Gap:*** improved health outcomes, and access and inclusiveness to health care for Aboriginal and Torres Strait Islander people; and improved participation rates of Aboriginal and Torres Strait Islander people in our workforce.

Challenges and opportunities

With such rapid growth it is imperative we have a health service that is highly responsive to our community's increasing need. Our challenges and opportunities include:

- ***Financial sustainability***—we have plans in place to ensure we provide an efficient and sustainable health service to meet the diverse needs of the community we serve.
- ***Workforce***—we attract and retain a skilled workforce.
- ***Digital health and information technology***—we optimise digital technologies to enhance patient care.
- ***Capital management***—we appropriately deliver capital projects on budget and on time, and appropriately maintain our infrastructure.
- ***Outbreak events or emerging threats***—we implement plans and systems to ensure we continue to meet the needs of our patients, without compromising the health, safety and wellbeing of our staff or the financial and operational performance of Sunshine Coast Health.

Our governance

Our people

Our Board

The Sunshine Coast Hospital and Health Board is comprised of nine members appointed by the Governor in Council on the recommendation of the Minister for Health and Ambulance Services. Members bring a wealth of knowledge and experience in both the public and private sector with expertise in health, finance, law and community engagement.

The Board is responsible for the overall governance of the Sunshine Coast Health and derives its authority from the *Hospital and Health Boards Act 2011* and subordinate legislation. The Board provides strategic direction to Sunshine Coast Health to ensure goals and objectives meet the needs of the community it provides health services to and are aligned to current government health strategies and policies.

Key responsibilities

The Board has a range of functions as articulated in the Charter and include but are not limited to:

- overseeing Sunshine Coast Health including its control and accountability systems
- reviewing, monitoring and approving systems for risk management, internal control and legal compliance
- ensuring appropriate safety and quality systems are in place to ensure safe, high quality health care is provided to the community
- providing input into and final approval of management's development of organisational strategy and performance objectives, including agreeing the terms of our Service Agreement with the Director-General of Queensland Health
- approval of, and ongoing monitoring of the annual health service budget and financial and performance reporting.

Board member profiles as at 30 June 2021

Ms Sabrina Walsh **Exec MPA, M.App.Psych**
Chair
Sabrina has more than 30 years' experience in consulting and senior executive roles in the health industry. She began her career in health as a clinical psychologist before moving into health policy, health service management and leading major digital transformation initiatives in health. She recently led the transformation of technology services and the digitisation of one of the largest health services in New South Wales.

Previous roles include: Chief Information Officer roles in Queensland and NSW; chief executive roles for public sector health services in Queensland; and executive leadership roles in mental health, aged and disability services. As Director for Mental Health in the Northern Territory, she led territory-wide policy development, strategic planning, resource allocation and evaluation of mental health services.

She has expertise in governance, strategy, planning and delivery in complex health services and is passionate about helping health organisations prepare for the future and improve health outcomes and patient experience.

Original appointment date 18 May 2020
Appointed as Chair 10 June 2021 to 31 March 2024

Mr Brian Anker **MAICD**
Board Member
Brian has held a number of senior executive roles within the Queensland Government including that of Deputy Director-General, Innovation of the former Queensland Department of Employment, Economic Development and Innovation where he worked in partnership with leaders in the industry, science and technology. He has an extensive background in the business and industry sectors, commercialisation and innovation.

In 2011, Brian established Anker Consulting Pty Ltd, to provide strategic advice and planning particularly to the research and university sectors. He has undertaken strategic reviews for Queensland universities, chaired Commonwealth Government research initiatives and established special purpose vehicles on behalf of the Queensland Government. In addition, he provides employee mentoring to corporations.

Original appointment date 18 May 2013
Current term 18 May 2020 to 31 March 2022

Mr Terry Bell **BA, Grad Cert P.S. Mgt, MBA, DoPS (current)**
Board Member
Terry is long-term resident of the Sunshine Coast having bought his first property in Mooloolaba in 1978 and living here ever since.

Terry is a Bundjalung man of the Southern Gold Coast and Northern NSW regions. He has extensive experience in leadership roles in the public, private and tertiary sectors and is currently undertaking Doctoral studies at Central Queensland University and working as Business Consultant to improve Indigenous employment outcomes.

Terry has been heavily involved in Sunshine Coast Sport where he has played and coached Rugby League and participated heavily in Surf Lifesaving competing at National levels and successfully holding management positions.

Original appointment date 18 May 2020
Current term 18 May 2020 to 31 March 2024

Ms Debra (Debbie) Blumel **BA, BSocWk, MSocWK, MBA, GAICD**
Board Member
Debbie has extensive experience in strategic leadership positions in health, disability and housing organisations facing disruptive challenges and requiring transformational change.

In 2012, Debbie was appointed Chief Executive Officer (CEO) Northern Territory Medicare Local with a focus on improving the primary health care system and streamlining patient pathways, particularly for remote Indigenous peoples. She is now CEO of Your Best Life Disability and Health

Services Ltd which includes Children's and Teens' Therapy Services, Mindcare Mental Health Services, LevelUp Independent Living, and Your Choice Plan Management.

Her previous experience in Queensland Health includes as Manager Public Health Planning and Research and as the Strategic Research and Development Advisor. Debbie led a research team in a pioneering research project that published 'Who Pays? The Economic Cost of Violence Against Women' which was used by the Queensland Government in its Stop Violence Against Women campaign.

Original appointment date 18 May 2019
Current term 18 May 2019 to 31 March 2022

Emeritus Professor Birgit Lohmann **BSc (Hons), PhD, GAICD**

Board Member

Birgit has extensive leadership experience in the Higher Education sector, most recently as the Senior Deputy Vice-Chancellor of University of the Sunshine Coast. In that role she had broad responsibility for the academic activities of the University, including the Faculties, was the standing deputy to the Vice Chancellor, Chair of Academic Board and a member of University Council. She represented the University at high level national forums, in meetings with the various levels of government, and engaged with a broad range of community organisations and other stakeholders.

Birgit previously had academic and management roles at the Australian National University, Murdoch University, Griffith University and the University of Adelaide. Leadership roles included Head of the School of Science and Director of the Centre for Quantum Dynamics at Griffith University, and Pro Vice Chancellor (Learning and Quality) at the University of Adelaide. She has been a Board member of a number of not-for-profit Boards.

Original appointment date 18 May 2019
Current term 18 May 2019 to 31 March 2022

Ms Anita Phillips **BA, Grad Dip Leg.Studs, MPA, Dip Soc.Studs, GAICD, AMAASW**

Board Member

Anita has an extensive career spanning more than 30 years' as an Executive Director in public sector health, social welfare and community services agencies, including considerable experience in hospital and health centres as a clinician and senior manager particularly in Queensland. From 2005 – 2013, she was Public Advocate/ Public Guardian in the ACT. Anita brings valuable strategic/public policy experience as a former Member of Queensland Parliament and an advisor to Federal Ministers and has just completed her PhD in the Institute of Governance and Public Policy at University of Canberra.

Anita has additional governance experience in that she is a Graduate of the AICD and is currently a Director on the Board of a large not-for-profit aged care provider. She was elected for three consecutive terms to the board of the National Social Workers Association, was appointed by the Minister as Community Member on the Aboriginal and Torres Strait Islander Health Practitioners' Board of AHPRA, as well as several community services boards.

Original appointment date 18 May 2017
Current term 18 May 2020 to 31 March 2022

Professor Edward (Ted) Weaver (OAM) **MBBS, FRANZCOG, FACM (Hon)**

Board Member

Ted is a Senior Medical Officer in the Department of Obstetrics and Gynaecology at the Sunshine Coast University Hospital. He is Clinical Sub-Dean Griffith University School of Medicine Sunshine Coast. He is an Professor in Obstetrics and Gynaecology at both University of Queensland and Griffith University. He co-chairs the Queensland Maternal and Perinatal Quality Council which oversees the quality of maternity and perinatal care in Queensland, reporting to the Minister for Health.

In 2011, Ted was awarded The University of Queensland Medical Society and School of

Medicine Distinction in Clinical Teaching Award for the Sunshine Coast Clinical School and in the 2016 he was awarded an Australia Day Achievement award for excellence in medical practice, and in the Australia Day Honours he was awarded an Order of Australia Medal (General Division) for his service to medicine and to medical education.

Original appointment date 7 September 2012
Current term 18 May 2020 to 31 March 2022

Mr Rodney (Rod) Cameron **BComm (Honours), CPA, MBA, MFM, FAICD**

Board Member

Rod has more than 35 years' domestic and international experience with multinational ASX and NYSE listed and unlisted companies operating in sectors including energy, resources, manufacturing and disability services. He has held a host of leadership roles in sophisticated organisations, including Chief Executive Officer of Autism Queensland and Chief Financial Officer of Endeavour Foundation, as well as, Chief Financial Officer for an ASX listed company and Chief Financial Officer of the subsidiary of an New York Stock Exchange listed multinational corporation.

Rod has been a Partner in a large Australian management consulting business and has operated his own management consultancy for over a decade providing corporate financial advisory services to corporate clients. In that time, he has personally raised in excess of $20 billion project finance and equity on some of the most complex and largest project finance transactions ever completed in the world. He also provides general management consultancy services on strategy, finance and operations to the small-to-medium enterprise market.

Rod has been a director of sophisticated not-for-profit and for-profit companies for more than a decade.

Original appointment date 10 June 2021
Current term 10 June 2021 to 31 March 2022

Mr Bruce Cowley **BComm/LLB (Honours), FAICD**

Board Member

Bruce practised as a corporate and governance lawyer for nearly 40 years at the law firm, MinterEllison. He was elected global chair of the firm for three consecutive terms from 2013 to 2019 immediately prior to his retirement from the firm. He has extensive experience on boards, having served on a range of listed, unlisted and not-for profit companies. Bruce is a former national Chair of the Law Council of Australia's Corporations Committee and the Australian Institute of Company's Directors Law Committee. He has also recently held roles as Chair of the Children's Hospital Foundation, Deputy Chancellor of the University of Sunshine Coast, Chair of the Indigenous Diabetes Eyes and Screening Partnership and Chair of the Queensland Children's Medical Research Institute.

Bruce has written two books on directors' duties and corporate governance: Duties of Board and Committee Members, with Stephen Knight as co-author (Thompson Reuters 2017) (with a second edition in the planning stages) and Directorship in Context (AICD Publishing) which is due out in coming months. Bruce is also an Adjunct Professor in the University of Queensland School of Law.

Original appointment date 18 May 2021
Current term 18 May 2021 to 31 March 2024

Past Board Members

Dr Lorraine Ferguson AM **RN, BSocSc, MPH, PhD, FACN, AFACHSM, ACCCN (life member), GAICD**
Term of appointment 29 June 2012 to 17 May 2021

Mr Peter Sullivan **BBus (Acc), FCPA**
Term of appointment 7 September 2012 to 17 May 2021

Professor Julie-Anne Tarr **PhD, JD, LLM, BA, GAICD**
Term of appointment 18 May 2016 to 17 May 2021

Board committees

The Board has legislatively prescribed committees which assist the Board to discharge its responsibilities. Each committee operates in accordance with a Charter that clearly articulates the specific purpose, role, functions and responsibilities.

Executive Committee

The role of the Executive Committee is to support the Board in its role of controlling our organisation by working with the Sunshine Coast Health Chief Executive to progress strategic priorities and ensure accountability in the delivery of services.

Committee members:

- Ms Sabrina Walsh (Chair)
- Professor Edward Weaver
- Mr Brian Anker
- Dr Lorraine Ferguson (Chair 01/07/2020 – 17/05/2021)
- Mr Peter Sullivan (01/07/2020 – 17/05/2021).

Audit and Risk Committee

The purpose of the Audit and Risk Committee is to provide independent assurance and assistance to the Board on:

- the organisations risk, control and compliance frameworks
- the Board's external accountability responsibilities as prescribed in the *Financial Accountability Act 2009*, the *Hospital and Health Boards Act 2011*, the *Hospital and Health Boards Regulation 2012* and the *Statutory Bodies Financial Arrangements Act 1982*.

Committee members:

- Mr Bruce Cowley (Chair)
- Emeritus Professor Birgit Lohmann
- Mr Rodney Cameron
- Professor Julie-Anne Tarr (Chair 01/07/2020 – 17/05/2021)
- Mr Peter Sullivan (01/07/2020 – 17/05/2021).

Finance and Performance Committee

The Finance and Performance Committee oversees the financial position, performance and resource management strategies of Sunshine Coast Health in accordance with relevant legislation and regulations.

Committee members:

- Mr Rodney Cameron (Chair)
- Mr Brian Anker
- Ms Debra Blumel
- Emeritus Professor Birgit Lohmann
- Mr Peter Sullivan (Chair 01/07/2020 – 17/05/2021)
- Sabrina Walsh (01/07/2021 – 23/06/2021).

Safety and Quality Committee

The role of the Safety and Quality Committee is to ensure a comprehensive approach to governance of matters relevant to safety and quality of health services is developed and monitored.

Committee members:

- Ms Debra Blumel (Chair)
- Ms Anita Phillips
- Professor Edward Weaver
- Mr Terence Bell
- Mr Brian Anker (Chair 01/07/2020 – 23/06/2021).

Table 1: Board and committee meeting attendance 2020-2021˘

	SCHH Board	Executive Committee	Finance and Performance Committee	Audit and Risk Committee	Safety and Quality Committee
Total meetings☆	**13**	**2**	**12**	**4**	**4**
Board Members					
Dr Lorraine Ferguson AM+	12	2	9	4	2
Mr Peter Sullivan+	13	2	10	4	
Prof Edward Weaver	13	2			3
Ms Sabrina Walsh#	13		12		
Mr Brian Anker	13		12		4
Prof. Julie-Anne Tarr+	13		8	4	
Ms Anita Phillips	13				4
Mr Terence Bell	12				4
Emeritus Professor Birgit Lohmann	13		3	4	
Ms Debbie Blumel	13		12		
Mr Rodney Cameron ^					
Mr Bruce Cowley*	1		1		

˘ On 26 August 2020, pursuant to section 44A of the Hospital and Health Boards Act 2011, the then Deputy Premier and Minister for Health and Minister for Ambulance Services appointed Ms Elizabeth Crouch as an advisor to Sunshine Coast Hospital and Health Board to serve a six-month term commencing 14 September 2020 to 14 March 2021. Ms Crouch attended five (5) Board meetings as an observer.
☆ There were no out-of-pocket expenses for Board members in 2020-2021.
^ Appointed to the Board on 10 June 2021.
** Appointed to the Board on 18 May 2021.*
 # Appointed as Board Chair on 10 June 2021.
+ Term expired on 17 May 2021.

Executive management

Dr Mark Waters
Interim Health Service Chief Executive
Mark is an experienced health care leader. He has worked in both public and private health sectors. His previous work includes the building and commissioning of new hospitals. He has also consulted on healthcare reform in other states within Australia.

Ms Karlyn Chettleburgh
Chief Operating Officer
Karlyn joined Sunshine Coast Health in August 2018. She has extensive executive leadership experience within public health services undergoing significant transformation. This includes transition to a multi-site, university health service, having been actively involved in the reform agenda of Gold Coast Hospital and Health Service as Executive Director Mental Health and Specialist Services, as well as Acting Chief Operations Officer on multiple occasions. Prior to this, Karlyn held senior roles within the Victorian Health Service including forensic care.

Ms Kristy Frost
Interim Executive Director Legal, Commercial and Governance
Kristy has worked within the health portfolio for more than 14 years and joined the Sunshine Coast Health in March 2021. Prior to joining the Health Service Kristy worked in senior leadership positions both in the private and public sector and most recently in Queensland Health. As well as working in finance, risk and governance, Kristy has held roles in patient safety, counter terrorism and disaster management.

Dr Sue Nightingale
Executive Director Clinical Governance, Education and Research
As an experienced chief clinician of an international tertiary health service, Sue brings considerable expertise in benchmarking, and its use for performance measurement and enhancement. Importantly, she is the accountable Executive Lead for the portfolios of Clinical Education and Research, including through our valued partnerships with members of the Sunshine Coast Health Institute.

Sue is a Fellow of the Royal Australasian College of Medical Administrators and a Fellow of the Royal Australian and New Zealand College of Psychiatrists. An experienced leader, Sue is passionate about improving healthcare and the healthcare experience, and has a strong focus on education, research and health collaborations.

Ms Suzanne Metcalf
Executive Director Nursing and Midwifery
Suzanne commenced her role as Executive Director Nursing and Midwifery in February 2017, after moving from Melbourne, Victoria where she worked as the Director of Nursing Services at a large metropolitan health service.

Suzanne's background is in renal nursing, education, safety, quality and workforce development. She has extensive nursing leadership experience in Australia and England.

Ms Gemma Turato
Executive Director Allied Health
Gemma commenced in the role of Executive Director Allied Health in September 2017. Gemma has worked for Sunshine Coast Health since 2005 in a variety of clinical and leadership roles. Gemma has extensive experience in allied health leadership, starting her career in New Zealand in 1991 and then in Australia from 2004.

She completed a Masters in Human Movement Science at the University of Wollongong in 1995, and is currently enrolled in a doctoral program through the University Sunshine Coast completing research on allied health leadership.

Mr Andrew McDonald
Chief Finance Officer
Andrew has a Bachelor Degree in Business majoring in Accounting and is a Chartered Accountant. Andrew has a background in audit where he worked for KPMG in Australia and Canada. He has also held senior leadership positions in large commercial organisations in the mining and oil and gas industries before transitioning to Queensland Health in 2016.

Andrew brings an indepth knowledge of best practice process, technical and compliance in all aspects of finance and accounting as well as performance and reporting.

Ms Angela Bardini
Chief Information and Infrastructure Officer
Angela commenced with Queensland Health 28 years ago at Royal Brisbane Hospital. She has held a variety of clinical and health infrastructure roles across public and private sector, with the past five and a half years in positions at a health service executive level.

Angela held the senior leadership role of Program Director—Operational Commissioning for the Sunshine Coast University Hospital Program, committed to the ongoing transformation of Sunshine Coast Health to meet community expectations. She commenced in her current role in July 2019.

