

## Financial Summary

Sunshine Coast Health reported an operating deficit of \$7.9 million for the year ended 30 June 2024.

**Table 11: Revenue and expenses— financial year ended 30 June 2024 and 2023**

	2024	2023
	\$'000	\$'000
<b>Revenue</b>	<b>1,793,467</b>	<b>1,611,349</b>
<b>Expenses</b>		
Employee expenses	(1,150,716)	(1,061,516)
Supplies and services	(424,475)	(363,634)
Depreciation and amortisation	(163,850)	(144,461)
Interest and other expenses	(62,317)	(56,527)
<b>Total expenses</b>	<b>(1,801,358)</b>	<b>(1,626,138)</b>
<b>Net deficit from operations</b>	<b>(7,891)</b>	<b>(14,789)</b>

### Where the money comes from

Sunshine Coast Health's income was \$1.793 billion, which is an increase of \$182.1 million (11.3 per cent) from the prior year. Of this, the Queensland Government's contribution was \$1,102.1 million and the Commonwealth contribution was \$513.7 million. Specific-purpose grants and other contributions worth \$26.3 million were received and user charges, fees and other revenue was \$151.4 million.

### Where the money goes

Sunshine Coast Health's expenses for 2023-24 were \$1.801 billion, which is an increase of \$175.2 million (10.8 per cent). The largest portion of expenditure relates to employee expenses including clinicians and support staff (63.9 per cent). Supplies and services expenses such as clinical supplies, drugs, prosthetics, pathology, catering, repairs and maintenance, energy, communication and computers account for 23.6 per cent of expenditure; 9.1 per cent of expenditure was related to depreciation and amortisation of the fixed asset base; and 3.4 per cent of expenditure relates to interest and other expenses.

### Financial outlook

Sunshine Coast Health is committed to providing better health outcomes for its community. Financial year 2024-25 will continue to be fiscally challenging for the Health Service as it continues to implement strategies to transition towards long term financial sustainability.

### 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.

As of 30 June 2024, Sunshine Coast HHS had reported anticipated maintenance of \$24,509,195.

Sunshine Coast Health has the following strategies in place to mitigate risks associated with these items:

- Ongoing condition assessment program covering major facilities to inform long-term maintenance plans and assist with prioritisation of works based on risk and linkage to clinical service delivery.
- Completion of the Strategic Asset Management Plan (SAMP) and the Asset Maintenance Management Plan (AMMP) to inform and support lifecycle management for current and future financial years.
- Funding applications under the Sustaining Capital Program.

# Sunshine Coast Hospital and Health Service Financial Statements

For the year ended 30 June 2024

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## Statement of Comprehensive Income

### For the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
<b>Income</b>			
Funding for public health services	B1.1	1,615,780	1,446,420
User charges and fees	B1.2	133,029	122,315
Grants and other contributions	B1.3	26,332	23,214
Other revenue	B1.4	17,797	19,193
<b>Total revenue</b>		<b>1,792,938</b>	1,611,142
Gains on disposal of assets		529	207
<b>Total income from continuing operations</b>		<b>1,793,467</b>	1,611,349
<b>Expenses</b>			
Employee expenses	B2.1	(198,049)	(168,942)
Health service employee expenses	B2.1	(952,667)	(892,574)
Supplies and services	B2.2	(424,475)	(363,634)
Depreciation and amortisation	C3, C4, C5	(163,850)	(144,461)
Impairment losses	C2	(1,211)	(1,647)
Interest expense	B2.3	(38,603)	(33,605)
Other expenses	B2.4	(22,503)	(21,275)
<b>Total expenses</b>		<b>(1,801,358)</b>	(1,626,138)
<b>Operating result for the year</b>		<b>(7,891)</b>	(14,789)
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to operating result</i>			
Increase in the asset revaluation surplus	C10.2	489,069	343,309
<b>Other comprehensive income for the year</b>		<b>489,069</b>	343,309
<b>Total comprehensive income for the year</b>		<b>481,178</b>	328,520

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

## Statement of Financial Position

### As at 30 June 2024

	Note	2024 \$'000	2023 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1	21,530	17,592
Trade and other receivables	C2	52,402	47,457
Inventories		8,776	7,770
Other current assets		5,052	4,434
<b>Total current assets</b>		<b>87,760</b>	<b>77,253</b>
<b>Non-current assets</b>			
Property, plant and equipment	C3	2,610,876	2,245,097
Intangibles	C4	820	1,069
Right-of-use assets	C5	449	725
<b>Total non-current assets</b>		<b>2,612,145</b>	<b>2,246,891</b>
<b>Total assets</b>		<b>2,699,905</b>	<b>2,324,144</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	C6	153,975	170,354
Lease liabilities		135	215
Interest bearing liability	C7	12,610	11,636
Accrued employee benefits		4,788	15,213
Contract liabilities	C8	5,175	5,417
<b>Total current liabilities</b>		<b>176,683</b>	<b>202,835</b>
<b>Non-current liabilities</b>			
Interest bearing liability	C7	458,514	471,125
Contract liabilities	C8	65,826	69,575
Lease liabilities		402	748
<b>Total non-current liabilities</b>		<b>524,742</b>	<b>541,448</b>
<b>Total liabilities</b>		<b>701,425</b>	<b>744,283</b>
<b>Net assets</b>		<b>1,998,480</b>	<b>1,579,861</b>
<b>Equity</b>			
Contributed equity	C10.1	699,791	762,350
Asset revaluation surplus	C10.2	1,364,905	875,836
Accumulated deficit		(66,216)	(58,325)
<b>Total equity</b>		<b>1,998,480</b>	<b>1,579,861</b>

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

## Statement of Changes in Equity

### For the year ended 30 June 2024

	Note	Contributed equity \$'000	Asset revaluation surplus \$'000	Accumulated result \$'000	Total equity \$'000
<b>Balance at 1 July 2022</b>		836,818	532,527	(43,536)	1,325,809
Operating result for the year		-	-	(14,789)	(14,789)
Other comprehensive income for the year	C10.2	-	343,309	-	343,309
<b>Total comprehensive income for the year</b>		-	343,309	(14,789)	328,520
<b>Transactions with owners in their capacity as owners:</b>					
Cash injection from the Department for capital works and acquisitions		70,854	-	-	70,854
Reclassify equity received (to)/from revenue		(1,913)	-	-	(1,913)
Non cash injection of other capital assets		1,052	-	-	1,052
Equity injections		69,993	-	-	69,993
Non cash withdrawal for depreciation and amortisation		(144,461)	-	-	(144,461)
Non cash withdrawal for assets transferred to the Department		-	-	-	-
Equity withdrawals		(144,461)	-	-	(144,461)
<b>Transactions with owners in their capacity as owners</b>	C10.1	(74,468)	-	-	(74,468)
<b>Balance at 30 June 2023</b>		<u>762,350</u>	<u>875,836</u>	<u>(58,325)</u>	<u>1,579,861</u>
<b>Balance at 1 July 2023</b>		<b>762,350</b>	<b>875,836</b>	<b>(58,325)</b>	<b>1,579,861</b>
Operating result for the year		-	-	(7,891)	(7,891)
Other comprehensive income for the year	C10.2	-	489,069	-	489,069
<b>Total comprehensive income for the year</b>		-	489,069	(7,891)	481,178
<b>Transactions with owners in their capacity as owners:</b>					
Non appropriated cash injection from the Department		38,000	-	-	38,000
Cash injection from the Department for capital works and acquisitions		57,773	-	-	57,773
Reclassify equity received (to)/from revenue		5,566	-	-	5,566
Non cash injection of other capital assets		80	-	-	80
Equity injections		101,419	-	-	101,419
Non cash withdrawal for depreciation and amortisation		(163,850)	-	-	(163,850)
Non cash withdrawal for assets transferred to the Department or QH entities		(128)	-	-	(128)
Equity withdrawals		(163,978)	-	-	(163,978)
<b>Transactions with owners in their capacity as owners</b>	C10.1	(62,559)	-	-	(62,559)
<b>Balance at 30 June 2024</b>		<u>699,791</u>	<u>1,364,905</u>	<u>(66,216)</u>	<u>1,998,480</u>

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 2024

	2024	2023
Note	\$'000	\$'000
<b>Cash flows from operating activities</b>		
<b>Inflows</b>		
Funding for public health services	1,434,632	1,263,717
User charges and fees	131,291	121,517
Grants and other contributions	14,326	12,392
Interest received	830	448
GST collected from customers	6,779	6,624
GST input tax credits	31,917	33,173
Other revenue	16,954	14,964
<b>Outflows</b>		
Employee and Health service employee expenses	(1,176,298)	(1,025,213)
Supplies and services	(407,282)	(344,153)
GST paid to suppliers	(30,610)	(34,214)
GST remitted	(6,767)	(6,567)
Interest expense	(38,840)	(33,823)
Other expenses	(21,970)	(20,883)
Net cash from / (used by) operating activities	CF.1 <u>(45,038)</u>	<u>(12,018)</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	529	207
Payments for property, plant and equipment	(40,588)	(70,042)
Payments for intangibles	(241)	-
Net cash / (used by) investing activities	<u>(40,300)</u>	<u>(69,835)</u>
<b>Cash flows from financing activities</b>		
Proceeds from equity injections	101,339	70,854
Borrowing redemptions	CF.2 (11,637)	(10,737)
Principal payments of lease liabilities	CF.2 (426)	(214)
Net cash from / (used by) financing activities	<u>89,276</u>	<u>59,903</u>
Net increase / (decrease) in cash held	<u>3,938</u>	<u>(21,950)</u>
Cash and cash equivalents at the beginning of the financial year	<u>17,592</u>	<u>39,542</u>
<b>Cash and cash equivalents at the end of the financial year</b>	C1 <u><u>21,530</u></u>	<u><u>17,592</u></u>

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



# Notes to the Financial Statements

## For the year ended 30 June 2024

### Notes to the Statement of Cash Flows

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

	2024	2023
	\$'000	\$'000
Operating result for the year	(7,891)	(14,789)
Adjustments for:		
Proceeds from disposal of property plant and equipment	(529)	(207)
Inventory written off	225	248
Losses on disposal of non-current assets	533	392
Depreciation and amortisation	163,850	144,461
Depreciation and amortisation funding offset from the Department	(163,850)	(144,461)
Derecognition / transfer out of plant and equipment	-	463
Donations of plant and equipment	(598)	(207)
Impairment losses on financial assets	1,211	1,647
Movements in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(9,033)	(4,256)
(Increase)/decrease in GST input tax credits receivables	1,319	(984)
(Increase)/decrease in inventories	(1,006)	(1,378)
(Increase)/decrease in accrued revenue	2,773	(6,669)
(Increase)/decrease in other current assets	(618)	(702)
Increase/(decrease) in trade payables	(20,741)	6,861
Increase/(decrease) in salaries and wages accrued	(10,492)	12,717
Increase/(decrease) in other employee benefits payable	67	(94)
Increase/(decrease) in contract liabilities	(258)	(5,060)
<b>Net cash from / (used by) operating activities</b>	<b>(45,038)</b>	<b>(12,018)</b>

#### CF.2 Changes in liabilities arising from financing activities

2024	Opening balance \$'000	Non-cash changes		Cash flows	
		New leases acquired \$'000		Cash repayments \$'000	Closing balance \$'000
Lease liabilities	963	-		(426)	537
Interest bearing liabilities	482,761	-		(11,637)	471,124
<b>Total</b>	<b>483,724</b>	<b>-</b>		<b>(12,063)</b>	<b>471,661</b>

2023	Opening balance \$'000	Non-cash changes		Cash flows	
		New leases acquired \$'000		Cash repayments \$'000	Closing balance \$'000
Lease liabilities	1,177	-		(214)	963
Interest bearing liabilities	493,498	-		(10,737)	482,761
<b>Total</b>	<b>494,675</b>	<b>-</b>		<b>(10,951)</b>	<b>483,724</b>

#### CF.3 Non-cash investing and financing activities

Assets received or donated/transferred by the Department are recognised as revenue (refer Note B1.3) and property, plant and equipment (refer Note C3) as applicable.

