Sunshine Coast Hospital and Health Service

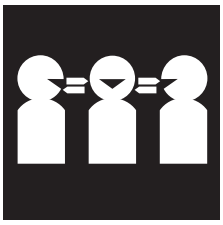
2019–2020 ANNUAL REPORT

Queensland Government

Open data
Information about consultancies, overseas travel, and the Queensland language services policy is available at the Queensland Government Open Data website (qld.gov.au/data).

Public availability statement
An electronic copy of this report is available at https://www.health.qld.gov.au/sunshinecoast/about_us/publications-and-reports/annual-reports
Hard copies of the annual report are available by phoning Communications and Corporate Affairs on 07 5202 0085. Alternatively, you can request a copy by emailing sc-communications@health.qld.gov.au.

Interpreter Service Statement
The Queensland Government is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding the annual report, you can contact us on telephone (07) 5202 0085 or freecall 1800 000 000 and we will arrange an interpreter to effectively communicate the report to you.



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

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

Letter of compliance

6 September 2020

The Honourable Steven Miles MP
Deputy Premier, Minister for Health and Minister for Ambulance Services
GPO Box 48
Brisbane QLD 4001

Dear Deputy Premier

I am pleased to submit for presentation to the Parliament the Annual Report 2019-2020 and financial statements for Sunshine Coast Hospital and Health Service.

I certify that this Annual Report complies with:

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

A checklist outlining the annual reporting requirements is provided on page 88 of this annual report.

Yours sincerely

Dr Lorraine Ferguson AM
Chair
Sunshine Coast Hospital and Health Board

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Statement on government objectives for the community

Never has the importance of an effective public health service been more widely felt than this year amid the coronavirus (COVID-19) pandemic. The health service was able to fulfill its obligations to the community in this space in large part due to the commitment of our workforce and the strength of our planning.

The *Sunshine Coast Hospital and Health Service Strategic Plan 2016-2020* supports the priorities and helps us to align activities with the Advancing Queensland's Priorities of the Queensland Government. The health service's priorities also closely align with Queensland Health's commitment to healthy Queenslanders, accessible and safe services, innovation and research, governance, partnerships and workforce. The organisation's strategic plan and organisational values also support the Queensland Government's objectives for the community and the Queensland public service values.

Sunshine Coast Hospital and Health Service's priorities are:
- Improving everyone's experience of healthcare throughout our health service
- Optimising the health outcomes of our community through collaboration and education
- Delivering sustainable, safe and high-value services driven by continuous improvement, research and education.

These priorities align with the *Queensland Government's objectives for the community, Our Future State: Advancing Queensland's Priorities* which will aim to tackle key health challenges to:
- Give our children a great start; and
- Keep Queenslanders healthy.

These priorities exemplify delivery of the directions outlined in *My health, Queensland's future: Advancing health 2026*:
- promoting wellbeing
- delivering healthcare
- connecting healthcare
- pursuing innovation.

Message from the Chair and Chief Executive

As for many in our community, 2019-2020 was an unprecedented year for Sunshine Coast Hospital and Health Service. Our region's fires in October and November were traumatic for many in our community, and we were proud to partner with other agencies to provide on the ground support, and ongoing recovery efforts. Soon after we were working to respond to the COVID-19 pandemic.

Our Incident Management Team has done an outstanding job in planning and responding to the many challenges. We rapidly mobilised our pandemic response, which included preparing to triple our emergency capacity and double our critical care capacity should the modelled projections of transmission rates in our community eventuate. The health service's continued preparation and response has required commitment, ingenuity and collaboration.

As part of our response, we expanded our contact tracing team to more than 100 people to contain community transmission. Additionally, we established fever clinics, virtual clinics and a drive-through clinic to ensure we could support our community, while working collaboratively with GPs and private pathology providers.

Our hospital teams prepared diligently for the arrival of acutely unwell COVID-19 patients, using our state of the art education facilities to simulate care and ensure safe use of personal protective equipment. Some of the innovative models of care we had already introduced served us well, enabling us to care for people at home where they are most comfortable. In a single year, we tripled the volume of care we delivered virtually, and we thank our ICT Team, which worked hard behind the scenes to safely transition many activities to a virtual setting. Many patients will continue to receive the specialty care they need using digital technology.

The restrictions on non-urgent care, following Commonwealth and Queensland Government decisions to protect available capacity for a COVID-19 response, meant that care for many of our patients was deferred. Our team worked very hard in the last quarter of the year to rebook this care, and we value the support of our private hospital partners. We also recognise the collaboration with the Wide Bay, Central Queensland and Sunshine Coast PHN, which has included vital links with and support for our primary care partners in general practice, and community education campaigns about healthcare options.

Recognising that members of our Aboriginal and Torres Strait Islander communities and the elderly are particularly vulnerable to COVID-19, we have continued to ensure our ability to support these people in the community. In addition to our own Residential Aged Care Facility, we have collaborated with the many aged care providers in the community to support development of their COVIDSafe Plans.

By working together, we have kept our services running and kept our community and staff safe. We have been overwhelmed by the support and appreciation we received from them this year—letters, billboards and many other thoughtful gestures.

Beyond the natural disasters and pandemic, 2019-2020 has been a remarkable year for Sunshine Coast Hospital and Health Service. Prior to the COVID-19 pandemic, the health service was performing well against the Key Performance Indicators (KPIs) in our service agreement, including the volumes and timeliness of care, and we were on track to deliver our full-year financial goals. Despite the reduction in services due to COVID-19, we are proud to have delivered safe, quality care to our community over the year. Our focus on those with the most acute care needs is evident in the improvement in the percentage of these patients seen within clinically recommended time both in our emergency departments and when we were able, our rescheduling of the vast majority of patients whose elective surgery was deferred during COVID-19.

We are proud to have introduced some new and expanded services for our growing community including in palliative care and eating disorders. Our new RAPID Plastics Reconstructive Surgery Service won a Premiers Award for Excellence, and our Jabba Jabba program received a Queensland Health Award for Excellence in Indigenous Leadership, both having been distinguished for their innovation.

In February 2020, the Deputy Premier, Minister for Health and Ambulance Services announced the launch of a new MRI simulator at Sunshine Coast University Hospital to provide more accurate and effective treatment planning for cancer patients. These new and enhanced services will improve the experience for our patients during their care. Then in June 2020, we announced the renewed 10-year partnership with Ramsay Health to provide public health care.

Following on from our national recognition as a six-star Green Star Healthcare award last year, our commitment to environmental sustainability has continued, with introduction of energy efficiencies and recycling of plastics, metals and other materials across all our facilities as we work towards the goals of being part of the Global Green and Healthy Hospital program.

In any year, we would pay special tribute to our Sunshine Coast Health team for its outstanding contribution, and for the way they have cared for our community or supported a frontline clinician who does. This year, we especially recognise and express our gratitude and pride in every member of our team. Despite the many challenges and uncertainty at times, they have remained focused and played their part in keeping our community safe and in some cases, even answered the call to travel into other communities to provide frontline care.

Our Board has also seen change throughout the year. We thank outgoing Board Members Dr Mason Stevenson and Mr Cos Schuh, who had been with us since 2012 and 2013 respectively, for their valued contribution to the Board and this health service during their tenure. We welcomed new members to the Board, Ms Sabrina Walsh and Mr Terry Bell, and welcomed Associate Professor Ted Weaver back to the Board. A/Prof Weaver is a long standing member of our senior clinical workforce and former Board member.

As we look back on 2019-2020, the phrase "We're all in this together" exemplifies the resounding spirit of collaboration and partnership we have witnessed on so many levels. We thank other agencies, councils, university partners and health care providers who have played such a valued leadership role in our community this year.

Our achievements as a health service in 2019-2020 would not have been possible without the dedication and talents of our staff and strong leadership of our Board and Executive Leadership Team. As the quote goes, "Crisis doesn't create character, it reveals it." We are enormously proud of the great character of our health service and its continued commitment to improve the health outcomes of our community, as we plan for and reimagine the 'new normal'.

Dr Lorraine Ferguson AM
Chair
Sunshine Coast Hospital and Health Board

Adj Prof Naomi Dwyer
Chief Executive
Sunshine Coast Hospital and Health Service

About us

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

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

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

Our strategic direction

Our Strategic Plan 2016-2020 outlines our vision, purpose, values, objectives and future direction as well as how we work with our community to improve people's health and wellbeing. When determining our strategic vision and objectives we respect, protect and promote human rights in our decision-making and actions. Those objectives are:

- Improving everyone's experience of health care throughout our health service
- Optimising the health outcomes of our community through collaboration and education
- Delivering sustainable, safe and high-value services driven by continuous improvement, research and education.

Our vision, purpose, values

Our vision:
Health and wellbeing through exceptional care.

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

Our values:
The values of the health service underpin the culture of our organisation. We have adopted the Queensland Public Service values of: Customers First, Unleash Potential, Ideas into Action, Empower People, Be Courageous. The Board and Executive also worked with staff to develop three additional health service values: Compassion, Respect, Integrity.

Our priorities

Improving everyone's experience of healthcare throughout our health service:

- consistently deliver person-centred and appropriate care
- coordinate and integrate services to improve equitable and timely access across our community
- implement best practice care guidelines and pathways across the care continuum
- introduce innovation and improvement excellence programs to improve patient experience and flow
- build and maintain partnerships with our health care partners to ensure our patients receive the right care in the right place at the right time
- build a high performing culture which attracts and retains exceptional talent
- partner with consumers, staff and community in planning, delivering and evaluating our services to improve the consumer experience and care received.

Outcome measures and achievements:

- improved access to timely care: the health service transformed outpatient services, introduced a new rapid clinic for skin cancer patients and implemented several new care pathways in alternative settings such as hospital in the home.
- reduction in length of stay and avoidable hospitalisations for the frail and aged: the health service expanded models of care for frail older persons and strengthened services including geriatric emergency department intervention.
- enhanced consumer and clinician engagement in model of care development and implementation: during the reporting period any new models of care developed were codesigned with clinicians and consumers including a refreshed Consumer and Community Engagement Strategy (PEACCE Plan).
- enhanced participation and progress in our staff engagement survey, demonstrating increased clinician and workforce satisfaction: we implemented a staff health and wellbeing framework, and staff skills and leadership programs to improve engagement.

Optimising the health outcomes of our community through collaboration and education:

- provide a regional leadership role with integration of care across the continuum to improve the health of our population
- partner with our Aboriginal and Torres Strait Islander communities and other diverse groups to reduce health inequalities and demonstrate that all our facilities are safe places to receive care
- prioritise care and develop indicators of health outcomes appropriate to the consumers and communities we serve
- work with the community and partners to create reasonable expectations of the system through use of technology to provide health promotion and evidence-based care education and receive feedback on experience in real time
- support and grow healthy, sustainable communities through health literacy, injury and illness prevention programs and health promoting practice.

Outcome measures and achievements:

- PHN network partnership delivers effective hospital avoidance strategies: the health service partnered with the PHN to develop an integrated care alliance and clinical networks focused on hospital avoidance.
- expand non-hospital options by increasing home and community—based services: the health service focused on developing models of care for consumers within the community including hospital in the home and residential aged care facilities.
- Master Clinical Services Plan developed and in place: extensive consultation with clinicians, community groups and consumers has been undertaken to develop the plan.
- improved progress on population-based needs assessment and initiatives, including

improved immunisation rates, decreased smoking and Closing the Gap initiatives: the health service has seen improved immunisation rates in the reporting period and has improved its progress on the government's Closing the Gap initiatives—see page 10 for detailed achievements.
- reduction in rates of potentially preventable hospitalisations: the health service has improved its progress in reducing the rates of preventable hospitalisations.
- improve same day discharge rates: during the reporting period, the health service continued to work on improving same day discharge rates.

Delivering sustainable, safe and high value services driven by continuous improvement, research and education:
- leverage information and technology to the benefit of our patients and deliver efficient work practices
- assure sustainable strong financial performance by improving efficiencies and productivity in the delivery of services
- become a leader in clinical health education, safety, research and analytics through building partnerships to sustain innovation, quality, education and research priorities and opportunities
- maintain an environment that supports and promotes inclusive behaviours and respects diversity where staff are inspired to do their best work
- build our capacity to be a centre of excellence for clinical analytics
- develop a sustainable strategy to ensure National standards and regulatory requirements are met.

Outcome measures and achievements:
- a measurable reduction in low benefit care: as a Choosing Wisely Australia® champion, the health service has continued to implement care pathways that have been codesigned by consumers and which reduce low benefit care.
- successful implementation of the ieMR at Sunshine Coast University Hospital and Nambour General Hospital resulting in increased evidence driven clinical decision-making: ieMR was successfully implemented at both facilities and this has enhanced clinician's decision-making capabilities
- increased number of research collaborations: during the reporting period, the health service saw an increase in the number of research collaborations, and worked with Sunshine Coast Health Institute partners (TAFE Queensland, University of the Sunshine Coast and Griffith University) to develop the institute's new strategic plan and research priorities.

Aboriginal and Torres Strait Islander health

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

The health service is committed to achieving the outcomes of the Queensland Government's strategy, *Making Tracks toward closing the gap in health outcomes for Indigenous Queenslanders by 2033*. Overseen and monitored by its Closing the Gap Committee, the health service is on track to meet its targets. They are:
- Embed Aboriginal and Torres Strait Islander representation in leadership, governance and workforce
- Improve local engagement and partnerships between the health service and Aboriginal and Torres Strait Islander people, communities and organisations
- Improve transparency, reporting and accountability in our efforts to close the gap in health outcomes for Aboriginal and Torres Strait Islander people by maintaining and regularly reviewing an outcome-based report of services delivered.

In 2019-20:

- 3.5 per cent of our patients identified as being of Aboriginal and Torres Strait Islander origin
- 1.6 per cent of Aboriginal and Torres Strait Islander patients discharged against medical advice
- Hospital Liaison Officers supported 12,366 patients and their families*
- 146 Aboriginal and Torres Strait Islander babies were born—six per cent of which were born with a low birth weight
- Ninety-six per cent of pregnant Aboriginal and Torres Strait Islander women have five or more antenatal visits
- 208 Aboriginal and Torres Strait Islander consumers had hearing checks
- 95.2 per cent of Aboriginal and Torres Strait Islander children in our region are fully vaccinated at age five
- 352 mental health consumers supported through our Cultural Healing Programs in Gympie and Nambour.

** data covers period 1 July 2019 to 31 May 2020.*

Our community-based and hospital services

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

Sunshine Coast University Hospital

Sunshine Coast University Hospital, the health service's newest facility, opened in March 2017 with about 450 beds. It is collocated with Sunshine Coast Health Institute and Sunshine Coast University Private Hospital. The Service Transition Strategy is working on planned continuation of tertiary-level services and infastructure to care for our communities by the end of 2021.

Nambour General Hospital

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

Gympie Hospital

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

Maleny Soldiers Memorial Hospital

Maleny Soldiers Memorial Hospital is a rural facility providing services to the Maleny region. It delivers an emergency service, medical care, a fully functional sub-acute rehabilitation unit, ambulatory clinics, essential diagnostic and clinical support services and oral health and community-based services. It is the hub for our Movement Disorders Clinic for patients with Parkinson's Disease.

Caloundra Health Service
Caloundra Health Service is our hub for palliative care and ophthalmology and provides a range of outpatient, ambulatory and community-based services including

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

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

- transition care
- general aged care
- older persons mental health care
- secure dementia wing.

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

Maroochydore Community Hub
The Maroochydore Community Hub opened in January 2019. This purpose-built facility consolidates 19 community-based services into one facility increasing and improving access for our patients and the community. The hub accommodates services from Mental Health and Addiction, Community Integrated and Sub Acute, and Women's and Families services.

Concessional parking
The health service provides free parking for patients and carers at the majority of its facilities however concessional parking is available for eligible patients and carers at Sunshine Coast University Hospital and Nambour General Hospital. In 2019-2020, the health service issued 13,594 concessional parking tickets for patients and carers to the value of $132,389.08.

