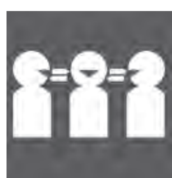
Unite & Recover

Sunshine Coast Hospital and Health Service

# ANNUAL REPORT
## 2021–2022

Queensland Government

Information about consultancies, overseas travel, and the Queensland language services policy is available at the Queensland Government Open Data website (qld.gov.au/data).
An electronic copy of this report is available at https://www.sunshinecoast.health.qld.gov.au/about-us/corporate-publications-and-reporting/annual-reports. Hard copies of the annual report are available by phoning Communications and Corporate Affairs on (07) 5202 0000. Alternatively, you can request a copy by emailing sc-communications@health.qld.gov.au.



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

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Content from this annual report should be attributed as: State of Queensland (Sunshine Coast Hospital and Health Service) Annual Report 2021–2022.

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ISSN 2202-5200 (print) ISSN 2202-977X (online)

**Acknowledgement to Traditional Owners**

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

**Recognition of Australian South Sea Islanders**

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

1 September 2022

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

Dear Minister D'Ath

I am pleased to submit for presentation to the Parliament the Annual Report 2021–2022 and financial statements for Sunshine Coast Hospital and Health Service.

I certify that this Annual Report complies with:

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

A checklist outlining the annual reporting requirements can be found on page 80 of this annual report.

Yours sincerely

Sabrina Walsh
Chair
Sunshine Coast Hospital and Health Board

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# Statement on Queensland Government objectives for the community

In 2021–2022, Sunshine Coast Hospital and Health Service (Sunshine Coast Health) continued to fulfill its obligations to the community by providing an effective public health service.

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

- safeguarding our health
- backing our frontline services.

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

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

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

Sunshine Coast Health's priorities are to:

- provide a network of health services that are responsive to the needs of our population/region
- strengthen and grow strategic and operational partnerships
- inspire a workplace where staff thrive and know they are valued
- lead and embed an education and research culture
- leverage digital technology advances in healthcare
- make Aboriginal and Torres Strait Islander health everyone's business.

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

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

# Message from the Board Chair and Chief Executive

2021-2022 was another year of change and transformation for Sunshine Coast Health. The way we cared for our patients continued to evolve in line with the response to the COVID-19 pandemic to ensure we were able to provide safe, high quality health care services, that met the needs of our community.

Our management of the COVID-19 pandemic has been unfailing. Our teams have been agile with the ability to adapt to the everchanging situations, often at short notice and have done so with enthusiasm and professionalism. Balancing the management of COVID-19 while continuing to respond to the increasing demand for health care services has been challenging and we acknowledge our staff for their unwavering dedication and commitment to the members of our community.

In responding to the challenges, we have developed and implemented innovative models of care such as the Rapid Access Service (Rapid) pilot program in Respiratory Services which has been designed to offer known patients a safe alternative to presenting to the Emergency Department while offering them the specialist level care they require. We are very proud the Rapid program will be adopted by other health services across the State. We also developed and implemented several digital health and Information and Communication Technology (ICT) solutions and models of care that enabled patients to continue to safely access services needed during the pandemic.

Our Master Clinical Services Plan 2022-2027 was released in October 2021. The plan provides a strategic roadmap for development of services for Sunshine Coast Health and is linked to addressing the specific burden of disease and community needs within the region now and into the future. The plan will evolve over time in line with population trends, service delivery models and the technology landscape to ensure it remains fit-for-purpose.

The organisation achieved accreditation with the Australian Council on Healthcare Standards in May 2022 following an organisation wide survey in November 2021 and subsequent review in May 2022.

The $86.2m redevelopment of Nambour General Hospital continues with several operational commissioning activities completed and the services now open in their new location. Overall completion is due in 2023 and we look forward to providing enhanced services to the local community.

We continued to strengthen our strategic and operational partnerships with our key health partners and consumers. We increased consumer representation on Sunshine Coast Health committees and our Consumer and Community Consultative Panel, and Consumer Network are now well established, and the consumer valuing program embedded.

We are committed to improving the health outcomes for our Aboriginal and Torres Strait Islander population and are excited about releasing our inaugural Aboriginal and Torres Strait Islander Health Equity Strategy 2022-2031 (HES) later this year that has been developed in collaboration with our prescribed partners Central Queensland, Wide Bay and Sunshine Coast Primary Health Network and North Coast Aboriginal Corporation for Community Health. We also established elder groups to codesign and assist with implementation of the HES.

Our people are our most valuable asset, and we place great emphasis on employee safety. Throughout the year we implemented a number of new initiatives, and re-energised existing programs to support the safety and wellbeing of our staff. Wishlist (Sunshine Coast Health's hospital foundation) proudly funded a Mental Health and Wellbeing Program that provides a range of training courses and offers a one-on-one coaching program for employees experiencing early signs that their mental health needs proactive attention.

With the appointment of a new Board Chair and Health Service Chief Executive, the focus on enhancing the performance and governance of the health service was a priority. A new organisational structure has been implemented to improve Sunshine Coast Health's functional alignment and thereby improving coordination and collaboration and ultimately the efficiency and effectiveness of our services.

On behalf of the Board and Executive Team we wish to acknowledge our staff for their extraordinary contributions over the past year in providing safe, high quality care for our community.

Sabrina Walsh
**Board Chair**

Dr Peter Gillies
**Health Service Chief Executive**

# About us

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

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

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

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

**Our priorities**

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

## Our vision, purpose, values

**Our vision:**
Health and wellbeing through exceptional care.

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

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

**Aboriginal and Torres Strait Islander health**
Aboriginal and Torres Strait Islander peoples comprise 2.8 per cent of the health service region's total population, with the largest proportion residing in the Caloundra (20.2 per cent) and Gympie (20 per cent) regions. In comparison to the total health service population, the Aboriginal and Torres Strait Islander population are much younger with the median age being 26 which is 20 years younger then the rest of the population.

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

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

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

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

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

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

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

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

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

**Glenbrook Residential Aged Care Facility**
Glenbrook Residential Aged Care Facility is a 45-bed purpose-built high care residential aged care facility in Nambour. Glenbrook provides high quality resident-focused 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 is a purpose-built facility which consolidates 19 community-based services into one facility increasing and improving access for our patients and the community. The hub accommodates services from Mental Health and Specialised Services, Community and Preventive Health, and Women's and Children's services.

**Concessional parking**
Sunshine Coast Health provides free parking for patients and carers at the majority of its facilities however concessional parking is available for eligible patients and carers at Sunshine Coast University Hospital and Nambour General Hospital. In 2021-2022, Sunshine Coast Health issued 9744 concessional parking tickets for patients and carers to the value of $129,052.

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

**Targets**
- ***Responsive health services:*** service agreement targets are met within agreed budgets; National Safety and Quality Standards are met and maintained; capital projects are delivered within scope, budget and on time; waste, energy and water consumption are reduced; and Sunshine Coast Health is responsive and informed by long-term clinical planning.
- ***Partnerships:*** increased and diversified consumer and community representation across Sunshine Coast Health; improved consumer satisfaction and experience; improved consumer, family and carer understanding of their health; and increased number of co-design activities and consultation/ collaboration with consumers and the community.
- ***Focus on our people:*** a growing, highly skilled and valued workforce; improved employee health and wellbeing and a reduction in the number of staff incidents and injuries; improved staff engagement and satisfaction results; improved capability of leaders and succession plans for key leadership roles in place; and decreased number of grievances and/or disputes.
- ***Grow research and education capability:*** increased consumer participation in clinical trials and research; increased number of research publications and citations; increased number of conjoint appointment; increased number of inter-professional education and training opportunities; and Sunshine Coast Health Institute hosted national conferences.

- ***Embrace technology for a digital future:*** enhanced sharing of information and data facilitated by use of digital technologies across the health and community sector; increased technology-enabled models of care to deliver care as close to home as possible; improved reporting and clinical data analytics to improve health service delivery; and data security is enhanced through the implementation of an information Security Management System.
- ***Closing the Gap:*** improved health outcomes, and access and inclusiveness to healthcare for Aboriginal and Torres Strait Islander peoples; and improved participation rates of Aboriginal and Torres Strait Islander peoples in our workforce.

**Challenges and opportunities**

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

**Challenges:**

- ***Cultural capability:*** To build sustainable cultural capability that provides equitable and inclusive health outcomes for Aboriginal and/or Torres Strait Islander peoples and other culturally diverse groups.
- ***Workforce:*** To attract and retain a skilled workforce to meet service demand in an environment of industry-wide workforce shortages.
- ***Demand:*** To meet the diverse needs of our communities and improve health outcomes amidst rising demand that potentially exceeds capacity and funding.
- ***Disaster / pandemic response:*** To meet the needs of our patients and the wider community in the advent of outbreak events and emerging threats.
- ***Financial sustainability:*** To provide safe and cost-effective healthcare within the available funding.

**Opportunities**

- Use our clinical resources and infrastructure to our fullest potential and integrate our network of services.
- Develop and embed new and innovative models of care to better meet the needs of our communities.
- Enhance our organisational and governance structures to clarify responsibilities, reduce red tape and meet the requirements of the health service.
- Leverage current and emerging digital technologies to improve our processes and models of care.
- In partnership with our people, embed our consumer voice in the continuous improvement and innovation of our care and service delivery.

# Our governance

## Our people

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

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

*Key responsibilities*
The Board has a range of functions as articulated in the Board Charter which include but are not limited to:

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

## Board member profiles as at 30 June 2022

**Ms Sabrina Walsh Exec MPA, M.App.Psych**
**Chair**
Sabrina is passionate about public sector health services and helping health organisations prepare for the future and improve health outcomes. She has more than 30 years of experience in the health industry across a variety of roles.