# Notes to the Financial Statements

For the year ended 30 June 2024

## 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 (State Government) 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 [sc-communications@health.qld.gov.au](mailto:sc-communications@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 Queensland Government Agencies for reporting periods beginning on or after 1 July 2023.

The 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.

No new accounting standards or interpretations applied to SCHHS for the first time in 2023-24. No Australian Accounting Standards have been early adopted for 2023-24.

### 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 2022-23 financial statements. Comparatives have been reclassified where appropriate for consistency with current year classification.

#### 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 the right at the end of the reporting period 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 2024

### 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 building 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.

Where fair value is used, the fair value approach is disclosed. 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.

### A8 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 of Health (the Department).

The Service Agreement provides performance targets and terms and conditions in relation to provision of funding commitments and agreed purchased activity for this period. The Board and management of SCHHS believe that the terms and conditions of its funding arrangements under the Service Agreement Framework, and with support as required by the Department, will provide SCHHS with sufficient cash resources to meet its financial obligations for at least the next financial year. During the year SCHHS received a non appropriated cash injection from the Department of \$38 million to fund operating activities.

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 2024

## Section B: Notes about our Financial Performance

### B1 Revenue

#### B1.1 Funding for public health services

	2024 \$'000	2023 \$'000
Revenue from contracts with customers		
Activity based funding	1,249,191	1,138,592
Other funding for public health services		
Depreciation funding	163,850	144,461
Block funding	113,937	101,980
Other system manager funding	88,802	59,763
COVID-19 funding	-	1,624
<b>Total</b>	<b>1,615,780</b>	<b>1,446,420</b>

#### Accounting policy – Funding for public health services

Funding for public health services primarily comprises revenue from the Department as System Manager for the public health system in Queensland.

Of the total funding for public health services received in 2024, \$1,102.126m (2023: \$999.120m) was received from the State Government with \$513.654m (2023: \$447.300m) received from the Commonwealth Government.

The Service Agreement between the Department and SCHHS 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 is undertaken according to the provisions of the Service Agreement, for the level of services performed above or below the agreed levels. The technical adjustments ensure that the revenue recognised in each financial year correctly reflects SCHHS delivery of health services and may result in a recognition of accrued revenue, contract asset, deferred revenue, or contract liabilities.

#### Activity Based Funding (ABF)

ABF is recognised over time as activity is delivered, or as otherwise agreed, in line with AASB 15 *Revenue from Contracts with Customers*. Delivery of activity includes provision of hospital services to patients.

#### Depreciation funding

The Service Agreement specifies that the Department funds SCHHS's depreciation and amortisation charges via non-cash revenue. This transaction is shown in the Statement of Changes in Equity as a non-appropriated equity withdrawal.

#### Block funding

Block funding is received for non-ABF facilities and other services SCHHS has agreed to provide under the Service Agreement. This funding is recognised upon receipt of funds and accords with the requirements of AASB 1058 *Income of Not-for-Profit Entities*.

#### Other system manager funding

Other system manager funding includes revenue provided for specific purposes, including project related costs. This funding is either recognised under AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit Entities*.

#### COVID-19 funding

In March 2020, the Commonwealth and states entered into a National Partnership on COVID-19 response. Under this agreement, the parties agreed to work together in response to the COVID-19 pandemic and to jointly fund additional health expenditure incurred to effectively manage the COVID-19 outbreak. Some funding was also provided through the Service Agreement. The COVID-19 funding ceased in the 2022-23 financial year. COVID-19 funding is recognised under AASB 1058 *Income of Not-for-Profit Entities*.

# Notes to the Financial Statements

For the year ended 30 June 2024

## B1 Revenue (continued)

### B1.2 User charges and fees

	2024 \$'000	2023 \$'000
Revenue from contracts with customers		
Sale of goods and services	17,753	15,807
Hospital fees	54,950	49,503
Pharmaceutical Benefits Scheme reimbursement	60,326	57,005
<b>Total</b>	<b>133,029</b>	<b>122,315</b>

### Accounting policy – User charges and fees

#### Sale of goods and services and hospital fees

User charges principally includes public patients electing to use private health insurance, self-funded private patients, bulk-billed outpatients (Medicare) and research. User charges and fees from contracts with customers is recognised as revenue when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This involves either invoicing for related goods and services and/or the recognition of accrued revenue.

#### Pharmaceutical Benefits Scheme (PBS) reimbursement

Revenue in relation to PBS is recognised at the point in time when service obligations are met. SCHHS invoices patients for prescription medicines at the reduced PBS rate and is entitled to reimbursement under the scheme. Where SCHHS has satisfied the performance obligations but not yet claimed through PBS arrangement, a contract asset is raised.

### B1.3 Grants and other contributions

	2024 \$'000	2023 \$'000
Revenue from contracts with customers		
State Government grants	-	90
Commonwealth Government grants	13,114	11,096
Other grants	709	577
	<b>13,823</b>	<b>11,763</b>
Other grants and other contributions		
Services received below fair value	11,408	10,615
Donations	1,101	836
	<b>12,509</b>	<b>11,451</b>
<b>Total</b>	<b>26,332</b>	<b>23,214</b>

### Accounting policy – Grants and other contributions

Where the grant agreement is enforceable and contains sufficiently specific performance obligations, revenue is recognised in line with satisfaction of these obligations with reference to AASB 15 *Revenue from Contracts with Customers*. Otherwise, the grant is recognised upon receipt of funding in accordance with AASB 1058 *Income of Not-for-Profit Entities*.

#### Commonwealth Government grants

Commonwealth Government grants were received to support programmes such as Transition Care and Home Support Programme.

#### Other grants

Other grants occur when the grant or other funding agreement contains sufficiently specific performance obligations for SCHHS to transfer services.

# Notes to the Financial Statements

## For the year ended 30 June 2024

### B1 Revenue (continued)

#### B1.3 Grants and other contributions (continued)

##### Accounting policy – Grants and other contributions (continued)

##### Services received below fair value

Services received below fair value represents corporate services received by SCHHS below fair value, from the Department for nil consideration. Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be measured reliably. The revenue is classified under AASB 1058 *Income of Not-for-Profit Entities*.

##### Donations

SCHHS receives various types of donations, primarily from the Sunshine Coast Health Foundation (Wishlist) for support services and equipment. The donations are recognised upon receipt under AASB 1058 *Income of Not-for-Profit Entities*.

#### B1.4 Other revenue

	2024 \$'000	2023 \$'000
Rental income	7,233	7,313
Recoveries	4,709	3,954
Interest income	840	491
Other revenue	<u>5,015</u>	<u>7,435</u>
<b>Total</b>	<b><u>17,797</u></b>	<b><u>19,193</u></b>

##### Accounting policy – Other revenue

Other revenue is recognised when the right to receive the revenue has been established. Revenue is measured at the fair value of the consideration received, or receivable. It is comprised of the following:

##### Rental income

SCHHS receives rental income from the Sunshine Coast University Hospital (SCUH) car parks and from Noosa Hospital (refer to Note C9 Public Private Partnerships (PPPs)).

##### Recoveries

Recovery income is received as reimbursement of goods, services or staff provided by SCHHS to other hospital and health services and government agencies.

##### Interest income

Interest income is earned from cash on deposit with Queensland Treasury Corporation.

##### Other revenue

Other revenue includes gain on sale of property, plant and equipment, research, and other fees.

# Notes to the Financial Statements

## For the year ended 30 June 2024

### B2 Expenses

#### B2.1 Employee and Health service employee expenses

##### (a) Employee expenses

Employee expenses include Board members, contracted health service executives, and Senior Medical Officers (including Visiting Medical officers) directly engaged by SCHHS.

	2024 \$'000	2023 \$'000
Wages and salaries	151,945	134,258
Employer superannuation contributions	18,968	11,158
Annual leave levy	20,666	17,929
Long service leave levy	4,065	3,434
Workers' compensation	2,174	1,899
Other employee related expenses	231	264
<b>Total</b>	<b>198,049</b>	<b>168,942</b>

##### Wages and salaries

Wages and salaries due but unpaid at reporting date are recognised as accrued employee benefits 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.

Sick leave is included in wages and salaries. As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

##### Employer superannuation contributions

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 levy and long service leave levy

SCHHS participates in the State Government's Annual Leave and Long Service Leave Central Schemes. 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.

##### Other employee related expenses

Other employees related expenses include professional development, professional memberships, recruitment costs, relocation expenses and redundancy expenses.

# Notes to the Financial Statements

For the year ended 30 June 2024

## B2 Expenses (continued)

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

#### (b) Health service employee expenses

The *Hospital and Health Boards Act 2011* (the Act) outlines the employment arrangements for SCHHS. Effective 15 June 2020, a legislative change was enacted regarding employer arrangements within Queensland Health. From this date, non-executive employees of prescribed HHSs became employees of the Department.

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 classified as Health service employee expenses.

	2024 \$'000	2023 \$'000
Health service employee expenses reimbursed to the Department	<u>952,667</u>	<u>892,574</u>

#### (c) Number of full-time equivalent employees

The number of employees is measured on a full-time equivalent basis reflecting Minimum Obligatory Human Resource Information (MOHRI) as at 30 June 2024. Members of the Board are not included in the number of HHS employees.