Mr Colin Anderson
Executive Director People and Culture
Colin joined Sunshine Coast Health in March 2020. He has worked in senior leadership and executive roles within a number of Queensland public sector agencies and most recently as a Director from within the People and Capability Command of the Queensland Police Service.

Colin brings with him more than 30 years' experience delivering a broad range of strategic Human Resource initiatives and services within Government Departments, Statutory Authorities, Government-Owned Corporations and the Private Sector.

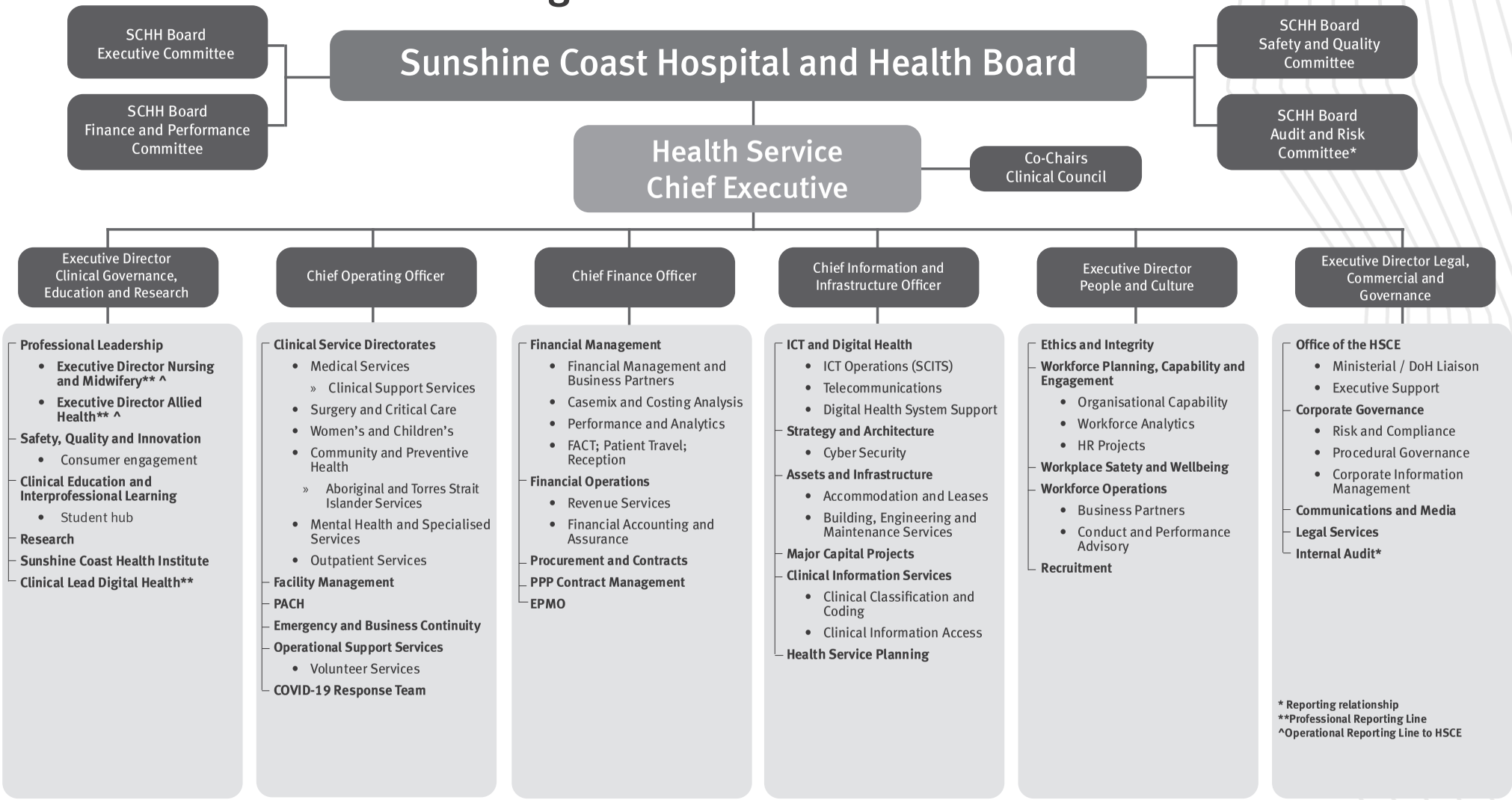
He has broad operational, tactical and strategic level knowledge in all areas of People and Culture including workplace transformation and redesign. Colin also has considerable experience working collaboratively with Queensland public sector unions.

Dr Morne Terblanche
Co-Chair Clinical Council
Morne was Director of Anaesthetics on the Sunshine Coast before becoming the medical lead for safety and quality. During his time as director, Morne completed a Masters in Health Management from the University of New South Wales. Morne also serves in the RAAF specialist reserves with the rank of Squadron Leader, and is a qualified commercial pilot.

Ms Tania Wood
Co-Chair Clinical Council
Tania joined Sunshine Coast Health in April 2020 as Director Physiotherapy in the new Allied Health Directorate. Tania has previously worked in Physiotherapy and Allied Health leadership roles at Fiona Stanley Fremantle Hospital Group (Western Australia) and Royal Hobart Hospital(Tasmania).

Tania joined Sunshine Coast Health Clinical Council team in October 2020. Her goal is to bring a system thinking approach and use varied health experience to question what we do and how we may do it better for the benefit of local health consumers and staff. The Clinical Council team aim to positively impact staff and patient experience, building Sunshine Coast Health that we are proud to work in and promote.

Sunshine Coast Hospital and Health Service Organisational Structure



Strategic committees

Sunshine Coast Health is committed to building and supporting an executive leadership team that promotes a culture of safety, accountability, service and operational excellence and organisational learning.

The Strategic Executive Team (SET) is the overarching body within our committee structure supporting Sunshine Coast Health Chief Executive. SET operates in an environment of collective leadership, professional respect and courtesy, mutual support, innovation and teamwork.

Sunshine Coast Health has established Strategic (Tier 2) Committees. These committees all have appropriate sub-delegation relevant to their function and purpose to support the SET.

Table 2: Strategic committee meetings held in 2020-2021

Strategic (Tier 2) Committees 2020-2021	
Safe Care Leadership Committee	11
Performance and Sustainability Executive Committee	16
Work Health and Safety Governance Committee	3
Workplace Safety and Wellbeing Committee^	1
Education Council	9
Research Clinical Council	6
Information Services Committee	3
Executive Operations Committee	11
Closing the Gap Committee	6
Executive Coordination Group—Major Projects*	7
Clinical Council (Strategic Advisory Committee)	7

^Inaugural meeting June 2021
* Inaugural meeting April 2020

Strategic workforce planning and performance

At 30 June 2021, the Sunshine Coast Health workforce had a Full-Time Equivalent (MOHRI FTE) of 6343.55. Tables 3 and 4 provide a breakdown of staff.

The nursing workforce makes up more than 46 per cent of the total health service workforce, with more than 72 per cent of nurses working on a part-time basis.

Sunshine Coast University Hospital (SCUH) is Sunshine Coast Health's largest facility with more than 5211 staff (MOHRI Headcount) or 64 per cent of the workforce.

Sunshine Coast Health's annual separation rate for the 12 months to June 2021 was 4.74 per cent.

No redundancy/early retirement/retrenchment packages were paid during the period.

Our risk management

Sunshine Coast Health is committed to embedding risk management as an informative management tool into a governance model to help support service delivery objectives and obligations.

Sunshine Coast Health has an established risk management system, underpinned by the Enterprise Risk Management Framework. The framework applies a structured, evidence-based approach to risk management aligned to international standards. All staff have a role to play in managing risk within Sunshine Coast Health and this is reflected in supporting tools and systems.

Our Risk Appetite Statement sets out the Board's approach to accepting risk for all service delivery activities in order to meet its strategic objectives. A range of appetites exist for different risks and these may change over time as determined by the Board annually.

The COVID-19 emergency response continues to manage and control risks created by the existence and uncertainty of the current pandemic.

Strategic risks to services, including those created by the COVID-19 presence are monitored and managed by the health service Executive and monitored by the Board and the Board Audit and Risk Committee.

The *Hospital and Health Boards Act 2011* requires annual reports to state each direction given by the Minister to a health service during the financial year and the action taken by the health service as a result. During 2020-2021, no directions were given by the Minister to Sunshine Coast Health.

Internal audit

Sunshine Coast Health has partnered with Central Queensland Hospital and Health Service to establish an effective, efficient and economical internal audit function. The function provides independent and objective assurance and advisory services to the Board and executive management. It enhances Sunshine Coast Health's governance environment through a systematic approach to evaluating internal controls and risk management.

The function has executed the strategic and annual audit plan prepared as a result of the review of the strategic objectives, strategic and high-level operational risks, contractual and statutory obligations and prior audit assurance in consultation with the Audit and Risk Committee and executive management.

The audit team are members of professional bodies including the Institute of Internal Auditors, CPA (Chartered Practicing Accountants) Australia and ISACA (International Systems Audit and Control Association). Sunshine Coast Health continues to support their ongoing professional development.

External scrutiny, Information systems and record-keeping

There were no external reviews during 2020-2021.

Sunshine Coast Health's administrative records program has continued to collaborate with stakeholders across Sunshine Coast Health to support improved operational document management and business efficiency.

Sunshine Coast Health is in the process of identifying administrative and functional records due for destruction under the relevant Queensland State Archive Retention and Disposal Schedules as set out in s26 of the *Public Records Act 2020*.

Staff have access to comprehensive record-keeping and information management information on Sunshine Coast Health's intranet site.

*Table 3: More doctors and nurses**

	2016-17	2017-18	2018-19	2019-20	2020-21
Medical staff[a]	712	753	800	834	852
Nursing staff[a]	2082	2338	2476	2585	2734
Allied Health staff[a]	695	754	767	787	966

*Table 4: Greater diversity in our workforce**

	2016-17	2017-18	2018-19	2019-20	2020-21
Person's identified as being First Nations[b]	74	87	101	110	112

*Note: * Workforce is measured in MOHRI – Full-Time Equivalent (FTE). Data presented reflects the most recent pay cycle at year's end. Data presented is to Jun-21.*
Source: [a] DSS Employee Analysis, [b] Queensland Health MOHRI, DSS Employee Analysis

Queensland Public Service Ethics and Values
As part of Sunshine Coast Health's ongoing commitment to embedding an ethical culture in all we do, key initiatives were actioned throughout the year including:

Secondary employment
In the past year a central single register for all employee declarations has been created. The register is designed to assist employees undertake meaningful declarations around their secondary employment and/or conflict of interests in the workplace, via an add-on module that has been created in the Learning Management System. The module is an extension of the mandatory Conduct and Ethics module completed annually by all employees. Employees will now reflect upon their need to declare at the time they have undertaken their mandatory training, and their completed declarations will be raised via LMS with their line manager at their next performance and development meeting. This approach will streamline the process and the employee's prompt to review declarations will be in line with their mandatory training date.

Privacy awareness—ethical decision-making (prevention is better than the cure)
A pilot strategy on privacy issues has been successfully undertaken in the Department of Emergency Medicine over the past three months which has resulted in greater awareness amongst the team. This initiative will be rolled out to other departments within Sunshine Coast Health in 2021-2022.

Matters Assessment Team (MAT)
A multidisciplinary leadership group was formed in the second-half of 2020 to assess conduct and disciplinary matters. MAT is a collaborative approach to the effective management of employee related matters via early intervention to determine and allocate cases within the legislative and organisational framework. Maintaining our employee's engagement throughout the human resources process wherever possible is the priority. The MAT is scheduled weekly and promotes ethical decision-making principles when assessing matters and providing support and advice to the delegated decision-makers.

Human Rights
Queensland's *Human Rights Act 2019* (the Act) protects 23 human rights and commenced from 1 January 2020. In 2020-2021, Sunshine Coast Health undertook a review to determine if there were any gaps in embedding the Act, with further training requirements identified. A training package will be rolled out in 2021-2022.

Under section 97 of the Act, public entities are required to include the number of human rights complaints received. As at 30 June 2021 Sunshine Coast Health received three human rights complaints with one of those having been resolved.

Confidential information
The *Hospital and Health Boards Act 2011* requires annual reports to state the nature and purpose of any confidential information disclosed in the public interest during the financial year. The chief executive did not authorise the disclosure of confidential information during the reporting period.

Our performance

The following provides a snapshot of how Sunshine Coast Health is tracking against they key performance indicators (KPIs) set out in the 2020-2024 strategic plan. Table 5 also provides an overview of Sunshine Coast Health's performance against the service standards.

Responsive health service
Sunshine Coast Health is undertaking a significant capital works program in relation to Nambour General Hospital's redevelopment to better service the growing needs of the local community and technical completion of Sunshine Coast University Hospital Stage 3 was achieved on 30 June 2021.

Work continues on the development of our Master Clinical Services Plan which will provide a 10-year roadmap for the delivery of healthcare services across Sunshine Coast Health.

Environmental sustainability
Sunshine Coast Health's Environmental Sustainability Committee meets monthly with representatives from a range of clinical, administrative and operational services. Two Environmental Sustainability Forums have been held to showcase the achievements, activities and staff initiatives underway across services and facilities. The first forum was on 10 November 2020 during National Recycling Week, and the second was held on 3 June 2021 to launch the inaugural health service *Environmental Sustainability Strategy 2021-2024* ahead of World Environment Day.

Sunshine Coast Health joined the Global Green and Healthy Hospitals network in 2020 and through this has established a partnership with Griffith University as part of their Climate Action Beacon. This project is engaging staff on projects aimed at 'Facilitating Transition to Climate Resilient and Sustainable Health Systems'.

In this reporting period, Sunshine Coast Health:
- signed a Memorandum of Undestanding with Griffith University to undertake a Pilot Project as part of their Climate Action Beacon
- progressed applications through the Queensland Health Emissions Reduction Program for Sunshine Coast Health sites for installation of roof top solar
- is introduced electric vehicles into the Fleet along with the current hybrid vehicles - and promoting the use of E10 fuel confirming SCHHS as a virtual
- was confirmed as a virtual host site for the 2021 Greening the Health Care Sector Forum.

Safe, high quality care
Throughout 2020-2021 Sunshine Coast Health also continued to deliver safe, high quality care to its community with record volumes of care in a number of areas, and a particular focus on those patients requiring the highest clinical priority. Table 5 shows Sunshine Coast Health's performance against the service standards.

Partnerships
There is ongoing regular collaboration with key partners to ensure effective interface across the community. This is being achieved through the Sunshine Coast Health Stakeholder Engagement Strategy. Additionally, the Consumer and Community Engagement Framework and associated procedures have been approved and published. The new Consumer and Community Consultative Panel is meeting as planned. The panel hosted kitchen table sessions with vulnerable community groups to determine how Sunshine Coast Health can better provide care to these groups. The feedback is being used to inform models of care.

Sunshine Coast Health is determined to ensure all its consumers have access to appropriate information about their health and the services available to them. The Health Literacy Framework was developed in collaboration with community partners and the Central Queensland, Wide Bay and Sunshine Coast PHN and is being implemented.

Focus on our People

Staff wellbeing

Sunshine Coast Health fosters and promotes a supportive environment where employees are involved in healthy lifestyles and our workplace is conducive to employee wellness.

Our Employee Wellness Framework recognises the multi-faceted nature of wellbeing across four dimensions (emotional, physical, social and financial). Sunshine Coast Health has continued to support our own Peer Support Program, known as CareForUs, with a trained network of staff volunteers in psychological first aid available to support their colleagues. In response to the initial stages of the COVID-19 situation, a dedicated Employee Support and Wellbeing Response Plan was put in place to support our workforce.

Leadership and Management

Sunshine Coast Health's Leadership and Management Culture and Capability initiative aims to create an environment where our leaders strive to create and sustain a community of care where staff feel supported at work, while delivering exceptional healthcare and wellbeing to our community. Sunshine Coast Health identifies leadership capability development as a guiding principle in shaping a positive and productive organisational culture and the behaviours that underpin this. A range of strategies, programs and support mechanisms are in place and continue to be reviewed and developed to support staff. Sunshine Coast Health has continued to partner with the Department of Health's Clinical Excellence Queensland branch in the delivery of a range of leadership programs lifting the capability of frontline and middle and senior management and clinicians to lead and manage people.

Workplace health and safety

Our Health, Safety and Wellbeing Management System (HSWMS) was modified to align with the Queensland Health system. The implementation plan will also see Sunshine Coast Health safety management system upgraded to the I*nternational Standard ISO 45001:2018 Occupational Health and Safety Management Systems*.

In response to the COVID-19 pandemic a dedicated Workplace Health and Safety Plan was implemented to support our workforce. This plan has been continually updated to keep abreast with the ever-changing environment. This included a Pandemic Safe Workplace Assessment that was implemented across 274 work areas and then reassessed after six months.

The Safety and Wellbeing team has also developed and released a Respiratory Protection Program (RPP) that guides the process to ensure our staff have adequate respiratory protection from the COVID-19 virus. A significant aspect of the RPP is the requirement to ensure all personnel who need, or may need to, wear a P2/N95 respirator, have a "fit test" conducted to ensure an adequate seal is achieved whilst wearing the respirator. At 30 June 2021 more than 2000 staff had been successfully fit tested with a zero per cent failure rate following retests.

The Safety and Wellbeing Unit together with our Union partners established across all Sunshine Coast Health facilities a network of Health and Safety Representative (HSR). All 45 elected HSRs received five days training to become a qualified Queensland Health and Safety Representative. The HSRs support over 250 Work Area Safety Practitioners (WASPs) ensuring that WHS issues remaining unresolved are escalated for action.

The inaugural HSR Consultative Forum met with 27 HSRs attending. The Forum was developed for HSRs to consider and disseminate relevant WHS related information to their work groups, as well as a platform for HSRs to promote and support a positive and proactive safety culture.

Workforce inclusion and diversity

Our vision is to have a respectful and supportive workplace that enables us to attract, retain and develop a capable, diverse, and inclusive workforce to the benefit of our patients and community. The Diversity and Inclusion Strategy and Action Plan is being developed from the ground up. This strategy is a two-year plan to help us achieve our health service and people goals. It provides a shared

direction and commitment for Sunshine Coast Health so we can work together to respect and value our diverse workforce and build a more inclusive workplace.