Targets and challenges

The health service has planned for and experienced significant growth in both the range of services provided in recent years. The new tertiary health precinct at Sunshine Coast University Hospital is supporting the health service to innovate and better meet the diverse health needs of our community. The health service is focussed on becoming sustainable and delivering services that align with best practices in patient care. The successful transformation of the health service towards a sustainable future is a priority.

Targets

- Collaboration and partnerships: the health service is committed to working collaboratively with individuals, families and communities to enhance their experience within our health service and the broader health system. To achieve this, the health service is partnering with primary health and other services to better integrate the system of health in our region.
- Optimisation and transformation: the health service is developing and implementing new models of care and services as it works toward becoming a tertiary-level health service. The health service must harness the benefits of transitioning to a digital healthcare environment to achieve this.
- Value creation: as a Choosing Wisely Australia® champion, our clinicians and consumers are partnering to increase the value of evidence-based clinical care. This also reduces low benefit care where evidence does not indicate clinical benefit.

Challenges and opportunities

- Workforce: co-designed workforce engagement strategies will ensure the health service addresses strategic workforce priorities in an evolving healthcare environment.
- Information technology: strengthened governance processes and ICT strategies will guide the health service as it delivers safe, quality care in a digital health environment.
- Sustainability: the development and implementation of sustainability, efficiency and assurance frameworks that are closely monitored and assessed, will ensure a sustainable future of the health service.
- Demand: leveraging the strategic partnerships with the region will ensure the health service can work together with partners to provide a whole-of-system response to community demand for care.

Governance

Our People

Our Board

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

The Board is responsible for the overall governance of the Sunshine Coast Hospital and Health Service and derives its authority from the *Hospital and Health Boards Act 2011* and other subordinate legislation.

The Board provides strategic direction to the health service to ensure goals and objectives meet the needs of the community it provides health services to and are aligned to current government health strategies and policies.

Key responsibilities

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

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

Board member profiles as at 30 June 2020

Dr Lorraine Ferguson AM **RN, BSocSc, MPH, PhD, FACN, AFACHSM, ACCCN (life member), GAICD**

Chair

Lorraine has a background as a registered nurse and midwife, educator and manager with experience in senior nursing leadership roles, academia and health service management positions within hospitals and health services and as a senior executive in a private not-for-profit professional organisation.

Lorraine has significant experience as board member and office holder on not-for-profit boards, is a Graduate of the Australian Institute of Company Directors and has an excellent understanding of corporate and clinical governance systems and frameworks. She was appointed to the inaugural Sunshine Coast Hospital and Health Board in 2012 as a member and held the positions of Deputy Chair and Chair of the Board Safety and Quality Committee. In May 2016 she was appointed to the position of Chair of the Board. She is also a member of the Wishlist Board and holds an Adjunct Associate Professor position with the University of the Sunshine Coast.

Lorraine was appointed a Member of the Order of Australia in 2002 for service to critical care nursing, particularly in clinical, management and education disciplines, and to professional nursing organisations.

Original appointment date 29 June 2012
Current term 18 May 2019 to 17 May 2021

Mr Peter Sullivan BBus (Acc), FCPA
Deputy Chair
Peter is a highly-credentialed executive and has held a broad range of financial leadership and strategic planning positions in large complex organisations.

Peter was the Pro Vice-Chancellor (Corporate Services) and Chief Financial Officer of the University of the Sunshine Coast from 2007 until his retirement in 2013 and was responsible for overseeing a range of business functions to facilitate the ongoing financial and planning viability of the university. He provided advice on budget and financial management issues as well as major strategy and policy functions.

Peter's key achievements included the establishment of a planning and reporting framework that allowed the university to undertake strategic and operational planning. He also established an audit and assurance framework to assist the university in its accountable system of governance and continuous improvement processes.

Original appointment date 6 September 2012
Current term 18 May 2019 to 17 May 2021

Mr Brian Anker MAICD
Board Member
Brian has held a number of senior executive roles within the Queensland Government. Until November 2010 he was the Deputy Director-General, Innovation of the former Queensland Department of Employment, Economic Development and Innovation, and worked in partnership with leaders in the industry, science and technology sectors.

In 2011, Brian established Anker Consulting Pty Ltd, to provide strategic advice and planning particularly to the research and university sectors. He has undertaken strategic reviews for the University of the Sunshine Coast, assisted the University of Queensland and Queensland University of Technology on specific funding projects and assessments. In addition, he provides employee mentoring to corporations.

Brian has an extensive background in the business and industry sectors, and he is the former Chair of the federally funded National Research Data Services Initiative. He is a current member of the Australian Institute of Company Directors and has been a member of a number of boards and committees.

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

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

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

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

Original appointment date 18 May 2020 to 31 March 2024

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

In 2012, Debbie was appointed CEO Northern Territory Medicare Local with a focus on improving the primary health care system and streamlining patient pathways, particularly for remote Indigenous peoples.

In 2016, Debbie accepted the position of CEO Children's Therapy Centre to transform the longstanding and iconic company to thrive

under the NDIS. Debbie's previous experience in Queensland Health includes as Manager Public Health Planning and Research and as the Strategic Research and Development Advisor. In these roles, Debbie developed an integrated planning and reporting system to improve health outcomes, harness resources to evidence-based strategies, and foster a "one organisation" performance culture.

Original appointment date 18 May 2019 to 31 March 2022

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

Board Member

From 2011 to 2018, Birgit was the Senior Deputy Vice-Chancellor of University of the Sunshine Coast. In that role she had broad responsibility for the academic activities of the University, was the standing deputy to the Vice Chancellor, Chair of Academic Board and a member of University Council.

Birgit previously had academic and management roles at the Australian National University, Murdoch University, Griffith University and the University of Adelaide, and has served in a number of leadership roles including Head of the School of Science and Director of the Centre for Quantum Dynamics at Griffith University, and Pro Vice Chancellor (Learning and Quality) at the University of Adelaide.

Birgit has been a Board member of a number of not-for-profit Boards.

Original appointment date 18 May 2019 to 31 March 2022

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

Board Member

Anita has an extensive career, spanning more than thirty years as an Executive Director in the public sector at all levels of government and in social welfare and community services agencies.

Anita's most recent position was as the Public Advocate/Guardian in the ACT. Anita also brings valuable experience as a former Member of the Queensland Parliament and an adviser to Federal Ministers. After graduating as a social worker, Anita spent many years in North Queensland, predominately in hospital and health settings.

Anita has also worked in a diverse range of health and community settings, where she enjoyed direct consultation with patients, their families and other consumers of these services, as well as managing and developing these agencies.

Anita has current governance experience, in that she is a Graduate of the AICD, and has been appointed by the Commonwealth Government as a Community Member on the Aboriginal and Torres Strait Island Health Practitioners' Board and is an elected Director on the National Board of the Australian Association of Social Workers.

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

Professor Julie-Anne Tarr **PhD, JD, LLM, BA, GAICD**

Board Member

Julie-Anne brings a diverse background in commercial law and governance to the Board. As a Professor in the Business School of the Queensland University of Technology, her areas of specialty are complex project management, commercial law, insurance and risk.

Outside academia, Julie-Ann has held senior management roles in Australia, the US and the South Pacific including as the General Manager/ Chief Operational Officer of the QIMR Berghofer Medical Research Institute and Director of Queensland's Litigation Reform Commission.

Julie-Anne has been a director of a number of medical services and bio-technology start-up Boards, and currently chairs the Finance Committee of the Gold Coast Primary Health Network Board.

Original appointment date 18 May 2016
Current term 18 May 2017 to 17 May 2021

Ms Sabrina Walsh **Exec MPA, M.App.Psych**
Board Member
Sabrina has more than 30 years' experience in consulting and senior executive roles in the health industry. She began her career in health as a clinical psychologist before moving into health policy, health service management and leading major transformation initiatives in health.

Sabrina has expertise in governance, strategy, planning and delivery in complex health services and is passionate about helping health organisations prepare for the future and improve health outcomes and patient experience. Sabrina now provides management consulting services with a focus on digital transformation and performance improvement. She recently led the digitisation of one of the largest health services in New South Wales (NSW).

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

Original appointment date 18 May 2020 to 31 March 2024

Associate Professor Edward (Ted) Weaver (OAM)
MBBS, FRANZCOG, FACM (Hon)
Board Member
Ted is a Senior Medical Officer in the Department of Obstetrics and Gynaecology at the Sunshine Coast University Hospital. He is Clinical Sub-Dean Griffith University School of Medicine Sunshine Coast. He is an Associate Professor in Obstetrics and Gynaecology at both The University of Queensland and Griffith University. Ted co-chairs the Queensland Maternal and Perinatal Quality Council which oversees the quality of maternity and perinatal care in Queensland, reporting to the Queensland Minister for Health.

Ted was Vice President of the Royal Australian and New Zealand College of Obstetricians and Gynaecologists (RANZCOG) from 2006, and President from 2008, during a time of significant maternity care reform in Australia. Ted sits on the Education Strategy Committee and is the Vice Chairman of the Queensland Training Accreditation for RANZCOG.

In 2011, Ted was awarded the University of Queensland Medical Society and School of Medicine Distinction in Clinical Teaching Award for the Sunshine Coast Clinical School. In 2016, he was awarded an Australia Day Achievement award for excellence in medical practice, and he was also awarded an Order of Australia Medal (General Division) in the Australia Day Honours in the same year for his service to medicine and to medical education.

Original appointment date 6 September 2012
Current term 18 May 2020 to 31 March 2022

Board committees

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

Executive Committee

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

Committee members:

- Dr Lorraine Ferguson AM (Chair)
- Mr Peter Sullivan
- Associate Professor Edward Weaver (from 4 June 2020)
- Dr Mason Stevenson (4 June – 30 June 2020)

Audit and Risk Committee

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

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

Committee members:

- Mr Cos Schuh (Chair. Term expired 17 May 2020)
- Professor Julie-Anne Tarr (appointed Chair 4 June 2020)
- Mr Peter Sullivan
- Emeritus Professor Birgit Lohmann

Finance and Performance Committee

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

Committee members:

- Mr Peter Sullivan (Chair)
- Mr Brian Anker
- Mr Cos Schuh (term expired 17 May 2020)
- Ms Debra Blumel
- Associate Professor Edward Weaver (non-Board member Committee member from 27 August 2019 to 17 May 2020)
- Ms Sabrina Walsh (appointed 4 June 2020).

Safety and Quality Committee

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

Committee membership:

- Mr Brian Anker (Chair)
- Dr Mason Stevenson (term expired 17 May 2020)
- Ms Anita Phillips
- Mr Mark Raguse (resigned from Board 9 August 2019)
- Associate Professor Edward Weaver (non-Board member Committee member from 27 August 2019 to 17 May 2020)
- Mr Terence Bell (appointed 4 June 2020).

Table 1: Board and committee meeting attendance 2019-2020

	SCHH Board	Executive Committee	Finance and Performance Committee	Audit and Risk Committee	Safety and Quality Committee
Total meetings☆	**14**	**2**	**12**	**5**	**4**
Board Members					
Dr Lorraine Ferguson AM	13	2	12	4	4
Mr Peter Sullivan	14	2	11	5	
Assoc. Prof Edward Weaver^	1		7		2
Dr Mason Stevenson*	13	2			4
Mr Brian Anker	14		12		4
Mr Cosmo Schuh*	14		10	4	
Prof. Julie-Anne Tarr	13		11	4	
Ms Anita Phillips	14				4
Mr Mark Raguse #	2				
Ms Sabrina Walsh^	1		1		
Mr Terence Bell^	1				
Emeritus Professor Birgit Lohmann	14			5	
Ms Debbie Blumel	13		12		

☆There were no out-of-pocket expenses for Board members in 2019-2020
 # Board member resigned 9 August 2019
** Board member terms expired 17 May 2020*
^ New Board members appointed 18 May 2020

Executive management

Adjunct Professor Naomi Dwyer
Health Service Chief Executive
Naomi was appointed as the Chief Executive of the Sunshine Coast Hospital and Health Service in December 2017.

This follows an extensive history of executive leadership roles including Chief Executive Officer of South Australia's state-wide Women's and Children's Health Network and Chief Operating Officer, Gold Coast Hospital and Health Service where she was instrumental in leading transformational change to deliver high quality care to her community.

Naomi holds academic titles with both Griffith University and University of Adelaide, and has undergraduate and postgraduate qualifications in Business and Law.

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

Ms Rebecca Freath
Executive Director Legal, Commercial and Governance
Rebecca joined the health service in May 2020. Rebecca is a solicitor and qualified Company Secretary with a background in commercial energy and resources, public health and human services.

Rebecca's qualifications include: Bachelor of Laws, Bachelor of Business (International Business), Graduate Diploma of Legal Practice, Graduate Diploma of Applied Corporate Governance, and Graduate Australian Institute of Company Directors.

Dr John Menzies
Acting Executive Director Medical Services
John joined the health service in May 2020 and has a long history in Queensland Health as CEO of Royal Brisbane and Women's Hospital, Regional Director of Sunshine Coast and former Executive Director Medical Services of Nambour General Hospital, and General Manager Health Roundtable. He also serves on the Board of our Central Queeensland, Wide Bay and Sunshine Coast PHN. John is an experienced medical administrator and clinical leader.

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

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

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

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

Ms Loretta Seamer
Chief Finance Officer
Loretta has more than 30 years of experience as a finance professional and more than 18 years with specific focus in the Healthcare Sectors in Australia, United Kingdom and the Middle East. Loretta has worked across public and private tertiary, academic and research health organisations as an executive, health planner and consultant. Loretta has led teams in finance and performance, health services planning, strategy and risk management, project and change management.

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

Angela held the senior leadership role of Program Director—Operational Commissioning for the Sunshine Coast University Hospital Program, committed to the ongoing transformation of the health service to meet community expectations.

She commenced in her current role in July 2019.

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

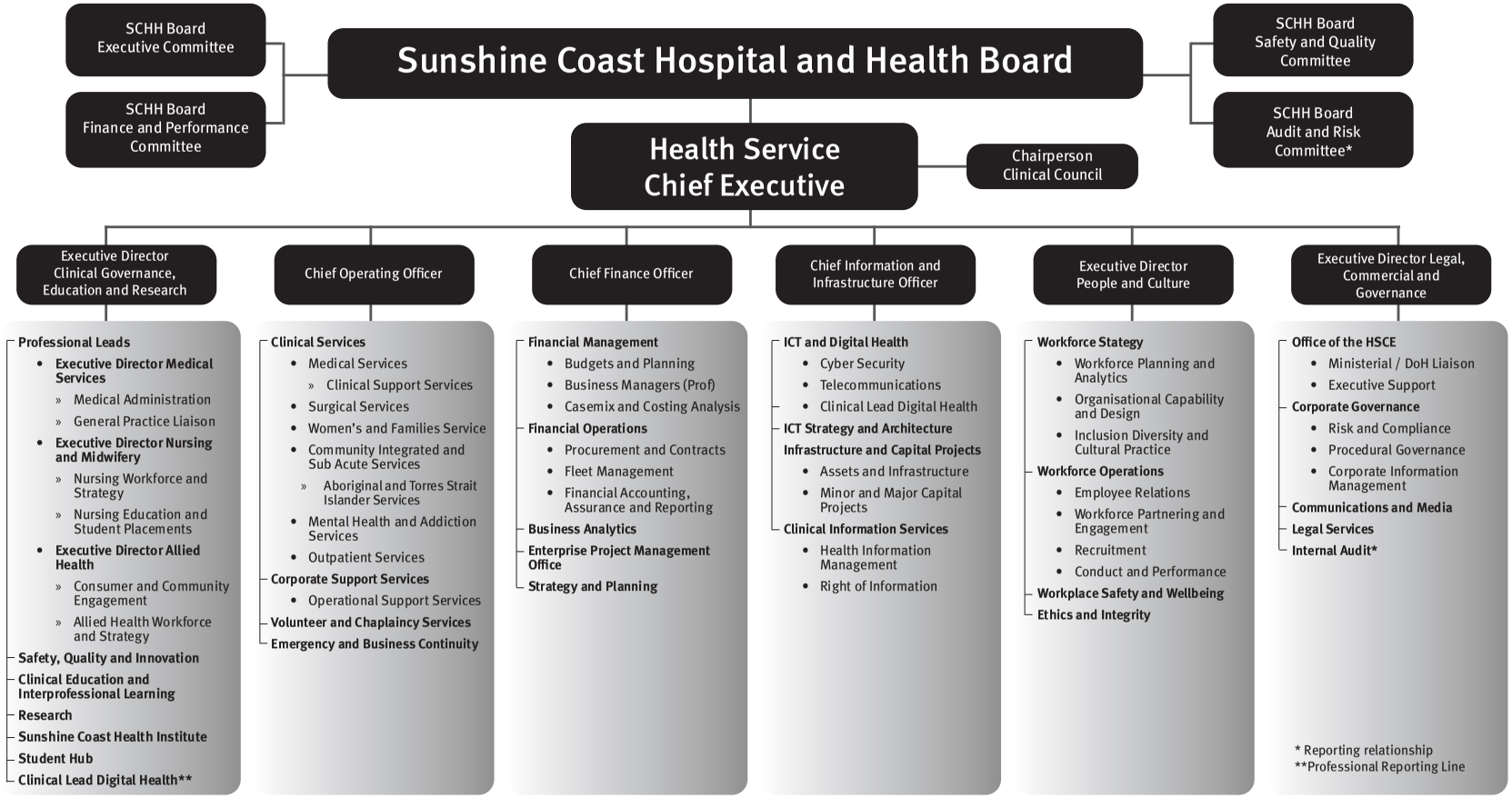
Colin brings with him more than 30 years' experience delivering a broad range of strategic Human Resource initiatives and services within Government Departments, Statutory Authorities, Government-Owned Corporations and the Private Sector. He has broad operational, tactical and strategic level knowledge in all areas of People and Culture including workplace transformation and redesign. Colin also has considerable experience working collaboratively with Queensland public sector unions.