	2024	2023
HHS employees	373	351
Health service employees	<u>6,997</u>	<u>6,463</u>
<b>Total employees</b>	<u><b>7,370</b></u>	<u><b>6,814</b></u>

#### (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

	2024 \$'000	2023 \$'000
Clinical supplies and services	103,377	88,667
Drugs	79,304	73,178
Pathology, blood and biomedical technical services	43,113	36,334
Repairs and maintenance	45,729	37,448
Services purchased from private providers	28,420	23,181
Building services and utilities	17,221	17,294
Communications	30,962	20,275
Catering and domestic supplies	16,593	15,163
Computer services	15,180	14,434
Services received below fair value	11,408	10,615
Clinical consultants and contractors	10,936	9,353
Expenses relating to capital works	6,112	3,641
Other consultants, professional services and contractors	3,632	2,894
Patient travel	3,338	2,848
Lease expenses	2,324	1,993
Motor vehicles	1,965	1,336
Other supplies and services	4,861	4,980
<b>Total</b>	<u><b>424,475</b></u>	<u><b>363,634</b></u>



# Notes to the Financial Statements

## For the year ended 30 June 2024

### B2 Expenses (continued)

#### B2.2 Supplies and services (continued)

##### Services purchased from private providers

Services purchased from private providers during the year amounted to \$28.420m (2023: \$23.181m). These expenses largely reflect the agreement with Noosa Privatised Hospital Pty Ltd for the provision of health services to public patients within the Noosa Hospital (refer to Note C9 Public Private Partnerships (PPPs)), Buderim Private Hospital and Eden Private Hospital.

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

A total of \$38.402m (2023: \$33.786m) was expensed across various categories of supplies and services in relation to quarterly service payments due to Exemplar Health in relation to the facility management of SCUH. Refer to Note C9 Public Private Partnerships (PPPs).

#### B2.3 Interest expense

	2024 \$'000	2023 \$'000
Interest expense	38,603	33,605
<b>Total</b>	<b>38,603</b>	<b>33,605</b>

##### Interest expense

Interest expenses are incurred in connection with the borrowing of funds in relation to the Sunshine Coast University Hospital Public Private Partnership Arrangement and the lease liabilities. Interest expenses are recognised as expenses within the period in which they are incurred.

#### B2.4 Other expenses

	2024 \$'000	2023 \$'000
Insurance premiums	14,965	14,441
Legal costs	502	615
Inventory written off	225	248
Losses from the disposal of non-current assets	533	392
Special payments	16	6
Other	6,262	5,573
<b>Total</b>	<b>22,503</b>	<b>21,275</b>

##### External audit fees

Total audit fees quoted by the Queensland Audit Office relating to the 2024 financial year, included in the Other category, were \$0.258m (2023: \$0.270m). 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 to QGIF was \$13.172m (2023: \$12.313m). 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. Other insurances relate to the Sunshine Coast Health Institute (SCHI) Joint Venture, SCUH Public Private Partnership and motor vehicles.

##### 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, no payments were made in excess of \$5,000 (2023: no payments in excess of \$5,000).

# Notes to the Financial Statements

For the year ended 30 June 2024

## Section C: Notes about our Financial Position

### C1 Cash and cash equivalents

	2024 \$'000	2023 \$'000
Cash at bank and on hand	6,211	2,979
Cash on deposit	15,319	14,613
<b>Total</b>	<b>21,530</b>	<b>17,592</b>
<b>Cash at bank and on hand</b>		

SCHHS's bank accounts are grouped within the Whole-of-Government set-off arrangement with Queensland Treasury Corporation (QTC). 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

Cash on deposit, which is held on-call, relates to invested 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 QTC earned interest at an annual effective rate of 4.82% (2023: 4.23%).

#### 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, and for the purchase of specific non-current assets. Contributions are also received from benefactors in the form of gifts, bequests, donations and legacies for stipulated purposes. At 30 June 2024, an amount of \$17.080m (2023: \$15.036m) is set aside for specified purposes defined by the contribution. The majority of the balance is held as cash on deposit in the General Trust.

### C2 Trade and other receivables

	2024 \$'000	2023 \$'000
Trade receivables	24,903	24,252
Less: Allowance for credit losses	(1,043)	(998)
	<b>23,860</b>	<b>23,254</b>
GST receivable	2,078	3,385
GST payable	(1,490)	(1,478)
	<b>588</b>	<b>1,907</b>
Accrued revenue	14,267	17,040
Contract assets - funding for public health services	13,687	5,256
<b>Total</b>	<b>52,402</b>	<b>47,457</b>

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

#### Trade receivables

Trade receivables 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. Patient accommodation billing for private patients makes up the majority of trade receivables.

#### Allowance for credit losses

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.

# Notes to the Financial Statements

## For the year ended 30 June 2024

### C2 Trade and other receivables (continued)

#### Accrued revenue

Accrued revenue relates to funding for public health services owing to SCHHS that does not arise from contracts with customers.

#### Contract assets - funding for public health services

Revenue relates to funding for public health services owing to SCHHS that arises from contracts with customers.

#### Credit risk exposure of receivables

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

The loss allowance for trade and other debtors reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information. Economic changes impacting SCHHS's debtors and relevant industry data form part of the impairment assessment. SCHHS uses a provision matrix to measure the expected credit losses on trade and other debtors. Loss rates are calculated separately for the groupings of customers with similar revenue profiles and historical loss patterns experienced. Consideration is given to reasonable and supportable forward-looking information and related business processes that may impact future recovery of those receivables and may result in an adjustment to the historical loss rates for the groupings.

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

	2024			2023		
	Trade receivables \$'000	Loss rate %	Allowance for credit losses \$'000	Trade receivables \$'000	Loss rate %	Allowance for credit losses \$'000
<b>Aging</b>						
Current	8,699	2%	(148)	10,050	1%	(132)
1 - 30 days overdue	6,210	2%	(139)	4,530	2%	(107)
31 - 60 days overdue	3,616	4%	(153)	2,769	4%	(99)
61 - 90 days overdue	2,475	4%	(111)	2,605	7%	(172)
More than 90 days overdue	3,903	13%	(492)	4,298	11%	(488)
<b>Total</b>	<b>24,903</b>		<b>(1,043)</b>	<b>24,252</b>		<b>(998)</b>

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

	2024 \$'000	2023 \$'000
Opening balance	998	785
Additional provisions recognised in operating result	1,211	1,647
Receivables written off during the year as uncollectable	(1,166)	(1,434)
Closing balance	<b>1,043</b>	<b>998</b>

# Notes to the Financial Statements

## For the year ended 30 June 2024

### C3 Property, plant and equipment

	2024 \$'000	2023 \$'000
Land - at fair value	111,545	105,592
Buildings - at fair value	2,927,078	2,843,179
Less: Accumulated depreciation	<u>(567,061)</u>	<u>(876,570)</u>
	2,360,017	1,966,609
Plant and equipment - at cost	238,630	235,176
Less: Accumulated depreciation	<u>(154,455)</u>	<u>(142,664)</u>
	84,175	92,512
Capital works in progress - at cost	<u>55,139</u>	<u>80,384</u>
<b>Total</b>	<u><u>2,610,876</u></u>	<u><u>2,245,097</u></u>

### 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 2022	84,863	680	1,751,390	98,961	40,062	1,975,956
Additions	-	-	103	18,122	51,806	70,031
Disposals	-	-	-	(392)	-	(392)
Revaluation increments	20,729	90	322,490	-	-	343,309
Transfers in / Donations	-	-	-	207	-	207
Derecognition / Transfers out	-	-	-	(272)	(191)	(463)
Transfers between classes	-	-	8,711	2,582	(11,293)	-
Depreciation expense	-	(59)	(116,796)	(26,696)	-	(143,551)
Carrying amount at 30 June 2023	105,592	711	1,965,898	92,512	80,384	2,245,097
<b>Carrying amount at 1 July 2023</b>	<b>105,592</b>	<b>711</b>	<b>1,965,898</b>	<b>92,512</b>	<b>80,384</b>	<b>2,245,097</b>
Additions	-	-	16	13,998	26,574	40,588
Disposals	-	-	-	(1,264)	-	(1,264)
Revaluation increments	5,953	42	483,074	-	-	489,069
Revaluation decrements	-	-	-	-	-	-
Transfers in / Donations	-	-	-	598	-	598
Derecognitions / Transfers out	-	-	-	(128)	-	(128)
Transfers between classes	-	-	48,464	3,355	(51,819)	-
Depreciation expense	-	(68)	(138,120)	(24,896)	-	(163,084)
<b>Carrying amount at 30 June 2024</b>	<b>111,545</b>	<b>685</b>	<b>2,359,332</b>	<b>84,175</b>	<b>55,139</b>	<b>2,610,876</b>

### Recognition

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

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

# Notes to the Financial Statements

## For the year ended 30 June 2024

### C3 Property, plant and equipment (continued)

Expenditure on property, plant and equipment is capitalised where it is probable that the expenditure will produce future service potential for SCHHS. Subsequent expenditure is only added to an asset's carrying amount if it increases the service potential or useful life of that asset. Maintenance expenditure that merely restores original service potential (lost through ordinary wear and tear) is expensed.

#### Componentisation of complex assets

Complex assets comprise of separately identifiable components (or groups of components) of significant value, that require replacement at regular intervals and at different times to other components comprising the complex asset. SCHHS considers its hospital buildings as complex assets.

On initial recognition, the asset recognition thresholds outlined above apply to the complex asset as a single item. Where the complex asset qualifies for recognition, components are then separately recorded when their value is significant relative to the total cost of the complex asset.

When a separately identifiable component (or group of components) of significant value is replaced, the existing component(s) is derecognised. The replacement component(s) is capitalised when it is probable that future economic benefits from the significant component will flow to SCHHS in conjunction with the other components comprising the complex asset and the cost exceeds the asset recognition thresholds specified above. Replacement components that do not meet the asset recognition thresholds for capitalisation are expensed.

Components are valued on the same basis as the asset class to which they relate. The accounting policy for depreciation of complex assets, and estimated useful lives of components, are disclosed below.

#### 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 (Capital works in progress) 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.

Useful lives of assets are reviewed annually and where necessary are adjusted to better reflect the pattern of future economic benefits. 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 - 100 years
Plant and equipment	4.4% - 33.3%	3 - 23 years

# Notes to the Financial Statements

For the year ended 30 June 2024

## C3 Property, plant and equipment (continued)

### Key judgement

Management estimates the useful lives and residual values of buildings and plant and equipment based on the expected period of time over which economic benefits from the use of the asset will be derived. Management reviews useful life assumptions on an annual basis having considered variables including historical and forecast usage rates, technological advancements, changes in legal and economic conditions and external valuer assessments. All depreciable assets have a nil residual value.