It comprises four key priorities and identifies the actions we will take over the next two years:

- Communication and Engagement (internal and external)
- Recruitment and Retention
- Line Manager support
- Orientation and training.

We have established a Diversity and Inclusion Working Group, Networks for priority groups (LGBTIQ+, Culturally and Linguistically Diverse people and people with a disability). An intranet site has been developed, diversity and inclusion calendar of events are in place, and a number of promotional activities are occurring. This work goes hand-in-hand with the development of Sunshine Coast Health's health equity plan for consumers.

Grow research and education capability

The Sunshine Coast Health Institute Health Symposium was successfully delivered on 18 March 2021, with more than 500 participants.

Significant work has been undertaken to develop a clinical trials governance framework, appointment of a research clinical monitor and a clinical trial steering committee. Roll-out of Queensland led National Health and Medical Research Council project to increase opportunities for regional and remote participation in clinical trials.

A framework for research support and governance that enables greater participation in research within Sunshine Coast Health has been developed. This comprises a comprehensive suite of supporting policies and procedures for researchers.

Embrace technology for a digital future

In partnership with local GPs, the GP Smart Referrals system has continued to be rolled out, and this has resulted in an improvement in the quality of referrals received by Sunshine Coast Health. The majority of GPs in the region are now using this system. Sunshine Caost Health will continue to roll out the system to all local GPs.

Closing the Gap

Cultural Practice Program

There were 1022 staff who completed the face-to-face Cultural Practice Program during the financial year, an increase of 4.96 per cent from 56.96 per cent in 2019-2020 to 61.92 per cent in 2020-2021.

Yarning Circles

Our Aboriginal and Torres Strait Islander employees were invited to attend two Yarning Circles with the Chief Executive and Executive Director People and Culture. The purpose of the Yarning Circles is to meet, listen and discuss the matters that interest our Aboriginal and Torres Strait Islander employees working within Sunshine Coast Health. Held every six months the Yarning Circles also enable peer support and network opportunities.

Aboriginal and Torres Strait Islander employees

The number of staff at Sunshine Coast Health identifying as Aboriginal and/or Torres Strait Islander is continuing to increase. To support this, the development of a new *Aboriginal and Torres Strait Islander Workforce Strategy* has progressed following a successful Workshop with local Aboriginal and Torres Strait Islander community, Universities, TAFE, Education Queensland and Community Employment providers. The workshop with 38 community members was held in May to discuss and develop strategies and actions for attracting, recruiting and retaining Aboriginal peoples and Torres Strait Islander peoples to Sunshine Coast Health. Further consultation with our employees is underway before the strategy is taken back to the community for final feedback and endorsement.

Table 5: Service standards

Sunshine Coast Hospital and Health Service	2020-21 Target	2020-21 Actual
Effectiveness measures		
Percentage of emergency department patients seen within recommended timeframes[1]		
• Category 1 (within 2 minutes)	100%	100%
• Category 2 (within 10 minutes)	80%	74%
• Category 3 (within 30 minutes)	75%	70%
• Category 4 (within 60 minutes)	70%	80%
• Category 5 (within 120 minutes)	70%	98%
Percentage of emergency department attendances who depart within 4 hours of their arrival in the department[1]	›80%	70%
Percentage of elective surgery patients treated within the clinically recommended times[2]		
• Category 1 (30 days)	›98%	82%
• Category 2 (90 days)[3]	..	75%
• Category 3 (365 days)[3]	..	85%
Rate of healthcare associated Staphylococcus aureus (including MRSA) bloodstream (SAB) infections/10,000 acute public hospital patient days[4]	‹2	0.9
Rate of community mental health follow up within 1-7 days following discharge from an acute mental health inpatient unit[5]	›65%	73.2%
Proportion of re-admissions to acute psychiatric care within 28 days of discharge[6]	‹12%	10.7%
Percentage of specialist outpatients waiting within clinically recommended times[7]		
• Category 1 (30 days)	80%	57%
• Category 2 (90 days)[8]	..	56%
• Category 3 (365 days)[8]	..	85%
Percentage of specialist outpatients seen within clinically recommended times[9]		
• Category 1 (30 days)	82%	84%
• Category 2 (90 days)[8]	..	56%
• Category 3 (365 days)[8]	..	62%
Median wait time for treatment in emergency departments (minutes)[1]	..	14
Median wait time for elective surgery treatment (days)[2]	..	50
Efficiency measure		
Average cost per weighted activity unit for Activity Based Funding facilities[10]	$5,370	$5,433
Other measures		
Number of elective surgery patients treated within clinically recommended times[2]		
• Category 1 (30 days)	3,156	3,663
• Category 2 (90 days)[3]	..	3,529
• Category 3 (365 days)[3]	..	2,450
Number of Telehealth outpatients service events[11]	6,963	11,837

Sunshine Coast Hospital and Health Service	2020-21 Target	2020-21 Actual
Total weighted activity units (WAU)[12]		
• Acute Inpatients	111,447	107,795
• Outpatients	23,962	23,530
• Sub-acute	9,078	8,821
• Emergency Department	23,845	24,476
• Mental Health	10,540	10,149
• Prevention and Primary Care	4,239	4,826
Ambulatory mental health service contact duration (hours)[5]	›64,184	69,706
Staffing[13]	6,122	6,344

1	During the rapid response to the COVID-19 pandemic, facilities utilised existing systems to manage presentations at fever clinics. In some cases, the management of these clinics was closely related to the management of the emergency department meaning that some fever clinic activity was managed via the emergency department systems. As a result, the 2020-21 Actual includes some fever clinic activity.
2	In preparation for COVID-19 and consistent with the National Cabinet decision, Queensland Health temporarily suspended non-urgent elective surgery in 2019-20. This has impacted the treat in time performance and has continued to impact performance during 2020-21 as the system worked to reduce the volume of patients waiting longer than clinically recommended.
3	Given the System's focus on reducing the volume of patients waiting longer than clinically recommended for elective surgery, and the continual impacts to services as a result of responding to COVID-19, treated in time performance targets for category 2 and 3 patients are not applicable for 2020-21.
4	Staphylococcus aureus (including MRSA) bloodstream (SAB) infections Actual rate is based on data reported between 1 January 2020 and 31 December 2020.
5	Mental Health measures reported as at 22 August 2021.
6	Mental Health readmissions 2020-21 Actual is for the period 1 July 2020 to 31 May 2021.
7	Waiting within clinically recommended time is a point in time performance report and was impacted by preparing for COVID-19 in 2019-20.
8	Given the System's focus on reducing the volume of patients waiting longer than clinically recommended for specialist outpatients, and the continual service impacts as a result of responding to COVID-19, seen in time performance targets for category 2 and 3 patients are not applicable for 2020-21.
9	As a result of preparing for COVID-19, the seen in time performance was impacted in 2019-20. This impact has continued throughout 2020-21 as the system has worked to address provision of care to those patients waiting longer than clinically recommended.
10	The 2020-21 Target varies from the published 2020-21 Service Delivery Statement due to a change in the WAU phase. All measures are reported in QWAU Phase Q23. The variation in difference of Cost per WAU to target is a result of the additional costs of the COVID-19 pandemic. Data reported as at 23 August 2021.
11	Telehealth data reported as at 23 August 2021.
12	The 2020-21 Target varies from the published 2020-21 Service Delivery Statement due to a change in the WAU phase. All measures are reported in QWAU Phase Q23. As HHSs have operational discretion to respond to service demands and deliver activity across services streams to meet the needs of the community, variation to target can occur. Data reported as at 23 August 2021.
13	Corporate FTEs are allocated across the service to which they relate. The department participates in a partnership arrangement in the delivery of its services, whereby corporate FTEs are hosted by the department to work across multiple departments.

Financial highlights

The health service reported total comprehensive income of $9.198 million for the year incorporating a net revaluation increment of $30.480 million on land and buildings and an underlying operating deficit of $21.282 million.

Table 6: Summary of Financial results for past two years:

Financial performance	**2020-21 $'000**	**2019-20* $'000**
Operating income	1,355,175	1,282,314
Operating expenditure	(1,376,457)	(1,310,802
Operating result	**(21,282)**	**(28,488)**
Financial position		
Current assets	90,977	90,964
Non-current assets	1,888,949	1,954,380
Total assets	**1,979,926**	**2,045,344**
Current liabilities	(170,040)	(131,775)
Non-current liabilities	(569,302)	(583,686)
Total liabilities	**(739,342)**	**(715,461)**
Net assets (equity)	**1,240,584**	**1,329,883**

* The 2019-20 financial results have been restated to align with changes to Australian Accounting Standards

The operating result reflects higher than expected costs of delivering services during the year as a result of significant increases in emergency demand across the health service, challenges in responding to the COVID-19 pandemic, other operational cost increases. Demand management and the ongoing commitment to efficiency and sustainability is continuing to address performance and enable the health service to transition to long term financial sustainability.

Financial performance

Total Income

Total income for 2020-2021 was $1.355 billion, an increase of $72.9 million or 5.7 per cent (2019-2020: $1.282 billion). The increase mainly relates to additional activity purchased by the Department of Health as part of the COVID-19 recovery, and $33.398 million (2019-20: $4.104 million) being received through the COVID-19 National Partnership Agreement and the Department of Health Service Agreement toward the costs of managing the COVID-19 response.

Total Expenses

Total expenses for 2020-2021 were $1.376 billion, up $65.7 million or five per cent (2019-2020: $1.311 billion). In addition to costs expended in delivering purchased activity, the health service incurred additional expenditure in responding to the COVID-19 pandemic, predominantly in labour and employment related costs, of which the majority were eligible for reimbursement.

Percentage of total expenses by expense category 2020-2021

The following shows the breakdown of total expenses with employee expenses being the largest component:

- Employee expenses—64 per cent
- Supplies and services—23 per cent
- Depreciation and ammortisation—10 per cent
- Interest—two per cent
- Other—one per cent.

Anticipated Maintenance

Anticipated maintenance is a common building maintenance strategy utilised by public and private sector industries. All Queensland Health entities comply with the Queensland Government Maintenance Management Framework which requires the reporting of anticipated maintenance.

Anticipated maintenance is defined as maintenance that is necessary to prevent the deterioration of an asset or its function, but which has not been carried out. Some anticipated maintenance activities can be postponed without immediately having a noticeable effect on the functionality of the building. All anticipated maintenance items are risk assessed to identify any potential impact on users and services and are closely managed to ensure all facilities are safe. Anticipated maintenance items are identified through the completion of triennial condition assessments, and the value and quantum of anticipated maintenance will fluctuate in accordance with the assessment programs and completed maintenance works.

As of 30 June 2021, the health service had reported total anticipated maintenance of $18.0 million. The health service has implemented a new condition assessment program for its major facilities which commenced in June 2021. The program outputs will inform long term maintenance plans and assist with prioritisation of works based on risk and linkage to critical service delivery.

Financial position

Total assets

The health service's total assets amount to $1.980 billion. Ninety-five per cent or $1.885 billion is comprised of property, plant, and equipment. Total assets decreased by $65.4 million in 2020-2021 predominantly reflecting a net reduction in property, plant, and equipment attributed to increased accumulated depreciation, offset by net revaluation movements, changes in accounting standards with regards to the way the Noosa Hospital is accounted for, and new asset acquisitions net of disposals.

Total equity

Total equity is at $1.241 billion which is a decrease of $89.3 million from the prior year. This mainly reflects a decrease in contributed equity offset by an increase in the 2020-2021 accumulated deficit and increase in the asset revaluation surplus.

Future financial outlook

The health service is committed to providing better health outcomes for its community through redesign and innovation but also investment in its people and infrastructure. Financial year 2021-2022 will continue to be fiscally challenging for the health service as we continue to respond to the COVID-19 pandemic and implement strategies to transition to long term financial stability. Construction works on the $86.2 million re-development of Nambour General Hospital continues to progress and will provide additional capacity and capability across the health service and will be balanced with the ongoing focus on our sustainable future.

Glossary

Accessible	Accessible healthcare is characterised by the ability of people to obtain appropriate healthcare at the right place and right time, irrespective of income, cultural background or geography.
ABF	Activity Based Funding: A management tool with the potential to enhance public accountability and drive technical efficiency in the delivery of health services by: • capturing consistent and detailed information on hospital sector activity and accurately measuring the costs of delivery • creating an explicit relationship between funds allocated and services provided • strengthening management's focus on outputs, outcomes and quality • encouraging clinicians and managers to identify variations in costs and practices so they can be managed at a local level in the context of improving efficiency and effectiveness • providing mechanisms to reward good practice and support quality initiatives.
ACHS	Australian Council on Healthcare Standards
ACP	Advanced Care Planning
Acute	Having a short and relatively severe course.
Acute care	Care in which the clinical intent or treatment goal is to: • manage labour (obstetric) • cure illness or provide definitive treatment of injury • perform surgery • relieve symptoms of illness or injury (excluding palliative care) • reduce severity of an illness or injury • protect against exacerbation and/or complication of an illness and/or injury • that could threaten life or normal function • perform diagnostic or therapeutic procedures.
Admission	The process whereby a hospital accepts responsibility for a patient's care and/or treatment. It follows a clinical decision, based on specified criteria, that a patient requires same-day or overnight care or treatment, which can occur in hospital and/or in the patient's home (for hospital-in-the-home patients).
Admitted patient	A patient who undergoes the formal admission process as an overnight-stay patient or same-day patient.
Allied health staff	Professional staff who meet mandatory qualifications and regulatory requirements in the following areas: audiology; clinical measurement sciences; dietetics and nutrition; exercise physiology; leisure therapy; medical imaging; music therapy; nuclear medicine technology; occupational therapy; orthoptics; pharmacy; physiotherapy; podiatry; prosthetics and orthotics; psychology; radiation therapy; sonography; speech pathology and social work.
Ambulatory care	The care provided to hospital patients who are not admitted to the hospital, such as patients of emergency departments and outpatient clinics. Can also be used to refer to care provided to patients of community-based (non-hospital) healthcare services.
Clinical governance	A framework by which health organisations are accountable for continuously improving the quality of their services and safeguarding high standards of care by creating an environment in which excellence in clinical care will flourish.
Clinical practice	Professional activity undertaken by health professionals to investigate patient symptoms and prevent and/or manage illness, together with associated professional activities for patient care.

Clinical workforce	Staff who are or who support health professionals working in clinical practice, have healthcare specific knowledge / experience, and provide clinical services to health consumers, either directly and/or indirectly, through services that have a direct impact on clinical outcomes.
DAMA	Discharge against Medical Advice
DEM	Department of Emergency Medicine
Elective Surgery Categories	The category system ensures all patients who need surgery can be treated in order of priority. There are three urgency categories, where 1 is most urgent and 3 is least urgent. Category 1 – A condition that could worsen quickly to the point that it may become an emergency. The patient should have surgery within 30 days of being added to the waiting list. Category 2 – A condition causing some pain, dysfunction or disability, but is not likely to worsen quickly or become an emergency. The patient should have surgery within 90 days of being added to the waiting list. Category 3 – A condition causing minimal or no pain, dysfunction or disability, which is unlikely to worsen quickly and does not have the potential to become an emergency. The patient should have surgery within 365 days of being added to the waiting list.
Emergency department waiting time	Time elapsed for each patient from presentation to the emergency department to the start of services by the treating clinician. It is calculated by deducting the date and time the patient presents from the date and time of the service event.
FTE	Full-time Equivalent Refers to full-time equivalent employees currently working in a position. Several part-time and casual employees may add up to one FTE.
FY	Financial year
GP	General Practitioner
GPLO	General Practitioner Liaison Officer
Health outcome	Change in the health of an individual, group of people or population attributable to an intervention or series of interventions.
HSCE	Health Service Chief Executive
Hospital	Healthcare facility established under Commonwealth, state or territory legislation as a hospital or a free-standing day-procedure unit and authorised to provide treatment and/or care to patients.
HHB	Hospital and Health Board
HHS	Hospital and Health Service
HITH	Hospital-in-the-home
Inpatient	A patient who is admitted to hospital for treatment or care.
Long wait	A ‘long wait’ elective surgery patient is one who has waited longer than the clinically recommended time for their surgery, according to the clinical urgency category assigned. That is, more than 30 days for a category 1 patient, more than 90 days for a category 2 patient and more than 365 days for a category 3 patient.
KPI	Key Performance Indicator A measure that provides an indication of progress towards achieving the organisation’s objectives. It usually has targets that define the level of performance expected against the performance indicator.
Separation	The process by which an episode of care for an admitted patient ceases.