Dr Morne Terblanche
Chair Clinical Council
Morne completed his anaesthetic training at Chris Hani Baragwanath hospital in Soweto, South Africa before emigrating to Australia.

Morne was Director of Anaesthetics on the Sunshine Coast before becoming the medical lead for safety and quality. During his time as director, Morne completed a Masters in Health Management from the University of New South Wales.

Morne also serves in the RAAF specialist reserves with the rank of Squadron Leader, and is a qualified commercial pilot.

Organisational structure and workforce profile



As at 30 June 2020

Strategic workforce planning and performance
Strategic workforce planning plays a key role in creating alignment between our strategic priorities and the workforce required to successfully deliver these.

The Sunshine Coast Hospital and Health Service Workforce Strategy 2019-2021 guides strategic workforce planning and, in conjunction with the Workforce Planning Toolkit, assists services to successfully drive workforce planning for their services to deliver sustainable, consumer-centred healthcare into the future.

At 30 June 2020 the Sunshine Coast Hospital and Health Service workforce was 6170 Full Time Equivalent (FTE) staff. The separation rate was 5.01 per cent. Tables 2 and 3 show our workforce composition.

Staff wellbeing
The Sunshine Coast Hospital and Health Service Employee Wellbeing Strategy 2019 fosters and promotes a supportive environment where employees are involved in healthy lifestyles and our workplace is conducive to employee wellness. Our Employee Wellness Framework recognises the multi-faceted nature of wellbeing across four dimensions (emotional, physical, social and financial). A significant initiative from this strategy was the development of our own Peer Support Program, known as *CareForUs*, with a trained network of staff volunteers in psychological first aid available to support their colleagues. In response to the evolving COVID-19 situation a dedicated Employee Support and Wellbeing Response Plan was put in place to support our workforce.

Leadership
Sunshine Coast Hospital and Health Service's Leadership and Culture Strategy aims to create an environment where our leaders strive to create and sustain a community of care where staff experience joy at work, while delivering exceptional healthcare and wellbeing to the our community. Sunshine Coast Hospital and Health Service identifies leadership capability development as a guiding principle in shaping a positive and productive organisational culture and the behaviours that underpin this. A range of strategies, programs and support mechanisms are in place and continue to be reviewed and developed to support staff. Sunshine Coast Hospital and Health Service has continued to partner with the Department of Health's Clinical Excellence Queensland branch in the delivery of a range of leadership programs which include customisation of existing offerings to align to the capability development of our current and employees are involved in healthy lifestyles and our workplace is conducive to employee wellness.

Health and safety
The health service has a Safety Management System in place. An external audit of the health service's Safety Management System was completed in March 2020. This audit did not identify any instances of non-conformance.

On 15 June 2020 the health service became a non-prescribed employer. The Safety and Wellbeing team continues to work with the Queensland Health to identify necessary reforms.

Maybo Occupational Violence Program training was introduced this year, with commendation by Queensland Health for our approach.

In response to the evolving COVID-19 situation a dedicated Workplace Health and Safety Plan was implemented to support our workforce. As COVID-19 restrictions changed, the health service introduced guidelines and assistance to ensure staff can return to the workplace, or normal operations, in a safe environment. The documents included a Keeping a Workplace Safe through the Pandemic workplace guideline and a Pandemic Safe Workplace Assessment.

Early retirement, redundancy and retrenchment
No redundancy, early retirement and/or retrenchment packages were paid during the period 2019-2020.

*Table 2: More doctors and nurses**

	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020 FTYD
Medical staff[a]	584	712	753	800	834
Nursing staff[a]	1764	2082	2338	2476	2585
Allied health staff[a]	542	695	754	767	787

*Table 3: Greater diversity in our workforce**

	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020 FTYD
Persons identifying as being First Nations[b]	61	74	87	101	110

*Note: * Workforce is measured in MOHRI—Full-Time Equivalent (FTE). Data presented reflects the most recent pay cycle at year's end. Data presented is to May-20.*
Source: [a] DSS Employee Analysis, [b] Queensland Health MOHRI, DSS Employee Analysis

Strategic committees

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

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

Strategic committees are established to oversee broad strategic portfolios across corporate and clinical boundaries, including standards to which the Health Service must comply. Strategic committees provide a forum to address issues that may impact on relevant strategic or operational objectives and plans, and act as a vehicle to provide relevant executives assurance regarding organisation-wide activities that are directly related to the scope of that Strategic Committee. These committees all have appropriate sub-delegation relevant to the function and purpose of the committee. The committees are a vehicle for providing essential integration and uniformity of approach to health service planning, patient safety and quality, service development, workforce, resource management, information, communication and technology, performance management and reporting.

Our strategic committees:

- Safe Care Leadership Committee
- Performance and Sustainability Executive Committee
- Workplace Safety and Wellbeing Committee
- Education Council
- Research Clinical Council
- Information Services Committee
- Executive Operational Committee
- Closing the Gap Committee
- Executive Coordination Group—Major Projects (inaugural meeting April 2020)
- Clinical Council (Strategic Advisory Committee)

Table 4: Number of strategic committee meetings 2019-2020

^Executive Coordination Group—Major Projects formed in April 2020

**Closing the Gap Committee established as strategic committee in July 2019*

Strategic committee	No. of meetings held
Safe Care Leadership Committee	11
Strategic Executive Committee	6
Performance and Sustainabilty Executive Committee	9
Workplace Safety and Wellbeing Committee	9
Education Council	7
Research Clinical Council	9
Information Services Group Committee	8
Executive Operations Committee	12
Executive Coordination Group—Major Projects^	3
Closing the Gap Committee*	6
Clinical Council (Advisory)	9

Our risk management

Sunshine Coast Hospital and Health Service is committed to providing the highest standards of consumer and staff safety and regards risk management as both a tool of good management and governance to meet its objectives and obligations.

The health service has an established risk management system, underpinned by the Enterprise Risk Management Framework. The framework applies a standardised and structured approach for the identification, assessment, evaluation, mitigation and monitoring of risks aligned to international standards. Central to the framework is that all staff have a role to play in managing risk within the health service.

Our Risk Appetite Statement sets out the type of risk that the organisation is willing to take in order to meet its strategic objectives. A range of appetites exist for different risks and these may change over time and are reviewed annually.

As part of the COVID-19 emergency response, the health service enhanced the risk management function to oversee and coordinate all risk identification, assessment, and management activities related to COVID-19. This ensured appropriate identification and response to all possible risk events to the health service as a result of the pandemic.

Internal audit

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

The purpose, authority and responsibility of the function are established in the Internal Audit Charter approved by the Board. The Charter is consistent with the Audit Committee Guidelines and the audit and ethical standards of the Institute of Internal Auditors International Professional Practices Framework. The internal audit function is independent of management and the authorised auditors.

The function has executed the strategic and annual audit plan prepared as a result of the review of significant operational and financial risks, materiality, contractual and statutory obligations and consideration of other assurance providers.

The audit team are members of professional bodies including the Institute of Internal Auditors, CPA Australia and ISACA. The health service continues to support their ongoing professional development.

External scrutiny, Information systems and record-keeping

There were no external reviews during 2019-2020.

The health service's administrative records program has continued to collaborate with stakeholders across the health service to support improved operational document management and business efficiency.

An audit of off-site records is continuing and over 75 per cent of the health service's off-site records have been audited. Following the audit, all holdings will be reviewed for authorised destruction following Queensland State Archive requirements.

Staff have access to comprehensive record-keeping and information management information on the health service's intranet site.

Queensland Public Service Ethics

Ethical organisational culture

The health service is committed to embedding an ethical organisational culture. In delivering public health services to the Sunshine Coast and Gympie communities, we uphold our responsibility to conduct and report on our business in an open, transparent and accountable manner.

A strong ethical culture is influenced by a robust code of conduct and is integral to establishing an ethical culture. The *Public Sector Ethics Act 1994* sets out the ethics principles and related values fundamental to good public administration and provides the basis for codes of conduct for Queensland public sector agencies.

The ethics principles are:

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

Confidential information

In accordance with section s160 of the *Hospital and Health Boards Act 2011*, the health service is required to include a statement in its Annual Report detailing the disclosure of confidential information in the public interest. There were no disclosures under this provision during 2019-2020.

Human rights

During COVID-19 the health service played an essential role in the government's efforts to protect and support Queenslanders. From a human rights perspective the health service took action and made decisions which protected the following rights:

- Taking part in public life
- Privacy and reputation
- Protection of families and children
- Cultural rights—generally
- Cultural rights—First Nations people
- Right to health services.

In taking actions and making decisions the health service was mindful of its obligation to act compatibly with human rights, by ensuring that any limitations on human rights were reasonable and justified. The health service reviewed policies and procedures to ensure human rights.

During the reporting period, the health service responded to one complaint relating to human rights.

Our performance

The Sunshine Coast Hospital and Health Board is responsible for the delivery of the organisation's strategy and monitoring of performance. In accordance with our Strategic Plan (2016-2020) and the Service Agreement with Department of Health. In 2019-2020, the health service's performance against the Service Agreement was impacted by the COVID-19 pandemic. This included:

- the requirement to focus on preparation and response to COVID-19 which began early 2020 and continued for the remainder of 2019-2020
- the associated significant reduction in non-urgent care including elective surgery, outpatients, screening and oral health to create capacity for the significant expansion of public health, emergency and critical care associated with the COVID-19 response
- an increase in operating costs, both workforce and non-labour, to prepare and respond to COVID-19
- the deferment of some efficiency strategies so leadership could focus on the pandemic management response
- the increased costs in goods and sevices including purchase of PPE equipment.

Notwithstanding the significant impact of COVID-19, the health service continued to deliver safe, high quality care to its community with record volumes of care in a number of areas, and a particular focus on those patients requiring the highest clinical priority.

Table 5: Service standards performance 2019-20

Service standards	Target	Actual
Effectiveness measures		
Percentage of patients attending emergency departments seen within recommended timeframes: [a]		
Category 1 (within 2 minutes)	100%	100%
Category 2 (within 10 minutes)	80%	75.5%
Category 3 (within 30 minutes)	75%	73.8%
Category 4 (within 60 minutes)	70%	82.1%
Category 5 (within 120 minutes)	70%	97.8%
Percentage of emergency department attendances who depart within four hours of their arrival in the department [a]	›80%	72.8%
Percentage of elective surgery patients treated within clinically recommended times: [b]		
Category 1 (30 days)	›98%	88.5%[1]
Category 2 (90 days)	95%	69.7%
Category 3 (365 days)	95%	69.8%
Rate of healthcare associated Staphylococcus aureus (including MRSA) bloodstream (SAB) infections/10,000 acute public hospital patient days [c]	‹2	0.9[2]
Rate of community follow-up within 1-7 days following discharge from an acute mental health inpatient unit [d]	›65%	68.8%
Proportion of readmissions to an acute mental health inpatient unit within 28 days of discharge [d]	‹12%	10.4%[3]

Service standards	Target	Actual
Percentage of specialist outpatients waiting within clinically recommended timeframes: [e]		
Category 1 (30 days)	80%	73.8%[1]
Category 2 (90 days)	70%	43.9%
Category 3 (365 days)	90%	75.7%
Percentage of specialist outpatients seen within clinically recommended times: [e]		
Category 1 (30 days)	82%	87.4%[1]
Category 2 (90 days)	70%	50.8%
Category 3 (365 days)	90%	64.2%
Median wait time for treatment in emergency departments (minutes) [a]	...	14
Median wait time for elective surgery (days) [b]	...	49
Efficiency measure Average cost per weighted activity unit for Activity Based Funding facilities [f,g]	$5428	$5407[4]
Other measures		
Number of elective surgery patients treated within clinically recommended times:[b]		
Category 1 (30 days)	3156	3243[1]
Category 2 (90 days)	4407	2765
Category 3 (365 days)	1799	1382
Number of Telehealth outpatient occasions of service events [h]	4311	12,781
Total weighted activity units (WAUs)[g]		
Acute inpatient	104,914	99,473[5]
Outpatients	22,040	22,186
Sub-acute	7756	8251
Emergency department	22,974	22,066
Mental health	11,033	9727
Prevention and primary care	3565	4394
Ambulatory mental health service contact duration (hours)[d]	›65,184	62,820
Staffing[i]	6007	6170

[1]Non urgent elective surgery and specialist outpatient services were temporarily suspended as part of COVID-19 preparation. Seen in time performance and service volumes were impacted as a result.
[2]The Epidemiology and Research Unit in the Communicable Diseases Branch are unable to provide full year SAB data as resources are redirected to the COVID-19 response. SAB data presented as Mar-20 FYTD and is preliminary.
[3]Readmission to acute Mental Health inpatient unit data presented as May-20 FYTD.
[4]Cost per WAU data presented as Mar-20 FYTD.
[5]Delivery of activity and weighted activity units was impacted by two significant factors in 2019-20; the introduction of a revised Australian Coding Standard "0002 Additional diagnoses" from 1 July 2019, resulted in lower weighted activity units being calculated for admitted patients relative to the same casemix of 2018-19 year and COVID-19 preparation and the temporary suspension of non urgent planned care services reduced the volume of patient activity. Activity data presented is preliminary. Data presented is full year as at 17 August 2020.
Source: a Emergency Data Collection, b Elective Surgery Data Collection, c Communicable Diseases Unit, d Mental Health Branch, e Specialist Outpatient Data Collection, f DSS Finance, g GenWAU, h Monthly Activity Collection, I DSS Employee Analysis. Note: Targets presented are full year targets as published in 2019-20 Service Delivery Statements.

Financial summary

The health service reported total comprehensive income of $1.638 million for the year incorporating a net revaluation increment of $28.665 million on land and buildings and an underlying operating deficit of $27.027 million.

Table 6: Summary of financial results for past two years

Financial performance	2019-2020 $'000	2018-2019 $'000
Total income	1,281,487	1,254,834
Total expenses	(1,308,514)	(1,277,016)
Operating result	**(27,027)**	**(22,128)**
Financial position		
Current assets	90,964	122,284
Non-current assets	1,922,415	1,996,093
Total assets	**2,013,379**	**2,118,377**
Current liabilities	(131,775)	(126,046)
Non-current liabilities	(583,686)	(595,524)
Total liabilities	**(715,461)**	**(721,570)**
Total equity	**1,297,918**	**1,396,807**

The operating result reflects higher than expected costs of delivering services during the year which saw the health service on track to deliver record levels of care to patients followed by unprecedented challenges faced in responding to the COVID-19 pandemic. Further rigour in demand management and ongoing commitment to efficiency and sustainability strategies is continuing to be implemented to address performance and enable the health service to transition to long term financial sustainability.