### 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. No impairment losses were recognised for the 2023-24 financial year (2023: Nil).

### 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.

The cost of items acquired during the financial year has been judged by management of SCHHS to materially represent their fair value at the end of the reporting period.

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.

# Notes to the Financial Statements

For the year ended 30 June 2024

## C3 Property, plant and equipment (continued)

### Land

Land parcels are subject to comprehensive valuation under a rolling 5-year valuation program using a market approach. Where not comprehensively valued, land values are adjusted for an annual index in line the valuation recommended. Gray Robinson & Cottrell Pty Ltd (GRC) has been engaged to perform this valuation exercise for the year ended 30 June 2024 (previously, the State Valuation Service has been engaged for this purpose).

Key inputs into the valuations include publicly available data on sales of similar land in nearby localities 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.

For 2023-24, the effective date of valuation is 30 June 2024. Three land parcels were comprehensively valued at this date, with remaining land parcels being indexed at an average rate of 2 percent. The net revaluation increase was \$5.953m.

### Buildings

Buildings are categorised between Level 2 and Level 3 fair value hierarchies as explained further in Note D1. Level 2 buildings are non-specialised buildings with fair value measurement derived from price inputs that are observable. These buildings include the Gympie and District Women's Health Centre and several residencies at various locations. Level 3 buildings are specialised buildings that contain significant, unobservable price inputs.

Under a rolling 5-year valuation program, Gray Robinson & Cottrell Pty Ltd (GRC) performs a comprehensive valuation of buildings on a current replacement cost basis. In addition, GRC provide the annual indexation for market movement to assess the fair value of buildings not comprehensively valued. If the market movement is greater than 5 percent, building values are adjusted for the annual indexation.

Key inputs into the valuation on replacement cost basis includes 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 is 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.

For 2023-24, the effective date of valuation is 30 June 2024. 11 building assets were subject to comprehensive valuation in the year. All other buildings were indexed using a rate of 6.57 percent. The index is made up of key component Building Price Index of 6.57 percent. The net revaluation increase was \$483.116m.

### Revaluation movement

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

## C4 Intangibles

	2024 \$'000	2023 \$'000
Developed software	17,032	17,032
Developed software - Accumulated amortisation	<u>(16,430)</u>	<u>(15,967)</u>
	602	1,065
Purchased software	478	238
Purchased software - Accumulated amortisation	<u>(260)</u>	<u>(234)</u>
	218	4
<b>Total</b>	<u><u>820</u></u>	<u><u>1,069</u></u>

## Notes to the Financial Statements

For the year ended 30 June 2024

### 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 2022	1,593	64	-	1,657
Derecognitions	-	-	-	-
Amortisation	(528)	(60)	-	(588)
Carrying amount at 30 June 2023	1,065	4	-	1,069
Additions	-	-	241	241
Derecognitions	-	-	-	-
Transfers between classes	-	241	(241)	-
Transfer to plant and equipment	-	-	-	-
Transfers to the Department	-	-	-	-
Amortisation	(463)	(27)	-	(490)
<b>Carrying amount at 30 June 2024</b>	<b>602</b>	<b>218</b>	<b>-</b>	<b>820</b>

#### Recognition

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 as assets in the financial statements. Items with a lesser value are expensed. Each intangible asset is amortised over its estimated useful life.

Class	Amortisation Rates Used	Useful lives
Software	20% - 50%	2 - 5 years

All intangible assets are assessed for indicators of impairment on an annual basis in accordance with AASB 136 *Impairment of Assets*.

### C5 Right-of-use assets

	2024 \$'000	2023 \$'000
<b>Opening balance</b>	725	1,048
Additions	-	-
Depreciation	(276)	(323)
<b>Closing balance</b>	<b>449</b>	<b>725</b>

AASB 16 *Leases* requires a lessee to recognise the right-of-use asset for leases. Right-of-use assets are recognised at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially recognised at cost comprising of the following; the amount of the initial measurement of the lease liability, adjusted by any lease payments made at or before the commencement date, less lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

Right-of-use assets are subsequently depreciated over the lease term. The carrying amount of right-of-use assets are adjusted for any remeasurement of the lease liability in the financial year following a change in discount rate, a reduction in lease payments payable, changes in variable lease payments that depend upon variable indexes/rates or a change in lease term.



# Notes to the Financial Statements

## For the year ended 30 June 2024

### C6 Trade payables

	2024 \$'000	2023 \$'000
Trade payables	113,634	103,286
Funding for public health services repayable	13,238	24,558
Health service employee expenses payable to the Department	17,529	32,686
Other payables	9,574	9,824
<b>Total</b>	<b>153,975</b>	<b>170,354</b>

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 within the creditors' normal payment terms.

Refer Note C9 Public Private Partnerships (PPPs) for details of Trade payables relating to PPP arrangements.

### C7 Interest bearing liability

	2024 \$'000	2023 \$'000
<b>Current</b>		
Interest bearing liability - PPP arrangement	12,610	11,636
<b>Total</b>	<b>12,610</b>	<b>11,636</b>
<b>Non-current</b>		
Interest bearing liability - PPP arrangement	458,514	471,125
<b>Total</b>	<b>458,514</b>	<b>471,125</b>
<b>Total</b>	<b>471,124</b>	<b>482,761</b>

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

### C8 Contract liabilities

	2024 \$'000	2023 \$'000
<b>Current</b>		
SCUH car park revenue	3,738	3,738
Funding for public health services	255	531
Grants funding	1,176	435
Other	6	713
<b>Total</b>	<b>5,175</b>	<b>5,417</b>
<b>Non-current</b>		
SCUH car park revenue	61,219	64,957
Grants funding	4,206	3,447
Other	401	1,171
<b>Total</b>	<b>65,826</b>	<b>69,575</b>
<b>Total</b>	<b>71,001</b>	<b>74,992</b>

#### Sunshine Coast University Hospital (SCUH) car park revenue

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 2024

### C9 Public Private Partnerships (PPPs)

SCHHS has PPP arrangements for the construction and operation of public health facilities. These arrangements are located on land recognised as assets of SCHHS. The PPP arrangements that were operating during 2024 and 2023 are as follows:

Facility	Commencement Date	Termination Date	Counterparty and Operator
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

SCHHS does not have any current agreements which are service concession arrangements within the scope of AASB 1059 *Service Concession Arrangements: Grantors*. A service concession arrangement is a contract between a grantor and an operator in which the operator:

- has right of access to the service concession assets to provide public services on behalf of the grantor for a period of time;
- is responsible for at least some of the management of the public services provided through the service concession asset and does not act merely as an agent on behalf of the grantor; and
- is compensated for its services over the period of the service concession arrangement.

#### C9.1 Public Private Partnerships (PPPs) outside AASB 1059

The PPPs held by SCHHS are not within the scope of AASB 1059 as not all requirements of a service concession arrangement are met. Other accounting standards and policies apply to these arrangements and are described for each arrangement below.

	Note	2024 \$'000	2023 \$'000
<b>Assets</b>			
Land and Buildings	C3		
SCUH		1,666,565	1,472,456
SCUH Car Parks		166,689	148,388
Noosa Hospital		42,753	37,813
		<u>1,876,007</u>	<u>1,658,657</u>
<b>Liabilities</b>			
Trade payables	C6		
Noosa Hospital payable for service provisions		9,333	3,790
Interest bearing liability	C7		
PPP arrangement for SCUH		471,124	482,761
Contract liabilities	C8		
Deferred SCUH car park revenue		64,957	68,695
		<u>545,414</u>	<u>555,246</u>

#### Sunshine Coast University Hospital (SCUH) (Year 8 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 16<sup>th</sup> 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 car parks) 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.

# Notes to the Financial Statements

For the year ended 30 June 2024

## C9 Public Private Partnerships (PPPs) (continued)

### C9.1 Public Private Partnerships (PPPs) outside AASB 1059 (continued)

#### Sunshine Coast University Hospital (SCUH) (Year 8 of 25) (continued)

For accounting purposes, SCUH is recognised as a complex asset as part of property, plant and equipment, carried at fair value. At the end of the 25-year term, the assets will remain under 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 C7 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 C9.2 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.

SCHHS is entitled to receive a minimum entitlement for the designated commercial areas which is disclosed in Note C9.2 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 8 of 25)

As part of the SCUH PPP, EH constructed two car parks 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 reimburse EH if a number of independent contractual tests are not 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 2024, SCHHS has exceeded the minimum staff threshold.

As part of the agreement staff and public car parking rates are subject to Consumer Price Index.

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 4 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 provide certain minimum licensed services and make available certain minimum public patient service categories and minimum outpatient service categories. Public patients will be allocated sufficient beds 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.

# Notes to the Financial Statements

## For the year ended 30 June 2024

### C9 Public Private Partnerships (PPPs) (continued)

#### C9.2 Operating statement impact

	Note	SCUH \$'000	SCUH car parks \$'000	Noosa Hospital \$'000	Total \$'000
<b>2023-24</b>					
<b>Revenue</b>					
Rental income	B1.4	-	3,738	3,485	7,223
<b>Expenses</b>					
Supplies and services	B2.2	(38,402)	-	(25,204)	(63,606)
Depreciation	C3	(88,844)	(6,219)	(4,114)	(99,177)
Interest expense	B2.3	(38,489)	-	-	(38,489)
<b>Net impact on operating result</b>		<b>(165,735)</b>	<b>(2,481)</b>	<b>(25,833)</b>	<b>(194,049)</b>
<b>2022-23</b>					
<b>Revenue</b>					
Rental income	B1.4	-	3,738	3,485	7,223
<b>Expenses</b>					
Supplies and services	B2.2	(33,786)	-	(22,486)	(56,272)
Depreciation	C3	(75,226)	(5,468)	(3,516)	(84,210)
Interest expense	B2.3	(33,597)	-	-	(33,597)
<b>Net impact on operating result</b>		<b>(142,609)</b>	<b>(1,730)</b>	<b>(22,517)</b>	<b>(166,856)</b>