Statutory body	A non-departmental government body, established under an Act of Parliament
Sunshine Coast Health / SCHHS	Sunshine Coast Hospital and Health Service
Sustainable	A health system that provides infrastructure, including workforce, facilities and equipment, and is innovative and responsive to emerging needs, including research and monitoring within available resources.
Telehealth	Delivery of health-related services and information via telecommunication technologies and information technology.
WAU	Weighted Activity Unit A measure of the health service activity expressed as a common unit. It provides a way of comparing and valuing each public hospital service, by weighting it for its clinical complexity.
WorkCover	WorkCover provides workers compensation insurance for employers, compensating and helping workers with their work-related injuries
YTD	Year-to-date

Compliance checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	• **A letter of compliance from the accountable officer or statutory body to the relevant Minister/s**	ARRs – section 7	3
Accessibility	• **Table of contents** • **Glossary**	ARRs – section 9.1	4
	• **Public availability**	ARRs – section 9.2	2
	• **Interpreter service statement**	*Queensland Government Language Services Policy* ARRs – section 9.3	2
	• **Copyright notice**	*Copyright Act 1968* ARRs – section 9.4	2
	• **Information Licensing**	*QGEA – Information Licensing* ARRs – section 9.5	2
General information	• **Introductory Information**	ARRs – section 10	7
Non-financial performance	• **Government's objectives for the community and whole-of-government plans/specific initiatives**	ARRs – section 11.1	5
	• **Agency objectives and performance indicators**	ARRs – section 11.2	7,23-27
	• **Agency service areas and service standards**	ARRs – section 11.3	26-27
Financial performance	• **Summary of financial performance**	ARRs – section 12.1	28
Governance – management and structure	• **Organisational structure**	ARRs – section 13.1	19
	• **Executive management**	ARRs – section 13.2	17
	• **Government bodies (statutory bodies and other entities)**	ARRs – section 13.3	12
	• **Public Sector Ethics**	*Public Sector Ethics Act 1994* ARRs – section 13.4	22
	• **Human Rights**	*Human Rights Act 2019* ARRs – section 13.5	22
	• **Queensland public service values**	ARRs – section 13.6	7
Governance – risk managementand accountability	• **Risk management**	ARRs – section 14.1	20
	• **Audit committee**	ARRs – section 14.2	15
	• **Internal audit**	ARRs – section 14.3	21
	• **External scrutiny**	ARRs – section 14.4	21

Summary of requirement		Basis for requirement	Annual report reference
	• **Information systems and recordkeeping**	ARRs – section 14.5	21
	• **Information Security attestation**	ARRs – section 14.6	2
Governance –human resources	• **Strategic workforce planning and performance**	ARRs – section 15.1	20
	• **Early retirement, redundancy and retrenchment**	Directive No.04/18 *Early Retirement, Redundancy andRetrenchment* ARRs – section 15.2	20
Open Data	• **Statement advising publication of information**	ARRs – section 16	2
	• **Consultancies**	ARRs – section 33.1	https://data.qld.gov.au
	• **Overseas travel**	ARRs – section 33.2	Nil
	• **Queensland Language Services Policy**	ARRs – section 33.3	https://data.qld.gov.au
Financial statements	• **Certification of financial statements**	FAA – section 62 FPMS – sections 38, 39 and 46ARRs – section 17.1	43 (of financial statements)
	• **Independent Auditor's Report**	FAA – section 62 FPMS – section 46 ARRs – section 17.2	44 (of financial statements)

FAA Financial Accountability Act 2009

FPMS Financial and Performance Management Standard 2019

ARRs Annual report requirements for Queensland Government agencies

Financial statements

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Statement of comprehensive income
For the year ended 30 June 2021

	Note	2021 $'000	2020 $'000 Restated*
Income			
Funding for public health services	B1.1	**1,217,426**	1,160,968
User charges	B1.2	**92,895**	81,369
Grants and other contributions	B1.3	**28,043**	26,549
Other revenue		**16,527**	13,352
Total revenue		**1,354,891**	1,282,238
Gains on disposal of assets		**284**	76
Total income from continuing operations		**1,355,175**	1,282,314
Expenses			
Employee expenses	B2.1	**(140,009)**	(823,081)
Health service employee expenses	B2.1	**(738,448)**	(29,893)
Supplies and services	B2.2	**(323,936)**	(294,750)
Grants and subsidies		**(288)**	(163)
Depreciation and amortisation	C3, C4	**(134,343)**	(120,599)
Impairment losses on financial assets	C2	**(987)**	(1,413)
Interest expense		**(21,810)**	(25,250)
Other expenses	B2.3	**(16,636)**	(15,653)
Total expenses		**(1,376,457)**	(1,310,802)
Operating result for the year		**(21,282)**	(28,488)
Other comprehensive income			
Items that will not be reclassified subsequently to operating result			
Increase in the asset revaluation surplus	C10.2	**30,480**	29,461
Other comprehensive income for the year		**30,480**	29,461
Total comprehensive income for the year		**9,198**	973

**See Note G4*

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Statement of financial position
As at 30 June 2021

	Note	2021 $'000	2020 $'000 Restated*
Assets			
Current assets			
Cash and cash equivalents	C1	**42,176**	48,538
Trade and other receivables	C2	**39,572**	32,979
Inventories		**5,763**	5,936
Other current assets		**3,466**	3,511
Total current assets		**90,977**	90,964
Non-current assets			
Property, plant and equipment	C3	**1,885,038**	1,915,873
Right-of-use assets		**1,164**	1,440
Service concession assets	C9.1	**-**	31,965
Intangibles	C4	**2,747**	5,102
Total non-current assets		**1,888,949**	1,954,380
Total assets		**1,979,926**	2,045,344
Liabilities			
Current liabilities			
Trade payables	C5	**140,476**	108,405
Lease liabilities		**398**	419
Interest bearing liability	C6	**9,869**	8,995
Accrued employee benefits	C7	**1,875**	6,210
Contract liabilities	C8	**17,422**	7,746
Total current liabilities		**170,040**	131,775
Non-current liabilities			
Interest bearing liability	C6	**493,498**	503,367
Contract liabilities	C8	**74,958**	79,283
Lease liabilities		**846**	1,036
Total non-current liabilities		**569,302**	583,686
Total liabilities		**739,342**	715,461
Net assets		**1,240,584**	1,329,883
Equity			
Contributed equity	C10.1	**921,294**	1,019,791
Asset revaluation surplus	C10.2	**351,102**	320,622
Accumulated result		**(31,812)**	(10,530)
Total equity		**1,240,584**	1,329,883

**See Note G4*

Statement of changes in equity
For the year ended 30 June 2021

	Note	Contributed equity $'000	Asset revaluation surplus $'000	Accumulated result $'000	Total equity $'000
Balance at 1 July 2019 - Restated*		1,120,318	291,161	17,958	1,429,437
Operating result for the year - Restated*		-	-	(28,488)	(28,488)
Other comprehensive income for the year	C10.2	-	29,461	-	29,461
Total comprehensive income for the year		-	29,461	(28,488)	973
Transactions with owners in their capacity as owners:					
Equity injections					
Cash injection from the Department for capital works and acquisitions		25,787	-	-	25,787
Reclassify equity received to revenue		(7,940)	-	-	(7,940)
Equity withdrawals					
Non-cash withdrawal for depreciation and amortisation offset		(118,311)	-	-	(118,311)
Non-cash withdrawal for assets transferred to the Department		(63)	-	-	(63)
Transactions with owners in their capacity as owners		(100,527)	-	-	(100,527)
Balance at 30 June 2020 - Restated*		1,019,791	320,622	(10,530)	1,329,883
Balance at 1 July 2020		**1,019,791**	**320,622**	**(10,530)**	**1,329,883**
Operating result for the year		-	-	**(21,282)**	**(21,282)**
Other comprehensive income for the year	C10.2		**30,480**	-	**30,480**
Total comprehensive income for the year		-	**30,480**	**(21,282)**	**9,198**
Transactions with owners in their capacity as owners:					
Equity injections					
Cash injection from the Department for capital works and acquisitions		**37,697**	-	-	**37,697**
Reclassify equity received to revenue		**(1,861)**	-	-	**(1,861)**
Equity withdrawals					
Non-cash withdrawal for depreciation and amortisation offset		**(134,343)**	-	-	**(134,343)**
Non-cash withdrawal for assets transferred to the Department		**10**	-	-	**10**
Transactions with owners in their capacity as owners		**(98,497)**	-	-	**(98,497)**
Balance at 30 June 2021		**921,294**	**351,102**	**(31,812)**	**1,240,584**

**See Note G4*

The above statement of changes in equity should be read in conjunction with the accompanying notes

Statement of cash flows
For the year ended 30 June 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Funding for public health services		**1,102,157**	1,027,707
User charges		**92,911**	78,053
Grants and other contributions		**16,555**	16,697
Interest received		**74**	120
GST collected from customers		**7,011**	6,324
GST input tax credits		**25,987**	22,276
Other revenue		**12,662**	7,842
Employee and Health service employee expenses		**(905,241)**	(849,695)
Supplies and services		**(276,140)**	(278,708)
Grants and subsidies		**(288)**	(163)
GST paid to suppliers		**(27,182)**	(22,717)
GST remitted		**(6,953)**	(6,377)
Interest expense		**(21,992)**	(24,582)
Other expenses		**(15,962)**	(15,406)
Net cash from (used by) operating activities	CF.1	**3,599**	(38,629)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**284**	76
Payments for property, plant and equipment		**(37,918)**	(15,806)
Payments for intangibles		**(643)**	(20)
Net cash (used by) investing activities		**(38,277)**	(15,750)
Cash flows from financing activities			
Proceeds from equity injections		**37,697**	25,787
Borrowing redemptions	CF.2	**(8,995)**	(8,300)
Principal payments of lease liabilities	CF.2	**(386)**	(238)
Net cash from financing activities		**28,316**	17,249
Net increase/(decrease) in cash held		**(6,362)**	(37,130)
Cash and cash equivalents at the beginning of the financial year		**48,538**	85,668
Cash and cash equivalents at the end of the financial year	C1	**42,176**	48,538

The above statement of cash flows should be read in conjunction with the accompanying notes

Statement of cash flows
For the year ended 30 June 2021

Notes to the statement of cash flows

CF.1 Reconciliation of operating result to net cash from operating activities

	2021 $'000	2020 $'000 Restated*
Operating result for the year	**(21,282)**	(28,488)
Adjustments for:		
Inventory written off	**91**	130
Losses on disposal of non-current assets	**674**	247
Depreciation and amortisation	**134,343**	120,599
Depreciation and amortisation funding offset from the Department	**(134,343)**	(118,311)
Derecognition of plant and equipment	**-**	1,251
Donations of plant and equipment	**(359)**	(124)
Impairment losses on financial assets	**987**	1,413
Movements in assets and liabilities:		
(Increase)/decrease in trade and other receivables	**(10,292)**	(13,533)
(Increase)/decrease in GST input tax credits receivables	**(1,137)**	(494)
(Increase)/decrease in inventories	**82**	(576)
(Increase)/decrease in accrued revenue	**1,704**	(537)
(Increase)/decrease in other current assets	**45**	(229)
Increase/(decrease) in trade and other payables	**31,485**	40,563
Increase/(decrease) in salaries and wages accrued	**(4,282)**	(22,880)
Increase/(decrease) in other employee benefits payable	**(53)**	(3,734)
Increase/(decrease) in contract liabilities	**5,937**	(13,926)
Net cash (used by) operating activities	**3,599**	(38,629)

See Note G4

CF.2 Changes in liabilities arising from financing activities

2020	Opening balance $'000	*Non-cash changes* New leases acquired $'000	*Cash flows* Cash repayments $'000	Closing balance $'000
Lease liabilities	792	901	(238)	1,455
Interest bearing liabilities	520,662	-	(8,300)	512,362
Total	521,454	901	(8,538)	513,817

2021	Opening balance $'000	*Non-cash changes* New leases acquired $'000	*Cash flows* Cash repayments $'000	Closing balance $'000
Lease liabilities	**1,455**	**175**	**(386)**	**1,244**
Interest bearing liabilities	**512,362**	**-**	**(8,995)**	**503,367**
Total	**513,817**	**175**	**(9,381)**	**504,611**

Notes to the financial statements
For the year ended 30 June 2021

Section A: About the entity and this financial report

A1 General Information

Sunshine Coast Hospital and Health Service (SCHHS) is a not-for-profit statutory body established on 1 July 2012 under the *Hospital and Health Boards Act 2011*. SCHHS is controlled by the State of Queensland which is the ultimate parent.

The principal address of SCHHS is:
Sunshine Coast University Hospital
6 Doherty Street, Birtinya, QLD 4575

For information in relation to SCHHS's financial statements, email SCHHS-CFO@health.qld.gov.au or visit the website at: https://www.health.qld.gov.au/sunshinecoast.

A2 Objectives and principal activities

A description of the nature, objectives and principal activities of SCHHS is included in the Annual Report.

A3 Compliance with prescribed requirements

These general purpose financial statements have been prepared pursuant to Section 62(1) of the *Financial Accountability Act 2009*, Section 39 of the *Financial and Performance Management Standard 2019* and other prescribed requirements. The financial statements comply with Queensland Treasury's Financial Reporting Requirements for reporting periods beginning on or after 1 July 2020.

SCHHS is a not-for-profit entity and these general purpose financial statements are prepared on an accrual basis (except for the statement of cash flows which is prepared on a cash basis) in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities.

New accounting standards applied for the first time in these financial statements are outlined in Note G4 First year application of new standards or change in policy.

A4 Presentation

Currency and rounding

Amounts included in the financial statements are in Australian dollars and rounded to the nearest $1,000 or, where that amount is $500 or less, to zero, unless disclosure of the full amount is specifically required.

Comparatives

Comparative information reflects the audited 2019-20 financial statements except where restated to be consistent with disclosures in the current reporting period. Restatement of comparative information has been reflected in these financial statements due to the retrospective application of accounting policies as a result of the adoption of AASB 1059 *Service Concessions Arrangements: Grantor* in relation to the previous contractual agreement regarding the operation of Noosa Hospital. See Note G4 First year application of new standards or change in policy.

Current/non-current classification

Assets and liabilities are classified as either 'current' or 'non-current' in the statement of financial position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the entity does not have an unconditional right to defer settlement to beyond 12 months after the reporting date.

All other assets and liabilities are classified as non-current.

Notes to the financial statements
For the year ended 30 June 2021

A5 Authorisation of financial statements for issue

The financial statements are authorised for issue by the Hospital and Health Board Chair, the Health Service Chief Executive and the Chief Finance Officer at the date of signing the Management Certificate.

A6 Basis of measurement

Historical cost is used as the measurement basis in this financial report except for the following:

- Land and buildings and service concession assets which are measured at fair value;
- Right-of-use assets and lease liabilities which are measured at present value; and
- Inventories which are measured at the lower of cost and net realisable value.

Historical cost

Under historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique. Fair value is determined using one of the following two approaches:

- The *market approach* uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business.
- The *cost approach* reflects the amount that would be required currently to replace the service capacity of an asset. This method includes the current replacement cost methodology.

Further information on fair value is disclosed at Note D1 Fair value measurement.

Present value

Present value represents the present discounted value of the future net cash inflows that the item is expected to generate (in respect of assets) or the present discounted value of the future net cash outflows expected to settle (in respect of liabilities) in the normal course of business.

Net realisable value

Net realisable value represents the amount of cash or cash equivalents that could currently be obtained by selling an asset in an orderly disposal.

A7 The reporting entity

The financial statements include the value of all income, expenses, assets, liabilities and equity of SCHHS.

Notes to the financial statements
For the year ended 30 June 2021

Section B: Notes about our financial performance

B1 Revenue

B1.1 Funding for public health services

	2021	2020
	$'000	$'000
Activity based funding	**957,838**	930,986
Block funding	**82,889**	80,327
Funding for depreciation	**134,344**	118,311
COVID-19 funding	**33,398**	4,104
Other system manager funding	**8,957**	27,240
Total	**1,217,426**	1,160,968

Health service funding primarily comprises revenue from the Department of Health (Department) as System Manager for the public health system in Queensland.

Funding from the Department is provided predominantly for specific public health services purchased by the Department from SCHHS in accordance with a Service Agreement. The Department receives its revenue for funding from the State and Commonwealth Governments. State funding is received fortnightly and Commonwealth funding is received monthly in advance through the Department. The Service Agreement is reviewed periodically and updated for changes in activities and prices of services delivered by SCHHS. At the end of the financial year an agreed technical adjustment between the Department and SCHHS may be required for the level of services performed above or below the agreed levels which may result in a receivable or unearned revenue. This technical adjustment process is undertaken annually according to the provisions of the service level agreement and ensures that the revenue recognised in each financial year correctly reflects SCHHS delivery of health services.

Of the total funding for public health services received in 2020-21, $805.665m (2019-20: $791.084m) was received from the State with $411.761m (2019-20: $369.884m) received from the Commonwealth. Activity based funding is based on agreed activity volumes and a state-wide price per the Service Agreement. Revenue is recognised in line with AASB 15 *Revenue from Contracts with Customers* based on purchased activity once delivered, which is considered to be satisfaction of performance obligations under the Service Agreement. No adjustments were made by the Department for under delivery against ABF targets in both the 2019-20 and 2020-21 financial years due to an interim guarantee by the Commonwealth Government not to adjust on account of the impacts of COVID-19.

Block funding is received for non-ABF facilities and other services SCHHS has agreed to provide under the Service Agreement. Revenue is recognised as performance obligations are satisfied or on receipt of the funding in line with AASB 1058 *Income of Not-for-Profit Entities*.

SCHHS receives a monthly non-cash appropriation from the Department to cover depreciation and amortisation costs incurred. Revenue is recognised on receipt of the appropriation.

The Commonwealth Government continues to provide funding for in-scope COVID-19 related expenditure through the COVID-19 National Partnership Agreement. Funding was also provided through the Service Agreement.

Other system manager funding includes revenue provided for specific purposes, including project related costs. Revenue is recognised as performance obligations are satisfied or on receipt of the funding.

Economic dependency

SCHHS has prepared these financial statements on a going concern basis which assumes it will be able to meet its financial obligations as and when they fall due. SCHHS is economically dependent on funding received from its Service Agreement with the Department. The current Service Agreement covers the period 1 July 2019 to 30 June 2022. The Service Agreement provides performance targets and terms and conditions in relation to provision of funding commitments and agreed purchased activity for this period. Accordingly, the Board and management of SCHHS believe that the terms and conditions of its funding arrangements under the Service Agreement Framework, and an undertaking from the Department to provide support as is reasonably required, will provide SCHHS with sufficient cash resources to meet its financial obligations for at least the next financial year. SCHHS has no intention to liquidate or to cease operations. Under section 18 of the *Hospital and Health Boards Act 2011*, SCHHS represents the State of Queensland and thus has all the privileges and immunities of the State in this respect.

Notes to the financial statements
For the year ended 30 June 2021

B1 Revenue (continued)

B1.2 User charges

	2021 $'000	2020 $'000
Revenue from contracts with customers		
Sale of goods and services	**1,182**	2,743
Hospital fees	**48,348**	40,641
Pharmaceutical Benefits Scheme reimbursement	**43,365**	37,985
Total	**92,895**	81,369

Sales of goods and services and hospital fees

Sales of goods and services and hospital fees (for patients who elect to utilise their private health cover) are recognised as revenue when health services are provided and performance obligations are satisfied. This involves either invoicing for related goods and services and/or recognising contract assets based on estimated volumes of goods and services delivered.