Financial performance

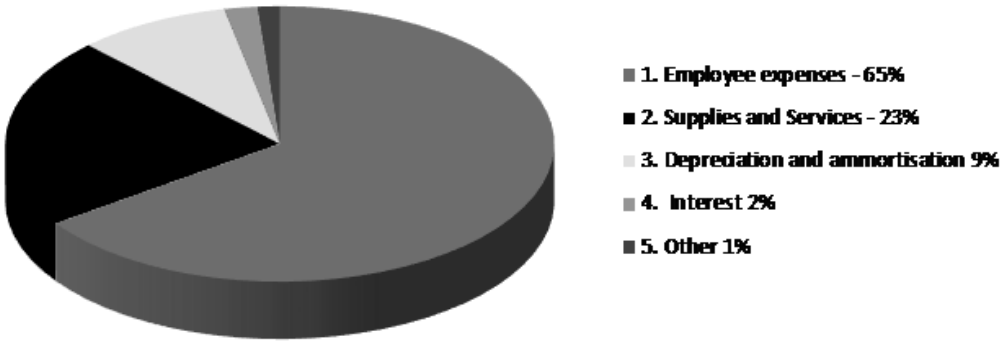
Total Income

Total income for 2019-2020 was $1.281 billion, an increase of $26.6 million or 2.1 per cent from 2018-2019 ($1.255 billion). The increase mainly relates to additional growth funding and activity purchased by the Department of Health. $4.104 million was received from the Australian Government through the COVID-19 National Partnership Agreement and the Department of Health Service Agreement toward the costs of managing the COVID-19 response.

Total Expenses
Total expenses for 2019-2020 were $1.309 billion, and increase of $31.5 million or 2.5 per cent from 2018-2019 ($1.277 billion). In addition to costs expended in delivering additional activity, the health service incurred additional expenditure in responding to the COVID-19 pandemic, predominantly in labour and employment related costs. While there is a National Partnership Agreement to support healthcare COVID-19 costs, not all financial impacts, including loss of revenue, were eligible for reimbursement.

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

Chart 1: total expenses 2019-2020



Anticipated Maintenance
Anticipated maintenance is a common building maintenance strategy used 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 asset. All anticipated maintenance items are risk assessed to identify any potential impact on users and services and are closely managed to ensure all facilities are safe. Anticipated maintenance items are identified through the completion of triennial condition assessments, with the value and quantum of anticipated maintenance will fluctuate in accordance with the assessment programs and completed maintenance works.

As at 3 June 2020, the health service had reported total anticipated maintenance of $15.3 million. The health service is currently completing a condition assessment program for its major facilities, and the value of anticipated maintenance may vary as a result.

Financial position

Total assets

The health service's asset base amounts to $2.013 billion. Ninety-five per cent or $1.916 billion is comprised of property, plant and equipment. Total assets decreased by $105 million in 2019-20 predominantly reflecting a reduction in cash and cash equivalents of $37.1 million ($38.6 million attributable to use for operating activities) and property, plant and equipment of $72.310 million. The net reduction in total property, plant and equipment is mainly attributed to increased accumulated depreciation offset by net revaluation movements and new asset acquisitions net of disposals.

Total equity

Total equity is at $1.298 billion which is a decrease of $98.889 million from 2018-2019. This decrease mainly reflects a decrease in contributed equity offset by an increase in the 2019-2020 accumulated deficit and increase in the asset revaluation surplus.

Implementation of a new enterprise resource planning system

On 1 August 2019, the health service implemented S/4 HANA, a new state-wide enterprise resource planning system replacing an older instance of SAP known as FAMMIS. Refer to Note G8 of the Financial Statements.

Future financial outlook

The health service is committed to providing better health outcomes for its community through redesign and innovation but also investment in its people and infrastructure. Financial year 2020-2021 will remain fiscally challenging for the health service as the health service continues to respond to the COVID-19 pandemic and implement strategies to transition to long-term financial sustainability. Construction works on the $86.2 million re-development of Nambour General Hospital and the planning for stage three of Sunshine Coast University Hospital has begun, and will provide additional capacity and capability across the health service. This will be balanced against the continued focus on our sustainable future.

Financial statements

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Statement of comprehensive income
For the year ended 30 June 2020

	Note	2020 $'000	2019 $'000
Income			
Funding for public health services	B1.1	**1,160,968**	1,122,196
User charges	B1.2	**81,369**	72,660
Grants and other contributions	B1.3	**26,549**	47,368
Other revenue		**12,525**	12,455
Total revenue		**1,281,411**	1,254,679
Gains on disposal of assets		**76**	155
Total income from continuing operations		**1,281,487**	1,254,834
Expenses			
Employee expenses	B2.1	**(823,081)**	(793,680)
Department of Health employee expenses	B2.1	**(29,893)**	-
Supplies and services	B2.2	**(294,750)**	(322,477)
Grants and subsidies		**(163)**	(74)
Depreciation and amortisation	C3, C4	**(118,311)**	(117,912)
Impairment losses on financial assets		**(1,413)**	(849)
Interest expense		**(25,250)**	(27,882)
Other expenses	B2.3	**(15,653)**	(14,142)
Total expenses		**(1,308,514)**	(1,277,016)
Operating result for the year		**(27,027)**	(22,182)
Other comprehensive income			
Items that will not be reclassified subsequently to operating result			
Increase in the asset revaluation surplus	C9.2	**28,665**	86,301
Other comprehensive income for the year		**28,665**	86,301
Total comprehensive income for the year		**1,638**	64,119

Statement of financial position
As at 30 June 2020

	Note	2020	2019
		$'000	$'000
Assets			
Current assets			
Cash and cash equivalents	C1	**48,538**	85,668
Trade and other receivables	C2	**32,979**	27,844
Inventories		**5,936**	5,490
Other current assets		**3,511**	3,282
Total current assets		**90,964**	122,284
Non-current assets			
Property, plant and equipment	C3	**1,915,873**	1,988,192
Right-of-use assets		**1,440**	-
Intangibles	C4	**5,102**	7,901
Total non-current assets		**1,922,415**	1,996,093
Total assets		**2,013,379**	2,118,377
Liabilities			
Current liabilities			
Trade payables	C5	**108,405**	68,306
Lease liabilities		**419**	-
Interest bearing liability	C6	**8,995**	8,300
Accrued employee benefits	C7	**6,210**	32,824
Contract liabilities	C8	**7,746**	16,616
Total current liabilities		**131,775**	126,046
Non-current liabilities			
Interest bearing liability	C6	**503,367**	512,362
Contract liabilities	C8	**79,283**	83,162
Lease liabilities		**1,036**	-
Total non-current liabilities		**583,686**	595,524
Total liabilities		**715,461**	721,570
Net assets		**1,297,918**	1,396,807
Equity			
Contributed equity	C9.1	**1,019,791**	1,120,318
Asset revaluation surplus	C9.2	**319,826**	291,161
Accumulated result		**(41,699)**	(14,672)
Total equity		**1,297,918**	1,396,807

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 2020

	Note	Contributed equity $'000	Asset revaluation surplus $'000	Accumulated result $'000	Total equity $'000
Balance at 1 July 2018		1,193,070	204,860	7,510	1,405,440
Operating result for the year		-	-	(22,182)	(22,182)
Other comprehensive income for the year	C9.2	-	86,301	-	86,301
Total comprehensive income for the year		-	86,301	(22,182)	64,119
Transactions with owners in their capacity as owners:					
Equity injections					
Cash injection from the Department for capital works and acquisitions		41,100	-	-	41,100
Reclass equity received to revenue		5,343	-	-	5,343
Non cash injection of other capital assets		67	-	-	67
Equity withdrawals					
Non cash withdrawal for depreciation and amortisation offset		(117,912)	-	-	(117,912)
Non cash withdrawal for assets transferred to the Department		(1,350)	-	-	(1,350)
Transactions with owners in their capacity as owners		(72,752)	-	-	(72,752)
Balance at 30 June 2019		1,120,318	291,161	(14,672)	1,396,807
Balance at 1 July 2019		**1,120,318**	**291,161**	**(14,672)**	**1,396,807**
Operating result for the year		**-**	**-**	**(27,027)**	**(27,027)**
Other comprehensive income for the year	C9.2	**-**	**28,665**	**-**	**28,665**
Total comprehensive income for the year		**-**	**28,665**	**(27,027)**	**1,638**
Transactions with owners in their capacity as owners:					
Equity injections					
Cash injection from the Department for capital works and acquisitions		**25,787**	**-**	**-**	**25,787**
Reclass equity received to revenue		**(7,940)**	**-**	**-**	**(7,940)**
Equity withdrawals					
Non cash withdrawal for depreciation and amortisation offset		**(118,311)**	**-**	**-**	**(118,311)**
Non cash withdrawal for assets transferred to the Department		**(63)**	**-**	**-**	**(63)**
Transactions with owners in their capacity as owners		**(100,527)**	**-**	**-**	**(100,527)**
Balance at 30 June 2020		**1,019,791**	**319,826**	**(41,699)**	**1,297,918**

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 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Funding for public health services		**1,027,707**	1,028,139
User charges		**78,053**	73,133
Grants and other contributions		**16,697**	37,957
Interest received		**120**	153
GST collected from customers		**6,324**	6,230
GST input tax credits		**22,276**	28,332
Other revenue		**7,842**	8,498
Employee expenses		**(849,695)**	(790,354)
Supplies and services		**(278,708)**	(320,291)
Grants and subsidies		**(163)**	(74)
GST paid to suppliers		**(22,717)**	(26,547)
GST remitted		**(6,377)**	(6,086)
Interest expense		**(24,582)**	(28,019)
Other expenses		**(15,406)**	(14,040)
Net cash (used by) operating activities	CF.1	**(38,629)**	(2,969)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**76**	155
Payments for property, plant and equipment		**(15,806)**	(19,562)
Payments for intangibles		**(20)**	(3,890)
Net cash (used by) investing activities		**(15,750)**	(23,297)
Cash flows from financing activities			
Proceeds from equity injections		**25,787**	41,100
Borrowing redemptions	CF.2	**(8,300)**	(7,625)
Principal payments of lease liabilities	CF.2	**(238)**	-
Net cash from financing activities		**17,249**	33,475
Net increase/(decrease) in cash held		**(37,130)**	7,209
Cash and cash equivalents at the beginning of the financial year		**85,668**	78,459
Cash and cash equivalents at the end of the financial year	C1	**48,538**	85,668

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

Statement of cash flows
For the year ended 30 June 2020

Note to the statement of cash flows

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

	2020	2019
	$'000	$'000
Operating result for the year	**(27,027)**	(22,182)
Adjustments for:		
Inventory written off	**130**	175
Losses on disposal of non current assets	**247**	103
Depreciation and amortisation	**118,311**	117,912
Depreciation and amortisation funding offset from the Department	**(118,311)**	(117,912)
Derecognition of plant and equipment	**1,251**	-
Donations of plant and equipment	**(124)**	(153)
Impairment losses on financial assets	**1,413**	849
Movements in assets and liabilities:		
(Increase)/decrease in trade and other receivables	**(13,533)**	3,639
(Increase)/decrease in GST input tax credits receivables	**(494)**	1,929
(Increase)/decrease in inventories	**(576)**	(509)
(Increase)/decrease in accrued revenue	**(537)**	9,283
(Increase)/decrease in other current assets	**(229)**	(1,024)
Increase/(decrease) in trade and other payables	**40,563**	2,134
Increase/(decrease) in salary and wages accrued	**(22,880)**	2,802
Increase/(decrease) in other employee benefits payable	**(3,734)**	524
Increase/(decrease) in contract liabilities	**(13,099)**	(539)
Net cash (used by) operating activities	**(38,629)**	(2,969)

CF.2 Changes in liabilities arising from financing activities

		Non-cash changes	*Cash flows*	
2019	**Opening balance $'000**	**New leases acquired $'000**	**Cash repayments $'000**	**Closing balance $'000**
Interest bearing liabilities	528,287	-	(7,625)	**520,662**
Total	**528,287**	**-**	**(7,625)**	**520,662**

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

Notes to the financial statements
For the year ended 30 June 2020

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 Board Act 2011. SCHHS is controlled by the State of Queensland which is the ultimate parent.

The principal address of SCHHS is:

Sunshine Coast University Hospital

6 Doherty Street, Birtinya, QLD 4575

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

A2 Objectives and principal activities

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

A3 Compliance with prescribed requirements

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

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

New accounting standards applied for the first time in these financial statements are outlined in Note G6 First year application of new standards or change in policy.

A4 Presentation

Currency and rounding

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

Comparatives

Comparative information reflects the audited 2019 financial statements except where restated to be consistent with disclosures in the current reporting period.

Current/non-current classification

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

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

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

A5 Authorisation of financial statements for issue

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

A6 Basis of measurement

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

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

Historical cost

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

Fair value

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

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

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

Present value

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

Net realisable value

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

A7 The reporting entity

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

Notes to the financial statements
For the year ended 30 June 2020

Section B: Notes about our financial performance

B1 Revenue

B1.1 Funding for public health services

	2020 $'000	2019 $'000
Activity based funding	**930,986**	875,657
Block funding	**80,327**	67,880
Funding for depreciation	**118,311**	117,912
COVID-19 funding	**4,104**	-
Other system manager funding	**27,240**	60,747
Total	**1,160,968**	1,122,196

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

Funding from the Department is provided predominantly for specific public health services purchased by the Department from SCHHS in accordance with a Service Agreement. The Department receives its revenue for funding from the State and Commonwealth Governments. State funding is received fortnightly and Commonwealth funding is received monthly in advance through the Department. The Service Agreement is reviewed periodically and updated for changes in activities and prices of services delivered by SCHHS. In 2019-20, the Commonwealth Government agreed to provide a guaranteed Activity Based Funding envelope under the National Health Reform Agreement, as a result of the COVID-19 pandemic. As such, the Department did not make any financial adjustments for under-delivery (or over-delivery) against Activity Based Funding targets.

Of the total funding for public health services received in 2020, $791.084m (2019: $752.197m) was received from the State with $369.884m (2019: $369.999m) received from the Commonwealth.

Activity based funding is based on agreed activity volumes and a state-wide price per the Service Agreement. Revenue is recognised in line with AASB 15 *Revenue from Contracts with Customers* based on purchased activity once delivered, which is considered to be satisfaction of performance obligations under the Service Agreement, with the exception of 2019-20 financial year where no adjustment was made due to COVID-19 pandemic which resulted in reductions in activity for a short period to allow health services to undertake preparations. The comparative year revenue contract was based on purchased activity.

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

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

The Commonwealth Government provided funding in 2019-20 through the COVID-19 National Partnership Agreement. Funding was also provided through the Service Agreement. Revenue was recognised on receipt of the funding.

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

Economic dependency

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

B1.2 User charges

	2020 $'000	2019 $'000
Revenue from contracts with customers		
Sale of goods and services	**2,743**	3,628
Hospital fees	**40,641**	37,983
Pharmaceutical Benefits Scheme reimbursement	**37,985**	31,049
Total	**81,369**	72,660

Sales of goods and services and hospital fees

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

Pharmaceutical Benefits Scheme reimbursement

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

B1.3 Grants and other contributions

	2020 $'000	2019 $'000
Revenue from contracts with customers		
State Government grants	**4,691**	26,613
Commonwealth Government grants	**10,818**	10,056
Other grants	**359**	720
	15,868	37,389
Other grants and other contributions		
Services received below fair value	**10,085**	9,326
Donations	**596**	653
	10,681	9,979
Total	**26,549**	47,368

Grants

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

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

Services received below fair value

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

B2 Expenses

B2.1 Employee and Department of Health employee expenses

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

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

(a) Employee expenses

	2020	2019
	$'000	$'000
Wages and salaries *	**644,736**	626,099
Employer superannuation contributions	**70,288**	65,162
Annual leave levy	**78,298**	74,699
Long service leave levy	**15,885**	13,219
Workers' compensation premium	**8,577**	9,306
Other employee related expenses	**5,297**	5,195
Total	**823,081**	793,680

* Wages and salaries included a one-off payment of $1,250 (prorated for part time and casual employees) to 3,264 full-time equivalent employees totalling $4.080m associated with proposed enterprise bargaining agreements.