She began her career in health as a clinical psychologist before moving into health policy, health service management and then leadership roles. Past roles include Chief Information Officer roles in Queensland and New South Wales (NSW), health service Chief Executive roles in Queensland, Director of Northern Territory Mental Health Services, and executive leadership roles in mental health, aged and disability services.
As a consultant, she provides strategic advisory services to large organisations with a focus on leadership, governance and strategy. She has also led major digital health transformation initiatives in NSW.
Sabrina's qualifications include a Master of Applied Psychology and an Executive Master of Public Administration.
Original appointment date 18 May 2020
Appointed as Chair 10 June 2021 to 31 March 2024

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

In 2011, Brian established Anker Consulting Pty Ltd, to provide strategic advice and planning particularly to the research and university sectors. He has undertaken strategic reviews for Queensland universities, chaired Commonwealth Government research initiatives and established special purpose vehicles on behalf of the Queensland Government. In addition, he provides employee mentoring to corporations.
Original appointment date 18 May 2013
Current term 1 April 2022 to 31 March 2024

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

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

Terry has been heavily involved in Sunshine Coast sport where he has played and coached Rugby League and participated heavily in Surf Lifesaving competing at national levels and successfully holding management positions.
Original appointment date 18 May 2020
Current term 18 May 2020 to 31 March 2024

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

In 2012, Debbie was appointed Chief Executive Officer (CEO) Northern Territory Medicare Local with a focus on improving the primary health care system and streamlining patient pathways, particularly for remote Indigenous peoples. She is now CEO of Your Best Life Disability and Health Services Ltd which includes Children's and Teens' Therapy Services, Mindcare Mental Health Services, LevelUp Independent Living, and Your Choice Plan Management.

Her previous experience in Queensland Health includes as Manager Public Health Planning and Research and as the Strategic Research and Development Advisor. Debbie led a research team in a pioneering research project that published 'Who Pays? The Economic Cost of Violence Against Women' which was used by the Queensland Government in its Stop Violence Against Women campaign.
Original appointment date 18 May 2019

Current term 1 April 2022 to 31 March 2026

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

Birgit previously had academic and management roles at the Australian National University, Murdoch University, Griffith University and the University of Adelaide. Leadership roles included Head of the School of Science and Director of the Centre for Quantum Dynamics at Griffith University, and Pro Vice Chancellor (Learning and Quality) at the University of Adelaide. She has been a Board member of a number of not-for-profit Boards.
Original appointment date 18 May 2019
Current term 1 April 2022 to 31 March 2026

**Mr Rodney (Rod) Cameron BComm (Honours), FCPA, MBA, MFM, FAICD**
**Board Member**
Rod has more than 35 years' domestic and international experience with multinational ASX and NYSE listed and unlisted companies operating in sectors including energy, resources, manufacturing and disability services. He has held a host of leadership roles in sophisticated organisations, including Chief Executive Officer of Autism Queensland and Chief Financial Officer of Endeavour Foundation, as well as, Chief Financial Officer for an ASX listed company and Chief Financial Officer of the subsidiary of an NYSE listed multinational corporation.

Rod has been a Partner in a large Australian management consulting business and has operated his own management consultancy for over a decade providing corporate financial advisory services to corporate clients. In that time, he has personally raised in excess of $20 billion project finance and equity on some of the most complex and largest project finance transactions ever completed in the world. He also provides general management consultancy services on strategy, finance and operations to the small-to-medium enterprise market. Rod has been a director of sophisticated not-for-profit and for-profit companies for more than a decade.
Original appointment date 10 June 2021
Current term 1 April 2022 to 31 March 2026

**Mr Bruce Cowley BComm/LLB (Honours), FAICD**
**Board Member**
Mr Bruce Cowley was, until 30 June 2019, Chair of Australia's largest law firm, MinterEllison, and has practiced as a corporate lawyer for nearly 40 years. In this role he specialised in mergers and acquisitions, director's duties and corporate governance. He has authored *Protecting Your Position*, a series of publications on director liabilities. In 2017 Bruce co-authored the book entitled 'Duties of Board and Committee Members'.

Bruce has been Chair and Board member of a number of not-for-profit Boards, including the Children's Hospital Foundation Queensland and CPL (formerly Cerebral Palsy League). Mr Cowley is currently:
- a director of Australian Retirement Trust and Klarna Australia Pty Ltd
- a member of the Takeovers Panel
- Chair of Griffith University Business School's Strategic Advisory Board
- a member of the Australian Institute of Company Directors (AICD) Not for Profit Chairs Forum.

Mr Cowley was the recipient of the Australian Institute of Company Directors' Gold Medal in Queensland for services to governance in 2021 and the Queensland Law Society's President's Medal for services to the legal profession in 2022.
Original appointment date 18 May 2021
Current term 1 April 2022 to 31 March 2026

**Dr David Rowlands OAM, MBBS (Qld), MRACGP, FAICD**
**Board Member**
David is a graduate of the University of Queensland. He served as a Medical Officer in the Royal Australian Army Medical Corps and worked in Accident and Emergency in the United Kingdom, before deciding on a career in General Practice. He is the co-owner of a mixed billing General Practice, where he works four days per week in clinical practice. David also has an extensive career in governing health care organisations, and in ensuring that safe and efficient care is delivered to the community they serve. He has high level skills in the areas of corporate governance, clinical governance, fiscal management, patient safety and patient experience.

He is a Graduate of the Australian Institute of Company Directors and has over 25 years' experience as a company director. In 2019, he was awarded Fellowship of the Australian Institute of Company Directors.

In 2021, David was awarded the Medal of the Order of Australia for services to Medicine, in General Practice.
Appointment date 1 April 2022
Current term 1 April 2022 to 31 March 2026

**Dr Abbe Anderson PhD, MBA, FGIA**
**Board Member**
Abbe has more than 30 years' experience in the public, private and not-for-profit health sectors of Australia, New Zealand and the USA. For twenty of those years, she held senior executive roles, including Chief Executive Officer of the Brisbane North PHN, Metro North Brisbane Medicare Local and Brisbane North Division of General Practice.
Abbe has worked in hospital management with Southland District Health in New Zealand, including with small rural hospitals in Gore and Queenstown. In her early career, she served as a volunteer with a medical relief aid organisation in the South Pacific Islands before becoming a qualified medical assistant and working in general practices in the USA.

One of Abbe's proudest achievements has been the introduction of medical practice assistants into Australia as a workforce solution contributing toward doctors and nurses working to the top of their scopes of practice.
As a member of the LGBTIQ+ community, Abbe has a strong commitment to equity and lived-experience leadership. She is passionate about implementing consumer-friendly health care systems that are responsive to community needs.

Abbe has served on numerous governance bodies including as a member of the Minister for Health's Advisory Panel on Mental Health and as inaugural chair of the National PHN Mental Health and Alcohol and Other Drugs working group.

Abbe is currently a director on the board of Beyond Blue and is employed as a Strategic Policy Advisor with the Institute for Urban Indigenous Health in SE Queensland.
Appointment date 1 April 2022
Current term 1 April 2022 to 31 March 2026

## Board committees

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

### *Executive Committee*

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

*Committee members:*

- Ms Sabrina Walsh (Chair)
- Mr Brian Anker
- Dr David Rowlands
- Professor Edward Weaver (01/07/2021 – 31/03/2022).

### *Audit and Risk Committee*

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

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

*Committee members:*

- Mr Bruce Cowley (Chair)
- Emeritus Professor Birgit Lohmann
- Mr Rodney Cameron.

### *Finance and Performance Committee*

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

*Committee members:*

- Mr Rodney Cameron (Chair)
- Mr Brian Anker
- Ms Debra Blumel
- Emeritus Professor Birgit Lohmann.

### *Safety and Quality Committee*

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

*Committee members:*

- Ms Debra Blumel (Chair)
- Mr Terry Bell
- Dr David Rowlands
- Ms Anita Phillips (01/07/2021 – 31/03/2022)
- Professor Edward Weaver (01/07/2021 – 31/03/2022).

*Table 1: Board and committee meeting attendance 2021-2022ˇ*

| **Sunshine Coast Hospital and Health Board** | |
|---|---|
| **Act or instrument** | *Hospital and Health Boards Act 2011* |
| **Functions** | The Board’s main function is the overall governance of Sunshine Coast Health. |
| **Achievements** | Refer to Our Performance p25 |
| **Financial reporting** | Refer to Annual Financial Statements p32 |
| **Remuneration** | |

| Position | Name | Meetings/sessions attendance | Approved annual fee | Approved sub-committee fees if applicable (per annum, per committee)# | Actual fees received |
|---|---|---|---|---|---|
| Board Chair | Sabrina Walsh | 11 Board | $85,714 | | $99,000 |
| | | Committees | | $4,000 (Chair) | |
| | | 3 Exec. | | | |
| | | 11 F&P | | | |
| | | 5 A&R | | | |
| | | 2 S&Q | | | |
| Member | Dr Abbe Anderson* | 2 Board | $44,503 | | $12,000 |
| Member (Deputy Chair from 1/7/21-31/3/22) | Brian Anker | 12 Board | $44,503 | | $56,000 |
| | | Committees | | | |
| | | 3 Exec. | | $3,000 | |
| | | 12 F&P | | $3,000 | |
| Member | Terry Bell | 12 Board | $44,503 | | $52,000 |
| | | Committees | | | |
| | | 4 S&Q | | $3,000 | |
| Member | Debra Blumel | 12 Board | $44,503 | | $57,000 |
| | | Committees | | | |
| | | 12 F&P | | $3,000 | |
| | | 4 S&Q | | $4,000 (Chair) | |
| Member | Rodney Cameron | 12 Board | $44,503 | | $60,000 |
| | | *Committees* | | | |
| | | 12 F&P | | $4,000 (Chair) | |
| | | 5 A&R | | $3,000 | |
| Member | Bruce Cowley | 12 Board | $44,503 | | $54,000 |
| | | Committees | | | |
| | | 6 A&R | | $4,000 (Chair) | |

| | | | | | |
|---|---|---|---|---|---|
| Member | Emeritus Professor Birgit Lohmann | 11 Board<br>Committees<br>12 F&P<br>6 A&R | $44,503 | <br><br>$3,000<br>$3,000 | $56,000 |
| Member | Dr David Rowlands OAM* | 3 Board<br>Committees<br>1 Exec.<br>1 S&Q | $44,503 | <br><br>$3,000<br>$3,000 | $13,000 |
| Member | Professor Edward Weaver OAM^ | 8 Board<br>Committees<br>2 Exec.<br>3 S&Q | $44,503 | <br><br>$3,000<br>$3,000 | $41,000 |
| Member | Dr Anita Phillips^ | 8 Board<br>Committees<br>2 S&Q | $44,503 | <br><br>$3,000 | $39,000 |
| Board meetings | 12 | | | | |
| Committee meetings<br>Audit and Risk (A&R)<br>Executive (Exec.)<br>Finance and Performance (F&P)<br>Safety and Quality (S&Q) | <br>6<br>3<br>12<br>4 | | | | |
| Total out of pocket expenses | Nil out of pocket expenses | | | | |