Pharmaceutical Benefits Scheme reimbursement

Under the Pharmaceutical Benefits Scheme (PBS) the Commonwealth Government subsidises the cost of a broad range of listed prescription medicines for various medical conditions. Hospital patients have access to medicines listed on the PBS at subsidised prices on discharge and through outpatient clinics and consultations. Patients are invoiced at the reduced PBS rate and SCHHS lodges monthly claims for co-payments through PBS arrangements satisfying performance obligations at which time the revenue is recognised.

B1.3 Grants and other contributions

	2021 $'000	2020 $'000
Revenue from contracts with customers		
State Government grants	**6,317**	4,691
Commonwealth Government grants	**10,535**	10,818
Other grants	**158**	359
	17,010	15,868
Other grants and other contributions		
Services received below fair value	**10,345**	10,085
Donations	**688**	596
	11,033	10,681
Total	**28,043**	26,549

Grants

Where the grant or other funding agreement contains sufficiently specific performance obligations for SCHHS to transfer goods or services, the transaction is accounted for under AASB 15 *Revenue from Contracts with Customers*. In this case, revenue is initially deferred (as a contract liability) and recognised as or when the performance obligations are satisfied.

Otherwise, the grant or other funding agreement is accounted for under AASB 1058 *Income of Not-for-Profit Entities*, whereby revenue is recognised upon receipt of the funding, except for special purpose capital grants received to construct non-financial assets to be controlled by SCHHS.

Services received below fair value

SCHHS has entered into a number of arrangements with the Department where services are provided to SCHHS for no consideration. These include payroll services, accounts payable services and finance transactional services for which the fair value is reliably estimated and recognised as a revenue contribution and an equivalent expense (refer Note B2.2 Supplies and services). The fair value of additional services provided by the Department such as taxation services, supply services and information technology services are unable to be reliably estimated and are not recognised.

Notes to the financial statements
For the year ended 30 June 2021

B2 Expenses

B2.1 Employee and Health service employee expenses

On the 15th June 2020, a legislative change was enacted regarding employer arrangements within Queensland Health. From this date, non-executive employees of Prescribed Hospital and Health Services (HHSs) became employees of the Department. Senior Executives, Senior Medical Officers and Visiting Medical Officers remained employees of SCHHS.

Under this arrangement, the Department provides employees to perform work for SCHHS. SCHHS is responsible for the day-to-day management of these employees and reimburses the Department for their salaries and related on-costs. Following this change, direct labour postings and related assets and liabilities of these employees have been reclassified from employee expenses to Health service employee expenses.

COVID-19 Pandemic leave

An additional 2 days of leave was granted to all non-executive employees of the Department and HHSs in November 2020 based on set eligibility criteria as recognition of the effects of the COVID-19 pandemic on staff wellbeing. This leave must be taken with 2 years or eligibility is lost. The entire value of the leave ($5.062m) was paid by SCHHS to the Department and is accounted for in accordance with the provisions of AASB119 *Employee Benefits.*

(a) Employee expenses

	2021	2020
	$'000	$'000
Wages and salaries*	**116,540**	644,736
Employer superannuation contributions	**9,209**	70,288
Annual leave levy	**8,627**	78,298
Long service leave levy	**2,858**	15,885
Workers' compensation premium	**1,317**	8,577
Other employee related expenses	**1,458**	5,297
Total	**140,009**	823,081

**Includes $0.571m of COVID-19 Pandemic leave*

Wages and salaries

Wages and salaries due but unpaid at reporting date are recognised in the statement of financial position at current salary rates. As SCHHS expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

Superannuation

Employer superannuation contributions are paid to employee nominated superannuation funds. Contributions are expensed in the period in which they are payable and the obligation of SCHHS is limited to its contribution to employee nominated superannuation funds.

Annual leave and long service leave

SCHHS participates in the State Government's Annual Leave Central Scheme and the Long Service Leave Central Scheme. Levies are payable by SCHHS under these schemes quarterly in arrears to cover the cost of employees' annual leave (including leave loading and on-costs) and long service leave. These levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave and long service leave are claimed from the schemes quarterly in arrears which is currently facilitated by the Department. No provision for annual leave or long service leave is recognised in the financial statements of SCHHS, as the liability for these schemes is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting.*

Workers' compensation

Workers' compensation insurance is a consequence of employing employees but is not counted in an employee's total remuneration package. It is not an employee benefit and is recognised separately as an employee related expense.

Notes to the financial statements
For the year ended 30 June 2021

B2 Expenses (continued)

B2.1 Employee and Health service employee expenses (continued)

Sick Leave

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

(b) Health service employee expenses

	2021 $'000	2020 $'000
Health service employee expenses reimbursed to the Department*	738,448	29,893

**Includes $4.491M of COVID-19 Pandemic leave*

(c) Number of employees

	2021	2020
SCHHS employees	322	314
Health service employees	6,021	5,856
Total employees	6,343	6,170

The number of employees represents full-time or part-time staff, measured on a full-time equivalent basis reflecting Minimum Obligatory Human Resource Information (MOHRI) as at 30 June 2021. Members of the Board are not included in the number of HHS employees.

(d) Key management personnel remuneration

Key management personnel and remuneration disclosures are detailed in Note G1 Key management personnel and remuneration expenses.

B2.2 Supplies and services

	Note	2021 $'000	2020 $'000
Clinical supplies and services		90,541	72,304
Drugs		56,047	49,285
Repairs and maintenance		33,809	30,912
Pathology, blood and parts		33,197	27,675
Services purchased from private hospitals		22,054	24,412
Communications		17,931	15,797
Building utilities		15,052	15,067
Catering and domestic supplies		13,837	13,053
Computer services		13,019	12,679
Services received below fair value	B1.3	10,345	10,085
Medical consultants and contractors		4,909	6,572
Other consultants and contractors		2,863	4,883
Patient travel		2,146	1,992
Rent expenses		2,060	2,474
Expenses relating to capital works		1,550	1,581
Motor vehicles		1,502	1,603
Other supplies and services		3,074	4,376
Total		323,936	294,750

Notes to the financial statements
For the year ended 30 June 2021

B2 Expenses (continued)

B2.2 Supplies and services (continued)

Services purchased from private hospitals

Services purchased from private hospitals during the year amounted to $22.054m (2019-20: $24.412m). These expenses reflect the agreement with Noosa Privatised Hospital Pty Limited for the provision of health services to public patients within the Noosa Hospital (refer to Note C9 Public Private Partnerships (PPPs))

Sunshine Coast University Hospital (SCUH) Public Private Partnership (PPP) Arrangement

A total of $25.143m (2019-20: $25.743m) was expensed across various categories of supplies and services in relation to quarterly service payments due to Exemplar Health in relation to the operation of SCUH. Refer to Note C9 Public Private Partnerships (PPPs).

B2.3 Other expenses

	2021 $'000	2020 $'000
Insurance premiums	**11,637**	10,821
Losses from the disposal of non-current assets	**674**	247
Legal costs	**313**	797
Inventory written off	**91**	130
Special payments	**59**	23
Other	**3,862**	3,635
Total	**16,636**	15,653

External audit fees

Total audit fees quoted by the Queensland Audit Office relating to the 2020-21 financial year, included in the Other category, were $0.256m (2019-20: $0.283m). There are no non-audit services included in this amount.

Insurance premiums

Certain losses including property, general liability, professional indemnity and health litigation costs are insured with the Queensland Government Insurance Fund (QGIF). The total insurance premium paid was $10.452m (2019-20: $9.834m). The maximum excess amount payable is $20,000 for each claim event. Upon notification by QGIF of the acceptance of a claim, revenue will be recognised for the agreed settlement amount and disclosed in Other revenue.

Special payments

Special payments relate to ex-gratia expenditure that is not contractually or legally obligated to be made to other parties. In compliance with the *Financial and Performance Management Standard 2019*, SCHHS maintains a register setting out details of all special payments greater than $5,000. During the year, one payment was made in excess of $5,000 (2019-20: two payments in excess of $5,000) relating to a disputed invoice for the provision of transition and other care services.

Notes to the financial statements
For the year ended 30 June 2021

Section C: Notes about our financial position

C1 Cash and cash equivalents

	2021 $'000	2020 $'000
Cash at bank and on hand	**32,585**	41,164
Cash on deposit	**9,591**	7,374
Total	**42,176**	48,538

Cash assets include all cash on hand and in banks, cheques receipted but not banked at the reporting date and at call deposits.

SCHHS's bank accounts are grouped within the Whole-of-Government set-off arrangement with Queensland Treasury Corporation. As a result, SCHHS does not earn interest on surplus funds and is not charged interest or fees for accessing its approved cash debit facility.

Cash on deposit, which is held on-call, relates to General Trust fund monies which are not grouped within the Whole-of-Government set-off arrangement and are able to be invested and earn interest. Cash on deposit with the Queensland Treasury Corporation earned interest at an annual effective rate of 0.51% (2019-20: 0.86%).

Restricted cash

SCHHS receives cash contributions primarily from private practice clinicians and external entities for the provision of education, study and research in clinical areas. Contributions are also received from benefactors in the form of gifts, bequests, donations and legacies for stipulated purposes. At 30 June 2021, an amount of $9.637m (2019-20: $7.380m) in General Trust is set aside for specified purposes defined by the contribution.

C2 Trade and other receivables

	2021 $'000	2020 $'000
Trade receivables	**22,623**	21,119
Less: Allowance for credit losses	**(703)**	(868)
	21,920	20,251
GST input tax credits receivables	**3,164**	1,969
GST payable	**(1,452)**	(1,394)
	1,712	575
Accrued revenue	**15,461**	6,988
Contract assets - funding for public health services	**479**	5,165
Total	**39,572**	32,979

Receivables

Receivables are measured at amortised cost which approximates their fair value at reporting date.

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 30 days from invoice date unless otherwise agreed with the debtor.

Accommodation billing makes up the majority of trade debtors. It takes approximately 20 days from the date of discharge for billing to be sent for payment. Under normal circumstances there is an approximate four week turn around before receipt. If health funds require additional information this can further extend the collection period.

Notes to the financial statements
For the year ended 30 June 2021

C2 Trade and other receivables (continued)

Impairment of receivables

The allowance for credit losses for trade receivables reflects lifetime expected credit losses and incorporates forward-looking information where applicable.

Where SCHHS has no reasonable expectation of recovering an amount owed by a debtor, the debt is written-off by directly reducing the receivable against the loss allowance. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

Credit risk exposure of receivables

The maximum exposure to credit risk at balance date for receivables is the carrying amount of those assets.

SCHHS uses a provision matrix to measure the expected credit losses on trade receivables. Loss rates are calculated separately for groupings of customers with similar loss patterns and the calculations reflect historical observed default rates during the last 5 years for each group. Where applicable, the historical default rates are then adjusted by reasonable and supportable forward-looking information.

Set out below is the credit risk exposure on SCHHS's trade receivables.

	2021			2020		
	Trade receivables	**Loss rate**	**Allowance for credit losses**	Trade receivables	Loss rate	Allowance for credit losses
	$'000	**%**	**$'000**	$'000	%	$'000
Aging						
Current	**13,894**	**1%**	**(204)**	7,204	1%	(92)
1 - 30 days overdue	**3,945**	**3%**	**(106)**	3,781	2%	(88)
31 - 60 days overdue	**1,373**	**4%**	**(52)**	1,369	4%	(48)
61 - 90 days overdue	**708**	**5%**	**(35)**	5,745	4%	(255)
More than 90 days overdue	**2,703**	**11%**	**(306)**	3,020	13%	(385)
Total	**22,623**		**(703)**	21,119		(868)

Movements in the loss allowance for trade receivables are as follows:

	2021	2020
	$'000	$'000
Opening balance	**868**	643
Additional provisions recognised	**987**	1,413
Receivables written off during the year as uncollectable	**(1,152)**	(1,188)
Closing balance	**703**	868

C3 Property, plant and equipment

	2021	2020
	$'000	$'000
Land - at fair value	**83,123**	78,046
Buildings - at fair value	**2,149,344**	2,217,234
Less: Accumulated depreciation	**(487,030)**	(505,227)
	1,662,314	1,712,007
Plant and equipment - at cost	**232,092**	223,876
Less: Accumulated depreciation	**(126,543)**	(108,282)
	105,549	115,594
Capital works in progress - at cost	**34,052**	10,226
Total	**1,885,038**	1,915,873

Notes to the financial statements
For the year ended 30 June 2021

C3 Property, plant and equipment (continued)

Reconciliation of carrying amount

	Land Level 2 $'000	Buildings Level 2 $'000	Buildings Level 3 $'000	Plant and equipment $'000	Capital works in progress $'000	Total $'000
Carrying amount at 1 July 2019	76,534	969	1,773,386	131,922	5,381	1,988,192
Additions	-	-	57	4,941	10,932	15,930
Disposals	-	-	-	(307)	-	(307)
Revaluation increments	1,512	29	27,236	-	-	28,777
Revaluation decrements	-	(112)	-	-	-	(112)
Derecognitions	-	-	-	-	(1,251)	(1,251)
Transfers between classes	-	-	3,208	1,628	(4,836)	-
Depreciation expense	-	(111)	(92,655)	(22,590)	-	(115,356)
Carrying amount at 1 July 2020	78,046	775	1,711,232	115,594	10,226	1,915,873
Additions	-	-	**28**	**8,487**	**29,760**	**38,275**
Disposals	-	-	**(42)**	**(632)**	-	**(674)**
Revaluation increments	**5,077**	**30**	**25,374**	-	-	**30,481**
Transfers in	-	-	**31,965**	**12**	**288**	**32,265**
Transfers between classes	-	-	**1,641**	**4,581**	**(6,222)**	-
Depreciation expense	-	**(112)**	**(108,577)**	**(22,493)**	-	**(131,182)**
Carrying amount at 30 June 2021	**83,123**	**693**	**1,661,621**	**105,549**	**34,052**	**1,885,038**

Recognition

Items of property, plant and equipment with a cost or other value equal to more than the following thresholds, and with a useful life of more than one year, are recognised at acquisition. Items below these values are expensed on acquisition.

Class	Threshold
Buildings (including land improvements)	$10,000
Land	$1
Plant and Equipment	$5,000

Acquisition

Property, plant and equipment are initially recorded at consideration plus any other costs directly incurred in ensuring the asset is ready for use.

Assets under construction are initially recorded at cost until they are ready for use. The construction of major health infrastructure assets relating to SCHHS is funded by the Department and managed by SCHHS. These assets are assessed at fair value upon practical completion by an independent valuer. They are then transferred from the Department to SCHHS via an equity adjustment.

Depreciation

Property, plant and equipment are depreciated on a straight-line basis to allocate the net cost or revalued amount of each asset progressively over its estimated useful life. It is assumed that all assets have a residual value of zero. This is based on the general practice that SCHHS uses assets until there is no longer any economic benefit to be derived.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset. Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the assets to which they relate and are depreciated accordingly. The assets currently componentised are SCUH and Noosa Hospital (buildings and site improvements).

Useful lives of assets are reviewed annually and where necessary are adjusted to better reflect the pattern of future economic benefits.

Notes to the financial statements
For the year ended 30 June 2021

C3 Property, plant and equipment (continued)

Depreciation is not charged against land which has an indefinite life or assets under construction (capital works in progress) until they are ready for their intended use.

For each class of depreciable assets, the following depreciation rates were used:

Class	Depreciation Rates Used	Useful lives
Buildings (including land improvements)	1.0% - 4.3%	23 - 97 years
Plant and Equipment	4.4% - 33.3%	3 - 23 years

Impairment

A review is conducted annually to identify indicators of impairment in accordance with AASB 136 *Impairment of Assets*. If an indicator of impairment exists, SCHHS determines the asset's recoverable amount (the higher of value in use or fair value less costs of disposal). Any amount by which the asset's carrying amount exceeds the recoverable amount is considered an impairment loss and is accounted for as follows:

- for assets measured at cost, an impairment loss is recognised immediately in the statement of comprehensive income.
- for assets measured at fair value, the impairment loss is treated as a revaluation decrease and offset against the asset revaluation surplus of the relevant class to the extent available. Where no asset revaluation surplus is available in respect of the class of asset, the loss is expensed in the statement of comprehensive income as a revaluation decrement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

For assets measured at cost, impairment losses are reversed through the Statement of Comprehensive Income.

For the 2020-21 financial year there were no impairment losses recognised.

Asset revaluation

Land and buildings are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment*, AASB 13 *Fair Value Measurement* as well as Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector.

SCHHS engage external valuers to determine fair value through comprehensive and indexed revaluations. Comprehensive revaluations are undertaken at least once every five years on a rolling program. However, if a particular asset class experiences significant volatile changes in fair value, that class is subject to specific appraisal in the reporting period, where practicable, regardless of the timing of the last specific appraisal.

Where there is a significant change in fair value of an asset from one period to another, an analysis is undertaken by management with the external valuer. This analysis includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Where indices are used, these are either publicly available, or are derived from market information available to the valuer. The valuer provides assurance of their robustness, validity and appropriateness for application to the relevant assets. Indices used are also tested for reasonableness by applying the indices to a sample of assets, comparing the results to similar assets that have been comprehensively valued by the valuer, and analysing the trend of changes in values over time. Management also performs an assessment of the reasonableness of the indices applied.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that asset class. On revaluation, for assets valued using a cost valuation approach, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life. On revaluation, for assets valued using a market approach, accumulated depreciation is eliminated against the gross amount of the asset prior to restating for valuation.

The impact of COVID-19 has been considered during the comprehensive and indexed revaluations, see Note G6 COVID-19 risk disclosures.

Notes to the financial statements
For the year ended 30 June 2021

C3 Property, plant and equipment (continued)

Land

The State Valuation Service (SVS) performs a comprehensive valuation of land parcels under a rolling 5-year valuation program. The valuations are based on a market approach. Key inputs into the valuations include publicly available data on sales of similar land in nearby localities in the 12 months prior to the date of revaluation. Adjustments are made to the sales data to take into account the location, size, street/road frontage and access, and any significant restrictions for each individual parcel of land.

The SVS provided an index for certain land parcels in 2021. The index increased for only two properties by 10.0%, based on market conditions for commercial and residential property on the Sunshine Coast. The index remained unchanged for all other properties.