Wages and salaries

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

Superannuation

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

Annual leave and long service leave

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

Workers' compensation

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

Sick Leave

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

B2.1 Employee and Department of Health employee expenses (continued)

(b) Department of Health employee expenses

	2020 $'000	2019 $'000
Employee expenses reimbursed to the Department of Health	**29,893**	-

(c) Number of employees

	2020	2019
HHS employees	**314**	5,954
Department of Health employees	**5,856**	-
Total employees	**6,170**	5,954

The number of employees represents full-time or part-time staff, measured on a full-time equivalent basis reflecting Minimum Obligatory Human Resource Information (MOHRI) as at 30 June 2020. Members of the Board are not included in the number of HHS employees.

(d) Key management personnel remuneration

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

B2.2 Supplies and services

	Note	2020 $'000	2019 $'000
Clinical supplies and services		**72,304**	69,470
Drugs		**49,285**	42,586
Repairs and maintenance		**30,912**	31,007
Pathology, blood and parts		**27,675**	26,148
Services purchased from private hospitals		**24,412**	36,622
Communications		**15,797**	14,489
Building utilities		**15,067**	15,368
Catering and domestic supplies		**13,053**	13,283
Computer services		**12,679**	10,444
Services received below fair value	B1.3	**10,085**	9,326
Medical consultants and contractors		**6,572**	5,284
Other consultants and contractors		**4,883**	16,423
Rent expenses		**2,474**	2,619
Patient travel		**1,992**	2,001
Motor vehicles		**1,603**	1,703
Expenses relating to capital works		**1,581**	6,972
Other travel		**1,097**	1,336
Ambulance service		**27**	8,089
Other supplies and services		**3,252**	9,307
Total		**294,750**	322,477

Services purchased from private hospitals

Services purchased from private hospitals during the year amounted to $24.412m (2019: $36.622m). These expenses include the agreements with Ramsay Health Care for the provision of health services to public patients within the Noosa Private Hospital (refer to Note G3 Arrangements for the provision of public infrastructure by other entities) and the Sunshine Coast University Private Hospital.

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

A total of $25.743m (2019: $31.285m) was expensed across various categories of supplies and services in relation to quarterly service payments due to Exemplar Health in relation to the operation of SCUH. Refer to Note G3 Arrangements for the provision of public infrastructure by other entities.

B2.3 Other expenses

	2020 $'000	2019 $'000
Insurance premiums	**10,821**	9,647
Inventory written off	**130**	175
Losses from the disposal of non-current assets	**247**	103
Special payments	**23**	1
Legal costs	**797**	654
Other	**3,635**	3,562
Total	**15,653**	14,142

External audit fees

Total audit fees paid or payable to the Queensland Audit Office relating to the 2020 financial year included in the Other category were $0.283m (2019: $0.250m). There are no non-audit services included in this amount.

Insurance premiums

Certain losses including property, general liability, professional indemnity and health litigation costs are insured with the Queensland Government Insurance Fund (QGIF). The total insurance premium paid was $9.834m (2019: $8.750m). The maximum excess amount payable is $20,000 for each claim event. Upon notification by QGIF of the acceptance of a claim, revenue will be recognised for the agreed settlement amount and disclosed in Other Revenue.

Special payments

Special payments relate to ex-gratia expenditure that is not contractually or legally obligated to be made to other parties. In compliance with the *Financial and Performance Management Standard 2019*, SCHHS maintains a register setting out details of all special payments greater than $5,000. During the year, two payments were made in excess of $5,000 (2019: nil) relating to employee reimbursements for legal expenses.

Section C: Notes about our financial position

C1 Cash and cash equivalents

	2020 $'000	2019 $'000
Cash at bank and on hand	**41,164**	80,390
Cash on deposit	**7,374**	5,278
Total	**48,538**	85,668

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

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

Cash on deposit which is held on-call, relates to General Trust fund monies which are not grouped within the Whole-of-Government set-off arrangement and are able to be invested and earn interest. Cash on deposit with the Queensland Treasury Corporation earned interest at an annual effective rate of 2.38 per cent (2019: 2.38 per cent).

Restricted cash

SCHHS receives cash contributions primarily from private practice clinicians and external entities for the provision of education, study and research in clinical areas. Contributions are also received from benefactors in the form of gifts, bequests, donations and legacies for stipulated purposes. At 30 June 2020, an amount of $7.380m (2019: $5.430m) in General Trust is set aside for specified purposes defined by the contribution.

C2 Trade and other receivables

	2020 $'000	2019 $'000
Trade receivables	**21,119**	19,096
Less: Allowance for credit losses	**(868)**	(643)
	20,251	18,453
GST input tax credits receivables	**1,969**	1,528
GST payable	**(1,394)**	(1,447)
	575	81
Accrued revenue	**2,590**	2,053
Contract assets - funding for public health services	**9,563**	7,257
Total	**32,979**	27,844

Receivables

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

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

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

C2 Trade and other receivables (continued)

Impairment of receivables

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

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

Credit risk exposure of receivables

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

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

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

	2020			2019		
	Trade receivables	**Loss rate**	**Allowance for credit losses**	Trade receivables	Loss rate	Allowance for credit losses
	$'000	**%**	**$'000**	$'000	%	$'000
Aging						
Current	**7,204**	**1%**	**(92)**	5,901	1%	(69)
1 to 30 days overdue	**3,781**	**2%**	**(88)**	7,927	2%	(158)
31 - 60 days overdue	**1,369**	**4%**	**(48)**	2,092	4%	(75)
61 - 90 days overdue	**5,745**	**4%**	**(255)**	739	5%	(36)
More than 90 days overdue	**3,020**	**13%**	**(385)**	2,437	13%	(305)
Total	**21,119**		**(868)**	19,096		(643)

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

	2020	2019
	$'000	$'000
Opening balance	**643**	962
Additional provisions recognised	**1,413**	849
Receivables written off during the year as uncollectable	**(1,188)**	(1,168)
Closing balance	**868**	643

C3 Property, plant and equipment

	2020 $'000	2019 $'000
Land - at fair value	**78,046**	76,534
Buildings - at fair value	**2,217,234**	2,178,956
Less: Accumulated depreciation	**(505,227)**	(404,601)
	1,712,007	1,774,355
Plant and equipment - at cost	**223,876**	221,232
Less: Accumulated depreciation	**(108,282)**	(89,310)
	115,594	131,922
Capital work in progress - at cost	**10,226**	5,381
Total	**1,915,873**	1,988,192

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 30 June 2018	74,455	922	1,765,304	127,435	27,828	1,995,944
Additions	-	-	-	7,270	15,545	22,815
Disposals	-	-	-	(103)	(5,949)	(6,052)
Revaluation increments	2,079	149	84,073	-	-	86,301
Transfers in	-	-	-	2,961	-	2,961
Transfers between classes	-	-	15,750	16,293	(32,043)	-
Adjustment to accumulated depreciation on transfers	-	-	-	14	-	14
Depreciation expense	-	(102)	(91,741)	(21,948)	-	(113,791)
Carrying amount at 30 June 2019	**76,534**	**969**	**1,773,386**	**131,922**	**5,381**	**1,988,192**
Additions	-	-	57	4,941	10,932	15,930
Disposals	-	-	-	(307)	-	(307)
Revaluation increments	1,512	29	27,236	-	-	28,777
Revaluation decrements	-	(112)	-	-	-	(112)
Derecognitions	-	-	-	-	(1,251)	(1,251)
Transfers between classes	-	-	3,208	1,628	(4,836)	-
Depreciation expense	-	(111)	(92,655)	(22,590)	-	(115,356)
Carrying amount at 30 June 2020	**78,046**	**775**	**1,711,232**	**115,594**	**10,226**	**1,915,873**

C3 Property, plant and equipment (continued)

Recognition

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

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

Acquisition

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

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

Depreciation

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

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

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

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

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

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

Impairment

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

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

C3 Property, plant and equipment (continued)

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.

Asset revaluation

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

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

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

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

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

The impact of COVID-19 has been considered during the comprehensive and indexed revaluations.

Land

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

The SVS provided an index for certain land in 2020. The index was 1.0 based on market conditions for commercial and residential property on the Sunshine Coast.

Buildings

Under a rolling 5-year valuation program, GRC Quantity Surveyors (GRC) performs a comprehensive valuation of all buildings measured on a current replacement cost basis (effective valuation date of 30 June 2020). Key inputs into the valuation on replacement cost basis included internal records of the original cost of the specialised fit out and more contemporary design/construction costs published for various standard components of buildings. Significant judgement was also used to assess the remaining service potential of the buildings given local environmental conditions and the records of the current condition of the building.

C3 Property, plant and equipment (continued)

GRC provided an index for certain buildings in 2020. The index was 1.63% resulting in an increase of $27.239m based on cost escalations evidenced in the market.

Revaluation movement

The revaluation movement for land and buildings is at Note C9.2 Asset revaluation surplus.

C4 Intangibles

	2020	2019
	$'000	$'000
Developed software	**16,892**	16,872
Developed software - Accumulated amortisation	**(12,261)**	(9,614)
	4,631	7,258
Purchased software	**238**	-
Purchased software - Accumulated amortisation	**(55)**	-
	183	-
Software work in progress	**288**	643
	288	643
Total	**5,102**	7,901

Reconciliation of carrying amounts

	Developed software: At Cost	**Purchased software: At Cost**	**Software work in progress**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Carrying amount at 30 June 2018	9,855	-	2,536	12,391
Additions	-	-	3,890	3,890
Transfers	2,858	-	(2,858)	-
Transfer to plant and equipment	-	-	(2,925)	(2,925)
Transfers from the Department	(1,334)	-	-	(1,334)
Amortisation	(4,121)	-	-	(4,121)
Carrying amount at 30 June 2019	7,258	-	643	7,901
Additions	20	-	-	20
Derecognitions	-	-	(117)	(117)
Transfers	-	238	(238)	-
Amortisation	(2,647)	(55)	-	(2,702)
Carrying amount at 30 June 2020	**4,631**	**183**	**288**	**5,102**

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

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

C5 Trade payables

	2020 $'000	2019 $'000
Trade payables	**40,345**	35,249
Funding for public health services	**27,755**	23,134
Employee expenses payable to the Department of Health	**29,893**	-
Other payables	**10,412**	9,923
Total	**108,405**	68,306

Trade payables

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

C6 Interest bearing liability

	2020 $'000	2019 $'000
Current		
Interest bearing liability - PPP arrangement	**8,995**	8,300
Total	**8,995**	8,300
Non-current		
Interest bearing liability - PPP arrangement	**503,367**	512,362
Total	**503,367**	512,362
Total	**512,362**	520,662

Refer to Note G3(b) Arrangements for the provision of public infrastructure by other entities for details of the PPP arrangement at SCUH to which this interest bearing liability relates.

C7 Accrued employee benefits

	2020 $'000	2019 $'000
Salaries and wages accrued	**5,689**	28,569
Other employee benefits payable	**521**	4,255
Total	**6,210**	32,824

Accrued employee benefits

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

C8 Contract liabilities

	2020 $'000	2019 $'000
Current		
SCUH car park revenue	**3,738**	3,738
Funding for public health services	**2,197**	11,476
Grants funding	**1,553**	985
Other	**258**	417
Total	**7,746**	16,616
Non-current		
SCUH car park revenue	**76,172**	79,910
Other	**3,111**	3,252
Total	**79,283**	83,162
Total	**87,029**	99,778

Sunshine Coast University Hospital Car Parks

The majority of contract liabilities relates to two car parks constructed by Exemplar Health in return for a licence to operate the car parks over 25 years. Refer Note G3(c) Arrangements for the provision of public infrastructure by other entities for details of the arrangement. The associated revenue will be unwound over the 25 year term of the agreement.

C9 Equity

C9.1 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 Deputy Premier and Minister for Health and Minister for 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.

C9.2 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 2018	15,028	189,832	204,860
Revaluation increase for the year	2,078	84,223	86,301
Balance at 30 June 2019	17,106	274,055	291,161
Revaluation increase for the year	1,512	27,153	28,665
Balance at 30 June 2020	**18,618**	**301,208**	**319,826**

Notes to the financial statements
For the year ended 30 June 2020

Section D: Notes about risks and other accounting uncertainties

D1 Fair value measurement

Fair value definition

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

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

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

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

Fair value measurement hierarchy

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

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

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

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

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

D2 Financial instruments

Recognition

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

Classification

Financial instruments are classified and measured as follows:

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

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

The effective interest rate on the Interest bearing liability as at 30 June 2020 is 4.2 per cent (2019: 4.8 per cent). No interest has been capitalised during the current period.

D2 Financial instruments (continued)

Categorisation of financial instruments

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

	2020	2019
	$'000	$'000
Financial Assets		
Cash and cash equivalents	**48,538**	85,668
Trade and other receivables	**32,979**	27,844
Total	**81,517**	113,512
Financial Liabilities		
Trade payables	**108,405**	68,306
Interest bearing liability	**512,362**	520,662
Total	**620,767**	588,968

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 ageing analysis for cash inflows at risk. The maximum exposure to credit risk at balance date is the carrying value of receivable balances adjusted for impairment. Credit risk is considered minimal for SCHHS.

Liquidity risk

Liquidity risk refers to the situation when SCHHS may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets. Liquidity risk is measured through monitoring of cash flows by active management of accrual accounts. An approved debt facility of $16m under Whole of Government banking arrangements to manage any short-term cash shortfalls has been established. No funds had been withdrawn against this debt facility as at 30 June 2020 (2019: $nil).

Market risk - Interest rate risk

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

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

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

D3 Contingencies

Contingent liabilities - litigation in progress

As at 30 June 2020 SCHHS has 3 litigation cases filed in the courts (2019: 2 cases).

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

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

D4 Commitments

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

	2020	2019
	$'000	$'000
Non-cancellable operating leases		
Committed at reporting date but not recognised as liabilities, payable:		
within one year	**-**	3,173
one year to five years	**-**	8,392
more than five years	**-**	14,880
Total	**-**	26,445
Capital expenditure commitments		
Committed at reporting date but not recognised as liabilities, payable:		
within one year	**2,714**	1,329
one year to five years	**6,086**	-
Total	**8,800**	1,329
Lessor revenue commitments		
Committed at reporting date but not recognised as assets, receivable:		
within one year	**7,740**	4,657
one year to five years	**30,931**	18,571
more than five years	**91,225**	80,432
Total	**129,896**	103,660

Non-cancellable operating leases

The majority of operational leases are in relation to the tenancy of various administrative, residential and commercial buildings. SCHHS is not party to any finance leases. From 1 July 2019, SCHHS has recognised right-of-use assets for these leases, except for short-term and low-value leases.

Lessor revenue commitments

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

D5 Future impact of accounting standards not yet effective

The following new accounting standards and interpretations have been published that are not mandatory for the 30 June 2020 reporting period and have not been early adopted by SCHHS. The entity's assessment of the impact of these new accounting standards and interpretations is set out below.

(a) AASB 1059 Service Concession Arrangements: Grantors

AASB 1059 will first apply to SCHHS's financial statements for the year ending 30 June 2021. This standard defines service concession arrangements and applies a new control concept to the recognition of service concession assets and related liabilities.

SCHHS has analysed the effects of this standard on the contractual arrangements summarised in Note G3(a) Arrangements for the provision of public infrastructure by other entities.

SCHHS's initial contract with Ramsay Health Care to operate the Noosa Hospital has been identified as a service concession arrangement. This arrangement ceased on 30 June 2020 with a new arrangement entered into from 1 July 2020. The new arrangement is not a service concession arrangement.

In relation to the initial contract arrangement, under existing accounting standards and Queensland Treasury policies, the facilities have not been recognised on SCHHS's statement of financial position. Upon transition to AASB 1059, SCHHS will recognise the Noosa Hospital facility as a service concession asset. At the same time, SCHHS will recognise a contract liability. The asset and liabilities will be first recognised in SCHHS's financial statements as an adjustment to opening comparative balances at 1 July 2019.