# Notes to the Financial Statements

For the year ended 30 June 2024

## C9 Public Private Partnerships (PPPs) (continued)

### C9.3 Estimated future cash flows

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

	SCUH \$'000	Noosa Hospital \$'000	Total \$'000
<b>As at June 30 2024</b>			
<b>Cash inflows</b>			
No later than 1 year	-	3,485	3,485
Later than 1 year but not later than 5 years	-	13,940	13,940
Later than 5 years but not later than 10 years	-	3,485	3,485
Later than 10 years	-	-	-
	<u>-</u>	<u>20,910</u>	<u>20,910</u>
<b>Cash outflows</b>			
No later than 1 year	(88,855)	(24,200)	(113,055)
Later than 1 year but not later than 5 years	(363,296)	(90,400)	(453,696)
Later than 5 years but not later than 10 years	(499,158)	(22,600)	(521,758)
Later than 10 years	(740,875)	-	(740,875)
	<u>(1,692,184)</u>	<u>(137,200)</u>	<u>(1,829,384)</u>
<b>As at June 30 2023</b>			
<b>Cash inflows</b>			
No later than 1 year	-	3,485	3,485
Later than 1 year but not later than 5 years	-	13,940	13,940
Later than 5 years but not later than 10 years	-	6,970	6,970
Later than 10 years	-	-	-
	<u>-</u>	<u>24,395</u>	<u>24,395</u>
<b>Cash outflows</b>			
No later than 1 year	(82,784)	(22,600)	(105,384)
Later than 1 year but not later than 5 years	(353,889)	(90,400)	(444,289)
Later than 5 years but not later than 10 years	(483,704)	(45,200)	(528,904)
Later than 10 years	(822,940)	-	(822,940)
	<u>(1,743,317)</u>	<u>(158,200)</u>	<u>(1,901,517)</u>

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

Estimated future cash inflows from the SCUH PPP interest bearing liability arise when the actual interest rate is lower than the base case interest rate, outlined in the Project Deed with Exemplar Health. Refer to C9.1 for more information on the SCUH PPP arrangement. As at 30 June 2024, there are estimated future cash outflows relating to the interest bearing liability due to the interest rate being higher than base case interest rate.

# Notes to the Financial Statements

## For the year ended 30 June 2024

### 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, Mental 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.

	2024 \$'000	2023 \$'000
Balance at 1 July	762,350	836,818
Transactions with owners in their capacity as owners:		
Non appropriated cash injection from the department	38,000	-
Cash injection from the Department for capital works and acquisitions	57,773	70,854
Reclass equity received (to)/from revenue	5,566	(1,913)
Non cash injection of other capital assets	80	1,052
Non cash withdrawal for depreciation offset	(163,850)	(144,461)
Non cash withdrawal for assets transferred to the Department or QH entities	(128)	-
<b>Balance at 30 June</b>	<b>699,791</b>	<b>762,350</b>

#### 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 2022	25,434	507,093	532,527
Revaluation increment for the year	20,729	322,580	343,309
<b>Balance at 30 June 2023</b>	<b>46,163</b>	<b>829,673</b>	<b>875,836</b>
Revaluation increment for the year	5,953	483,116	489,069
<b>Balance at 30 June 2024</b>	<b>52,116</b>	<b>1,312,789</b>	<b>1,364,905</b>

# Notes to the Financial Statements

## For the year ended 30 June 2024

### 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 which also includes further disclosure regarding the key judgements underpinning fair value measurement.

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).

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 2024 is 7.2% (2023: 7.1%). No interest has been capitalised during the current period.

# Notes to the Financial Statements

## For the year ended 30 June 2024

### D2 Financial instruments (continued)

#### Categorisation of financial instruments

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

	2024 \$'000	2023 \$'000
<b>Financial assets</b>		
Cash and cash equivalents	21,530	17,592
Trade and other receivables	52,402	47,457
<b>Total</b>	<b>73,932</b>	<b>65,049</b>
<b>Financial liabilities</b>		
Trade payables	153,975	170,354
Lease liabilities	537	963
Interest bearing liability	471,124	482,761
<b>Total</b>	<b>625,636</b>	<b>654,078</b>

#### 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. Refer to Note C2 Trade and other receivables. 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. \$Nil funds had been withdrawn against this debt facility as at 30 June 2024 (2023: \$nil). During the 2023-24 year the overdraft facility was utilised in the normal course of business.

The following table sets out the liquidity risk of financial liabilities held by SCHHS. They represent the contractual maturity of financial liabilities, calculated based on cash flows relating to the liabilities at reporting date. Per the funding arrangements as per Note A8 Economic dependency, the Department will provide SCHHS with sufficient cash resources to meet its financial obligations.

	2024				2023			
	Total \$'000	<1 Yr \$'000	1-5 Yrs \$'000	>5Yrs \$'000	Total \$'000	<1 Yr \$'000	1-5 Yrs \$'000	>5Yrs \$'000
Trade payables	153,975	153,975	-	-	170,354	170,354	-	-
Lease liabilities	537	135	402	-	963	215	714	34
Interest bearing liability	471,124	12,610	61,938	396,576	482,761	11,636	57,148	413,977
<b>Total</b>	<b>625,636</b>	<b>166,720</b>	<b>62,340</b>	<b>396,576</b>	<b>654,078</b>	<b>182,205</b>	<b>57,862</b>	<b>414,011</b>



# Notes to the Financial Statements

## For the year ended 30 June 2024

### D2 Financial instruments (continued)

#### *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.

### D3 Contingencies

#### *Contingent liabilities - litigation in progress*

As at 30 June 2024, the following cases were files in the courts naming the State of Queensland acting through the SCHHS as defendant:

	2024		Completed/ Closed Cases	2023
	No. of cases	New Cases		No. of cases
Health litigation	9	-	2	11
General liability	2	-	-	2
Property	-	-	-	-
	<b>11</b>	<b>-</b>	<b>2</b>	<b>13</b>

Litigation is underwritten by the QGIF and SCHHS's liability in this area is limited to an excess per insurance event. The maximum exposure to SCHHS under this policy is up to \$20,000 for each insurable event.

All SCHHS indemnified claims are managed by QGIF. As at 30 June 2024, there were 73 (70 at 30 June 2023) claims being managed by QGIF, some of which may never be litigated or result in claim payments.

# Notes to the Financial Statements

## For the year ended 30 June 2024

### D4 Commitments

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

	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
<i>Capital expenditure commitments</i>		
Committed at reporting date but not recognised as liabilities, payable:		
within one year	<b>17,177</b>	13,218
one year to five years	-	16,845
<b>Total</b>	<b><u>17,177</u></b>	<u>30,063</u>

#### *Lessor revenue commitments*

Committed at reporting date but not recognised as assets, receivable:

within one year	<b>8,299</b>	8,270
one to two years	<b>8,300</b>	8,271
two to three years	<b>8,286</b>	8,271
three to four years	<b>8,279</b>	8,257
four to five years	<b>8,279</b>	8,250
more than five years	<b>62,943</b>	70,839
<b>Total</b>	<b><u>104,386</u></b>	<u>112,158</u>

#### *Lessor revenue commitments*

SCHHS is the beneficiary of rental income arising from Noosa Hospital, and the lease of commercial retail space and commercial car parks at SCUH. The lease receipts from Noosa Hospital and the SCUH commercial retail space comprise of fixed components which include inflation. The SCUH commercial car park lease receipts are fixed. 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 2024 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 2024

### Section E: Notes on our performance compared to budget

This section contains explanations of major variances between SCHHS's actual 2023-24 financial results and the Queensland Government State Budget 2023-24. Note, the budget figures have been recast to reflect the annual financial statement classifications.

#### E1 Original budget to actual comparison – Statement of Comprehensive Income

	Variance Notes	Budget 2024 \$'000	Actual 2024 \$'000	Variance 2024 \$'000	Variance %
<b>Income</b>					
Funding for public health services	E1.1	1,454,088	1,615,780	161,692	11%
User charges and fees	E1.2	113,027	133,029	20,002	18%
Grants and other contributions	E1.3	22,537	26,332	3,795	17%
Other revenue		18,802	17,797	(1,005)	(5%)
<b>Total revenue</b>		<b>1,608,454</b>	<b>1,792,938</b>	<b>184,484</b>	<b>11%</b>
Gains on disposal of assets		15	529	514	3427%
<b>Total income from continuing operations</b>		<b>1,608,469</b>	<b>1,793,467</b>	<b>184,998</b>	<b>12%</b>
<b>Expenses</b>					
Employee expenses	E1.4	(190,576)	(198,049)	(7,473)	4%
Health service employee expenses	E1.4	(861,098)	(952,667)	(91,569)	11%
Supplies and services	E1.5	(351,184)	(424,475)	(73,291)	21%
Grants and subsidies		(6)	-	6	(100%)
Depreciation and amortisation	E1.6	(147,371)	(163,850)	(16,479)	11%
Impairment losses		(1,251)	(1,211)	40	(3%)
Interest expense		(38,677)	(38,603)	74	(0%)
Other expenses	E1.7	(18,306)	(22,503)	(4,197)	23%
<b>Total expenses</b>		<b>(1,608,469)</b>	<b>(1,801,358)</b>	<b>(192,889)</b>	<b>12%</b>
<b>Operating result for the year</b>		<b>-</b>	<b>(7,891)</b>	<b>(7,891)</b>	<b>-%</b>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified subsequently to operating result</i>					
Increase in the asset revaluation surplus	E1.8	65,667	489,069	423,402	645%
<b>Other comprehensive income for the year</b>		<b>65,667</b>	<b>489,069</b>	<b>423,402</b>	<b>645%</b>
<b>Total comprehensive income for the year</b>		<b>65,667</b>	<b>481,178</b>	<b>415,511</b>	<b>633%</b>

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 2024

### E2 Original budget to actual comparison – Statement of Financial Position

	Variance Notes	Budget 2024 \$'000	Actual 2024 \$'000	Variance 2024 \$'000	Variance %
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	E2.1	12,618	21,530	8,912	71%
Trade and other receivables	E2.2	27,046	52,402	25,356	94%
Inventories	E2.3	6,675	8,776	2,101	31%
Other current assets		3,856	5,052	1,196	31%
<b>Total current assets</b>		<b>50,195</b>	<b>87,760</b>	<b>37,565</b>	<b>75%</b>
<b>Non-current assets</b>					
Property, plant and equipment	E2.4	1,930,451	2,610,876	680,425	35%
Intangibles	E2.5	10,344	820	(9,524)	(92%)
Right-of-use assets		710	449	(261)	(37%)
<b>Total non-current assets</b>		<b>1,941,505</b>	<b>2,612,145</b>	<b>670,640</b>	<b>35%</b>
<b>Total assets</b>		<b>1,991,700</b>	<b>2,699,905</b>	<b>708,205</b>	<b>36%</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade payables	E2.6	159,590	153,975	(5,615)	(4%)
Lease liabilities		346	135	(211)	(61%)
Interest bearing liability		12,610	12,610	-	-%
Accrued employee benefits		4,281	4,788	507	12%
Contract liabilities		4,537	5,175	638	14%
<b>Total current liabilities</b>		<b>181,364</b>	<b>176,683</b>	<b>(4,681)</b>	<b>(3%)</b>
<b>Non-current liabilities</b>					
Interest bearing liability		458,515	458,514	(1)	(0%)
Contract liabilities		65,786	65,826	40	0%
Lease liabilities		773	402	(371)	(48%)
<b>Total non-current liabilities</b>		<b>525,074</b>	<b>524,742</b>	<b>(332)</b>	<b>(0%)</b>
<b>Total liabilities</b>		<b>706,438</b>	<b>701,425</b>	<b>(5,013)</b>	<b>(1%)</b>
<b>Net assets</b>		<b>1,285,262</b>	<b>1,998,480</b>	<b>713,218</b>	<b>55%</b>
<b>Equity</b>					
Contributed equity		684,777	699,791	15,014	2%
Asset revaluation surplus	E2.4	663,862	1,364,905	701,043	106%
Accumulated deficit	E2.7	(63,377)	(66,216)	(2,839)	4%
<b>Total equity</b>		<b>1,285,262</b>	<b>1,998,480</b>	<b>713,218</b>	<b>55%</b>