Buildings

Under a rolling 5-year valuation program, GRC Quantity Surveyors (GRC) performs a comprehensive valuation of all buildings measured on a current replacement cost basis (effective valuation date of 30 June 2021). Key inputs into the valuation on replacement cost basis included internal records of the original cost of the specialised fit out and more contemporary design/construction costs published for various standard components of buildings. Significant judgement was also used to assess the remaining service potential of the buildings given local environmental conditions and the records of the current condition of the building.

GRC provided an index for certain buildings in 2021. The index was 4.5% resulting in an increase of $13.288m based on cost escalations evidenced in the market.

Revaluation movement

The revaluation movement for land and buildings is at Note C10.2 Asset revaluation surplus.

C4 Intangibles

	2021	2020
	$'000	$'000
Developed software	**17,032**	16,892
Developed software - Accumulated amortisation	**(14,911)**	(12,261)
	2,121	4,631
Purchased software	**238**	238
Purchased software - Accumulated amortisation	**(114)**	(55)
	124	183
Software work in progress	**502**	288
	502	288
Total	**2,747**	5,102

Notes to the financial statements
For the year ended 30 June 2021

C4 Intangibles (continued)

Reconciliation of carrying amounts

	Developed software: At Cost $'000	Purchased software: At Cost $'000	Software work in progress $'000	Total $'000
Carrying amount at 30 June 2019	7,258	-	643	7,901
Additions	20	-	-	20
Derecognitions	-	-	(117)	(117)
Transfers	-	238	(238)	-
Amortisation	(2,647)	(55)	-	(2,702)
Carrying amount at 30 June 2020	4,631	183	288	5,102
Additions	**140**	**1**	**502**	**643**
Transfers	**-**	**-**	**(288)**	**(288)**
Amortisation	**(2,650)**	**(60)**	**-**	**(2,710)**
Carrying amount at 30 June 2021	**2,121**	**124**	**502**	**2,747**

Intangible assets are measured at their historical cost as there is no active market for these assets. Intangible assets with a cost or other value equal to or greater than $100,000 are recognised in the financial statements. Items with a lesser value are expensed. Each intangible asset is amortised over its estimated useful life. Useful lives for developed and purchased software assets are between 2 and 5 years.

All intangible assets are assessed for indicators of impairment on an annual basis.

C5 Trade payables

	2021 $'000	2020 $'000
Trade payables	**78,164**	40,345
Funding for public health services	**44,638**	27,755
Employee expenses payable to the Department	**7,444**	29,893
Other payables	**10,230**	10,412
Total	**140,476**	108,405

Trade payables

Payables are recognised for amounts to be paid in the future for goods and services received. Payables are measured at the agreed purchase or contract price, gross of applicable trade and other discounts. The amounts owing are unsecured and generally settled on 30 day terms.

Notes to the financial statements
For the year ended 30 June 2021

C6 Interest bearing liability

	2021 $'000	2020 $'000
Current		
Interest bearing liability - PPP arrangement	9,869	8,995
Total	9,869	8,995
Non-current		
Interest bearing liability - PPP arrangement	493,498	503,367
Total	493,498	503,367
Total	503,367	512,362

Refer to Note C9 Public Private Partnerships (PPPs) for details of the PPP arrangement at SCUH to which this interest bearing liability relates.

C7 Accrued employee benefits

	2021 $'000	2020 $'000
Salaries and wages accrued	1,407	5,689
Other employee benefits payable	468	521
Total	1,875	6,210

Accrued employee benefits

Following a legislative change enacted on the 15th June 2020 regarding employer arrangements within Queensland Health, accrued employee benefits include only amounts due for employees of the HHS. Refer to Note B2.1 Employee and Health service employee expenses.

C8 Contract liabilities

	2021 $'000	2020 $'000
Current		
SCUH car park revenue	3,738	3,738
Funding for public health services	10,955	2,197
Grants funding	2,522	1,553
Other	207	258
Total	17,422	7,746
Non-current		
SCUH car park revenue	72,433	76,172
Other	2,525	3,111
Total	74,958	79,283
Total	92,380	87,029

Sunshine Coast University Hospital car parks

The majority of contract liabilities relates to two car parks constructed by Exemplar Health in return for a licence to operate the car parks over 25 years. Refer Note C9 Public Private Partnerships (PPPs) for details of the arrangement. The associated revenue will be unwound over the 25 year term of the agreement.

Notes to the financial statements
For the year ended 30 June 2021

C9 Public Private Partnerships (PPPs)

SCHHS has contractual arrangements for the construction and operation of public infrastructure facilities. These arrangements are located on land that is recognised as an asset of SCHHS. The contractual arrangements that were operating during 2019-20 and 2020-21 are as follows:

Facility	Commencement Date	Termination Date	Counterparty and Operator
Noosa Hospital	1 September 1999	30 June 2020	Ramsay Health Care
Noosa Hospital	1 July 2020	30 June 2030	Noosa Privatised Hospital Pty Limited
Sunshine Coast University Hospital	16 November 2016	15 November 2041	Exemplar Health
Sunshine Coast University Hospital car parks	16 November 2016	15 November 2041	Exemplar Health

C9.1 Service concession arrangements under AASB 1059

The contractual arrangement for Noosa Hospital terminating on 30 June 2020 was considered to be a service concession arrangement under AASB 1059.

	Noosa Hospital $'000
2020-21	
Service concession assets	
Gross	-
Less accumulated depreciation	-
	-
Service concession assets movement reconciliation	
Opening balance at 1 July 2020	31,965
Transfer from/(to) buildings	(31,965)
Carrying amount at 30 June 2021	-

2019-20	Restated*
Service concession assets	
Gross	49,644
Less accumulated depreciation	(17,678)
	31,965
Service concession assets movement reconciliation	
Opening balance at 1 July 2019	33,458
Net revaluation increments/(decrements) recognised in operating result	796
Depreciation expense	(2,288)
Balance at June 30 2020	31,965

**See Note G4*

Accounting policies and disclosures – Service concession arrangements

Service concession assets are measured at current replacement cost on initial recognition or reclassification and are subsequently measured at fair value (determined using current replacement cost) using the same valuation methodology applicable to infrastructure asset classes as outlined in Note C3 Property, plant and equipment. The applicable asset has been depreciated on a straight-line basis over its useful life (as a service concession), which was 20 years. Specific accounting policies and disclosures for SCHHS's service concession arrangement are provided below.

Noosa Hospital (arrangement concluded on 30 June 2020)

Under this now expired arrangement, SCHHS funded the Operator for the provision of hospital services to public patients. While this arrangement expired in the previous financial year, the following information is included as

Notes to the financial statements
For the year ended 30 June 2021

C9 Public Private Partnerships (PPPs) (continued)

C9.1 Service concession arrangements under AASB 1059 (continued)

required by the transitional arrangements in AASB 1059. The operator was not permitted to charge any fees to public patients other than those normally charged for a service in a public hospital. The level of services and the amount paid by SCHHS was subject to annual review. A capital recovery charge was paid to the operator as part of the service agreement.

SCHHS did not control the building facilities associated with this arrangement. Therefore, these facilities were not recorded as assets. The value of building assets was estimated at $31.965m as at 30 June 2020, and the recognised fair value of the land asset was $8.300m. The entire site is dedicated to the operations of the Noosa Hospital. There are zero cash flows to be received in the future from this agreement due to its expiry on 30 June 2020.

A new arrangement with Noosa Privatised Hospital Pty Limited for the operation of the Noosa Hospital took effect from 1 July 2020. This arrangement does not fall within the scope of AASB 1059 *Service Concession Arrangements: Grantors* and is outlined below.

C9.2 Other Public Private Partnerships outside AASB 1059

Some public private partnerships are not service concession arrangements within the scope of AASB 1059. Other accounting standards and policies apply to these arrangements and are described for each arrangement below.

	2021 $'000	2020 $'000
Assets		
Land and Buildings (Note C3)		
SCUH	**1,274,528**	1,267,588
SCUH Car Parks	**127,505**	122,800
Noosa Hospital	**33,626**	-
	1,435,659	1,390,388
Liabilities		
Trade payables (Note C5)		
Noosa Hospital accruals for service provision	**2,100**	-
Interest bearing liability (Note C6)		
PPP arrangement for SCUH	**503,367**	512,362
Contract liabilities (Note C8)		
Deferred SCUH car park revenue	**76,171**	79,910
	581,638	592,272

Sunshine Coast University Hospital (SCUH) (Year 5 of 25)

In 2012 the State, represented by the Department, entered into a PPP with Exemplar Health (EH) to finance, design, build and operate SCUH. During 2016-17 the Department novated all rights and obligations to SCHHS as the State representative and legal counterparty to the PPP arrangement. The 25 year operating phase of the PPP commenced on the 16th of November 2016, this being the date of commercial acceptance. For an agreed fee EH provides specialist building and amenity services to SCUH. As part of the arrangement, EH manages all SCUH building and plant infrastructure including refurbishment and renewal, repairs and maintenance and replacement of certain equipment. EH is obligated to ensure all infrastructure and assets (including carparks) are kept in a fit for use condition throughout the operating term.

This arrangement is not a service concession arrangement under AASB 1059 because the specialist building and amenity services provided by EH are not assessed as contributing significantly to the public services provided by SCUH. SCHHS operates the facility, employs or contracts the vast majority of clinical and administrative staff, and manages all health care provided at SCUH.

For accounting purposes, SCUH is recognised as a componentised asset as part of property, plant and equipment in Note C3 Property, plant and equipment, with all components carried at fair value. At the end of the 25-year term, the assets will remain in the control of SCHHS. Correspondingly, an interest-bearing liability representing the fair value of the payable to EH for the construction of SCUH as at the date of commercial acceptance is included in Note C6 Interest bearing liability and is carried at fair value.

Service payments are recognised as supplies and services expenses each period when incurred, and interest payments recognised each period when incurred. The amounts are disclosed in Note C9.3 Operating statement impact below. The licence to occupy SCUH incorporates the commitment of EH to occupy and operate, or sublease, dedicated commercial areas to provide defined retail services at SCUH.

Notes to the financial statements
For the year ended 30 June 2021

C9 Public Private Partnerships (PPPs) (continued)

C9.2 Other Public Private Partnerships outside AASB 1059 (continued)

SCHHS is entitled to receive a minimum entitlement which is disclosed in Note C9.3 Operating statement impact. This is considered to be an operating lease and is included in the disclosed balance of lessor revenue commitments at Note D4 Commitments.

SCUH car parks (Year 5 of 25)

As part of the SCUH PPP, EH constructed two carparks on the SCUH site. The State has granted EH a licence to undertake car parking operations for the duration of the 25 year operating term which entitles EH to generate revenue from the operations themselves.

This arrangement is not a service concession arrangement under AASB 1059 because the services provided by EH are not assessed as contributing significantly to the public services provided by SCUH. As part of the PPP, SCHHS may be contractually obligated to make a revenue payment if a number of independent contractual tests are met. One such test relates to ensuring SCHHS employs a minimum number of staff physically based at SCUH from 1 July 2017 onwards. As at 30 June 2021 SCHHS has exceeded the minimum staff threshold.

As part of the agreement staff and public car parking rates are capped and subject to CPI.

SCHHS has deferred revenue from the carpark licence to operate the carpark granted to EH. Refer to Note C8 Contract Liabilities. The revenue will be unwound over the 25-year term of the agreement. This is considered to be an operating lease and future revenue to be recognised from the agreement is included in Lessor revenue commitments disclosed in Note D4 Commitments.

Noosa Hospital (Year 1 of 10)

Under this arrangement, SCHHS funds the Operator for the provision of Combined Services which includes Public Patient Services and Ambulatory Services.

This arrangement is not a service concession arrangement under AASB 1059 because the Operator employs the clinical and administrative staff, and manages all health care provided at Noosa Hospital, including separate operation as a private hospital.

The Operator is required to provided certain minimum licensed services and make available certain minimum public patient service categories and minimum outpatient service categories. Public patients will be allocated sufficient bed and outpatients allocated outpatient sessions in the private hospital to meet the projected demand for each contract year. The provision of public patient services and outpatient services is managed according to demand throughout each contract year. The Operator is not permitted to charge any fees to public patients other than those normally charged for a service in a public hospital.

C9.3 Operating statement impact

	Note	SCUH	SCUH car parks	Noosa Hospital	Total
2020-21		**$'000**	**$'000**	**$'000**	**$'000**
Revenue					
Rental income		**2**	**3,738**	**3,095**	**6,835**
Other revenue		**-**	**-**	**-**	**-**
Expenses					
Supplies and services	B2.2	**(25,143)**	**-**	**(22,054)**	**(47,197)**
Depreciation	C3	**(81,920)**	**(3,871)**	**(6,713)**	**(92,504)**
Interest expense		**(21,739)**	**-**	**-**	**(21,739)**
Net impact on operating result		**(128,800)**	**(133)**	**(25,672)**	**(154,605)**
2019-20					
Revenue					
Rental income		926	3,738	-	4,664
Other revenue		-	-		-
Expenses					
Supplies and services	B2.2	(25,743)	-	(24,411)	(50,154)
Depreciation		(80,714)	(3,871)	-	(84,585)
Interest expense		(25,228)	-	-	(25,228)
Net impact on operating result		(130,759)	(133)	(24,411)	(155,303)

Notes to the financial statements
For the year ended 30 June 2021

C9 Public Private Partnerships (PPPs) (continued)

C9.4 Estimated future cash flows

The estimated future cash flows on an undiscounted basis for the SCHHS public private partnerships are as follows.

	SCUH $'000	Noosa Hospital $'000	Total $'000
As at June 30 2021			
Cash inflows			
No later than 1 year	**19,056**	**3,095**	**22,151**
Later than 1 year but not later than 5 years	**70,324**	**12,380**	**82,704**
Later than 5 years but not later than 10 years	**67,347**	**12,380**	**79,727**
Later than 10 years	**138,699**	**-**	**138,699**
	295,426	**27,855**	**323,281**
Cash outflows			
No later than 1 year	**(74,701)**	**(22,600)**	**(97,301)**
Later than 1 year but not later than 5 years	**(318,366)**	**(90,400)**	**(408,766)**
Later than 5 years but not later than 10 years	**(334,676)**	**(90,400)**	**(425,076)**
Later than 10 years	**(1,063,348)**	**-**	**(1,063,348)**
	(1,791,091)	**(203,400)**	**(1,994,491)**
As at June 30 2020			
Cash inflows			
No later than 1 year	13,145	-	13,145
Later than 1 year but not later than 5 years	48,701	-	48,701
Later than 5 years but not later than 10 years	50,579	-	50,579
Later than 10 years	47,799	-	47,799
	160,224	-	160,224
Cash outflows			
No later than 1 year	(71,919)	-	(71,919)
Later than 1 year but not later than 5 years	(305,157)	-	(305,157)
Later than 5 years but not later than 10 years	(330,033)	-	(330,033)
Later than 10 years	(1,121,539)	-	(1,121,539)
	(1,828,648)	-	(1,828,648)

There are no future cash flows relating to the SCUH car parks.

Notes to the financial statements
For the year ended 30 June 2021

C10 Equity

C10.1 Contributed equity

Contributed equity represents equity provided by the State of Queensland to SCHHS.

Non-reciprocal transfers of assets and liabilities between wholly owned Queensland State Public Sector entities are adjusted to contributed equity in accordance with AASB 1004 *Contributions* and AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*. Appropriations for equity adjustments are similarly designated.

SCHHS receives funding from the Department to cover depreciation and amortisation costs. However, as depreciation and amortisation are non-cash expenditure items, the Minister for Health and Ambulance Services has approved a withdrawal of equity by the State for the same amount, resulting in non-cash revenue and non-cash equity withdrawal.

C10.2 Asset revaluation surplus

Movements in the asset revaluation surplus during the current year are set out below:

	Land $'000	Building $'000	Total $'000
Balance at 1 July 2019	17,106	274,055	291,161
Revaluation increase for the year - Restated*	1,512	27,949	29,461
Balance at 30 June 2020 - Restated*	18,618	302,004	320,622
Revaluation increase for the year	**5,077**	**25,403**	**30,480**
Balance at 30 June 2021	**23,695**	**327,407**	**351,102**

**See Note G4*

Notes to the financial statements
For the year ended 30 June 2021

Section D: Notes about risks and other accounting uncertainties

D1 Fair value measurement

Fair value definition

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e an exit price), regardless of whether the price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued, and include, but are not limited to, published sales data for land.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by SCHHS include, but are not limited to, subjective adjustments made to observable data to take account of the specialised nature of health service buildings, including historical and current construction contracts (and/or estimates of such costs), and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Fair value measurement hierarchy

Only land and building assets are measured at fair value and are set out in the tables at Note C3 Property, plant and equipment. SCHHS does not recognise any financial assets or financial liabilities at fair value.

Land and building assets are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

Level 1	represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
Level 2	represents fair value measurements that are substantially derived from inputs (other than quoted prices included in level 1) that are observable, either directly or indirectly; and
Level 3	represents fair value measurements that are substantially derived from unobservable inputs.

None of SCHHS's valuations of assets are eligible for categorisation into level 1 of the fair value hierarchy.

There were no transfer of assets between fair value hierarchy levels during the period.

D2 Financial instruments

Recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when SCHHS becomes party to the contractual provisions of the financial instrument. SCHHS holds financial instruments in the form of cash, receivables, payables and interest bearing liabilities (borrowings).

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents – held at amortised cost
- Receivables - held at amortised cost
- Payables - held at amortised cost
- Interest bearing liabilities – held at amortised cost

SCHHS does not enter into derivative and other financial instrument transactions for speculative purposes nor for hedging.

The effective interest rate on the interest bearing liability as at 30 June 2021 is 2.8 % (2019-20: 4.2 %). No interest has been capitalised during the current period.

Notes to the financial statements
For the year ended 30 June 2021

D2 Financial instruments (continued)

Categorisation of financial instruments

SCHHS has the following categories of financial assets and financial liabilities.

	2021 $'000	2020 $'000
Financial assets		
Cash and cash equivalents	**42,176**	48,538
Trade and other receivables	**39,572**	32,979
Total	**81,748**	81,517
Financial liabilities		
Trade payables	**140,476**	108,405
Interest bearing liability	**503,367**	512,362
Total	**643,843**	620,767

Financial risk management

SCHHS has exposure to a variety of financial risks arising from financial instruments - credit risk, liquidity risk and market risk.