Category	Amount	Measurement basis
Service concession asset	$28.288m	Current replacement cost. Management has determined a valuation of the Noosa Hospital as at 1 July 2019 based on a provisional comprehensive valuation undertaken by the Valuer as at 1 July 2020.
Contract liability	$1.189m	Current replacement cost of the service concession asset at 1 July 2019 adjusted to reflect the remaining period of the service concession arrangement (1 year) relative to the total period of the arrangement (20 years).
Accumulated surplus	$27.099m	The difference between the service concession asset and the sum of the financial liability and contract liability.

SCHHS does not have any other arrangements that would fall within the scope of AASB 1059.

(b) Other

All other Australian accounting standards and interpretations with future effective dates are either not applicable to SCHHS or have been assessed as having no material impact on SCHHS.

D6 Events after the reporting period

No matter or circumstance has arisen since 30 June 2020 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.

Section E: Notes on our performance compared to budget

E1 Budget to actual comparison – statement of comprehensive income

	Variance Notes	Budget 2020 $'000	Actual 2020 $'000	Variance 2020 $'000	Variance %
Income					
Funding for public health services		1,140,633	1,160,968	20,335	2%
User charges	E4.1	71,146	81,369	10,223	14%
Grants and other contributions	E4.2	21,160	26,549	5,389	25%
Other revenue		9,587	12,525	2,938	31%
Total revenue		1,242,526	1,281,411	38,885	3%
Gains on disposal of assets		3	76	73	100%
Total income from continuing operations		1,242,529	1,281,487	38,958	3%
Expenses					
Employee expenses	E4.3	(811,138)	(823,081)	(11,943)	1%
Department of Health employee expenses	E4.3	-	(29,893)	(29,893)	-%
Supplies and services	E4.4	(264,384)	(294,750)	(30,366)	11%
Grants and subsidies		(100)	(163)	(63)	64%
Depreciation and amortisation		(111,899)	(118,311)	(6,412)	6%
Impairment losses on financial assets		(706)	(1,413)	(707)	100%
Interest expense	E4.5	(41,537)	(25,250)	16,287	(39%)
Other expenses	E4.6	(12,766)	(15,653)	(2,887)	23%
Total expenses		(1,242,529)	(1,308,514)	(65,985)	5%
Operating result for the year		(0)	(27,027)	(27,027)	-%
Other comprehensive income					
Items that will not be reclassified subsequently to operating result					
Increase in the asset revaluation surplus		59,757	28,665	(31,092)	(52%)
Other comprehensive income for the year		59,757	28,665	(31,092)	(52%)
Total comprehensive income for the year		**59,757**	**1,638**	**(58,119)**	**(97%)**

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

E2 Budget to actual comparison – statement of financial position

	Variance Notes	Budget 2020 $'000	Actual 2020 $'000	Variance 2020 $'000	Variance %
Assets					
Current assets					
Cash and cash equivalents	E4.7	41,336	48,538	7,202	17%
Trade and other receivables	E4.8	23,851	32,979	9,128	38%
Inventories		5,353	5,936	583	11%
Other current assets		2,371	3,511	1,140	48%
Total current assets		72,911	90,964	18,053	25%
Non-current assets					
Property, plant and equipment		2,041,370	1,915,873	(125,497)	(6%)
Right-of-use assets	E4.9	-	1,440	1,440	-%
Intangibles		8,860	5,102	(3,758)	(42%)
Total non-current assets		2,050,230	1,922,415	(127,815)	(6%)
Total assets		2,123,141	2,013,379	(109,762)	(5%)
Liabilities					
Current liabilities					
Trade payables	E4.10	59,603	108,405	48,802	82%
Lease liabilities	E4.9	-	419	419	-%
Interest bearing liability		8,941	8,995	54	1%
Accrued employee benefits	E4.11	47,857	6,210	(41,647)	(87%)
Contract liabilities		4,228	7,746	3,518	83%
Total current liabilities		120,629	131,775	11,146	9%
Non-current liabilities					
Interest bearing liability		503,388	503,367	(21)	(0%)
Contract liabilities		76,353	79,283	2,930	4%
Lease liabilities	E4.9	-	1,036	1,036	-%
Total non-current liabilities		579,741	583,686	3,945	1%
Total liabilities		700,370	715,461	15,091	2%
Net assets / Total equity		**1,422,771**	**1,297,918**	**(124,853)**	**(9%)**

E3 Budget to actual comparison – statement of cash flows

	Variance Notes	Budget 2020 $'000	Actual 2020 $'000	Variance 2020 $'000	Variance %
Cash flows from operating activities					
Funding for public health services		1,028,734	1,027,707	(1,027)	(0%)
User charges		70,301	78,053	7,752	11%
Grants and other contributions	E4.2	11,683	16,697	5,014	43%
Interest received		95	120	25	26%
GST collected from customers		6,414	6,324	(90)	(1%)
GST input tax credits		28,691	22,276	(6,415)	(22%)
Other revenue		5,104	7,842	2,738	54%
Employee expenses	E4.3	(805,312)	(849,695)	(44,383)	6%
Supplies and services		(253,979)	(278,708)	(24,729)	10%
Grants and subsidies		(79)	(163)	(84)	106%
GST paid to suppliers		(28,691)	(22,717)	5,974	(21%)
GST remitted		(6,413)	(6,377)	36	(1%)
Interest expense	E4.5	(40,868)	(24,582)	16,286	(40%)
Other expenses	E4.6	(12,501)	(15,406)	(2,905)	23%
Net cash from/(used by) operating activities		3,179	(38,629)	(41,808)	(1315%)
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment		(120)	76	196	(163%)
Payments for property, plant and equipment	E4.12	(10,433)	(15,806)	(5,373)	52%
Payments for intangibles		(2,874)	(20)	2,854	(99%)
Net cash (used by) investing activities		(13,427)	(15,750)	(2,323)	17%
Cash flows from financing activities					
Proceeds from equity injections	E4.13	16,290	25,787	9,497	58%
Borrowing redemptions		(8,300)	(8,300)	-	-%
Principal payments of lease liabilities		-	(238)	(238)	-%
Net cash from financing activities		7,990	17,249	9,259	116%
Net (decrease) in cash held		(2,258)	(37,130)	(34,872)	1544%
Cash and cash equivalents at the beginning of the financial year		43,594	85,668	42,074	97%
Cash and cash equivalents at the end of the financial year	E4.7	**41,336**	**48,538**	**7,202**	**17%**

E4 Explanations of material variances

E4.1 User charges

The increase in user charges is predominantly due to revenue received for purchases of pharmaceuticals subsidised by the Commonwealth Government under the PBS ($7.6m). The increase is also due to increased revenue from private practice threshold contributions by clinicians ($1.4m) and inpatient Worker's Compensation reimbursements ($1.0m).

E4.2 Grants and other contributions

The increase is predominantly due to higher than budgeted recoveries of non-capital expenditure from the Department for costs associated with projects including the integrated electronic Medical Record (ieMR) system, the refurbishment of the Caloundra and Nambour hospitals and the Health Technology Equipment Replacement (HTER) program ($4.5m). The increase is also partially due to higher goods and services received below fair value from the Department ($0.9m).

E4.3 Employee expenses and the Department of Health employee expenses

From 15 June 2020 all non-executive health service employees in the SCHHS were employed by the Director-General as system manager of the Department and provide services to the HHS as contracted operational staff. The budget for the Department of Health employee expenses is included in employee expenses.

The increase in employee expenses and the Department of Health employee expenses is predominantly due to the response to the COVID-19 pandemic ($11.6m), additional funding for enterprise bargaining agreements ($7.0m), various project initiatives ($2.3m) and also achieving a level of sustainability and productivity improvement initiatives lower than budgeted ($15.5m).

There was no cash expenditure for Department of Health employee expenses during the period with an accrual recorded for such expenses at 30 June 2020.

E4.4 Supplies and services

The increase in supplies and services is predominantly due to additional expenditure on clinical supplies, prosthetic appliances and pathology services ($17.2m), additional expenditure on pharmaceuticals ($12.3m) of which the majority is subsidised by the Commonwealth Government under the PBS and the response to the COVID-19 pandemic ($0.6m).

E4.5 Interest expense

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

E4.6 Other expenses

The increase is predominantly due to higher than expected QGIF insurance premiums ($2.0m) and legal and professional services costs ($0.3m).

E4.7 Cash and cash equivalents

The increase is predominantly due to higher than anticipated carry over of funding from prior years for the Minor Capital Projects and Acquisitions Program ($4.9m) as well as the timing of the settlement of operating receivables and payables at year end ($1.6m).

E4.8 Trade and other receivables

The increase is predominantly due to accrued funding from the Department for additional outsourced activities ($3.9m), funding to address the COVID-19 response ($1.1m), and for other services/initiatives ($1.3m). The increase is also due to a swap of Department funding from equity to revenue ($3.3m).

E4.9 Right-of-use assets and lease liabilities

Increase is due to leased properties now capitalised as right-of-use assets and lease liabilities under new accounting standard AASB 16 *Leases*. At the time the budget was set these amounts were not known.

E4 Explanations of material variances (continued)

E4.10 Trade payables

The increase is predominantly due to the reclassification of accrued non-executive health service employee liabilities at balance date ($35.1m) from Accrued employee benefits. Refer E4.3 Employee and Department of Health employee expenses. The increase is also predominantly due to the return of funding to the Department ($26.9m) offset by lower than expected expenses payable ($13.3m).

E4.11 Accrued employee benefits

The decrease is largely due to the reclassification of accrued benefits for non-executive health service employees to Trade payables ($35.1m). Refer E4.3 Employee and Department of Health employee expenses.

E4.12 Payments for property plant and equipment

The increase is largely due to the Nambour Hospital refurbishment ($4.3m) and additional expenditure under the HTER program ($1.6m) being higher than budgeted.

E4.13 Proceeds from equity injections

The increase is predominantly due to the cash settlement of the swap of funding from revenue to equity accrued at 30 June 2019 ($5.3m) and additional funding received for the refurbishments of the Nambour and Gympie Hospitals ($3.9m).

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

F1 Agency and patient trust transactions and balances

(a) Granted private practice

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

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

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

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

	2020	2019
	$'000	$'000
Granted Private Practice Revenues and Expenses		
Billing revenue - assigned arrangement	**6,034**	5,456
Billing revenue - retention arrangement	**15,182**	12,096
Interest revenue	**18**	21
Payments to SCHHS	**(6,052)**	(5,477)
Payments to retention doctors	**(3,924)**	(3,820)
Payments to SCHHS for recoverable costs relating to the retention arrangement	**(8,673)**	(6,356)
Payments to SCHHS's SERT fund	**(2,585)**	(1,920)
	-	-
Closing balance of bank account not yet disbursed	**2,007**	1,916

(b) Patient trust

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

	2020	2019
	$'000	$'000
Patient Trust receipts and payments		
Opening balance	**79**	71
Amounts receipted on behalf of patients	**715**	687
Amounts paid to or on behalf of patients	**(724)**	(679)
Closing balance	**70**	79

Section G: Other information

G1 Key management personnel and remuneration expenses

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of SCHHS during 2020.

(a) Deputy Premier and Minister for Health and Minister for Ambulance Services

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

(b) Board

Position	Contract classification and appointment authority	Name of incumbent	Original appointment date	Cessation date
Board Chair Provide strategic leadership and guidance and effective oversight of management, operations and financial performance.	Board Chair *Hospital and Health Boards Act 2011* Section 25(1)(a)	Dr Lorraine Ferguson, AM	01/07/2012 (appointed Board Chair 18/05/2016)	
Board Member Provide strategic guidance and effective oversight of management, operations and financial performance.	Board Member *Hospital and Health Boards Act 2011* Section 23(1)	Mr Peter Sullivan (Deputy Board Chair)	06/09/2012 (appointed Deputy Chair 04/10/2019*)	
		Dr Mason Stevenson	01/07/2012	17/05/2020
		Mr Cosmo Schuh	18/05/2013	17/05/2020
		Mr Brian Anker	18/05/2013	
		Professor Julie-Anne Tarr	18/05/2016	
		Ms Anita Phillips	18/05/2017	
		Mr Mark Raguse	18/05/2019	09/08/2019
		Emeritus Professor Birgit Lohmann	18/05/2019	
		Ms Debra Blumel	18/05/2019	
		Dr Edward Weaver	18/05/2020	
		Ms Sabrina Walsh	18/05/2020	
		Mr Terrance Bell	18/05/2020	

* Previous service also as Deputy Board Chair from 26 August 2016 to 17 May 2019.

Notes to the financial statements
For the year ended 30 June 2020

G1 Key management personnel and remuneration expenses (continued)

(c) Executive

Position	Contract classification and appointment authority	Name of incumbent	Original appointment date	Cessation date
Chief Executive Provide strategic leadership and direction, promote effective and efficient use of resources, develop health service plans, workforce plans and capital works for the delivery of public sector health services.	*Hospital and Health Boards Act 2011* Section 33	Adjunct Professor Naomi Dwyer	11/12/2017	
Chief Operating Officer Provide strategic leadership and assume accountability for the day to day delivery of operational excellence in clinical and clinical support services of SCHHS.	HES3-2 *Hospital and Health Boards Act 2011* Section 74	Karlyn Chettleburgh	06/08/18	
Chief Finance Officer Provide strategic leadership, financial advice and governance in all aspects of finance management.	HES3-1 *Hospital and Health Boards Act 2011* Section 74	Andrew McDonald (Acting)	09/07/2018	16/02/2020
		Loretta Seamer	10/02/2020	
Executive Director Digital Transformation and Chief Information Officer * Provide strategic leadership and operational control of the information technology function.	HES2-1 *Hospital and Health Boards Act 2011* Section 74	Michael DeZwart (Contractor)	24/10/2018	30/06/2019
		Angela Bardini (Acting)	15/07/2019	
Executive Director, Strategy, Performance and Governance ** Provide strategic leadership, development, and direction across projects, communication and governance functions.	HES2-5 *Hospital and Health Boards Act 2011* Section 74	Luke Worth	10/12/2018	20/10/2019
		Loretta Seamer (Acting)	28/11/2019	09/02/2020
Executive Director People and Culture Provide strategic leadership, development and implementation of the People and Culture framework.	HES2-5 *Hospital and Health Boards Act 2011* Section 74	Terence Seymour (Acting)	12/04/2019	27/03/2020
		Colin Anderson	25/03/2020	

* During the year the position of Chief Information Officer was retitled to Executive Director Digital Transformation and Chief Information Officer.

** During the year the position of Executive Director, Strategy, Performance and Governance ceased.

G1 Key management personnel and remuneration expenses (continued)

(c) Executive (continued)

Position	Contract classification and appointment authority	Name of incumbent (Executive)	Original appointment date	Cessation date
Executive Director, Medical Services Provide professional leadership for all medical practitioners and oversight of the patient safety agenda, credentialing, education and research.	MMOI2 *Hospital and Health Boards Act 2011* Section 74	Dr Andrew Hallahan (Acting)	07/02/2019	30/08/2019
		Dr Deborah Bailey (Acting)	26/08/2019	26/01/2020
		Dr Chris Lilley (Acting)	03/02/2020	26/04/2020
		Dr John Menzies (Acting - Contractor)	20/04/2020	
Executive Director, Nursing and Midwifery Services Provide leadership, strategic direction, clinical governance and professional support for nursing and midwifery services including credentialing, education and research.	NRG13-2 *Queensland Health Nurses and Midwives Award - State 2015*	Suzanne Metcalf	13/02/2017	
Executive Director - Allied Health Provide professional leadership for all allied health practitioners, including professional governance, credentialing, education and research.	HP8.1, *Health Practitioners and Dental Officers (Queensland Health) Award – State 2015*	Gemma Turato	01/09/2017	
Executive Director, Legal, Commercial and Governance Provide leadership and strategic direction across legal, commercial and governance functions.	HES2-1 *Hospital and Health Boards Act 2011* Section 74	Rebecca Freath	07/05/2020	

(d) Remuneration expense

Key management personnel remuneration – Minister

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. SCHHS does not bear any cost of remuneration of the Minister. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet.