** Appointed to Board on 1 April 2022*

*^Terms expired 31 March 2022*

*#Committee fees - $4,000 for Committee Chair and $3,000 for Committee members*

## Executive management

**Dr Peter Gillies**
**Health Service Chief Executive**
Peter was appointed as Health Service Chief Executive in October 2021. Peter is a Fellow of the Royal Australasian College of Medical Administrators and has a Masters of Business Administration from Otago University. He is also a Graduate of the Australian Institute of Company Directors. He has been a doctor for nearly 30 years and has worked in hospital and general practice roles in Australia, New Zealand, South Africa and the United Kingdom including 5 ½ years as a Health Service Chief Executive in Toowoomba prior to moving to the Sunshine Coast role. He also has a background in general management, previously working in the health software industry and as a regional manager for a not-for-profit private hospital group in Auckland, New Zealand.

**Ms Joanne Shaw**
**Chief Operating Officer**
Joanne was appointed Chief Operating Officer in December 2021. She has broad experience in leadership and management roles, including an extensive knowledge of strategic and operational leadership to provide high quality, safe, sustainable, patient and family centred care. Joanne has a varied background in different organisations which includes tertiary centre work in metropolitan Melbourne and Perth coupled with regional, rural and remote experience in Queensland. Joanne holds a Bachelor of Nursing and is a registered nurse with post graduate qualifications including a Graduate Certificate in Critical Care Nursing, Graduate Certificate in Transfusion Practice, Graduate Certificate in Consumer and Community Engagement, and a Masters of Nursing. Other notable achievements include graduating from the Australian Institute of Company Directors, and publishing in the British Journal of Haematology. Joanne is passionate about healthcare and she uses values-based leadership to build integrated service models to ultimately improve patient and community outcomes.

**Mr Julian Tommei**
**Executive Director Legal and Governance**
Julian joined Sunshine Coast Health in January 2022 as Executive Director, Legal and Governance. He has more than 20 years' experience in public sector corporate law and governance in both Australia and New Zealand. Julian studied a Bachelor of Arts (1985) at the University of Natal in South Africa and law at the University of the Witwatersrand (1998). He was admitted as a Solicitor in South Africa (1992), as a Barrister and Solicitor in New Zealand (2003) and as a Solicitor in Australia (2012). Julian has interests in leadership development and culture change in the workplace.

**Dr Marlene Pearce**
**Executive Director Medical Services**
Marlene commenced as the Executive Director of Medical Services in March 2022. She completed a Bachelor of Science (2004) and MBBS at The University of Queensland (2008), and went on to obtain her Fellowship with the Royal Australian College of General Practitioners (2014) in Victoria. She holds a Master of Health Administration from Monash University (2021). Marlene has practiced as a General Practitioner in both rural and regional settings in Victoria and Queensland, and driven quality and innovation in her role as GP Liaison Officer for Sunshine Coast Health from 2015-2020. She has previously held roles in Safety, Quality and Innovation and Medical Administration.

**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.

**Dr Gemma Turato**
**Executive Director Allied Health**
Gemma commenced in the role of Executive Director Allied Health in September 2017. Gemma has worked for Sunshine Coast Health since 2005 in a variety of clinical and leadership roles, specialising in hand and upper limb conditions; she completed further qualifications to become a registered hand therapist in 2002. Gemma has extensive experience in allied health management and leadership, working in dual clinical and leadership roles in New Zealand from 1999 and then in Australia from 2004. She completed a Diploma in Occupational Therapy in 1991, Masters in Human Movement Science at the University of Wollongong in 1995, and completed her PhD through University of the Sunshine Coast in 2022 completing research on leadership and management in allied health. Gemma has published her research in peer reviewed journals including a Q2 journal of Health Organisation and Management.

**Ms Karen Dean**
**Chief Finance Officer**
Karen joined Sunshine Coast Health in 2017 and was appointed Chief Finance Officer (CFO) in June 2022. Karen holds more than 18 years' experience as a finance leader, and as a management consultant for a Big Four accounting firm. She has worked with various organisations to implement finance and business performance improvements, spanning funding model reviews, cost saving projects, benchmarking, finance shared services, and organisational redesign. Karen is a qualified Certified Practising Accountant (CPA) with a Graduate Certificate in Professional Accounting and Bachelor of Commerce (Banking and Finance).

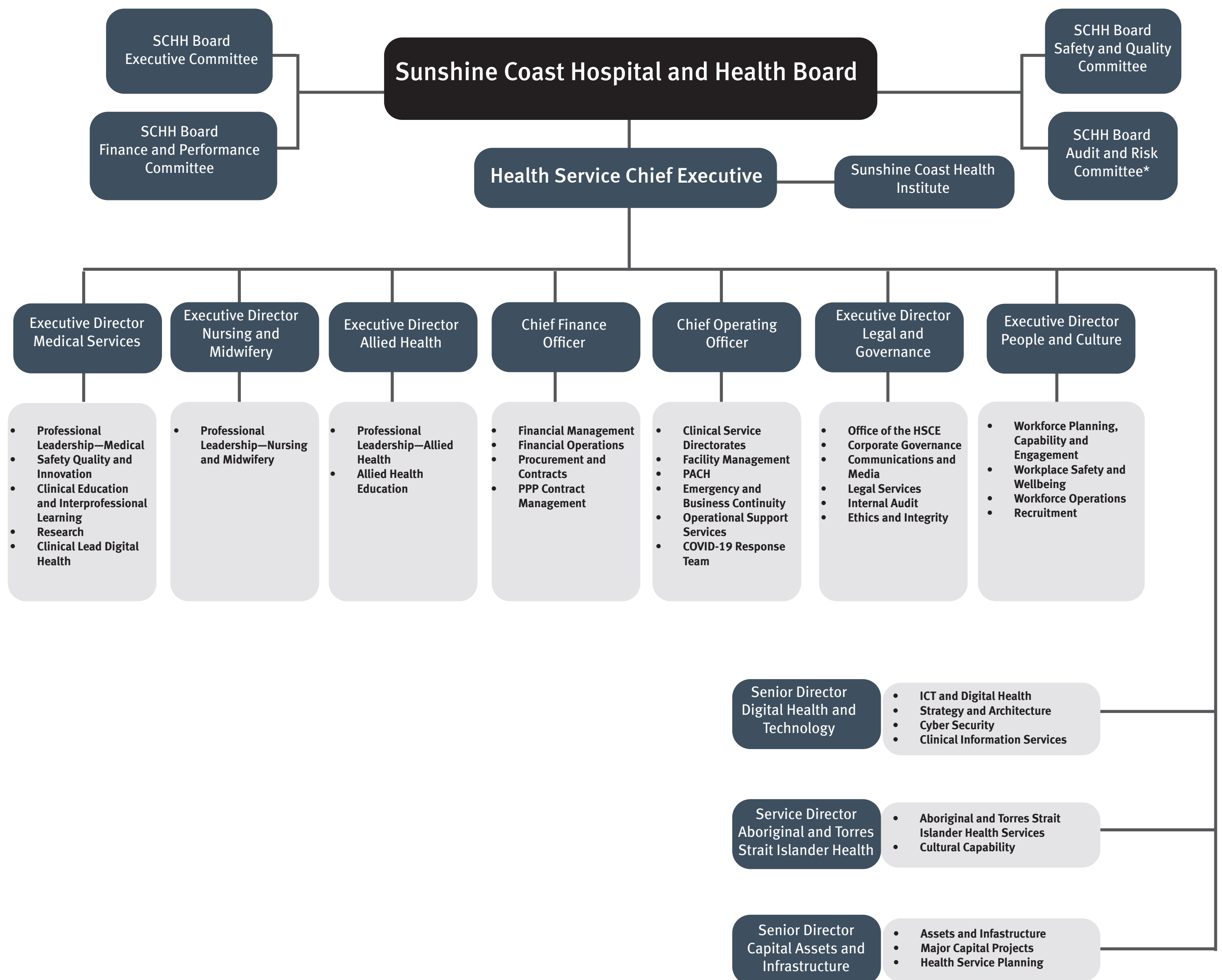
**Mr Silven Simmons**
**Executive Director People and Culture**
Silven joined Sunshine Coast Health in January 2022 as the Executive Director, People and Culture. Prior to this Silven worked as the Senior Director, People Safety and Performance and Executive Director, Employment Relations, Human Resources Branch, Corporate Services Division with Queensland Health for five years. Silven has also worked as the General Manger, Human Resources for Roads and Maritime Services in New South Wales. Silven has more than 20 years' experience working in senior human resources and corporate professional roles with demonstrated experience managing large corporate functions through periods of significant change and transformation in large and complex environments. Silven has a Diploma in Business, Graduate Certificate in Business (Public Sector) and has completed the Australian Institute of Company Directors course.