Financial risk management is implemented pursuant to Queensland Government and SCHHS policies. The policies provide principles for overall risk management and aim to minimise potential adverse effects of risk events on the financial performance of SCHHS.

Credit risk

Credit risk is the potential for financial loss arising from SCHHS's debtors defaulting on their obligations. Credit risk is measured by conducting an ageing analysis for cash inflows at risk. The maximum exposure to credit risk at balance date is the carrying value of receivable balances adjusted for impairment. Credit risk is considered minimal for SCHHS.

Liquidity risk

Liquidity risk refers to the situation when SCHHS may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets. Liquidity risk is measured through monitoring of cash flows by active management of accrual accounts. An approved debt facility of $16 million under Whole-of-Government banking arrangements to manage any short-term cash shortfalls has been established. No funds had been withdrawn against this debt facility as at 30 June 2021 (2019-20: $nil).

Market risk - Interest rate risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Market risk comprises interest rate risk.

SCHHS has interest rate exposure on the cash on deposits with Queensland Treasury Corporation. Changes in interest rates have a minimal effect on the operating result of SCHHS.

In relation to the interest bearing liability, interest rate change impacts the floating rate component of this liability however any change is fully offset by an adjustment in funding for public health services. As a consequence there is no impact on operating surplus or equity as a result of interest rate changes, with all other variables held constant.

Notes to the financial statements
For the year ended 30 June 2021

D3 Contingencies

Contingent liabilities - litigation in progress

As at 30 June 2021 SCHHS has 4 litigation cases filed in the courts (2019-20: 3 cases).

Litigation is underwritten by the QGIF and SCHHS's liability in this area is limited to an excess per insurance event.

All SCHHS indemnified claims are managed by QGIF. As at 30 June 2021, there were 27 (26 at 30 June 2020) claims being managed by QGIF, some of which may never be litigated or result in claim payments. The maximum exposure to SCHHS under this policy is up to $20,000 for each insurable event.

D4 Commitments

Commitments at reporting date (exclusive of GST) are as follows:

	2021 $'000	2020 $'000
Capital expenditure commitments		
Committed at reporting date but not recognised as liabilities, payable:		
within one year	**14,858**	2,714
one year to five years	**50,451**	6,086
Total	**65,309**	8,800
Lessor revenue commitments		
Committed at reporting date but not recognised as assets, receivable:		
within one year	**7,735**	7,740
one year to five years	**30,929**	30,931
more than five years	**83,492**	91,225
Total	**122,156**	129,896

Lessor revenue commitments

SCHHS is the beneficiary of rental income arising from the lease of space and commercial car parks to a third party. The retail space lease receipts are comprised of fixed components which include inflation and turnover clauses. The revenue from the commercial car parks will be unwound over the 25 year term of the agreement. Refer to Note C8 Contract liabilities.

D5 Events after the reporting period

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the operations of SCHHS, the results of those operations, or the state of affairs of SCHHS in future financial years.

Notes to the financial statements
For the year ended 30 June 2021

Section E: Notes on our performance compared to budget

E1 Budget to actual comparison – statement of comprehensive income

	Variance Notes	Budget 2021 $'000	Actual 2021 $'000	Variance 2021 $'000	Variance %
Income					
Funding for public health services		1,190,504	1,217,426	26,922	2%
User charges	E2.1	82,746	92,895	10,149	12%
Grants and other contributions	E2.2	23,426	28,043	4,617	20%
Other revenue		16,072	16,527	455	3%
Total revenue		1,312,748	1,354,891	42,143	3%
Gains on disposal of assets		15	284	269	1793%
Total income from continuing operations		1,312,763	1,355,175	42,412	3%
Expenses					
Employee expenses		(145,774)	(140,009)	5,765	(4%)
Health service employee expenses	E2.3	(689,734)	(738,448)	(48,714)	7%
Supplies and services	E2.4	(297,590)	(323,936)	(26,346)	9%
Grants and subsidies		(407)	(288)	119	(29%)
Depreciation and amortisation	E2.5	(120,650)	(134,343)	(13,693)	11%
Impairment losses on financial assets		(670)	(987)	(317)	47%
Interest expense	E2.6	(42,120)	(21,810)	20,310	(48%)
Other expenses		(15,818)	(16,636)	(818)	5%
Total expenses		(1,312,763)	(1,376,457)	(63,694)	5%
Operating result for the year		-	(21,282)	(21,282)	-%
Other comprehensive income					
Items that will not be reclassified subsequently to operating result					
Increase in the asset revaluation surplus	E2.7	61,663	30,480	(31,183)	(51%)
Other comprehensive income for the year		61,663	30,480	(31,183)	(51%)
		61,663	**9,198**	**(52,465)**	**(85%)**

To be consistent with the financial statements, original budgeted figures are reclassified at the line item level where necessary.

Notes to the financial statements
For the year ended 30 June 2021

E2 Explanations of material variances

E2.1 User charges

The increase in user charges is predominantly due to revenue received for purchases of pharmaceuticals subsidised by the Commonwealth Government under the Pharmaceutical Benefits Scheme ($5.7m). The increase is also due to additional revenue from granted private practice services provided by clinicians ($3.2m) and inpatient worker's compensation reimbursements ($0.8m).

E2.2 Grants and other contributions

The increase in grants and other contributions is predominantly due to recoveries of non-capital expenditure from the Department for costs associated with projects including the expansion of capacity at the SCUH ($3.8m). The increase is also partially due to additional receipts of goods and services below fair value from the Department ($0.8m).

E2.3 Health service employee expenses

The increase in Health service employee expenses is predominantly due to the response to the COVID-19 pandemic ($18.5m), higher than expected costs of service delivery including for medical services to meet emergency demand ($15.1m), additional funding for enterprise bargaining agreements ($10.2m) and various additional funded project initiatives ($4.9m).

E2.4 Supplies and services

The increase in supplies and services is predominantly due to the response to the COVID-19 pandemic, higher than expected costs of service delivery and various additional funded project initiatives. Additional expenditure was incurred on clinical and other supplies ($5.3m), pathology services ($5.0m), ICT and telecommunication charges ($4.9m), contracted medical staff services ($2.9m), prosthetic appliances ($1.8m) and additional expenditure on pharmaceuticals of which the majority was subsidised by the Commonwealth Government under the Pharmaceutical Benefits Scheme ($6.5m).

E2.5 Depreciation and amortisation

The increase in depreciation and amortisation is predominantly due to the transfer of ownership of the Noosa Hospital building to SCHHS as at 1 July 2020, the refurbishment of the Nambour Hospital building and changes to useful lives of building assets at the Nambour Hospital.

E2.6 Interest expense

The decrease in interest expense is due to the favourable impact of the floating rate component of the interest-bearing liability used to partially fund the purchase of SCUH assets under the Private Public Partnership arrangement.

E2.7 Increase in the asset revaluation surplus expenses

The decrease is predominantly due to underestimated revaluation increments in the budget for land ($1.8m) and overestimated revaluation increments in the budget for buildings ($32.2m) across the SCHHS. At the time the budget was set revaluation movements could not be reliably determined.

Notes to the financial statements
For the year ended 30 June 2021

Section F: What we look after on behalf of third parties

F1 Agency and patient fiduciary transactions and balances

(a) Granted private practice

SCHHS acts as a billing agency for medical practitioners who use SCHHS facilities for the purpose of seeing patients under their Grant of Private Practice agreements (GOPP).

Granted private practice permits Senior Medical Officers (SMOs) and non-contractor Visiting Medical Officers (VMOs) employed in the public health system to treat individuals who elect to be treated as private patients. Granted private practice provides the option for SMOs and VMOs to either assign all of their private practice revenue to the HHS (assignment arrangement) and in return receive an allowance, or for SMOs and VMOs to share in the revenue generated from billing patients and to pay service fees to SCHHS (retention arrangement) to cover the use of the facilities and administrative support provided to the medical officer.

All monies received for granted private practice are deposited into a separate bank account that is administered by SCHHS on behalf of the granted medical officers. These accounts are not reported in SCHHS's Statement of financial position.

All assignment option receipts, retention option services fees and service retention fees are included as revenue in the statement of comprehensive income of SCHHS on an accrual basis. The funds are then subsequently transferred from the granted private practice bank accounts into SCHHS's operating and General Trust bank account (for the service retention fee portion).

	2021	2020
	$'000	$'000
Granted Private Practice Revenues and Expenses		
Billing revenue - assigned arrangement	**9,946**	6,034
Billing revenue - retention arrangement	**16,505**	15,182
Interest revenue	**11**	18
Payments to SCHHS	**(9,964)**	(6,052)
Payments to retention doctors	**(4,122)**	(3,924)
Payments to SCHHS for recoverable costs relating to the retention arrangement	**(9,439)**	(8,673)
Payments to SCHHS's SERT fund	**(2,937)**	(2,585)
	-	-
Closing balance of bank account not yet disbursed	**2,671**	2,007

(b) Patient fiduciary

SCHHS acts in a custodial capacity in relation to patient fiduciary accounts. These transactions and balances are not recognised in the financial statements. Although patient funds are not retained by SCHHS, fiduciary activities are included in the audit performed annually by the Queensland Audit Office.

	2021	2020
	$'000	$'000
Patient fiduciary receipts and payments		
Opening balance	**70**	79
Amounts receipted on behalf of patients	**749**	715
Amounts paid to or on behalf of patients	**(698)**	(724)
Closing balance	**121**	70

Notes to the financial statements
For the year ended 30 June 2021

Section G: Other information

G1 Key management personnel and remuneration expenses

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of SCHHS during 2021.

(a) Minister for Health and Ambulance Services

The Minister for Health and Ambulance Services is identified as part of SCHHS's key management personnel, consistent with AASB 124 *Related Party Disclosures*.

(b) Remuneration expense

Key management personnel remuneration – Minister

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. SCHHS does not bear any cost of remuneration of the Minister. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole-of-Government Consolidated Financial Statements, which are published as part of Queensland Treasury's Report on State Finances.

Key management personnel remuneration – Board

The remuneration of members of the Board is approved by Governor-in-Council as part of the terms of appointment. Each member is entitled to receive a fee, with the exception of appointed public service employees unless otherwise approved by the Government. Members may also be eligible for superannuation payments.

Key management personnel remuneration – Executive

In accordance with section 67 of the *Hospital and Health Boards Act 2011*, the Director-General of the Department determines the remuneration for SCHHS's key executive management employees. The remuneration and other terms of employment are specified in employment contracts or in the relevant Enterprise Agreements and Awards.

Remuneration expenses for key executive management personnel comprise the following components:

- Short term employee monetary benefits which includes salary, allowances, salary sacrifice component and leave entitlements expensed for the entire year or for that part of the year during which the employee occupied the specified position. Performance bonuses are not paid under the contracts in place.
- Short term non-monetary benefits consisting of provision of vehicle and other non-monetary benefits including FBT exemptions on benefits.
- Long term employee benefits include amounts expensed in respect of long service leave.
- Post-employment benefits include amounts expensed in respect of employer superannuation obligations.
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

For Executive Management positions, all expenses incurred by SCHHS that are attributable to that position are included for the respective reporting period, regardless of the number of personnel filling the position in either substantive or acting capacity.

Notes to the financial statements
For the year ended 30 June 2021

G1 Key management personnel and remuneration expenses (continued)

(c) Board

Position Title Position Holder	Short term monetary benefits		Post-employment benefits		Total	
	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Board Chair						
Provide strategic leadership and guidance and effective oversight of management, operations and financial performance.						
Ms Sabrina Walsh (Board member from 18/05/2020, appointed Chair 11/06/2021)	**50**	3	**5**	-	**55**	3
Dr Lorraine Ferguson AM (from 18/05/2016 to 17/05/2021)	**81**	89	**7**	8	**88**	97
Contract classification and appointment authority: Board Chair *Hospital and Health Boards Act 2011* Section 25(1)(a)						
Board Member						
Provide strategic guidance and effective oversight of management, operations and financial performance.						
Mr Peter Sullivan (Board member from 06/09/2012, Deputy Board Chair from 04/10/2019 to 17/05/2021)	**48**	54	**5**	5	**53**	59
Mr Brian Anker (from 18/05/2013)	**51**	51	**5**	5	**56**	56
Dr Edward Weaver (from 18/05/2020)	**51**	3	**5**	-	**56**	3
Mr Terrance Bell (from 18/05/2020)	**48**	3	**5**	-	**53**	3
Ms Anita Phillips (from 18/05/2017)	**47**	47	**5**	4	**52**	51
Emeritus Professor Birgit Lohmann (from 18/05/2019)	**47**	47	**5**	5	**52**	52
Ms Debra Blumel (from 18/05/2019)	**47**	47	**5**	5	**52**	52
Professor Julie-Anne Tarr (from 18/05/2016 to 17/05/2021)	**43**	47	**4**	4	**47**	51
Mr Bruce Cowley (from 18/05/2021)	**5**	-	**1**	-	**6**	-
Mr Rodney Cameron (from 11/06/2021)	**-**	-	**-**		**-**	
Dr Mason Stevenson (from 01/07/2012 to 17/05/2020)	**-**	46	**-**	4	**-**	50
Mr Cosmo Schuh (from 18/05/2013 to 17/05/2020)	**-**	47	**-**	5	**-**	52
Mr Mark Raguse (from 18/05/2019 to 09/08/2019)	**-**	7	**-**	1	**-**	8
Contract classification and appointment authority: *Board Member Hospital and Health Boards Act 2011* Section 23(1)						
Total	**518**	491	**52**	46	**570**	537

During the year, there were no reimbursements to Board members for out of pocket expenses (2019-20: Nil).

Notes to the financial statements
For the year ended 30 June 2021

G1 Key management personnel and remuneration expenses (continued)

(d) Executive

Position Title Position Holder	Short term benefits				Post-employment benefits		Long term benefits		Termination benefits		Total	
	Monetary		Non-monetary									
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Chief Executive Provide strategic leadership and direction, promote effective and efficient use of resources, develop health service plans, workforce plans and capital works for the delivery of public sector health services.												
Adjunct Professor Naomi Dwyer (from 11/12/2017 to 02/07/2021, on annual leave from 07/06/2021)	**413**	402	**6**	6	**35**	41	**9**	9	**-**	-	**463**	458
Dr Mark Waters (Interim from 07/06/2021)	**69**	-	**-**	-	**4**	-	**1**	-	**-**	-	**74**	-
Hospital and Health Boards Act 2011 Section 33												
Chief Operating Officer Provide strategic leadership and assume accountability for the day to day delivery of operational excellence in clinical and clinical support services of SCHHS.												
Karlyn Chettleburgh (from 06/08/2018)	**217**	221	**-**	-	**21**	24	**5**	5	**-**	-	**243**	250
HES3-2 *Hospital and Health Boards Act 2011* Section 74												
Chief Finance Officer Provide strategic leadership, financial advice and governance in all aspects of finance management.												
Andrew McDonald (Acting from 27/08/2020, previously acted from 09/07/2018 to 16/02/2020)	**192**	138	**-**	-	**14**	15	**4**	3	**-**	-	**210**	156
Loretta Seamer (from 10/02/2020 to 26/08/2020)	**39**	86	**-**	-	**3**	9	**1**	2	**-**	-	**43**	97
HES3-1 *Hospital and Health Boards Act 2011* Section 74												
Chief Information and Infrastructure Officer *												
Provide strategic leadership and operational control of the information technology function.												
Angela Bardini (Acting from 15/07/2019)	**169**	159	-	-	14	19	**4**	4	-	-	**187**	182
HES2-1 *Hospital and Health Boards Act 2011* Section 74												

* During the year the position of Chief Information Officer was retitled to Chief Information and Infrastructure Officer.

Notes to the financial statements
For the year ended 30 June 2021

G1 Key management personnel and remuneration expenses (continued)

(d) Executive (continued)

Position Title Position Holder	Short term benefits				Post-employment benefits		Long term benefits		Termination benefits		Total	
	Monetary		Non-monetary									
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Executive Director People and Culture												
Provide strategic leadership, development and implementation of the People and Culture framework.												
Colin Anderson (from 25/03/2020)	**206**	48	**-**	-	**20**	4	**4**	1	**-**	-	**230**	53
Terence Seymour (Acting from 12/04/2019 to 27/03/2020)	**-**	171	**-**	-	**-**	18	**-**	4	**-**	2	**-**	195
HES2-5 *Hospital and Health Boards Act 2011* Section 74												
Executive Director, Medical Services **												
Provide professional leadership for all medical practitioners and oversight of the patient safety agenda, credentialing, education and research.												
Contractor: Dr John Menzies (Acting from 20/04/2020 to 04/12/2020)	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A
Dr Chris Lilley (Acting from 03/02/2020 to 26/04/2020)	**-**	101	**-**	-	**-**	9	**-**	2	**-**	-	**-**	112
Dr Deborah Bailey (Acting from 26/08/2019 to 26/01/2020)	**-**	185	**-**	-	**-**	15	**-**	4	**-**	-	**-**	204
Dr Andrew Hallahan (Acting from 07/02/2019 to 30/08/2019)	**-**	99	**-**	-	**-**	8	**-**	2	**-**	-	**-**	109
MMOI2 *Hospital and Health Boards Act 2011* Section 74												
Executive Director Clinical Governance Education and Research												
Provide professional leadership for all medical practitioners and oversight of the patient safety agenda, credentialing, education and research.												
Dr Susan Nightingale (from 04/02/2021)	**191**	-	**-**	-	**15**	-	**4**	-	**-**	-	**210**	-
Hospital and Health Boards Act 2011 Section 74												

** The position of Executive Director, Medical Services is currently substantively vacant.

Notes to the financial statements
For the year ended 30 June 2021

G1 Key management personnel and remuneration expenses (continued)

(d) Executive (continued)

Position Title Position Holder	Short term benefits				Post-employment benefits		Long term benefits		Termination benefits		Total	
	Monetary		Non-monetary									
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Executive Director, Nursing and Midwifery Services Provide leadership, strategic direction, clinical governance and professional support for nursing and midwifery services including credentialing, education and research. Suzanne Metcalf (from 13/02/2017) NRG13-2 Queensland Health Nurses and Midwives Award - State 2015	**274**	239	**-**	**-**	**28**	27	**6**	5	**-**	**-**	**308**	271
Executive Director - Allied Health Provide professional leadership for all allied health practitioners, including professional governance, credentialing, education and research. Gemma Turato (from 01/09/2017) HP8.1, Health Practitioners and Dental Officers (Queensland Health) Award – State 2015	**188**	201	**-**	**-**	**20**	24	**3**	5	**-**	**-**	**211**	230
Executive Director, Legal, Commercial and Governance Provide leadership and strategic direction across legal, commercial and governance functions. Kristy Frost (Acting from 08/03/2021) Rebecca Freath (from 07/05/2020 to 28/03/2021) HES2-1 *Hospital and Health Boards Act 2011* Section 74	**62** **129**	- 21	**-** **-**	**-** **-**	**6** **13**	- 2	**1** **3**	- -	**-** **-**	**-** **-**	**69** **145**	- 23
Executive Director, Strategy, Performance and Governance (*During the 2019-20 year, the position of Executive Director, Innovation, Quality, Research and Education, which remained vacant since March 2019, was no longer identified as a non-Ministerial KMP.*) Provide strategic leadership, development, and direction across projects, communication and governance functions. Loretta Seamer (Acting from 28/11/2019 to 09/02/2020) Luke Worth (from 10/12/2018 to 20/10/2019) HES2-5 *Hospital and Health Boards Act 2011* Section 74	- -	71 44	- -	- -	- -	8 5	- -	2 1	- -	- -	- -	81 50
Total	**2,149**	2,186	**6**	6	**193**	228	**45**	49	**-**	2	**2,393**	2,471

Notes to the financial statements
For the year ended 30 June 2021

G2 Related party transactions

Related parties of SCHHS include:

- the Minister
- each KMP of the State (all Ministers responsible for Whole-of-Government)
- all non-ministerial KMP
- any close family members of the above three groups
- any entity controlled or jointly controlled by a person from any of the above four groups.