As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements, which are published as part of Queensland Treasury's Report on State Finances.

Key management personnel remuneration – Board

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

G1 Key management personnel and remuneration expenses (continued)

(d) Remuneration expense (continued)

Key management personnel remuneration – Executive

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

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

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

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

(i) Board

2020	Short term benefits		Post-employment benefits	Long term benefits	Termination benefits	Total
Name (Board)	Monetary	Non-monetary				
	$'000	$'000	$'000	$'000	$'000	$'000
Dr Lorraine Ferguson AM	89	-	8	-	-	**97**
Mr Peter Sullivan	54	-	5	-	-	**59**
Dr Mason Stevenson	46	-	4	-	-	**50**
Mr Cosmo Schuh	47	-	5	-	-	**52**
Mr Brian Anker	51	-	5	-	-	**56**
Professor Julie-Anne Tarr	47	-	4	-	-	**51**
Ms Anita Phillips	47	-	4	-	-	**51**
Mr Mark Raguse	7	-	1	-	-	**8**
Emeritus Professor Birgit Lohmann	47	-	5	-	-	**52**
Ms Debra Blumel	47	-	5	-	-	**52**
Dr Edward Weaver	3	-	-	-	-	**3**
Ms Sabrina Walsh	3	-	-	-	-	**3**
Mr Terrance Bell	3	-	-	-	-	**3**
Total	**491**	**-**	**46**	**-**	**-**	**537**

During the year, there were no reimbursements to Board members for out of pocket expenses (2019: $25.45).

G1 Key management personnel and remuneration expenses (continued)

(i) Board (continued)

2019	Short term benefits		Post-employment benefits	Long term benefits	Termination benefits	Total
Name (Board)	Monetary	Non-monetary				
	$'000	$'000	$'000	$'000	$'000	$'000
Dr Lorraine Ferguson AM	89	-	8	-	-	**97**
Mr Peter Sullivan	57	-	5	-	-	**62**
Dr Mason Stevenson	50	-	5	-	-	**55**
Dr Edward Weaver	45	-	4	-	-	**49**
Mr Cosmo Schuh	51	-	5	-	-	**56**
Mr Brian Anker	51	-	5	-	-	**56**
Professor Julie-Anne Tarr	47	-	4	-	-	**51**
Ms Anita Phillips	47	-	4	-	-	**51**
Mr Mark Raguse	6	-	1	-	-	**7**
Emeritus Professor Birgit Lohmann	6	-	1	-	-	**7**
Ms Debra Blumel	6	-	1	-	-	**7**
Total	**455**	**-**	**43**	**-**	**-**	**498**

G1 Key management personnel and remuneration expenses (continued)

(ii) Executive

2020	Short term benefits		Post-employment benefits	Long term benefits	Termination benefits	Total
Position (Executive)	Monetary	Non-monetary				
	$'000	$'000	$'000	$'000	$'000	$'000
Chief Executive	402	6	41	9	-	**458**
Chief Operating Officer	221	-	24	5	-	**250**
Chief Finance Officer (to 16/02/2020)	138	-	15	3	-	**156**
Chief Finance Officer (from 10/02/2020)	86	-	9	2	-	**97**
Executive Director Digital Transformation and Chief Information Officer (from 15/07/2020)	159	-	19	4	-	**182**
Executive Director, Strategy, Performance and Governance (to 20/10/2019)	71	-	8	2	-	**81**
Executive Director, Strategy, Performance and Governance (from 28/11/2019 to 09/02/2020)	44	-	5	1	-	**50**
Executive Director People and Culture (to 27/03/2020)	171	-	18	4	2	**195**
Executive Director People and Culture (from 25/03/2020)	48	-	4	1	-	**53**
Executive Director, Medical Services (to 30/08/2019)	99	-	8	2	-	**109**
Executive Director, Medical Services (from 26/08/2019 to 26/01/2020)	185	-	15	4	-	**204**
Executive Director, Medical Services (from 03/02/2020 to 26/04/2020)	101	-	9	2	-	**112**
Executive Director, Nursing and Midwifery Services	239	-	27	5	-	**271**
Executive Director - Allied Health	201	-	24	5	-	**230**
Executive Director, Legal, Commercial and Governance (from 07/05/2020)	21	-	2	-	-	**23**
Total	**2,186**	**6**	**228**	**49**	**2**	**2,471**

G1 Key management personnel and remuneration expenses (continued)

(ii) Executive (continued)

2019	Short term benefits		Post-employment benefits	Long term benefits	Termination benefits	Total
Position (Executive)	Monetary	Non-monetary				
	$'000	$'000	$'000	$'000	$'000	$'000
Chief Executive	422	6	44	8	-	**480**
Chief Operating Officer (to 06/08/2018)	47	-	3	1	-	**51**
Chief Operating Officer (from 06/08/2018)	201	-	21	4	-	**226**
Chief Finance Officer (to 02/08/2018)	21	-	2	-	-	**23**
Chief Finance Officer (from 09/07/2018)	217	-	19	4	-	**240**
Chief Information Officer (to 21/10/2018)	64	-	6	1	-	**71**
Executive Director, Strategy, Performance and Governance (to 09/12/2018)	80	-	8	2	-	**90**
Executive Director, Strategy, Performance and Governance (from 10/12/2018)	123	-	14	2	-	**139**
Executive Director People and Culture (from 24/09/2018 to 28/04/2019)	128	-	14	3	-	**145**
Executive Director People and Culture (from 12/04/2019)	45	-	5	1	-	**51**
Executive Director, Medical Services (to 05/08/2018)	47	-	4	1	-	**52**
Executive Director, Medical Services (from 07/08/2018 to 09/10/2018)	112	1	8	2	-	**123**
Executive Director, Medical Services (from 10/10/2018 to 08/02/2019)	165	-	13	3	-	**181**
Executive Director, Medical Services (from 07/02/2019)	179	-	15	4	-	**198**
Executive Director, Nursing and Midwifery Services	264	-	27	5	-	**296**
Executive Director, Innovation, Quality, Research and Education * (to 15/03/2019)	149	-	16	3	-	**168**
Executive Director - Allied Health	194	-	24	4	-	**222**
Total	**2,458**	**7**	**243**	**48**	**-**	**2,756**

* During the year the position of Executive Director, Innovation, Quality, Research and Education, which remained vacant since March 2019, was no longer identified as a non-Ministerial KMP.

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 ending 30 June 2020		As at 30 June 2020	
Department of Health	(a)	1,175,580	124,734	9,563	62,797
Queensland Treasury Corporation	(b)	94	8	7,374	-
Workcover Queensland	(c)	-	8,577	-	-
		For the year ending 30 June 2019		As at 30 June 2019	
Department of Health	(a)	1,129,168	103,389	7,257	38,650
Queensland Treasury Corporation	(b)	120	7	5,278	-
Workcover Queensland	(c)	-	9,306	-	-

(a) Department of Health

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

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

SCHHS also received assets from the Department transferred via equity under an enduring designation from the Deputy Premier and Minister for Health and Minister for Ambulance Services. Refer to Note C9.1 Contributed equity.

(b) Queensland Treasury Corporation

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

(c) WorkCover Queensland

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

(d) Wishlist

Wishlist, the Sunshine Coast Hospital Foundation is a not-for-profit, statutory body. Operating under the Health Foundations Act 2018, Wishlist provides dedicated fundraising support for the SCHHS. Dr Lorraine Ferguson (SCHHS Board Chair) and Mr Graham Wilkinson (Facilities Manager Nambour General Hospital) were the nominated members on the Wishlist Board at reporting date. Membership of the Board is in line with Wishlist's Constitution and the governance terms of such an arrangement.

(e) Other

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

G2 Related party transactions (continued)

Transactions with other related parties

In 2020, SCHHS engaged the services of Dr John Menzies acting in the role of Executive Director of Medical Services at a cost of $0.071m through HG Leadership Pty Ltd. Dr John Menzies is also a Board member of the Wide Bay, Central Queensland and Sunshine Coast Primary Health Network (WBCQSC PHN). WBCQSC PHN is an independent not-for-profit commissioning organisation funded by the Commonwealth Department of Health to improve the health outcomes of the region. Total expenditure paid or payable to WBCQSC PHN for the year ended 30 June 2020 was $42,857.

The Sunshine Coast Health Institute (SCHI) is a recognised related party to SCHHS. Refer to Note G4 Joint operations.

There are no other individually significant transactions with other related parties.

G3 Arrangements for the provision of public infrastructure by other entities

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

Facility	Commencement Date	Termination Date	Counterparty and Operator
Noosa Hospital	1 September 1999	30 June 2020	Ramsay Health Care
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

(a) Noosa Hospital

Under this arrangement, SCHHS funds the Operator for the provision of hospital services to public patients.

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

SCHHS does not control the building facilities associated with these arrangements. Therefore, these facilities are not recorded as assets. The value of building assets is estimated at $25.713m as at 30 June 2020, and the recognised fair value of the land asset is $8.300m (2019: $8.300m). The entire site is dedicated to the operations of the Noosa Hospital.

This arrangement will fall within the scope of the upcoming accounting standard AASB 1059 Service Concession Arrangements: Grantors. Refer to Note D5 Future impact of accounting standards not yet effective for the expected impact of transitioning to AASB 1059 Service Concession Arrangements: Grantors in 2020-21.

There are zero cash flows to be received in the future from this agreement due to its expiry on 30 June 2020.

A new agreement with Ramsay Health Care for the operation of Noosa Hospital will take effect from 1 July 2020. This will not be considered an arrangement providing public infrastructure, as the building assets transfer to SCHHS on 1 July 2020 and will be leased back to Ramsay Health Care for a term of 10 years. Under this arrangement, SCHHS will continue to fund the Operator for the provision of hospital services to public patients.

G3 Arrangements for the provision of public infrastructure by other entities (continued)

(b) Sunshine Coast University Hospital

In 2012 the State, represented by the Department, entered into a PPP with Exemplar Health (EH) to finance, design, build and operate the SCUH. During 2016-17 the Department novated all rights and obligations to SCHHS as the State representative and legal counterparty to the PPP arrangement.

The 25 year operating phase of the PPP commenced on the 16th of November 2016, this being the date of commercial acceptance. For an agreed fee EH provides specialist building and amenity services to SCUH. As part of the arrangement, EH manages all SCUH building and plant infrastructure including refurbishment and renewal, repairs and maintenance and replacement of certain equipment. EH is obligated to ensure all infrastructure and assets (including carparks) are kept in a fit for use condition throughout the operating term.

An interest bearing liability of $537.690m represented the fair value of the payable to EH for the construction of SCUH as at the date of commercial acceptance. The liability is repayable over a 25 year term. Refer to Note C6 Interest bearing liability.

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 which in 2020 was $0.878m (2019: $0.859m). This is considered to be an operating lease and is included in the disclosed balance of lessor revenue commitments at Note D4 Commitments.

Other than certain assets contained within the SCHI (refer to Note G4 Joint operations) SCHHS has full control of all SCUH buildings, land, specialist medical assets and all other equipment and they are recorded as assets of SCHHS. At the end of the 25 year term the assets will remain in the control of SCHHS.

Indicative cash flows have been prepared below based on the current Bank Bill Swap Rate plus the margin on the facility totalling an effective interest rate of 4.2 per cent (2019: 4.8 per cent) applied to base case financial projections, plus anticipated CPI.

(c) Sunshine Coast University Hospital car parks

As part of the SCUH PPP, EH constructed two carparks on the SCUH site. These car parks are legally owned by SCHHS and recorded in the building asset class at a fair value of $113.906m as at 30 June 2020 (2019: $115.765m).

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.

As part of the PPP, SCHHS may be contractually obligated to make a revenue payment if a number of independent contractual tests are met. One such test relates to ensuring SCHHS employs a minimum number of staff physically based at SCUH from 1 July 2017 onwards. As at 30 June 2020 SCHHS has exceeded the minimum staff threshold. As part of the agreement staff and public car parking rates are capped and subject to CPI.

SCHHS has deferred revenue from the carpark licence to operate the carpark granted to EH. Refer to Note D4 Commitments. 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.

There are zero cash flows to be received in the future from this agreement.

G3 Arrangements for the provision of public infrastructure by other entities (continued)

Indicative cash flows

The indicative cashflows for the Noosa Hospital and Sunshine Coast University Hospital arrangements are as follows:

	2020	2019
	$'000	$'000
Inflows		
Not later than 1 year	**13,145**	39,620
Later than 1 year but not later than 5 years	**48,701**	54,357
Later than 5 years but not later than 10 years	**50,579**	57,569
Later than 10 years	**47,799**	61,596
Outflows		
Not later than 1 year	**(71,919)**	(214,458)
Later than 1 year but not later than 5 years	**(305,157)**	(296,576)
Later than 5 years but not later than 10 years	**(330,033)**	(411,415)
Later than 10 years	**(1,121,539)**	(1,123,230)
Net indicative cash flows	**(1,668,424)**	(1,832,537)

G4 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 the SCHI.

The SCHI operates as an unincorporated joint operation under a Joint Venture Agreement (JVA), based at the SCUH.

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

SCHHS has a 28.9% (2019: 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 the SCHI is as follows:

	SCHI 2020 $'000	**SCHHS's share 2020 $'000**	SCHI 2019 $'000	SCHHS's share 2019 $'000
Total income	**2,980**	**861**	2,808	812
Total expenses	**(4,113)**	**(1,189)**	(4,193)	(1,212)
Total comprehensive result	**(1,133)**	**(328)**	(1,385)	(400)
Current assets	**1,463**	**423**	902	261
Non-current assets	**16,468**	**4,759**	17,606	5,088
Total assets	**17,931**	**5,182**	18,508	5,349
Current liabilities	**1,419**	**410**	864	250
Total liabilities	**1,419**	**410**	864	250
Net assets	**16,512**	**4,772**	17,644	5,099

G5 COVID-19 risk disclosures

The impact of the COVID-19 pandemic continues to unfold across the globe with wide reaching impacts and uncertainty. SCHHS, like many health organisations was severely impacted by the event with significant disruption to normal business operations, having to prepare and ensure readiness and capacity to respond to the treatment and care of COVID-19 affected patients.

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

SCHHS has considered COVID-19 impacts on its 2019-20 land and building valuation results with no resultant movements. Both valuers (State Valuation Services for land and GRC Quantity Surveyors for buildings) were requested to provide additional confirmation on potential COVID-19 impacts with both parties confirming no further adjustments to initial valuation results. Despite the acknowledged uncertainty, confirmation was based on overall market and construction price stability over the reporting period.

There were no assessed COVID-19 credit risk impacts on trade receivables as at 30 June 2020. SCHHS is carefully monitoring all outstanding debts and has provided short term payment relief or payment plan arrangements to debtors where required.

G6 First year application of new standards or change in policy

SCHHS did not voluntarily change any of its accounting policies during 2019-20.

No Australian Accounting Standards have been early adopted for 2019-20.

The following Australian Accounting Standards have been applied for the first time for 2019-20.

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

AASB 15 establishes a new five-step model for determining how much and when revenue from contracts with customers is recognised:

- Step 1 **–** Identify the contract with the customer
- Step 2 **–** Identify the performance obligations in the contract
- Step 3 **–** Determine the transaction price
- Step 4 **–** Allocate the transaction price to the performance obligations
- Step 5 **–** Recognise revenue when or as SCHHS satisfies performance obligations

SCHHS considered the impact of applying this model for revenue recognition and no adjustments were made to opening balances on 1 July 2019 as a result of the first-time adoption of AASB 15.

AASB 15 additionally includes new disclosure requirements which have been included in notes B1.1, B1.2, B1.3 and C8 incorporating segregation of revenue for contracts with customers as well as an alignment with new terminology for unearned income being renamed as contract liabilities.

AASB 1058 applies to transactions where SCHHS acquires an asset for significantly less than fair value principally to enable SCHHS to further its objectives, and to the receipt of volunteer services.

The revenue recognition framework for AASB 1058 in scope transactions, other than specific-purpose capital grants, is as follows:

- Recognise the asset;
- Recognise related amounts if applicable;
- Recognise the difference as income upfront.