**Ms Sharon Barry**
**Service Director, Aboriginal and Torres Strait Islander Health**
Sharon is a proud Aboriginal woman and comes from a long line of strong Aboriginal women born in Central West Queensland and is connected to the Iningai people. Her father was born in Linaskea, Northern Ireland and arrived in Australia in 1949. Sharon has been working in Queensland Health for more than 20 years, prior to this she worked in the Community Control sector. Sharon has extensive knowledge on leadership, community and health service delivery and has been integral in building strong relationships with various stakeholders and community. She is a strong advocate for Aboriginal and Torres Strait Islander peoples, and is a key contributor to the design and implementation of Aboriginal and Torres Strait Islander Health services across Sunshine Coast Health.

**Mr Andrew Leggate**
**Senior Director Capital Assets and Infrastructure**
Andrew has a technical background in Electrical engineering systems with further studies in asset management. Andrew started with Queensland Health in 2014 and has worked across several Hospital and Health Services. He commenced with Sunshine Coast Hospital and Health Service (SCHHS) in 2016 as the Director of Assets & Infrastructure after working on the Sunshine Coast University Hospital (SCUH) development as part of the State engineering compliance team.
Andrew has worked across multiple government departments including Police, Education and Public Works in the fields of project, programs and asset management. Prior to joining the public sector Andrew worked for several multinational companies across States and Territories of Australia, in the B2B sector managing commercial supply and service contracts to companies such as BHP, Comalco and Rio Tinto.

**Mr Jake Penrose**
**Senior Director Digital Health and Technology**
Jake has 20 years' experience in Information and Communication Technology (ICT) across health, banking and consulting industry sectors in leadership and executive roles. After graduating with a BSc Computer Studies, he began his career in the banking sector leading major ICT transformation initiatives before migrating from England and joining Queensland Health. Within Queensland Health Jake has held a number of leadership roles across the new hospitals program, delivering integrated biomedical and clinical systems at the Gold Coast University Hospital, Queensland Children's Hospital and Sunshine Coast University Hospital. More recently Jake led the technical delivery of the integrated electronic Medical Record deployment at Sunshine Coast Health and has worked closely with clinical leads in the development of the new health service Digital Health strategy. Jake has expertise in ICT and Digital Health strategy, planning and delivery in complex health services and is passionate about helping staff improve health outcomes for our community and consumers.

# Sunshine Coast Hospital and Health Service organisational chart



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

In early 2022 a formal review of the committee structure was done and this resulted in a rearrangement of committee governance, structure and reporting lines. The new committee structure aligns with the current Board committee structure ensuring direct alignment of purpose, oversight and clarity of function.

The four Executive Committees are: Workforce; Audit and Risk; Safety and Quality and Finance and Performance. The Executive Committees support the Health Service Chief Executive in their role to support the Board in meeting its responsibilities outlined in the *Hospital and Health Boards Act 2011*, the health service's Service Agreement and other relevant legislation, plans and policies.

*Table 2: Strategic committee meetings held in 2021-2022*

| Strategic (Tier 2) Committees 2021-2022 | |
|---|---|
| Safe Care Leadership Committee<br>*Committee disbanded January 2022. Safety and Quality is now an Executive Committee—Executive Safety and Quality Committee (ESQC)* | 7 |
| Performance and Sustainability Executive Committee<br>*Disbanded September 2021* | 3 |
| Workplace Safety and Wellbeing Committee<br>*In 2022-2023 this committee will become a sub-committee reporting to the Executive Workforce Committee (EWC)* | 4 |
| Education Council<br>*Name change to Education committee, will report to Executive Workforce Committee from July 2022* | 5 |
| Research Clinical Council<br>*Name change to Research Clinical Committee, reporting to Executive Quality and Safety Committee from February 2022* | 6 |
| Executive Operations Committee<br>*Committee name change in early 2022 to Executive Operations Committee. Last meeting under Executive Operations Committee was April 2022. This committee now renamed as Operational Finance and Performance Committee (May 2022) reporting to Executive Finance and Performance Committee* | 11 |
| Closing the Gap Commitee<br>*This committee was renamed Making Tracks Toward Health Equity in May 2022 and has become a sub-committee reporting to the Executive Safety and Quality Committee* | 6 |
| Executive Coordination Group—Major Projects<br>*Disbanded in September 2021. Relevant issues now report to the Executive Finance and Performance Committee* | 5 |
| Clinical Council (Strategy Advisory Committee)<br>*Disbanded December 2021* | 6 |

*Table 3: Executive committee meetings held in 2021-2022*

| Executive (Tier 2) Committees 2021-2022 | |
|---|---|
| Workforce Committee<br>*Inaugural meeting planned for July 2023* | 0 |
| Audit and Risk Committee<br>*Inaugural meeting February 2022* | 3 |
| Safety and Quality Committee<br>*Inaugural meeting February 2022*<br>*Established in February following disbandment of Safe Care Leadership Committee* | 5 |
| Finance and Performance Committee<br>*Inaugural meeting January 2022* | 6 |

**Strategic workforce planning and performance**
During the reporting period, the Sunshine Coast Health workforce had a Full-Time Equivalent (MOHRI FTE) of 6576. The nursing workforce makes up more than 44 per cent of the total health service workforce, with more than 70 per cent of nurses working on a part-time basis. Sunshine Coast University Hospital is Sunshine Coast Health's largest facility with more than 5419 staff (MOHRI Headcount) or 64 per cent of the workforce. Tables 4 and 5 provide breakdown of staffing.

Sunshine Coast Health's annual separation rate for the 12 months to June 2022 was 7.84 per cent.

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

**Our risk management**
Sunshine Coast Health is committed to effectively managing risk through application of better-practice principles and practices.

Sunshine Coast Health has an established risk management system, underpinned by our Risk Management Framework. The framework applies a standardised and structured approach to risk management aligned to international standards. The framework reinforces that all staff have a role to play in managing risk within Sunshine Coast Health and assigns specific accountabilities and responsibilities at

*Table 4: More doctors and nurses**

| | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 |
|---|---|---|---|---|---|
| Medical staff[a] | 753 | 800 | 834 | 852 | 877 |
| Nursing staff[a] | 2338 | 2476 | 2585 | 2734 | 2904 |
| Allied Health staff[a] | 754 | 767 | 787 | 966 | 993 |

*Table 5: Greater diversity in our workforce**

| | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 |
|---|---|---|---|---|---|
| Persons identifying as being First Nations[b] | 87 | 101 | 110 | 112 | 119 |

*Note: * Workforce is measured in MOHRI – Full-Time Equivalent (FTE). Data presented reflects the most recent pay cycle at year's end, period ending 26 June 2022.*
*Source: a DSS Employee Analysis, b Queensland Health MOHRI, DSS Employee Analysis*

appropriate management levels. This is reflected in our governance and supporting processes and tools.

Our Risk Appetite Statement sets out the Board's approach to managing risk. The Statement is broadly articulated for key activities and risk exposures, linked to our strategic objectives and priorities. We consider risk from an enterprise-wide perspective that considers strategic and operational uncertainties that influence our ability to achieve our objectives and priorities.

We continue to identify and manage the uncertainties resulting from the evolving COVID-19 pandemic, including service delivery disruption risks related to increasing community transmission levels, mandated requirements and the easing of response measures. Strategic risks, including those created by the COVID-19 pandemic, are identified and managed by the health service Executive and monitored by the Audit and Risk Committee and the Board.

The *Hospital and Health Boards Act 2011* requires annual reports to state each direction given by the Minister to a health service during the financial year and the action taken by the health service as a result. During 2021-2022, no directions were given by the Minister to Sunshine Coast Health.

**Internal audit**

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

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

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

**External scrutiny, information systems and record-keeping**
There were no external reviews during 2021-2022.

Sunshine Coast Health recognises the value of administrative and functional records as a dynamic source of organisational knowledge which underpins and supports the facilitation and provision of high quality, evidence-based health care services.

Our Administrative and Functional Records Management Framework ensures that records are created, managed, retained and disposed of appropriately. Sunshine Coast Health maintains an effective and compliant administrative and functional records management system that supports business efficiency.

Our staff have access to comprehensive record-keeping and information management guidance materials on Sunshine Coast Health's intranet site.

During the 2021-2022 financial year, the Sunshine Coast Health has an informed opinion that information security risks were actively managed and assessed against the health service's risk appetite with appropriate assurance activities undertaken in line with the requirements of the Queensland Government Enterprise Architecture (QGEA) Information security policy
(IS18:2018).

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

***Conflicts of interest***
The new process for declaring Conflicts of Interest is working well, streamlining the system for all employees at the point of completing annual mandatory training. This has allowed for pertinent conversations with line managers at subsequent performance and development meetings. The Conflicts of Interest Policy 2021-2023 has been updated to reflect our procedural changes and is supported by the Quality Assurance Plan, as well as the Conflicts of Interest Management Procedure and Information Toolkits.

***Fraud and corrupt conduct***
The Fraud and Corruption Control Policy has seen a revision this year to ensure we embed our commitment to an ethical organisational culture, reinforcing our ethical expectation across all areas of Sunshine Coast Health. To sharpen our focus on this issue the Fraud and Corruption Control Framework and the Fraud and Corruption Control Action Plan are currently being developed to help minimise the risk of fraud and corrupt behaviour. This will be assisted by implementing and monitoring the fraud and corruption prevention, detection and response initiatives.

***Public interest disclosures***
Our Public Interest Disclosure Procedure was also updated this year to reflect our zero-tolerance approach to wrongdoing, including corruption, fraud and maladministration. The procedure explains the process for making a public interest disclosure to ensure our employees are afforded a process for raising concerns, that is as straightforward as possible.

**Human rights**
Queensland's *Human Rights Act 2019* (the Act) protects 23 human rights and commenced from 1 January 2020. Sunshine Coast Health received one Human Rights complaint in this financial year. This complaint also named another hospital and health service and the Queensland Ambulance Service. Following a pre-conciliation conference with the Queensland Human Rights Commission to discuss the complaint, Sunshine Coast Health submitted an application to the Commissioner under section 69 of the Act, for the complaint to be dismissed. The Complainant withdrew the complaint two days later.