Transactions with Queensland Government controlled entities

SCHHS is controlled by its ultimate parent entity, the State of Queensland. All State of Queensland controlled entities meet the definition of a related party in AASB 124 *Related Party Disclosures*.

The following table summarises significant transactions with Queensland Government controlled entities:

Entity	Note	Revenue $'000	Expenses $'000	Assets $'000	Liabilities $'000
		For the year ending 30 June 2021		As at 30 June 2021	
Department of Health	(a)	1,234,088	849,685	15,054	63,036
Queensland Treasury Corporation	(b)	59	11	9,591	-
Workcover Queensland	(c)	1,075	7,974	-	-
		For the year ending 30 June 2020		As at 30 June 2020	
Department of Health	(a)	1,175,580	124,734	9,563	62,797
Queensland Treasury Corporation	(b)	94	8	7,374	-
Workcover Queensland	(c)	-	8,577	-	-

(a) Department of Health

SCHHS receives funding from the Department in accordance with a Service Agreement. Refer to Note B1.1 Funding for public health services.

In addition to the provision of corporate services support (refer to Note B2.2 Supplies and services) the Department manages, on behalf of SCHHS, a range of services including procurement, ambulance services, communication and information technology, payroll, pathology, drug supplies, medical equipment repairs and maintenance and linen supply.

SCHHS also received assets from the Department transferred via equity under an enduring designation from the Minister for Health and Ambulance Services. Refer to Note C10.1 Contributed equity.

(b) Queensland Treasury Corporation

SCHHS has an account with the Queensland Treasury Corporation for general trust monies and receives interest and incurs bank fees on this account.

(c) WorkCover Queensland

SCHHS takes out an annual policy with WorkCover Queensland for worker's compensation insurance.

(d) Other

There are no other individually significant transactions with Queensland Government controlled entities.

Transactions with other related parties

The Sunshine Coast Health Institute (SCHI) is a recognised related party to SCHHS. Refer to Note G3 Joint operations.

Notes to the financial statements
For the year ended 30 June 2021

G3 Joint operations

SCHHS is a partner together with TAFE East Coast Queensland, the University of the Sunshine Coast and Griffith University in the operation of SCHI. The SCHI operates as an unincorporated joint operation under a Joint Venture Agreement (JVA), based at SCUH.

The primary aims of the SCHI is to advance the education of trainee medical officers, nurses, midwives and other health care professionals, whilst providing outstanding patient care and extending research knowledge.

SCHHS has a 28.9% (2019-20: 28.9%) interest in the SCHI. Each joint operator has rights and obligations to the assets, liabilities, revenue and expenses of the SCHI according to their interest in the joint operation. Under the JVA, the joint operators contribute to the running costs of the SCHI at set percentage allocations, which are a reflection of the relative space and resource utilisation of each joint operator under the Agreement.

All joint operators have equal decision-making rights, irrespective of the underlying interests. The assets of the SCHI include specialist equipment to facilitate medical research and teaching, in addition to the building fit out within the shared joint operation areas.

The financial impacts of the SCHI, as they relate to SCHHS, are included within the main statements of SCHHS. Summary information about SCHI is as follows:

	SCHI 2021 $'000	**SCHHS share (28.9%) 2021 $'000**	SCHI 2020 $'000	SCHHS share (28.9%) 2020 $'000
Total income	**3,062**	**885**	2,980	861
Total expenses	**(4,314)**	**(1,247)**	(4,113)	(1,189)
Total comprehensive result	**(1,252)**	**(362)**	(1,133)	(328)
Current assets	**577**	**167**	1,463	423
Non-current assets	**15,226**	**4,400**	16,468	4,759
Total assets	**15,803**	**4,567**	17,931	5,182
Current liabilities	**543**	**157**	1,419	410
Total liabilities	**543**	**157**	1,419	410
Net assets	**15,260**	**4,410**	16,512	4,772

G4 First year application of new standards or change in policy

SCHHS did not voluntarily change any of its accounting policies during 2020-21. No Australian Accounting Standards have been early adopted for 2020-21.

SCHHS applied AASB 1059 *Service Concession Arrangements: Grantors* for the first time in 2020-21. The nature and effect of changes resulting from the adoption of AASB 1059 are described below.

1. Scope of AASB 1059

AASB 1059 applies to grantors in service concession arrangements, which involve an operator:

a) providing public services related to a service concession asset on behalf of a grantor; and
b) managing at least some of those services under its own discretion, rather than at the direction of the grantor.

In addition, the grantor must control the asset, which is demonstrated by:

a) controlling or regulating –
   - what services the operator must provide with the asset;
   - to whom it must provide them;
   - at what price; and
b) controlling any significant residual interest in the asset at the end of the term of the arrangement.

Public-private partnership arrangements that do not fall within scope of AASB 1059 are assessed under other accounting standards to determine the appropriate accounting treatment.

Notes to the financial statements
For the year ended 30 June 2021

G4 First year application of new standards or change in policy (continued)

2. Accounting for service concession arrangements under AASB 1059

Service concession asset

The grantor recognises a service concession asset provided by the grantor upon gaining control of the asset. The asset is initially measured at current replacement cost and subsequently depreciated over the asset's useful life.

Where an existing asset of the grantor (e.g. Property Plant and Equipment) becomes a service concession asset, the asset is reclassified as a service concession asset and is revalued to current replacement cost.

Liabilities

The nature of the liability recognised depends on how the operator is compensated for the asset.

- Where the grantor makes capital payments to the operator, the grantor recognises a financial liability. Payments to the operator for services are not included in the financial liability, they are expensed as incurred.
- Where the grantor grants the operator a right to earn revenue from users of the asset or a right to access another revenue-generating asset for the operator's own use, the grantor recognises an unearned revenue liability.
- A service concession arrangement may involve both payments and grant of a right to the operator.

The financial liability accrues interest and is reduced when capital payments are made to the operator. Unearned revenue is recognised as revenue over the concession period reflecting the economic substance of the arrangement. Where the service concession asset is an existing asset of the grantor, unearned revenue is only recognised to the extent of any consideration received from the operator.

3. Transitional impact

SCHHS had a contractual relationship with Ramsay Health Care (RHC) whereby SCHHS funded RHC for the provision of hospital services to public patients at Noosa Hospital – see agreement details at Note C9 Public Private Partnerships (PPPs). The service concession period commenced on 1 September 1999 and terminated on 30 June 2020 with title to the building assets transferring to SCHHS on 1 July 2020. Over this contract term, SCHHS did not control the building facilities associated with this arrangement. These building facilities were utilised by RHC to provide the agreed services to public patients, along with separate private hospital services to private patients.

Under previously applicable accounting standards and Queensland Treasury policies, the building facilities had not been recognised on the SCHHS balance sheet. Upon transitioning to AASB 1059, SCHHS recognised the hospital facility as a service concession asset. At the same time, SCHHS recognised a financial liability representing an unearned revenue liability. The assets and liabilities are recognised retrospectively as an adjustment to opening comparative balances at 1 July 2019, with the net difference taken to opening accumulated result.

The following table summarises the transitional adjustments on 1 July 2019 (comparative opening balance) relating to the adoption of AASB 1059.

	$'000	Measurement Basis
Service concession asset	33,457	Current replacement cost as at 1 July 2019
Unearned revenue liability	827	Current replacement cost of the service concession asset at 1 July 2019 adjusted to reflect the remaining period of the service concession arrangement (1 year) relative to the total period of the arrangement (20 years).
Accumulated result	32,630	The difference between the service concession asset and the unearned revenue liability. This reflects the 19 years of revenue already earned prior to 1 July 2019.

Other than the contract with RHC for Noosa Hospital which resulted in the transfer of Noosa Hospital facility to SCHHS on 1 July 2020, SCHHS does not have any arrangements that fall within the scope of AASB 1059.

Notes to the financial statements
For the year ended 30 June 2021

G4 First year application of new standards or change in policy (continued)

	Note	Originally presented $'000	AASB 1059 change $'000	Restated 2019 $'000
Statement of financial position				
Assets				
Service concession asset	C9	-	33,457	33,457
Total non-current assets		1,996,093	33,457	2,029,550
Total assets		2,118,377	33,457	2,151,834
Liabilities				
Unearned revenue		16,616	827	17,443
Total current liabilities		126,046	827	126,873
Total liabilities		721,570	827	722,397
Net assets		1,396,807	32,630	1,429,437
Equity				
Asset revaluation surplus		291,161	-	291,161
Accumulated result		(14,672)	32,631	17,959
Total equity		1,396,807	32,631	1,429,438

	Note	Originally presented $'000	AASB 1059 change $'000	Restated 2020 $'000
Statement of comprehensive income				
Income				
Other revenue		12,525	827	13,352
Total revenue		1,281,411	827	1,282,238
Expenses				
Depreciation and amortisation	C3	(118,311)	(2,288)	(120,599)
Total expenses		(1,308,514)	(2,288)	(1,310,802)
Increase in the asset revaluation surplus		28,665	796	29,461
Other comprehensive income for the year		28,665	796	29,461
Total comprehensive income for the year		1,638	(665)	973
Statement of financial position				
Assets				
Service concession asset	C9	-	31,965	31,965
Total non-current assets		1,922,415	31,965	1,954,380
Total assets		2,013,379	31,965	2,045,344
Net assets		1,297,918	31,965	1,329,883
Equity				
Asset revaluation surplus	C10.2	319,826	796	320,622
Accumulated result		(41,699)	31,169	(10,530)
Total equity		1,297,918	31,965	1,329,883

Notes to the financial statements
For the year ended 30 June 2021

G5 Taxation

The only federal taxes that SCHHS is assessed against are Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). All FBT and GST reporting to the Commonwealth is managed centrally by the Department with payments/receipts made on behalf of SCHHS reimbursed to/from the Department on a monthly basis. GST credits receivable from, and GST payable to the Australian Tax Office (ATO), are recognised on this basis.

Both SCHHS and the Department satisfy section 149-25 of the *A New Tax System (Goods and Services Tax) Act 1999 (Cth)* (the GST Act). Consequently they were able, with other HHSs, to form a group for GST purposes under Division 149 of the GST Act. Any transactions between the members of the group do not attract GST.

G6 COVID-19 risk disclosures

The impact of the COVID-19 pandemic continues to unfold across the globe with wide reaching impacts and uncertainty. SCHHS, like many health organisations was severely impacted by the event with significant disruption to normal business operations, having to prepare and ensure readiness and capacity to respond to the treatment and care of COVID-19 affected patients. This continued in 2020-21 and has also included active participation in the administering of the COVID-19 vaccinations.

In 2020-21, total funding of $33.398m (2019-20 $4.104m) was received from the Commonwealth Government through the COVID-19 National Partnership Agreement and additionally through the Department Service Agreement (Service Agreement) towards the costs of managing the COVID-19 response, including administering the COVID-19 vaccinations. Some costs were also funded as part of existing Service Agreement funding where staff were realigned to COVID-19 support activities and not required to be backfilled or for providing patient clinical services funded by the Service Agreement. Total COVID-19 related expenditure for the financial year is estimated at $24.725m (2019-20 $14.592m).

SCHHS has considered COVID-19 impacts on its 2020-21 land and building valuation results with no resultant movements. Both valuers (State Valuation Services for land and GRC Quantity Surveyors for buildings) were requested to provide additional confirmation on potential COVID-19 impacts with both parties confirming no further adjustments to initial valuation results. Despite the acknowledged uncertainty, confirmation was based on overall market and construction price stability over the reporting period.

There were no assessed COVID-19 credit risk impacts on trade receivables as at 30 June 2021. SCHHS is carefully monitoring all outstanding debts and has provided short term payment relief or payment plan arrangements to debtors where required.

G7 Climate risk

SCHHS has not identified any material climate related risks relevant to the financial report at the reporting date, however, constantly monitors the emergence of such risks under the Queensland Government's Climate Transition Strategy. No adjustments to the carrying value of recorded assets or other adjustments to the amounts recorded in the financial statements were recognised during the financial year.

Management Certificate
For the year ended 30 June 2021

These general purpose financial statements have been prepared pursuant to Section 62(1) of the *Financial Accountability Act 2009* (the Act), Section 39 of the *Financial and Performance Management Standard 2019* and other prescribed requirements. In accordance with Section 62(1)(b) of the Act we certify that in our opinion:

a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and

b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Sunshine Coast Hospital and Health Service for the financial year ended 30 June 2021 and of the financial position of the Sunshine Coast Hospital and Health Service at the end of that year; and

We acknowledge responsibility under Section 7 and Section 11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.

Sabrina Walsh *Exec MPA, M.App. Psych.*
Board Chair
Sunshine Coast Hospital and Health Board

Dated 27-08-21

Dr Mark Waters
Interim Health Service Chief Executive
Sunshine Coast Hospital and Health Service

Dated 27.08.21

Andrew McDonald *CA*
Acting Chief Finance Officer
Sunshine Coast Hospital and Health Service

Dated 27/08/2021

Queensland Audit Office
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INDEPENDENT AUDITOR'S REPORT

To the Board of Sunshine Coast Hospital and Health Service

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Sunshine Coast Hospital and Health Service.

In my opinion, the financial report:

a) gives a true and fair view of the entity's financial position as at 30 June 2021, and its financial performance and cash flows for the year then ended

b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the entity in accordance with the 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 report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

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

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

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Valuation of specialised buildings $1.66 billion

Refer note C3 in the financial report.

Description	How my audit procedures addressed this key audit matter
Buildings were material to Sunshine Coast Hospital and Health Service at balance date and were measured at fair value using the current replacement cost method. Sunshine Coast Hospital and Health Service performed a comprehensive revaluation over the Sunshine Coast University Hospital. The current replacement cost method comprises: • gross replacement cost, less • accumulated depreciation. Sunshine Coast Hospital and Health Service derived the gross replacement cost of its buildings at the balance date using unit prices that required significant judgements for: • identifying the components of buildings with separately identifiable replacement costs • developing a unit rate for each of these components, including: – estimating the current cost for a modern substitute (including locality factors and on costs) – identifying whether the existing building contains obsolescence or less utility compared to the modern substitute, and if so estimating the adjustment to the unit rate required to reflect this difference. The measurement of accumulated depreciation involved significant judgements for forecasting the remaining useful lives of building components. For its other buildings, Sunshine Coast Hospital and Health Service performed an indexation valuation. Using indexation required: • significant judgement in determining changes in cost and design factors for each asset type since the previous comprehensive valuation • reviewing previous assumptions and judgements used in the last comprehensive valuation to ensure ongoing validity of assumptions and judgements used. The significant judgements required for gross replacement cost and useful lives are also significant judgements for calculating annual depreciation expense.	My procedures included, but were not limited to: • assessing the adequacy of management's review of the valuation process and results • reviewing the scope and instructions provided to the valuer • assessing the appropriateness of the valuation methodology and the underlying assumptions with reference to common industry practices • assessing the appropriateness of the components of buildings used for measuring gross replacement cost with reference to common industry practices • assessing the competence, capabilities and objectivity of the experts used to develop the models • for unit rates associated with buildings that were comprehensively revalued this year: – on a sample basis, evaluating the relevance, completeness and accuracy of source data used to derive the unit rate of the modern substitute (including locality factors and oncosts) – adjustment for excess quality or obsolescence. • evaluating the relevance and appropriateness of the indices used for changes in cost inputs by comparing to other relevant external indices • evaluating useful life estimates for reasonableness by: – reviewing management's annual assessment of useful lives – at an aggregated level, reviewing asset management plans for consistency between renewal budgets and the gross replacement cost of assets – ensuring that no building asset still in use has reached or exceeded its useful life – enquiring of management about their plans for assets that are nearing the end of their useful life – reviewing assets with an inconsistent relationship between condition and remaining useful life. • Where changes in useful lives were identified, evaluating whether the effective dates of the changes applied for depreciation expense were supported by appropriate evidence.

Responsibilities of the entity for the financial report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Board is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

From the matters communicated with the Board, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2021:

a) I received all the information and explanations I required.

b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the entity's transactions and account balances to enable the preparation of a true and fair financial report.

30 August 2021

David Toma
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

ANNUAL REPORT 2020–2021
Sunshine Coast Hospital and Health Service
www.health.qld.gov.au/sunshinecoast