For specific-purpose capital grants, AASB 1058 allows deferral of income where:

- The grant requires SCHHS to use the funds to acquire or construct a recognisable non-financial asset to identified specifications;
- The grant does not require SCHHS to transfer the asset to other parties; and
- The grant agreement is enforceable.

G6 First year application of new standards or change in policy (continued)

For these capital grants, the funding received is initially deferred as a contract liability and subsequently recognised as revenue as or when SCHHS satisfies the obligations under the agreement.

SCHHS has considered the impact of applying the AASB 1058 requirements for revenue recognition and assessed that it will not result in any significant difference from the previous method for determining revenue recognition. There are therefore no adjustments made to opening balances on 1 July 2019 as a result of the first-time adoption of AASB 1058.

(b) AASB 16 Leases

SCHHS applied the modified retrospective transition method and has not restated comparatives for 2018-19, which continue to be reported under AASB 117 *Leases* and related interpretations. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

On adoption of AASB 16, SCHHS recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 *Leases.* These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 3.98 per cent. SCHHS did not have any leases previously classified as 'finance leases' under the principles of AASB 117 *Leases*.

In applying AASB 16 for the first time, SCHHS has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 July 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

	$'000
Operating lease commitments disclosed as at 30 June 2019 (undiscounted)	**26,445**
Discounted using the lessee's incremental borrowing rate at the date of initial application	**(43)**
(Less) internal-to-government arrangements no longer considered to be leases*	**(24,560)**
(Less) adjustments as a result of a different treatment of extension and termination options	**(1,050)**
Lease liability recognised as at 1 July 2019	**792**
Of which are:	
Current lease liabilities	**373**
Non-current lease liabilities	**419**
Total	**792**

* In 2018-19, SCHHS held operating leases under AASB 117 *Leases* from the Department of Housing and Public Works (DHPW) for non-specialised commercial office accommodation and residential accommodation. Effective 1 July 2019, the framework agreements that govern these arrangements were amended with the results that these arrangements would not meet the definition of a lease under AASB 16 and therefore are exempt from lease accounting.

G6 First year application of new standards or change in policy (continued)

Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

Adjustments recognised in the Statement of financial position on 1 July 2019

The change in accounting policy affected the following items in the statement of financial position on 1 July 2019:

- Right-of-use assets – increase by $0.792m
- Lease liabilities – increase by $0.792m

There was no net impact on Accumulated surpluses on 1 July 2019.

Lessor accounting

SCHHS did not need to make any adjustments to the accounting of assets held as lessor under operating leases as a result of the adoption of AASB 16.

G7 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.

G8 Implementation of new enterprise resource planning system

On 1 August 2019, SCHHS implemented S/4 HANA, a new state-wide enterprise resource planning (ERP) system, which replaced FAMMIS ERP. The system is used to prepare the general-purpose financial statements, and it interfaces with other software that manages revenue, payroll and certain expenditure streams. Its modules are used for inventory and accounts payable management.

IT and application level controls were required to be redesigned and new workflows implemented. Extensive reconciliations were completed on implementation to ensure the accuracy of the data migrated.

Management Certificate
For the year ended 30 June 2020

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 2020 and of the financial position of the Sunshine Coast Hospital and Health Service at the end of that year; and

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

Dr Lorraine Ferguson	Adjunct Professor Naomi Dwyer	Loretta Seamer FCPA
Board Chair	Health Service Chief Executive	Chief Finance Officer
Sunshine Coast Hospital and Health Board	Sunshine Coast Hospital and Health Service	Sunshine Coast Hospital and Health Service
Dated 26/8/2020	Dated 26/8/20	Dated 26/8/20

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INDEPENDENT AUDITOR'S REPORT

To the Board of Sunshine Coast Hospital and Health Service

Report on the audit of the financial report

Opinion

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

In my opinion, the financial report:

a) gives a true and fair view of the entity's financial position as at 30 June 2020, and its financial performance and cash flows for the year then ended

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

The financial report comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

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

I am independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

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

Key audit matters

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

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Fair value of buildings $1.71 billion

Refer note C3 in the financial report.

Description	How my audit procedures addressed this key audit matter
Buildings were material to Sunshine Coast Hospital and Health Service at balance date and were measured at fair value using the current replacement cost method. Sunshine Coast Hospital and Health Service performed an indexation of its buildings this year. The last comprehensive revaluation was conducted in 2018–19. The current replacement cost method comprises: • gross replacement cost, less • accumulated depreciation. Using indexation required: • significant judgement in determining changes in cost and design factors for each asset type since the previous comprehensive valuation • reviewing previous assumptions and judgements used in the last comprehensive valuation to ensure ongoing validity of assumptions and judgements used. The measurement of accumulated depreciation involved significant judgements for determining condition and forecasting the remaining useful lives of building components. The significant judgements required for gross replacement cost and useful lives are also significant judgements for calculating annual depreciation expense.	My procedures included, but were not limited to: • assessing the adequacy of management's review of the valuation process and results • reviewing the scope and instructions provided to the valuer • assessing the appropriateness of the valuation methodology and the underlying assumptions with reference to common industry practices • assessing the appropriateness of the components of buildings used for measuring gross replacement cost with reference to common industry practices • assessing the competence, capabilities and objectivity of the experts used to develop the models for unit rates • evaluating the relevance and appropriateness of the indices used for changes in cost inputs by comparing to other relevant external indices • evaluating useful life estimates for reasonableness by: – reviewing management's annual assessment of useful lives – at an aggregated level, reviewing asset management plans for consistency between renewal budgets and the gross replacement cost of assets – ensuring that no building asset still in use has reached or exceeded its useful life – enquiring of management about their plans for assets that are nearing the end of their useful life – reviewing assets with an inconsistent relationship between condition and remaining useful life. • Where changes in useful lives were identified, evaluating whether the effective dates of the changes applied for depreciation expense were supported by appropriate evidence.

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Implementation of new finance system

Refer note G8 in the financial report.

Description	How my audit procedures addressed this key audit matter
The Department of Health (the department) is the shared service provider to Sunshine Coast Hospital and Health Service for the management of the financial management information system, and processing of accounts payable transactions in the system. The Department replaced its primary financial management information system on 1 August 2019. The financial management system is used to prepare the general-purpose financial statements. It is also the general ledger and it interfaces with other software that manages revenue, payroll and certain expenditure streams. Its modules are used for inventory and accounts payable management. The replacement of the financial management system increased the risk of fraud and error in the control environment of the Department and Sunshine Coast Hospital and Health Service. The implementation of the financial management system was a significant business and IT project for the Department and Sunshine Coast Hospital and Health Service. It included: • designing and implementing IT general controls and application controls • cleansing and migrating of vendor and open purchase order master data • ensuring accuracy and completeness of closing balances transferred from the old system to the new system • establishing system interfaces with other key software programs • establishing and implementing new workflow processes.	I have reported issues relating to internal control weaknesses identified during the course of my audit to those charged with governance. My procedures included, but were not limited to: • assessing the appropriateness of the IT general and application level controls including system configuration of the financial management system by: – reviewing the access profiles of users with system wide access – reviewing the delegations and segregation of duties – reviewing the design, implementation, and effectiveness of the key general information technology controls • validating account balances from the old system to the new system to verify the accuracy and completeness of data migrated • documenting and understanding the change in process and controls for how material transactions are processed, and balances are recorded • assessing and reviewing controls temporarily put in place due to changing system and procedural updates • undertaking significant volume of sample testing to obtain sufficient appropriate audit evidence, including: – verifying the validity of journals processed pre and post go-live – verifying the accuracy and occurrence of changes to bank account details – comparing vendor and payroll bank account details – verifying the completeness and accuracy of vendor payments, including testing for potential duplicate payments • assessing the reasonableness of: – the inventory stocktakes for completeness and accuracy – the mapping of the general ledger to the financial statement line items.

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Responsibilities of the entity for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on other legal and regulatory requirements

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2020:

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.

C. G. Strickland

27 August 2020

C G Strickland
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Glossary

Accessible	Accessible healthcare is characterised by the ability of people to obtain appropriate healthcare at the right place and right time, irrespective of income, cultural background or geography.
ABF	Activity Based Funding A management tool with the potential to enhance public accountability and drive technical efficiency in the delivery of health services by: • capturing consistent and detailed information on hospital sector activity and accurately measuring the costs of delivery • creating an explicit relationship between funds allocated and services provided • strengthening management's focus on outputs, outcomes and quality • encouraging clinicians and managers to identify variations in costs and practices so they can be managed at a local level in the context of improving efficiency and effectiveness • providing mechanisms to reward good practice and support quality initiatives.
ACHS	Australian Council on Healthcare Standards
ACP	Advanced Care Planning
Acute	Having a short and relatively severe course.
Acute care	Care in which the clinical intent or treatment goal is to: • manage labour (obstetric) • cure illness or provide definitive treatment of injury • perform surgery • relieve symptoms of illness or injury (excluding palliative care) • reduce severity of an illness or injury • protect against exacerbation and/or complication of an illness and/or injury • that could threaten life or normal function • perform diagnostic or therapeutic procedures.
Admission	The process whereby a hospital accepts responsibility for a patient's care and/or treatment. It follows a clinical decision, based on specified criteria, that a patient requires same-day or overnight care or treatment, which can occur in hospital and/or in the patient's home (for hospital-in-the-home patients).
Admitted patient	A patient who undergoes the formal admission process as an overnight-stay patient or same-day patient.
Allied health staff	Professional staff who meet mandatory qualifications and regulatory requirements in the following areas: audiology; clinical measurement sciences; dietetics and nutrition; exercise physiology; leisure therapy; medical imaging; music therapy; nuclear medicine technology; occupational therapy; orthoptics; pharmacy; physiotherapy; podiatry; prosthetics and orthotics; psychology; radiation therapy; sonography; speech pathology and social work.

Ambulatory care	The care provided to hospital patients who are not admitted to the hospital, such as patients of emergency departments and outpatient clinics. Can also be used to refer to care provided to patients of community-based (non-hospital) healthcare services.
Clinical governance	A framework by which health organisations are accountable for continuously improving the quality of their services and safeguarding high standards of care by creating an environment in which excellence in clinical care will flourish.
Clinical practice	Professional activity undertaken by health professionals to investigate patient symptoms and prevent and/or manage illness, together with associated professional activities for patient care.
Clinical workforce	Staff who are or who support health professionals working in clinical practice, have healthcare specific knowledge / experience, and provide clinical services to health consumers, either directly and/or indirectly, through services that have a direct impact on clinical outcomes.
DAMA	Discharge Against Medical Advice
DEM	Department of Emergency Medicine
Elective surgery categories	The category system ensures all patients who need surgery can be treated in order of priority. There are three urgency categories, where 1 is most urgent and 3 is least urgent. Category 1 – A condition that could worsen quickly to the point that it may become an emergency. The patient should have surgery within 30 days of being added to the waiting list. Category 2 – A condition causing some pain, dysfunction or disability, but is not likely to worsen quickly or become an emergency. The patient should have surgery within 90 days of being added to the waiting list. Category 3 – A condition causing minimal or no pain, dysfunction or disability, which is unlikely to worsen quickly and does not have the potential to become an emergency. The patient should have surgery within 365 days of being added to the waiting list.
Emergency department waiting time	Time elapsed for each patient from presentation to the emergency department to the start of services by the treating clinician. It is calculated by deducting the date and time the patient presents from the date and time of the service event.
FTE	Full-time equivalent Refers to full-time equivalent employees currently working in a position. Several part-time and casual employees may add up to one FTE.
FY	Financial year
GP	General Practitioner
GPLO	General Practitioner Liaison Officer
Health outcome	Change in the health of an individual, group of people or population attributable to an intervention or series of interventions.
HSCE	Health Service Chief Executive

Hospital	Healthcare facility established under Commonwealth, state or territory legislation as a hospital or a free-standing day-procedure unit and authorised to provide treatment and/or care to patients.
HHB	Hospital and Health Board Made up of a mix of members with expert skills and knowledge relevant to managing a complex healthcare organisation.
HHS	Hospital and Health Service A separate legal entity established by Queensland Government to deliver public hospital and health services.
HITH	Hospital-in-the-home Provision of care to hospital-admitted patients in their residence, as a substitute for hospital accommodation.
Inpatient	A patient who is admitted to hospital for treatment or care.
Long wait	A 'long wait' elective surgery patient is one who has waited longer than the clinically recommended time for their surgery, according to the clinical urgency category assigned. That is, more than 30 days for a category 1 patient, more than 90 days for a category 2 patient and more than 365 days for a category 3 patient.
KPI	Key Performance Indicator A measure that provides an indication of progress towards achieving the organisation's objectives. It usually has targets that define the level of performance expected against the performance indicator.
Separation	The process by which an episode of care for an admitted patient ceases.
Statutory body	A non-departmental government body, established under an Act of Parliament.
Sustainable	A health system that provides infrastructure, including workforce, facilities and equipment, and is innovative and responsive to emerging needs, including research and monitoring within available resources.
Telehealth	Delivery of health-related services and information via telecommunication technologies and information technology.
WAU	Weighted Activity Unit A measure of the health service activity expressed as a common unit. It provides a way of comparing and valuing each public hospital service, by weighting it for its clinical complexity.
WorkCover	WorkCover provides workers compensation insurance for employers, compensating and helping workers with their work-related injuries
YTD	Year to date

Compliance checklist

	Summary of requirement	Basis for requirement	Annual report reference (pp)
Letter of compliance	• A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs—section 7	3
Accessibility	• Table of contents • Glossary	ARRs—section 9.1	4 85
	• Public availability	ARRs—section 9.2	2
	• Interpreter service statement	Queensland Government Language Services Policy ARRs—section 9.3	2
	• Copyright notice	Copyright Act 1968 ARRs—section 9.4	2
	• Information Licensing	QGEA – Information Licensing ARRs—section 9.5	2
General information	• Introductory Information	ARRs—section 10.1	8
	• Machinery of Government changes	ARRs—section 10.2, 31 and 32	N/A
	• Agency role and main functions	ARRs—section 10.2	8,11,12
	• Operating environment	ARRs—section 10.3	8
Non-financial performance	• Government's objectives for the community	ARRs—section 11.1	5
	• Other whole-of-government plans / specific initiatives	ARRs—section 11.2	5,10
	• Agency objectives and performance indicators	ARRs—section 11.3	9,10
	• Agency service areas and service standards	ARRs—section 11.4	28
Financial performance	• Summary of financial performance	ARRs—section 12.1	30
Governance—management and structure	• Organisational structure	ARRs—section 13.1	22
	• Executive management	ARRs—section 13.2	20,21
	• Government bodies (statutory bodies and other entities)	ARRs—section 13.3	14-19
	• Public Sector Ethics	*Public Sector Ethics Act 1994* ARRs—section 13.4	27
	• Human Rights	*Human Rights Act 2019* ARRs—section 13.5	27
	• Queensland public service values	ARRs—section 13.6	8

	Summary of requirement	Basis for requirement	Annual report reference (pp)
Governance—risk management and accountability	• Risk management	ARRs – section 14.1	26
	• Audit committee	ARRs – section 14.2	18
	• Internal audit	ARRs – section 14.3	26
	• External scrutiny	ARRs – section 14.4	26
	• Information systems and recordkeeping	ARRs – section 14.5	26
Governance—human resources	• Strategic workforce planning and performance	ARRs – section 15.1	23
	• Early retirement, redundancy and retrenchment	*Directive No.04/18 Early Retirement, Redundancy and Retrenchment* ARRs – section 15.2	23
Open data	• Statement advising publication of information	ARRs – section 16	2
	• Consultancies	ARRs – section 33.1	https://data.qld.gov.au
	• Overseas travel	ARRs – section 33.2	https://data.qld.gov.au
	• Queensland Language Services Policy	ARRs – section 33.3	https://data.qld.gov.au
Financial statements	• Certification of financial statements	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1	79
	• Independent Auditor's Report	FAA – section 62 FPMS – section 46 ARRs – section 17.2	80-84

FAA *Financial Accountability Act 2009*
FPMS *Financial and Performance Management Standard 2019*
ARRs *Annual report requirements for Queensland Government agencies*

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Sunshine Coast Hospital and Health Service
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