In May 2022, Sunshine Coast Health arranged for the Director, Complaint Management from Queensland Human Rights Commission to deliver an information/education session on human rights and anti-discrimination complaint management to the patient liaison team and statewide patient liaison network.

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

# Our performance

The following provides a snapshot of how Sunshine Coast Health is tracking against the strategic priorities and key performance indicators (KPIs) set out in the 2020–2024 strategic plan. Table 6 also provides an overview of Sunshine Coast Health's performance against the service standards.

**Responsive health service**

COVID-19 continued to influence service delivery through 2021-2022 and whilst Sunshine Coast Health continued to provide safe, high-quality healthcare to our patients, the increased demand for services impacted our ability to achieve all service agreement performance measures.

The agility and flexibility of our teams to adapt to the ever-changing environment enabled us to develop innovative models of care that were responsive to the needs of our community. These included digital health solutions that enabled more care to be provided virtually and the implementation of the Rapid Access Service (RAS) pilot program in Respiratory Services that offers known patients a safe alternative to presenting to the Emergency Department while offering them the specialist level care they require.

We delivered care to almost 10,000 patients with COVID-19 both in our hospitals and virtually and provided more than 270,000 COVID-19 vaccine doses to assist in keeping our community safe.

We released our Master Clinical Services Plan 2022 - 2027 (MCSP) in October 2021. The MCSP provides a clear direction on service development priorities to meet the current and future health needs of the Sunshine Coast community, based on what the evidence shows regarding future population growth, burden of disease and growth in health services.

The $86.2M capital redevelopment program at Nambour General Hospital continues to be delivered on time despite the impacts on the construction industry and supply chain issues associated with the COVID-19 pandemic. Construction continues with the interim Emergency Department, Mental Health Unit 1, Day Rehabilitation, Cancer Care Services and Rehabilitation Unit. The completion of the redevelopment is scheduled for 2023, at which time the facility will increase from 137 beds to have a built capacity of 255 beds and will provide enhanced services to the local community.

Sunshine Coast Health received full accreditation in May 2022 from the Australian Council on Healthcare Standards (ACHS) which provided independent validation of the quality and safety of our services. Sunshine Coast Health was recognised as a Climate Champion by the international organisation Health Care Without Harm. As a member of the worldwide network of Global Green and Healthy Hospitals (GGHH), Sunshine Coast Health participated in the 2021 Health Care Climate Challenge and through the fantastic efforts of staff achieved Gold for Climate Leadership and Silver for Climate Resilience.

A Pilot Research Project 'Facilitating environmentally sustainable and climate resilient healthcare' is progressing in collaboration with Griffith University and GGHHs. Our Hospital Foundation (Wishlist) is funding an art-cycle project to raise awareness about environmental sustainability and re-purpose clean non-clinical hospital waste. Sunshine Coast Health is also developing a Climate Change Risk Management Plan that aligns with the Queensland Health Climate Risk Strategy 2021-2026.

**Partnerships**

Sunshine Coast Health is committed to strengthening our strategic and operational partnerships to improve the health of our community. There is regular collaboration with our key health partners to ensure effective interface across the community and our engagement protocol with the Sunshine Coast, Wide Bay and Central Queensland PHN was refreshed in December 2021.

We increased consumer representation on Sunshine Coast Health committees including adding a consumer representative to the COVID-19 Incident Management Team. A number of communication strategies were implemented to keep our patients informed on relevant issues including COVID-19 response and service changes. ACHS accreditation surveyors rated Sunshine Coast Health's consumer engagement very highly. Sunshine Coast Health's Consumer and Community Consultative Panel and Consumer Network are now well established, and the consumer valuing program embedded. The yearly Exceptional Consumer Representative award commenced in 2021 and Sunshine Coast Health recommenced attendance at community events. The Patient Experience and Consumer and Community Engagement Strategy will be reviewed and updated in collaboration with consumers in 2022-2023.

Patient Reported Experience Measures (PREMs) surveys for inpatient, endoscopy, general surgical outpatients and COVID-19 experience commenced. Sunshine Coast Health has equalled or surpassed the State average consumer satisfaction rating since commencement of the PREMs inpatient survey. The Mental Health PREMs survey commenced in June 2022 and the Emergency Department PREMs survey is in development.

We continue to embed the Choosing Wisely program into business as usual. There are six consumers on the Choosing Wisely Faculty which continues to promote projects and bodies of work to reduce low benefit care. Consumer representatives sit on a number of focus groups and committees to promote codesign. Other activities include engagement with our Consumer Network promoting shared decision making and improved health literacy as well as partnering with medical education ensuring junior doctors are aware of the Choosing Wisely program.

**Focus on our people**

Our people are our most valuable asset and Sunshine Coast Health promotes a compassionate and supportive work environment where staff can thrive and know they are valued. COVID-19 has impacted our workforce and their families and Sunshine Coast Health continues to promote flexible work arrangements to support staff through these challenging times.

**Staff safety and wellbeing**

Sunshine Coast Health places great emphasis on employee safety and wellbeing and has implemented a number of new initiatives, and re-energised existing programs to empower our workers with the necessary knowledge, skills and abilities to fulfill health, safety and wellbeing responsibilities.

Wishlist proudly funded a Mental Health and Wellbeing Program that provides a range of training courses and offers a one-on-one coaching program for employees experiencing early signs that their mental health needs proactive attention. Staff were also encouraged to attend the on-line sessions provided by Clinical Excellence Queensland that provided strategies to build resilience and learn mindfulness to support them in the workplace. In November 2021 we announced we are embarking on a workplace accreditation program with White Ribbon Australia who are part of a global social movement working to eliminate gendered violence.

Their mission is to have 'a nation where every woman is free from all forms of men's violence and abuse'. Throughout the accreditation journey, the goal for Sunshine Coast Health is to embed accreditation standards which will strengthen our culture of respect and equality, equipping staff with the knowledge and skills to address the issue of violence, both within the workplace and the broader community. We selected a Working Group comprised of clinical experts, staff with a 'lived experience' and other key stakeholders who will support the development of policies, procedures and mechanisms in relation to women's safety and gender equality issues.

**Diversity and Inclusion**

We are committed to providing a safe and inclusive environment for all staff and patients regardless of their sex, gender, sexuality, and background. To drive the delivery of the Sunshine Coast Health Diversity and Inclusion (D&I) Strategy and Action Plan 2022-2024, a D&I Committee reflective of diversity priority and professional groups has been established. In addition, D&I Network Groups reflective of the diversity priority groups (i.e., LGBTIQA+, (dis)Ability) have been created to encourage connection through shared experience and information and act as a reference group for Sunshine Coast Health to strengthen equality, anti-discrimination and the health and wellbeing for priority group employees.

**Employee engagement**

The Working for Queensland (WfQ) Survey is administered by the Public Service Commission (PSC) from a whole of government perspective and was conducted in September 2021. The WfQ survey result is one element of Sunshine Coast Health's Workforce Engagement Strategy 2020-2022 This strategy provides the framework, methodologies and actions that contribute to our people being able to thrive

through their workplace experiences and within their work environments. We saw a 4 per cent increase in the overall response rate to 41 per cent of total staff responding to the survey (3336 respondents) which was the highest achieved since the commencement of the survey in 2013. There were positive gains across nine of the ten factors in the survey with increases in two of our 2020 priority areas "Organisational Leadership" and "Organisational Fairness" and indicated positive growth across most factors.

**Grow research and education capability**

Sunshine Coast University Hospital is the region's tertiary centre for acute, critical, and specialised care. Embedding an education and research culture is critical to our ambitions for SCUH to reach its full tertiary potential.

$2 million in funding was distributed to Sunshine Coast Health researchers from the Wishlist/Study Education and Research Trust Fund (SERTF) program in 2021-2022. This included two Joint Appointment Grants, one Partnership Research Grant, two Research Higher Degree Support Grants, and one Departmental Project Seed Grant. All grant applicants provided a departmental research strategy developed for their specific clinical areas. SERTF funded Joint Appointment grants were announced end June 2022.

Interprofessional education and research opportunities and activities continued throughout the year in collaboration with Sunshine Coast Health Institute (SCHI) partners and we implemented an interprofessional education program across Sunshine Coast Health. Activities and opportunities with our SCHI partners included the introduction of the SCHI Seminar Series, Sunshine Coast Health Research Day, a virtual careers day, SCHI Symposium and translational simulation opportunities with Bond University.

Creating access to the integrated electronic Medical Record (ieMR) system in SCHI training facilities is nearly complete and planned testing will occur in July 2022. This will enhance education and training activities including simulation and scenario-based exercises.

**Embrace technology for a digital future**

Sunshine Coast Health's Digital Health Strategy was released in July 2021. The strategy defines how we will leverage and build upon our Information and Communications Technology investment and has been informed by discussions with key internal stakeholders and key community partners. The strategy is designed to support the achievement of the broader direction and priorities of Sunshine Coast Health's Strategic and Master Clinical Services Plans. In addition, this strategy is complemented by the ICT and Digital Health Asset Management Plan that outlines current and future investment priorities.

Our Digital Health and ICT response to COVID-19 was rapid and we implemented a COVID-19 ICT and commissioning response team and working group that oversaw a range of innovative solutions to support and underpin our clinical response to the pandemic. Some of these solutions have been further leveraged to improve clinical models of care, particularly regarding virtual healthcare. Our teams developed and implemented a digital COVID-19 call centre and drive-through COVID-19 swabbing solution and implemented the Queensland COVID-19 Vaccine Management Solution; both firsts within Queensland Health.

We implemented digital solutions to improve internal referral processes and introduced speech recognition software to enhance the patient experience and improve communication processes with GPs.