# Notes to the Financial Statements

For the year ended 30 June 2024

## E3 Original budget to actual comparison – Statement of Cash Flows

	Variance Notes	Budget 2024 \$'000	Actual 2024 \$'000	Variance 2024 \$'000	Variance %
<b>Cash flows from operating activities</b>					
Funding for public health services	E1.1	1,306,717	1,434,632	127,915	10%
User charges and fees	E1.2	110,925	131,291	20,366	18%
Grants and other contributions	E1.3	11,284	14,326	3,042	27%
Interest received		338	830	492	146%
GST collected from customers		6,414	6,779	365	6%
GST input tax credits		28,691	31,917	3,226	11%
Other revenue		14,944	16,954	2,010	13%
Employee and Health service employee expenses	E1.4	(1,050,423)	(1,176,298)	(125,875)	12%
Supplies and services	E1.5	(330,134)	(407,282)	(77,148)	23%
Grants and subsidies		-	-	-	-%
GST paid to suppliers		(28,691)	(30,610)	(1,919)	7%
GST remitted		(6,413)	(6,767)	(354)	6%
Interest expense		(38,912)	(38,840)	72	(0%)
Other expenses	E1.7	(17,867)	(21,970)	(4,103)	23%
Net cash from/(used by) operating activities		6,873	(45,038)	(51,911)	(755%)
<b>Cash flows from investing activities</b>					
Proceeds from disposal of property, plant and equipment		-	529	529	-%
Payments for property, plant and equipment	E3.1	-	(40,588)	(40,588)	-%
Payments for intangibles		(12)	(241)	(229)	1908%
Net cash / (used by) investing activities		(12)	(40,300)	(40,288)	335733%
<b>Cash flows from financing activities</b>					
Proceeds from equity injections	E3.2	10,655	101,339	90,684	851%
Borrowing redemptions		(11,636)	(11,637)	(1)	0%
Principal payments of lease liabilities		(9)	(426)	(417)	4633%
Net cash from / (used by) financing activities		(990)	89,276	90,266	(9118%)
Net (decrease) in cash held		5,871	3,938	(1,933)	(33%)
Cash and cash equivalents at the beginning of the financial year	E2.1	6,747	17,592	10,845	161%
<b>Cash and cash equivalents at the end of the financial year</b>		<b>12,618</b>	<b>21,530</b>	<b>8,912</b>	<b>71%</b>

# Notes to the Financial Statements

For the year ended 30 June 2024

## E4 Explanation of material variances

### Statement of Comprehensive Income

#### E1.1 Funding for public health services

The variance to budget mainly relates to additional funding provided through amendments to the Service Agreement with the Department of Health (the Department). This included funding for the additional costs associated with depreciation expenses and enterprise bargaining agreements during the year.

#### E1.2 User charges and fees

The variance in user charges is principally due to recoveries of the expensed component of capital projects (\$13.9m), revenue received for purchases of pharmaceuticals subsidised by the Commonwealth Government under the Pharmaceutical Benefits Scheme (\$2.6m), and hospital fees (\$3.2m).

#### E1.3 Grants and other contributions

The variance is principally due to increases associated with the Glenbrook Aged Care Facility, funding received for research projects, and donations of non-current assets.

#### E1.4 Employee expenses and Health service employee expenses

The additional employee expenses are associated with growth in service delivery activity and wage increases from the enterprise bargaining agreements. Additional revenue was provided by the Department to fund the majority of these additional costs.

#### E1.5 Supplies and services

The variance is primarily due to general Consumer Price Index (CPI) increases, the new Integrated Electronic Medical Record charges by the Department and higher levels of activity. Additional expenditure was incurred on information and communications technology, outsourced services, repairs and maintenance, pharmaceuticals, pathology services, clinical supplies and prosthetics, supply chain and logistics services and minor works and equipment.

#### E1.6 Depreciation and amortisation

The variance in depreciation and amortisation is associated with the prior year building revaluation increment and additional transfers from work-in-progress to buildings for the Nambour Hospital redevelopment.

#### E1.7 Other expenses

The variance in other expenses is due to losses on the disposal of plant and equipment assets, higher insurance premiums, facility operating costs at the Sunshine Coast University Hospital, and library costs.

#### E1.8 Increase in the asset revaluation surplus

At the time the budget was set revaluation movements could not be reliably determined. The revaluation of SCHHS's land and building assets resulted in an increase to the assets revaluation surplus.

### Statement of Financial Position

#### E2.1 Cash and cash equivalents

The variance to budget is predominantly due to an equity injection of cash in late June 2024.

#### E2.2 Trade and other receivables

The variance mainly relates to receivables from the Department at year end as part of the year end technical budget adjustments.

#### E2.3 Inventories

The variance is due to higher holdings of pharmaceuticals at year end.

# Notes to the Financial Statements

## For the year ended 30 June 2024

### E4 Explanations of material variances (continued)

#### E2.4 Property, plant and equipment and Asset revaluation surplus

The variance to budget relates to the revaluation of land and building assets. At the time the budget was set revaluation movements could not be reliably determined.

#### E2.5 Intangibles

The variance to budget relates to expenditure on software assets. At the time the budget was set expenditure on software assets could not be reliably determined.

#### E2.6 Trade payables

The variance is largely due to the timing of cash settlement of trade payables at year end.

#### E2.7 Accumulated deficit

The higher accumulated deficit is driven by the operating result for the year.

### Statement of Cash Flows

#### E3.1 Payments for property, plant and equipment

The budget recognises only cash outflows for projects funded by SCHHS. SCHHS pays for all capital purchases and is reimbursed through equity injections from the Department monthly in arrears. Projects funded on behalf of SCHHS include the Nambour Hospital redevelopment program and projects associated with Sunshine Coast University and Gympie Hospitals.

#### E3.2 Proceeds from equity injections

In addition to funding payments for property, plant and equipment (refer to Note E3.1 above), non appropriated cash was injected to fund operating activities.

# Notes to the Financial Statements

For the year ended 30 June 2024

## 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.

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.

Assigned arrangement revenue and retention arrangement fees are included as revenue in the statement of comprehensive income of SCHHS on an accrual basis.

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. The funds are then subsequently transferred from the granted private practice bank accounts to retention doctors and SCHHS's operating and General Trust bank account.

	2024 \$'000	2023 \$'000
<b>Granted Private Practice Revenues and Expenses</b>		
<b>Revenue</b>		
Billing revenue - assigned arrangement	11,913	10,463
Billing revenue - retention arrangement	12,858	11,921
Interest revenue	65	40
<b>Expenses</b>		
Payments to SCHHS relating to the assignment arrangement and interest	(11,978)	(10,504)
Payments to retention doctors	(4,740)	(4,639)
Payments to SCHHS for recoverable costs relating to the retention arrangement	(6,052)	(5,186)
Payments to SCHHS's Study, education and research trust account fund	(2,066)	(2,095)
	<u>-</u>	<u>-</u>
<b>Closing balance of bank account not yet disbursed</b>	<b><u>2,226</u></b>	<b><u>2,423</u></b>

#### (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. Fiduciary activities are included in the audit performed annually by the Queensland Audit Office.

	2024 \$'000	2023 \$'000
<b>Patient Trust receipts and payments</b>		
Opening balance	90	91
Amounts received on behalf of patients	2,515	2,056
Amounts paid to or on behalf of patients	(2,530)	(2,057)
Closing balance	<u>75</u>	<u>90</u>



# Notes to the Financial Statements

For the year ended 30 June 2024

## F1 Agency and patient fiduciary transactions and balances (continued)

### (c) Refundable accommodation deposits

Refundable accommodation deposits (RADs) represent amounts received from residents in aged care facilities for their accommodation. Refundable accommodation deposits are refundable to residents within 14 days of when they leave a residential aged care facility. These funds are retained in the Queensland Treasury Corporation Cash Fund. These transactions and balances are not recognised in the financial statements. Interest earned from RADs is offset against operating and capital costs of the aged care facilities concerned.

	2024	2023
	\$'000	\$'000
<b>Refundable accommodation deposits</b>		
Opening balance	923,848	-
Amounts receipted on behalf of patients	1,050,000	929,264
Amounts paid to or on behalf of patients	(357,846)	(5,416)
Closing balance	<u>1,616,002</u>	<u>923,848</u>

# Notes to the Financial Statements

For the year ended 30 June 2024

## Section G: Other information

### G1 Key management personnel and remuneration expenses

#### G1.1 Key management personnel

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 the 2022-23 and 2023-24 financial year.

#### (a) Minister for Health, Mental Health and Ambulance Services

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

#### (b) The Board

The following Board members were considered key management personnel of SCHHS during the 2023-24 financial year. The Board sub-committee are listed below, and the memberships outlined in the table are at 30 June 2024.