**Closing the Gap**

Sunshine Coast Health is committed to improving the health outcomes and health equity for our Aboriginal and Torres Strait Islander population. Amendments to the *Hospital and Health Boards Act 2011* and the *Hospital and Health Boards Regulation 2012* have created the strongest public health system legislation ever enacted in Queensland's history requiring Hospital and Health Services to partner with Aboriginal and Torres Strait Islander peoples and organisations to design, deliver and monitor the delivery of healthcare in Queensland.

In collaboration with our prescribed partners Central Queensland, Wide Bay and Sunshine Coast Primary Health Network and North Coast Aboriginal Corporation for Community Health, Sunshine Coast Health established elder groups to codesign and implement the Aboriginal and Torres Strait Islander Health Equity Strategy 2022-2031. The Strategy is an overarching blueprint to address health equity for Aboriginal and/or Torres Strait Islander peoples in the Sunshine Coast area giving opportunity for subsequent implementation plans to be developed in three-year cycles (2022-2031) in consultation with prescribed stakeholders.

We continued to deliver many programs specifically focused on Closing the Gap outcomes including programs addressing Discharge Against Medical Advice (DAMA), a sexual health team and dedicated outreach clinics to enable easier access to oral health services, childhood immunisation programs; preventable

hospitalisation and cultural healing programs.
We released our Aboriginal and Torres Strait Islander Workforce Strategy in December 2021 and a detailed action plan is being developed to support the plan. As at June 2022, Sunshine Coast Health Aboriginal and Torres Strait Islander staffing headcount was 119 which equates to a participation rate of 1.83 per cent. To meet the three per cent employment target, we will need to employ 139 additional Aboriginal and Torres Strait Islander peoples.

Four (4) Aboriginal and Torres Strait Islander staff received funding (and have commenced study) to support them in obtaining either a Certificate IV in Aboriginal and Torres Strait Islander Primary Health Care or Diploma in Aboriginal and Torres Strait Islander Primary Health Care. This will provide them with a formal qualification and create greater career opportunities.
All employees are supported through the staff cultural practice program to develop the knowledge and skills to best contribute to improving health outcomes for our Aboriginal and Torres Strait Islander population. More than 90 per cent of staff have completed the online Introduction to Aboriginal and Torres Strait Islander Culture (foundation phase) and more than 900 staff attended face-to-face Cultural Practice Program sessions.

*Table 6: Service standards*

| Sunshine Coast Hospital and Health Service | 2021-22 Target | 2021-22 Actual |
|---|---|---|
| ***Effectiveness measures*** | | |
| Percentage of emergency department patients seen within recommended timeframes[1] | | |
| • Category 1 (within 2 minutes) | 100% | 100% |
| • Category 2 (within 10 minutes) | 80% | 70% |
| • Category 3 (within 30 minutes) | 75% | 70% |
| • Category 4 (within 60 minutes) | 70% | 78% |
| • Category 5 (within 120 minutes) | 70% | 96% |
| Percentage of emergency department attendances who depart within 4 hours of their arrival in the department[1] | >80% | 66% |
| Percentage of elective surgery patients treated within the clinically recommended times[2] | | |
| • Category 1 (30 days) | >98% | 72% |
| • Category 2 (90 days)[3] | .. | 53% |
| • Category 3 (365 days)[3] | .. | 66% |
| Rate of healthcare associated Staphylococcus aureus (including MRSA) bloodstream (SAB) infections/10,000 acute public hospital patient days[4] | <2 | 0.5 |
| Rate of community mental health follow up within 1-7 days following discharge from an acute mental health inpatient unit[5] | >65% | 64.2% |
| Proportion of re-admissions to acute psychiatric care within 28 days of discharge[6] | <12% | 9.5% |
| Percentage of specialist outpatients waiting within clinically recommended times[7] | | |
| • Category 1 (30 days) | 80% | 69% |
| • Category 2 (90 days)[8] | .. | 40% |
| • Category 3 (365 days)[8] | .. | 70% |
| Percentage of specialist outpatients seen within clinically recommended times[7] | | |
| • Category 1 (30 days) | 82% | 81% |
| • Category 2 (90 days)[8] | .. | 47% |
| • Category 3 (365 days)[8] | .. | 74% |
| Median wait time for treatment in emergency departments (minutes)[1] | .. | 15 |
| Median wait time for elective surgery treatment (days)[2] | .. | 45 |
| ***Efficiency measure*** | | |
| Average cost per weighted activity unit for Activity Based Funding facilities[9] | $5,239 | $5,702 |

| Sunshine Coast Hospital and Health Service | 2021-22 Target | 2021-22 Actual |
|---|---|---|
| ***Other measures*** | | |
| Number of elective surgery patients treated within clinically recommended times[2] | | |
| • Category 1 (30 days) | 3,156 | 3,183 |
| • Category 2 (90 days)[3] | .. | 1,764 |
| • Category 3 (365 days)[3] | .. | 1,093 |
| Number of Telehealth outpatients service events[10] | 6,963 | 16,829 |
| Total weighted activity units (WAU)[11] | | |
| • Acute Inpatients | 114,517 | 103,816 |
| • Outpatients | 24,131 | 21,583 |
| • Sub-acute | 9,312 | 10,519 |
| • Emergency Department | 25,194 | 23,730 |
| • Mental Health | 11,164 | 9,666 |
| • Prevention and Primary Care | 4,785 | 4,252 |
| Ambulatory mental health service contact duration (hours)[12] | >64,184 | 59,876 |
| Staffing[13] | 6,430 | 6,576 |

| | |
|---|---|
| 1 | During the COVID-19 pandemic Emergency Departments across Queensland were presented with demand from both COVID-19 and regular patients. In response many public Emergency Departments established fever clinics to assess and treat suspected COVID-19 cases in a safe and effective manner. As fever clinic services represent an extension of regular operational services and as a result, the 2021-2022 Actual includes some fever clinic activity. Emergency Department performance (including POST) has been impacted by the increased patient treatment time and resources required to manage COVID-19 precautions. |
| 2 | In response to the COVID-19 pandemic the delivery of planned care services has been impacted. This has resulted from occasions of temporary suspension of routine planned care services to manage priority demand, increased cancellations resulting from patient illness and staff furloughing as a result of illness or Health Service Directives. |
| 3 | As the system focuses to manage the backlog of deferred care patients, treated in time performance will continue to be impacted. As a result, the continuation of treat in time performance targets for category 2 and 3 patients applicable for 2021-2022 will be carried forward into 2022-2023. |
| 4 | Staphylococcus aureus (including MRSA) bloodstream (SAB) infections 2021-2022 Estimated Actual rate is based on data reported between 1 July 2021 and 31 March 2022. |
| 5 | Mental Health rate of community follow up 2021-2022 Actuals are as of 16 August 2022. |
| 6 | Mental Health readmissions 2021-2022 Actuals are for the period 1 July 2021 to 31 May 2022, as of 16 August 2022. |
| 7 | In response to the COVID-19 pandemic the delivery of planned care services has been impacted. This has resulted from occasions of temporary suspension of routine planned care services to manage priority demand, increased cancellations resulting from patient illness and staff furloughing as a result of illness or Health Service Directives. |
| 8 | As the system focuses to manage the backlog of deferred care patients, treated in time performance will continue to be impacted. As a result, the continuation of treat in time performance targets for category 2 and 3 patients applicable for 2021-2022 will be carried forward into 2022-2023. |
| 9 | The 2021-2022 Target varies from the published 2021-2022 Service Delivery Statement due to a change in the WAU phase. All measures are reported in QWAU Phase Q24. The variation in difference of Cost per WAU to target is a result of the additional costs of the COVID-19 pandemic. 2021-2022 Actuals are as of 22 August 2022. |
| 10 | Telehealth 2021-2022 Actual is as of 18 August 2022. |
| 11 | The 2021-2022 Actual is below target due to a decrease in routine care services resulting from occasions of temporary suspension of routine planned care services to manage priority demand, increased cancellations resulting from patient illness and staff furloughing as a result of illness or Health Service Directives. The 2021-2022 Target varies from the published 2021-2022 Service Delivery Statement due to a change in the WAU phase. All measures are reported in QWAU Phase Q24. The 2021-2022 Actual figures are as of 22 August 2022. As the Hospital and Health Services have operational discretion to respond to service demands and deliver activity across services streams to meet the needs of the community, variation to the Target can occur. |
| 12 | Due to a range of factors, including the stretch nature of the target and the impact of the COVID-19 pandemic on service access and capacity, the 2021-2022 Target has not been met. Figures are as of 16 August 2022. |
| 13 | Corporate FTEs are allocated across the service to which they relate. The department participates in a partnership arrangement in the delivery of its services, whereby corporate FTEs are hosted by the department to work across multiple departments. 2021-2022 Actual is for pay period ending 26 June 2022. |

# Financial highlights

Sunshine Coast Health reported an operating deficit of $11.7 million for the year ending 30 June 2022.

The financial year has continued to present significant challenges due to the COVID-19 pandemic. Additional funding was provided by the State and Commonwealth Governments to manage the COVID-19 response, and is included in this year's revenue.

*Table 7: Revenue and expenses—financial year ending 30 June 2022.*

| | $'000 |
|---|---:|
| **Revenue** | **1,451,378** |
| | |
| **Expenses** | |
| Employee expenses | (938,206) |
| Supplies and services | (340,528) |
| Depreciation and amortisation | (141,774) |
| Interest and other expenses | (42,594) |
| **Total expenses** | **(1,463,102)** |
| | |
| **Net deficit from operations** | **(11,724)** |

**Where the money comes from**

Sunshine Coast Health's income was $1.451 billion, which is an increase of $96.2 million (7.1 per cent) from the prior year. Of this, the Queensland Government's contribution was $874.1 million and the Commonwealth contribution was $431.2 million. Specific-purpose grants and other contributions worth $29.8 million were received and user charges, fees and other revenue was $116.2 million.

**Where the money goes**

Sunshine Coast Health's expenses for 2021-22 were $1.463 billion, which is an increase of $86.6 million (6.3 per cent). The largest portion of expenditure relates to employee expenses including clinicians and support staff (64.1 per cent). Supplies and Services expenses such as clinical supplies, drugs, prosthetics, pathology, catering, repairs and maintenance, energy, communication and computers account for 23.3 per cent of expenditure; 9.7 per cent of expenditure was related to depreciation and amortisation of the fixed asset base; and 2.9 per cent of expenditure relates to interest and other expenses.

**Financial outlook**

Sunshine Coast Health is committed to providing better health outcomes for its community. Financial year 2022-23 will continue to be fiscally challenging for the Health Service as it continues to respond to the COVID-19 pandemic and implement strategies to transition towards long term financial sustainability. Redevelopment of the Nambour General Hospital will continue to progress to provide additional capacity across the Health Service.

**Anticipated maintenance**

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

Anticipated maintenance is defined as maintenance that is necessary to prevent the deterioration of an asset or its function, but which has not been carried out. Some anticipated maintenance activities can be postponed without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immediately having a noticeable effect on the functionality of the building. All anticipated maintenance items are risk assessed to identify any potential impact on users and services and are closely managed to ensure all facilities are safe. As at 30 June 2022, Sunshine Coast Health had reported total anticipated maintenance of $20.9 million.

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

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

# Financial statements

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# Statement of Comprehensive Income

## For the year ended 30 June 2022

| | Note | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| **Income** | | | |
| Funding for public health services | B1.1 | **1,305,378** | 1,217,426 |
| User charges and fees | B1.2 | **99,458** | 92,895 |
| Grants and other contributions | B1.3 | **29,790** | 28,043 |
| Other revenue | | **16,565** | 16,527 |
| **Total revenue** | | **1,451,191** | 1,354,891 |
| Gains on disposal of assets | | **187** | 284 |
| **Total income from continuing operations** | | **1,451,378** | 1,355,175 |
| **Expenses** | | | |
| Employee expenses | B2.1 | **(151,762)** | (140,009) |
| Health service employee expenses | B2.1 | **(786,444)** | (738,448) |
| Supplies and services | B2.2 | **(340,528)** | (323,936) |
| Grants and subsidies | | **(475)** | (288) |
| Depreciation and amortisation | C3, C4 | **(141,774)** | (134,343) |
| Impairment losses | C2 | **(2,662)** | (987) |
| Interest expense | | **(21,602)** | (21,810) |
| Other expenses | B2.3 | **(17,855)** | (16,636) |
| **Total expenses** | | **(1,463,102)** | (1,376,457) |
| **Operating result for the year** | | **(11,724)** | (21,282) |
| **Other comprehensive income** | | | |
| *Items that will not be reclassified subsequently to operating result* | | | |
| Increase in the asset revaluation surplus | C9.2 | **181,425** | 30,481 |
| **Other comprehensive income for the year** | | **181,425** | 30,481 |
| **Total comprehensive income for the year** | | **169,701** | 9,199 |

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

## Statement of Financial Position
### As at 30 June 2022

| | Note | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | C1 | **39,542** | 42,176 |
| Trade and other receivables | C2 | **36,011** | 39,572 |
| Inventories | | **6,392** | 5,763 |
| Other current assets | | **3,732** | 3,466 |
| **Total current assets** | | **85,677** | 90,977 |
| **Non-current assets** | | | |
| Property, plant and equipment | C3 | **1,975,956** | 1,885,038 |
| Right-of-use assets | | **1,048** | 1,164 |
| Intangibles | C4 | **1,657** | 2,747 |
| **Total non-current assets** | | **1,978,661** | 1,888,949 |
| **Total assets** | | **2,064,338** | 1,979,926 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade payables | C5 | **161,335** | 140,476 |
| Lease liabilities | | **395** | 398 |
| Interest bearing liability | C6 | **10,736** | 9,869 |
| Accrued employee benefits | | **2,538** | 1,875 |
| Contract liabilities | C7 | **6,719** | 17,422 |
| **Total current liabilities** | | **181,723** | 170,040 |
| **Non-current liabilities** | | | |
| Interest bearing liability | C6 | **482,762** | 493,498 |
| Contract liabilities | C7 | **73,262** | 74,958 |
| Lease liabilities | | **782** | 846 |
| **Total non-current liabilities** | | **556,806** | 569,302 |
| **Total liabilities** | | **738,529** | 739,342 |
| **Net assets** | | **1,325,809** | 1,240,584 |
| **Equity** | | | |
| Contributed equity | C9.1 | **836,818** | 921,294 |
| Asset revaluation surplus | C9.2 | **532,527** | 351,102 |
| Accumulated deficit | | **(43,536)** | (31,812) |
| **Total equity** | | **1,325,809** | 1,240,584 |

*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 2022

| | Note | Contributed equity $'000 | Asset revaluation surplus $'000 | Accumulated result $'000 | Total equity $'000 |
|---|---|---|---|---|---|
| **Balance at 1 July 2020** | | 1,019,791 | 320,622 | (10,530) | 1,329,883 |
| Operating result for the year | | - | - | (21,282) | (21,282) |
| Other comprehensive income for the year | C9.2 | | 30,480 | - | 30,480 |
| **Total comprehensive income for the year** | | - | 30,480 | (21,282) | 9,198 |
| **Transactions with owners in their capacity as owners:** | | | | | |
| Cash injection from the Department for capital works and acquisitions | | 37,697 | - | - | 37,697 |
| Reclassify equity received to revenue | | (1,861) | - | - | (1,861) |
| Equity injections | | 35,836 | - | - | 35,836 |
| Non cash withdrawal for depreciation and amortisation | | (134,343) | - | - | (134,343) |
| Non cash withdrawal for assets transferred to the Department | | 10 | - | - | 10 |
| Equity withdrawals | | (134,333) | - | - | (134,333) |
| **Transactions with owners in their capacity as owners** | | (98,497) | - | - | (98,497) |
| **Balance at 30 June 2021** | | 921,294 | 351,102 | (31,812) | 1,240,584 |
| **Balance at 1 July 2021** | | **921,294** | **351,102** | **(31,812)** | **1,240,584** |
| Operating result for the year | | **-** | **-** | **(11,724)** | **(11,724)** |
| Other comprehensive income for the year | C9.2 | | **181,425** | **-** | **181,425** |
| **Total comprehensive income for the year** | | **-** | **181,425** | **(11,724)** | **169,701** |
| **Transactions with owners in their capacity as owners:** | | | | | |
| Cash injection from the Department for capital works and acquisitions | | **58,381** | **-** | **-** | **58,381** |
| Reclassify equity received to revenue | | **(2,595)** | **-** | **-** | **(2,595)** |
| Non cash injection of other capital assets | | **1,512** | **-** | **-** | **1,512** |
| Equity injections | | **57,298** | **-** | **-** | **57,298** |
| Non cash withdrawal for depreciation and amortisation | | **(141,774)** | **-** | **-** | **(141,774)** |
| Equity withdrawals | | **(141,774)** | **-** | **-** | **(141,774)** |
| **Transactions with owners in their capacity as owners** | | **(84,476)** | **-** | **-** | **(84,476)** |
| **Balance at 30 June 2022** | | **836,818** | **532,527** | **(43,536)** | **1,325,809** |

*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 2022

| | Note | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| ***Inflows*** | | | |
| Funding for public health services | | 1,157,125 | 1,107,660 |
| User charges and fees | | 93,243 | 92,911 |
| Grants and other contributions | | 18,263 | 16,555 |
| Interest received | | 69 | 74 |
| GST collected from customers | | 6,538 | 7,011 |
| GST input tax credits | | 28,130 | 25,987 |
| Other revenue | | 15,023 | 12,662 |
| ***Outflows*** | | | |
| Employee and Health service employee expenses | | (935,981) | (905,241) |
| Supplies and services | | (311,171) | (281,643) |
| Grants and subsidies | | (475) | (288) |
| GST paid to suppliers | | (27,310) | (27,182) |
| GST remitted | | (6,569) | (6,953) |
| Interest expense | | (21,803) | (21,992) |
| Other expenses | | (17,687) | (15,962) |
| Net cash from / (used by) operating activities | CF.1 | (2,605) | 3,599 |
| | | | |
| **Cash flows from investing activities** | | | |
| Proceeds from disposal of property, plant and equipment | | 187 | 284 |
| Payments for property, plant and equipment | | (48,399) | (37,918) |
| Payments for intangibles | | - | (643) |
| Net cash / (used by) investing activities | | (48,212) | (38,277) |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from equity injections | | 58,381 | 37,697 |
| Borrowing redemptions | CF.2 | (9,869) | (8,995) |
| Principal payments of lease liabilities | CF.2 | (329) | (386) |
| Net cash from / (used by) financing activities | | 48,183 | 28,316 |
| | | | |
| Net increase / (decrease) in cash held | | (2,634) | (6,362) |
| Cash and cash equivalents at the beginning of the financial year | | 42,176 | 48,538 |
| **Cash and cash equivalents at the end of the financial year** | C1 | 39,542 | 42,176 |

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

# Notes to the Statement of Cash Flows

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

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Operating result for the year | (11,724) | (21,282) |
| Adjustments for: | | |
| Inventory written off | 169 | 91 |
| Losses on disposal of non-current assets | 169 | 674 |
| Depreciation and amortisation | 141,774 | 134,343 |
| Depreciation and amortisation funding offset from the Department | (141,774) | (134,343) |
| Derecognition / transfer out of plant and equipment | 63 | - |
| Donations of plant and equipment | (622) | (359) |
| Impairment losses on financial assets | 2,662 | 987 |
| Movements in assets and liabilities: | | |
| (Increase)/decrease in trade and other receivables | (7,298) | (10,292) |
| (Increase)/decrease in GST input tax credits receivables | 789 | (1,137) |
| (Increase)/decrease in inventories | (798) | 82 |
| (Increase)/decrease in accrued revenue | 4,627 | 1,704 |
| (Increase)/decrease in other current assets | (266) | 45 |
| Increase/(decrease) in trade and other payables | 20,713 | 31,485 |
| Increase/(decrease) in salaries and wages accrued | 769 | (4,282) |
| Increase/(decrease) in other employee benefits payable | (106) | (53) |
| Increase/(decrease) in contract liabilities | (11,752) | 5,937 |
| **Net cash used by / (from) operating activities** | (2,605) | 3,599 |

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

| 2022 | Opening balance $'000 | *Non-cash changes* New leases acquired $'000 | *Cash flows* Cash repayments $'000 | Closing balance $'000 |
|---|---|---|---|---|
| Lease liabilities | 1,244 | 262 | (329) | 1,177 |
| Interest bearing liabilities | 503,367 | - | (9,869) | 493,498 |
| **Total** | 504,611 | 262 | (10,198) | 494,675 |

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

# Notes to the Financial Statements

**For the year ended 30 June 2022**

## Section A: About the entity and this financial report

### A1 General information

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

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

For information in relation to SCHHS's financial statements, email 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 2021.