- Executive Committee
- Finance and Performance Committee
- Safety and Quality Committee
- Audit and Risk Committee
- Workforce Committee

Position and Name	Responsibilities, Appointment Authority and Memberships	Date of Initial Appointment	Date of Resignation or Cessation
Board Chair – Dr David Rowlands OAM	Perform duties of Chair as prescribed in the <i>Hospital and Health Boards Act 2011</i> Member – Executive Committee Member – Safety and Quality Committee	1 April 2024 (Appointed as Board member 1 April 2022)	
Acting Board Chair - Brian Anker	Perform duties of Chair as prescribed in the <i>Hospital and Health Boards Act 2011</i>	23 July 2023 (Appointed as Board member from 18 May 2013)	31 March 2024
Board Chair – Sabrina Walsh	Perform duties of Chair as prescribed in the <i>Hospital and Health Boards Act 2011</i>	11 June 2021 (Appointed as Board Member 18 May 2020)	21 December 2023
Board Member - Emeritus Professor Birgit Lohmann	Perform duties of Board Member as prescribed in the <i>Hospital and Health Boards Act 2011</i> Member – Executive Committee Member – Finance and Performance Committee Member – Workforce Committee	18 May 2019	
Board Member - Debra Blumel	Perform duties of Board Member as prescribed in the <i>Hospital and Health Boards Act 2011</i> Member – Safety and Quality Committee	18 May 2019	
Board Member - Bruce Cowley	Perform duties of Board Member as prescribed in the <i>Hospital and Health Boards Act 2011</i> Member – Executive Committee Member – Audit and Risk Committee	18 May 2021	
Board Member - Rod Cameron	Perform duties of Board Member as prescribed in the <i>Hospital and Health Boards Act 2011</i> Member – Finance and Performance Committee Member – Audit and Risk Committee	11 June 2021	
Board Member - Terry Bell	Perform duties of Board Member as prescribed in the <i>Hospital and Health Boards Act 2011</i> Member – Executive Committee Member – Workforce Committee	18 May 2020	
Board Member - Professor Jody Currie	Perform duties of Board Member as prescribed in the <i>Hospital and Health Boards Act 2011</i> Member – Finance and Performance Committee Member – Safety and Quality Committee	1 April 2024	
Board Member - Sandra McCullagh	Perform duties of Board Member as prescribed in the <i>Hospital and Health Boards Act 2011</i> Member – Audit and Risk Committee Member – Workforce Committee	1 April 2024	
Board Member - Dr Sue McAvoxy	Perform duties of Board Member as prescribed in the <i>Hospital and Health Boards Act 2011</i> Member – Finance and Performance Committee Member – Safety and Quality Committee	1 April 2024	
Board Member – Dr Abbe Anderson	Perform duties of Board Member as prescribed in the <i>Hospital and Health Boards Act 2011</i>	1 April 2022	25 September 2022

# Notes to the Financial Statements

For the year ended 30 June 2024

## G1 Key management personnel and remuneration expenses (continued)

### G1.1 Key management personnel (continued)

#### (c) Executives

The following Executive were considered key management personnel of SCHHS during the 2023-24 financial year. The below only includes acting / interim arrangements for a period of more than two months in the financial year.

#### Health Service Chief Executive

##### Responsibilities

Accountable to the Sunshine Coast Hospital and Health Board for all aspects of the performance of the Hospital and Health Service. Responsible for ensuring the HHS provides safe and quality services and meets the key performance and financial management requirements and targets as outlined in the Service Agreement the HHS has with the System Manager. This includes compliance with all relevant legislation.

Name	Incumbent status	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Dr Peter Gillies	Current	S24S70 <i>Hospital and Health Boards Act 2011 Section 33</i>	4 October 2021	

#### Chief Operating Officer

##### Responsibilities

Responsible for providing operational leadership, direction and day to day management, to optimise quality health care and business outcomes.

Name	Incumbent status	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Joanne Shaw	Current	HES3-4 (reclassified from HES3-1) <i>Hospital and Health Boards Act 2011 Section 74</i>	6 December 2021	

#### Chief Finance Officer

##### Responsibilities

Responsible for development and execution of strategy and full accountability with respect to the financial stewardship, commercial matters and procurement.

Name	Incumbent status	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Karen Dean	Current	HES3-1 <i>Hospital and Health Boards Act 2011 Section 74</i>	14 June 2022	

#### Senior Director Capital Assets and Infrastructure

##### Responsibilities

Responsible for providing strategic leadership in the development and delivery of capital and lifecycle management for assets and infrastructure across SCHHS.

Name	Incumbent status	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Andrew Leggate	Current	DSO1 <i>Hospital and Health Boards Act 2011 Section 74</i>	12 April 2022	

# Notes to the Financial Statements

For the year ended 30 June 2024

## G1 Key management personnel and remuneration expenses (continued)

### G1.1 Key management personnel (continued)

#### (c) Executives (continued)

#### Executive Director Workforce

##### Responsibilities

Responsible for providing leadership and guidance regarding culture, human resources, workforce services, diversity and inclusion.

Name	Incumbent status	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Hayley Farry	Current	HES2-5 <i>Hospital and Health Boards Act 2011 Section 74</i>	17 June 2024	
Warren Campbell	Former (Interim)	HES2-5 <i>Hospital and Health Boards Act 2011 Section 74</i>	15 April 2024	16 June 2024
Silven Simmons	Former	HES2-5 <i>Hospital and Health Boards Act 2011 Section 74</i>	1 July 2022	26 April 2024

#### Executive Director Medical Services

##### Responsibilities

Responsible for providing professional leadership for the SCHHS Medical Workforce and is the single point of accountability to the Health Service Chief Executive for the organisation's Clinical Governance, quality of care, clinical and consumer engagement, professional standards of clinical practice and research.

Name	Incumbent status	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Marlene Pearce	Current	MMOI1 <i>Hospital and Health Boards Act 2011 Section 74</i>	7 March 2022	

#### Executive Director Nursing and Midwifery

##### Responsibilities

Responsible for providing professional, operation and advisory support ensuring that Nursing and Midwifery Services provided by SCHHS are delivered to the highest professional, safety and ethical standards.

Name	Incumbent status	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Lisa Newport	Current	NRG13-2 <i>Queensland Health Nurses and Midwives Award - State 2015</i>	2 January 2023	
	Former (Interim)	NRG13-2 <i>Queensland Health Nurses and Midwives Award - State 2015</i>	1 January 2022	1 January 2023
Suzanne Metcalf	Former	NRG13-2 <i>Queensland Health Nurses and Midwives Award - State 2015</i>	13 February 2017	5 September 2022

# Notes to the Financial Statements

For the year ended 30 June 2024

## G1 Key management personnel and remuneration expenses (continued)

### G1.1 Key management personnel (continued)

#### (c) Executives (continued)

#### Chief Digital Officer<sup>(1)</sup>

#### Responsibilities

Responsible for providing strategic and technical leadership and direction to define and direct the use of Information Communication Technology across SCHHS.

Name	Incumbent status	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Jake Penrose	Current	HES2-3 <i>Hospital and Health Boards Act 2011 Section 74</i>	14 August 2023	
	Former	DSO1 <i>Hospital and Health Boards Act 2011 Section 74</i>	12 April 2022	13 August 2023

<sup>(1)</sup> On the 13 August 2023 the Senior Director Digital Health and Technology was changed to Chief Digital Officer.

#### Executive Director Allied Health

#### Responsibilities

Responsible for providing proactive professional, operational and strategic leadership that provides advisory support, ensuring that Allied Health services provided by SCHHS are delivered to the highest professional safety and ethical standards.

Name	Incumbent status	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Dr Gemma Turato	Current	HP8 <i>Health Practitioners and Dental Officers (Queensland Health) Award – State 2015</i>	1 September 2017	

#### Executive Director Legal and Governance

#### Responsibilities

Responsible for providing leadership and guidance to the organisation on corporate governance and legal matters including risk management, legislative compliance, records management, fraud and corruption and internal audit.

Name	Incumbent status	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Julian Tommei	Current	HES2-1 <i>Hospital and Health Boards Act 2011 Section 74</i>	31 January 2022	

# Notes to the Financial Statements

For the year ended 30 June 2024

## G1 Key management personnel and remuneration expenses (continued)

### G1.1 Key management personnel (continued)

#### (c) Executives (continued)

#### Senior Director Aboriginal and Torres Strait Islander Health

##### Responsibilities

Responsible for providing professional, operational and advisory support to ensure the organisations safety and quality priorities address the specific health equity needs of Aboriginal and Torres Strait Islander peoples. Responsible to lead, provide oversight of strategies to improve the cultural awareness and competency of the workforce to meet the needs of Aboriginal and Torres Strait Islander peoples.

Name	Incumbent status	Contract Classification and Appointment Authority	Date of Initial Appointment	Date of Resignation or Cessation
Sharon Barry	Current	HWF8 <i>Aboriginal and Torres Strait Islander Health Workforce (Queensland Health) Certified Agreement (No. 1) 2019</i>	29 October 2023	
	Former	DSO1 <i>Hospital and Health Boards Act 2011 Section 74</i>	7 July 2023	28 October 2023
	Former	AO8 <i>Hospital and Health Service General Employees (Queensland Health) Award – State 2015</i>	10 January 2022	6 July 2023

### G1.2 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 are 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 post-employment benefits.

#### 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 expenses 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 Fringe Benefits Tax (FBT) exemptions on benefits.
- Post-employment expenses include amounts expensed in respect of employer superannuation obligations.
- Long term employee expenses include amounts expensed in respect of long service leave.

# Notes to the Financial Statements

For the year ended 30 June 2024

## G1 Key management personnel and remuneration expenses (continued)

### G1.2 Remuneration expense (continued)

- Termination benefits include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment.

For Executive 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 interim capacity.

#### (a) Board

Position Title Position Holder	Short term monetary benefits		Post employment benefits		Total	
	2024	2023	2024	2023	2024	2023
	\$'000					
<b>Board Chair</b>						
Dr David Rowlands OAM	61	51	7	5	68	56
Sabrina Walsh	5	90	3	10	8	100
Brian Anker	69	51	10	5	79	56
<b>Board Member</b>						
Emeritus Professor Birgit Lohmann	52	51	7	5	59	56
Debra Blumel	51	52	7	5	58	57
Bruce Cowley	54	49	7	5	61	54
Rod Cameron	51	52	7	5	58	57
Terry Bell	50	51	7	5	57	56
Professor Jody Currie	12	-	1	-	13	-
Sandra McCullagh	12	-	1	-	13	-
Dr Sue McAvoy	12	-	1	-	13	-
Dr Abbe Anderson	-	13	-	1	-	14
<b>Total</b>	<b>429</b>	<b>460</b>	<b>58</b>	<b>46</b>	<b>487</b>	<b>506</b>

During the year, there were nil out-of-pocket expenses for Board members (2023: nil).

# Notes to the Financial Statements

## For the year ended 30 June 2024

### G1 Key management personnel and remuneration expenses (continued)

#### G1.2 Remuneration expense (continued)

##### (b) Executives

Position Title Position Holder	Short term benefits		Non-		Post		Long term		Termination		Total	
	Monetary		monetary		employe		benefits		benefits			
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	<b>\$'000</b>											
Health Service Chief Executive	532	552	121	13	71	53	12	13	-	-	736	631
Chief Operating Officer	259	241	-	-	35	25	6	6	-	-	300	272
Chief Finance Officer	233	244	-	-	31	24	5	6	-	-	269	274
Senior Director Capital Assets and Infrastructure	174	174	-	-	20	20	4	4	-	-	198	198
Executive Director Workforce (to 26 April 2024)	185	239	-	-	25	24	4	6	-	-	214	269
Executive Director Workforce (to 15 April to 16 June 2024)	40	-	-	-	4	-	1	-	-	-	45	-
Executive Director Workforce (from 17 June 2024)	7	-	-	-	1	-	-	-	-	-	8	-
Executive Director Medical Services	375	358	-	-	48	28	8	8	-	-	431	394
Chief Digital Officer (1)	229	169	-	-	26	19	5	4	-	-	260	192
Executive Director Nursing and Midwifery (from 1 January 2022)	298	334	-	-	42	28	7	7	-	-	347	369
Executive Director Nursing and Midwifery (to 5 September 2022)	-	60	-	-	-	8	-	2	-	465	-	535
Executive Director Allied Health	237	210	-	-	28	24	5	5	-	-	270	239
Executive Director Legal and Governance	218	214	-	-	32	18	5	5	-	-	255	237
Senior Director Aboriginal and Torres Strait Islander Health	187	144	-	-	22	16	4	3	-	-	213	163
<b>Total</b>	<b>2,974</b>	<b>2,939</b>	<b>121</b>	<b>13</b>	<b>385</b>	<b>287</b>	<b>66</b>	<b>69</b>	<b>-</b>	<b>465</b>	<b>3,546</b>	<b>3,773</b>

<sup>(1)</sup>During the 2023-24 financial year the position of Senior Director Digital Health and Technology was abolished, and a new position was created, Chief Digital Officer.

During the financial year, Executive positions may be occupied by a person acting in the role while the substantive occupant is on leave or may be an interim appointment while the position is vacant. The table only includes interim arrangements while a position is vacant.



# Notes to the Financial Statements

For the year ended 30 June 2024

## 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	Expenses	Assets	Liabilities
		\$'000	\$'000	\$'000	\$'000
		For the year ended 30 June 2024		As at 30 June 2024	
Department of Health	(a)	1,642,440	1,101,736	28,756	92,259
Queensland Treasury Corporation	(b)	733	18	15,377	2
Workcover Queensland	(c)	1,446	13,599	45	1,625
CS Energy	(d)	-	7,530	-	225
Department of Energy and Public Works	(e)	-	2,432	-	1,259
Department of Energy and Climate (QFleet)	(f)	-	1,602	-	8
		For the year ended 30 June 2023		As at 30 June 2023	
Department of Health	(a)	1,469,476	959,362	22,081	122,394
Queensland Treasury Corporation	(b)	442	19	14,663	-
Workcover Queensland	(c)	1,177	10,099	-	-
CS Energy	(d)	-	8,273	-	1,192
Department of Energy and Public Works	(e)	-	2,047	-	2,314
Department of Energy and Climate (QFleet)	(f)	-	1,005	-	-

#### (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, communication and information technology, payroll, pathology, drug supplies, medical equipment repairs and maintenance and linen supply.

The Department also provides employees to perform work for SCHHS. Refer to Note B2.1(b) Health service employee expenses.

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

#### (b) Queensland Treasury Corporation

SCHHS holds cash investments with Queensland Treasury Corporation. Refer to Note C1 Cash and cash equivalent.

# Notes to the Financial Statements

For the year ended 30 June 2024

## G2 Related party transactions (continued)

(c) *WorkCover Queensland*

SCHHS takes out an annual policy with WorkCover Queensland for worker's compensation insurance. Refer to Note B2.1 Employee and Health service employee expenses.

(d) *CS Energy*

SCHHS uses CS Energy as its main electricity retailer.

(e) *Department of Energy and Public Works*

SCHHS uses the services of the Department of Energy and Public Works for leasing commercial office space.

(f) *Department of Energy and Climate (QFleet)*

SCHHS engages QFleet as a fleet manager. QFleet provides vehicle leasing and strategic fleet management services for SCHHS.

### Transactions with other related parties

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

## 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% (2023: 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 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	SCHHS share (28.9%)	SCHI	SCHHS share (28.9%)
	2024	2024	2023	2023
	\$'000	\$'000	\$'000	\$'000
Total income	5,177	1,496	4,322	1,249
Total expenses	(6,282)	(1,815)	(5,690)	(1,644)
<b>Total comprehensive result</b>	<b>(1,105)</b>	<b>(319)</b>	<b>(1,368)</b>	<b>(395)</b>
Current assets	1,965	568	1,707	493
Non-current assets	12,007	3,470	12,713	3,674
<b>Total assets</b>	<b>13,972</b>	<b>4,038</b>	<b>14,420</b>	<b>4,167</b>
Current liabilities	1,833	530	1,658	479
<b>Total liabilities</b>	<b>1,833</b>	<b>530</b>	<b>1,658</b>	<b>479</b>
<b>Net assets</b>	<b>12,139</b>	<b>3,508</b>	<b>12,762</b>	<b>3,688</b>

# Notes to the Financial Statements

## For the year ended 30 June 2024

### G4 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.

### G5 Climate risk

#### *Whole-of-Government climate-related reporting*

The State of Queensland has published a wide range of information and resources on climate related risks, strategies and actions accessible via <https://www.energyandclimate.qld.gov.au/climate>.

The Queensland Sustainability Report (QSR) outlines how the Queensland Government measures, monitors and manages sustainability risks and opportunities, including governance structures supporting policy oversight and implementation. To demonstrate progress, the QSR also provides time series data on key sustainability policy responses. The QSR is available via Queensland Treasury's website at <https://www.treasury.qld.gov.au/programs-and-policies/queensland-sustainability-report>.

#### *SCHHS accounting estimates and judgements – climate-related risks*

SCHHS considers climate-related risks when assessing material accounting judgements and estimates used in preparing its financial report. Key estimates and judgements identified include the potential for changes in asset useful lives, changes in the fair value of assets, impairment of assets, the recognition of provisions or the possibility of contingent liabilities.

No adjustments were recognised during the financial year as a result of climate-related risks impacting current accounting estimates and judgements. No other transactions have been recognised during the financial year specifically due to climate-related risks impacting SCHHS.

SCHHS continues to monitor the emergence of material climate-related risks that may impact the financial statements, including those arising under the Queensland Government's Queensland 2035 Clean Economy Pathway, and other Queensland Government climate-related policies or directives.

# Management Certificate

## For the year ended 30 June 2024

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 2024 and of the financial position of Sunshine Coast Hospital and Health Service at the end of that year.

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.

Dr David Rowlands *OAM*  
Board Chair  
Sunshine Coast Hospital and  
Health Board



Dated 28 August 2024

Dr Peter Gillies *FRACMA MBA*  
*MBChB GAICD*  
Health Service Chief Executive  
Sunshine Coast Hospital and  
Health Service



Dated 28 August 2024

Karen Dean *F CPA*  
Chief Finance Officer  
Sunshine Coast Hospital and  
Health Service



Dated 28 August 2024

## 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 2024, and its financial performance and cash flows for the year then ended; and
- 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 2024, 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 material accounting policy 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 (including independence standards)* (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.

**Valuation of specialised buildings \$2.36 billion**

Refer to note C3 in the financial report.

Key audit matter	How my audit addressed the key audit matter
<p>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.</p> <p>Sunshine Coast Hospital and Health Service performed a comprehensive revaluation of 11 material buildings this year as part of the rolling revaluation program. All other buildings were assessed using relevant indices.</p> <p>The current replacement cost method comprises:</p> <ul style="list-style-type: none"> <li>• gross replacement cost, less</li> <li>• accumulated depreciation.</li> </ul> <p>Sunshine Coast Hospital and Health Service derived the gross replacement cost of its buildings at balance date using unit prices that required significant judgements for:</p> <ul style="list-style-type: none"> <li>• identifying the components of buildings with separately identifiable replacement costs</li> <li>• developing a unit rate for each of these components, including: <ul style="list-style-type: none"> <li>– estimating the current cost for a modern substitute (including locality factors and oncosts), expressed as a rate per unit (e.g. \$/square metre)</li> <li>– 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.</li> </ul> </li> </ul> <p>The measurement of accumulated depreciation involved significant judgements for determining condition and forecasting the remaining useful lives of building components.</p> <p>The significant judgements required for gross replacement cost and useful lives are also significant judgements for calculating annual depreciation expense.</p> <p>Using indexation required:</p> <ul style="list-style-type: none"> <li>• significant judgement in determining changes in cost and design factors for each asset type since the previous revaluation</li> <li>• reviewing previous assumptions and judgements used in the last comprehensive valuation to ensure ongoing validity of assumptions and judgements used.</li> </ul>	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• assessing the adequacy of management’s review of the valuation process and result</li> <li>• reviewing the scope and instructions provided to the valuer</li> <li>• assessing the appropriateness of the valuation methodology and the underlying assumptions with reference to common industry practices</li> <li>• assessing the appropriateness of the components of buildings used for measuring gross replacement cost with reference to common industry practices</li> <li>• assessing the competence, capabilities and objectivity of the experts used to develop the models</li> <li>• for unit rates, on a sample basis, evaluating the relevance, completeness and accuracy of source data used to derive the unit rate of the: <ul style="list-style-type: none"> <li>– modern substitute (including locality factors and oncosts)</li> <li>– adjustment for excess quality or obsolescence.</li> </ul> </li> <li>• evaluating the relevance and appropriateness of the indices used for changes in cost inputs by comparing to other relevant external indices</li> <li>• evaluating useful life estimates for reasonableness by: <ul style="list-style-type: none"> <li>– reviewing management’s annual assessment of useful lives</li> <li>– at an aggregated level, reviewing asset management plans for consistency between renewal budgets and the gross replacement cost of assets</li> <li>– testing that no building asset still in use has reached or exceeded its useful life</li> <li>– enquiring of management about their plans for assets that are nearing the end of their useful life</li> <li>– reviewing assets with an inconsistent relationship between condition and remaining useful life</li> </ul> </li> <li>• where changes in useful lives were identified, evaluating whether the effective dates of the changes applied for depreciation expenses were supported by appropriate evidence.</li> </ul>

## **Other information**

Those charged with governance are responsible for the other information.

The other information comprises the information included in the entity's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## **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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[https://www.auasb.gov.au/auditors\\_responsibilities/ar6.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar6.pdf)

This description forms part of my auditor's report.

## 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 2024:

- 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.



D J Toma  
as delegate of the Auditor-General

30 August 2024  
Queensland Audit Office  
Brisbane