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.

No new accounting standards or interpretations applied to SCHHS for the first time in 2021-22.

### 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 2020-21 financial statements. The comparative information in Note C8 Public Private Partnerships (PPPs), C8.3 Estimated future cash flows and G3 Joint operations as at 30 June 2021 have been restated to correct miscalculations in the previous year. These amendments are considered to be a correction of error under the provisions of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. However, the nature of the error is such that it had no impact on reported balances for the year ended 30 June 2021 and relates solely to a required disclosure. Detailed information about these restated disclosures can be found in Note C8.3 Estimated future cash flows and G3 Joint operations.

In addition, the prior year comparative in the Statement of Cash Flows (Funding for public health services and Supplies and services) has been restated due to realignment of current year presentation in note C5 Trade payables.

#### Current/non-current classification

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

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

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

# Notes to the Financial Statements

## For the year ended 30 June 2022

## A5 Authorisation of financial statements for issue

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

## A6 Basis of measurement

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

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

### Historical cost

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

### Fair value

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

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

Where fair value is used, the fair value approach is disclosed. Further information on fair value is disclosed at Note D1 Fair value measurement.

### Present value

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

### Net realisable value

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

## A7 The reporting entity

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

## A8 Economic dependency

SCHHS has prepared these financial statements on a going concern basis which assumes it will be able to meet its financial obligations as and when they fall due. SCHHS is economically dependent on funding received from its Service Agreement with the Department.

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 with support as required by the Department, will provide SCHHS with sufficient cash resources to meet its financial obligations for at least the next financial year.

SCHHS has no intention to liquidate or to cease operations. Under section 18 of the *Hospital and Health Boards Act 2011*, SCHHS represents the State of Queensland and thus has all the privileges and immunities of the State in this respect.

# Notes to the Financial Statements

## For the year ended 30 June 2022

## Section B: Notes about our financial performance

### B1 Revenue

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

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Activity based funding | **1,004,830** | 957,838 |
| Block funding | **80,057** | 82,889 |
| Depreciation funding | **141,774** | 134,344 |
| COVID-19 funding | **57,960** | 33,398 |
| Other system manager funding | **20,757** | 8,957 |
| **Total** | **1,305,378** | 1,217,426 |

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

**Accounting policy**

**Funding for public health services**

Funding from the Department is provided predominantly for specific public health services purchased by the Department from SCHHS in accordance with the Service Agreement. The Department receives its revenue for funding from the State Government and Commonwealth Governments. State funding is received fortnightly and Commonwealth funding is received monthly in advance through the Department.

Of the total funding for public health services received in 2022, $874.138m (2021: $805.665m) was received from the State Government with $431.240m (2021: $411.761m) received from the Commonwealth Government.

The Service Agreement is reviewed periodically and updated for changes in activities and prices of services delivered by SCHHS. At the end of the financial year an agreed technical adjustment between the Department and SCHHS may be required for the level of services performed above or below the agreed levels which may result in a receivable or unearned revenue. This technical adjustment process is undertaken annually according to the provisions of the Service Agreement and ensures that the revenue recognised in each financial year correctly reflects SCHHS delivery of health services.

**Activity Based Funding**

Activity based funding (ABF) 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* as purchased activity is delivered.

Given the impact of the COVID-19 pandemic, the Commonwealth Government agreed to provide a guaranteed ABF envelope for the 2021-22 financial year under the National Health Reform Agreement (commonly known as a Minimum Funding Guarantee (MFG)). This applied for the full financial year and had the effect of protecting 45% of the value of ABF activity. The State Government provided a partial funding guarantee for the residual 55% of the activity value from January 2022 to June 2022. Therefore financial adjustment for activity shortfalls were only made to the extent of 55% of the price across the period July to December 2021 ($nil impact for SCHHS).

**Block funding**

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*.

**COVID-19 funding**

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

# Notes to the Financial Statements

## For the year ended 30 June 2022

## B1 Revenue (continued)

### B1.1 Funding for public health services (continued)

**Other system manager 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.

### B1.2 User charges and fees

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Revenue from contracts with customers | | |
| Sale of goods and services | **2,935** | 1,182 |
| Hospital fees | **44,166** | 48,348 |
| Pharmaceutical Benefits Scheme reimbursement | **52,357** | 43,365 |
| **Total** | **99,458** | 92,895 |

**Accounting policy**

**Sale of goods and services and Hospital fees**

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

**Pharmaceutical Benefits Scheme reimbursement**

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

### B1.3 Grants and other contributions

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Revenue from contracts with customers | | |
| State Government grants | **7,735** | 6,317 |
| Commonwealth Government grants | **9,938** | 10,535 |
| Other grants | **384** | 158 |
| | **18,057** | 17,010 |
| Other grants and other contributions | | |
| Services received below fair value | **10,905** | 10,345 |
| Donations | **828** | 688 |
| | **11,733** | 11,033 |
| **Total** | **29,790** | 28,043 |

**Accounting policy**

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.

**State and Commonwealth Government grants**

State Government grants consisted of amounts recovered for non-capital expenditure relating to costs associated with capital projects.

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

# Notes to the Financial Statements

## For the year ended 30 June 2022

## B1 Revenue (continued)

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

**Services received below fair value**

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

## B2 Expenses

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

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

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

*(a) Employee expenses*

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Wages and salaries | 125,223 | 116,540 |
| Employer superannuation contributions | 10,440 | 9,209 |
| Annual leave levy | 9,730 | 8,627 |
| Long service leave levy | 3,219 | 2,858 |
| Workers' compensation | 1,376 | 1,317 |
| Other employee related expenses | 1,774 | 1,458 |
| **Total** | **151,762** | 140,009 |

*(b) Health service employee expenses*

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Health service employee expenses reimbursed to the Department | 786,444 | 738,448 |

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

| | 2022 | 2021 |
|---|---|---|
| HHS employees | 327 | 322 |
| Health service employees | 6,249 | 6,021 |
| **Total employees** | **6,576** | 6,343 |

The number of employees is measured on a full-time equivalent basis reflecting Minimum Obligatory Human Resource Information (MOHRI) as at 30 June 2022. 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.

# Notes to the Financial Statements

## For the year ended 30 June 2022

## B2 Expenses (continued)

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

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

**Workers' compensation**

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

**Sick Leave**

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. 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.

### B2.2 Supplies and services

| | Note | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| Clinical supplies and services | | **85,591** | 90,541 |
| Drugs | | **65,494** | 56,047 |
| Pathology, blood and biomedical technical services | | **35,471** | 33,197 |
| Repairs and maintenance | | **33,700** | 33,809 |
| Services purchased from private hospitals | | **21,948** | 22,054 |
| Building services and utilities | | **18,932** | 15,052 |
| Communications | | **17,863** | 17,931 |
| Catering and domestic supplies | | **13,983** | 13,837 |
| Computer services | | **12,712** | 13,019 |
| Services received below fair value | B1.3 | **10,905** | 10,345 |
| Clinical consultants and contractors | | **8,088** | 4,909 |
| Expenses relating to capital works | | **3,323** | 1,550 |
| Patient travel | | **2,714** | 2,863 |
| Rent expenses | | **2,688** | 2,146 |
| Other consultants and contractors | | **2,276** | 2,060 |
| Motor vehicles | | **1,531** | 1,502 |
| Other supplies and services | | **3,309** | 3,074 |
| **Total** | | **340,528** | 323,936 |

# Notes to the Financial Statements

## For the year ended 30 June 2022

## B2 Expenses (continued)

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

**Services purchased from private hospitals**

Services purchased from private hospitals during the year amounted to $21.948m (2021: $22.054m). These expenses reflect the agreement with Noosa Privatised Hospital Pty Ltd for the provision of health services to public patients within the Noosa Hospital (refer to Note C8 Public Private Partnerships (PPPs)).

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

A total of $28.086m (2021: $25.143m) was expensed across various categories of supplies and services in relation to quarterly service payments due to Exemplar Health in relation to the facility management of SCUH. Refer to Note C8 Public Private Partnerships (PPPs).

### B2.3 Other expenses

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Insurance premiums | 12,510 | 11,637 |
| Legal costs | 695 | 313 |
| Losses from the disposal of non-current assets | 170 | 91 |
| Inventory written off | 169 | 674 |
| Special payments | 5 | 59 |
| Other | 4,306 | 3,862 |
| **Total** | **17,855** | 16,636 |

**External audit fees**

Total audit fees quoted by the Queensland Audit Office relating to the 2022 financial year, included in the Other category, were $0.265m (2021: $0.256m). There are no non-audit services included in this amount.

**Insurance premiums**

Certain losses including property, general liability, professional indemnity, and health litigation costs are insured with the Queensland Government Insurance Fund (QGIF). The total insurance premium paid to QGIF was $11.236m (2021: $10.452m). The maximum excess amount payable is $20,000 for each claim event. Upon notification by QGIF of the acceptance of a claim, revenue will be recognised for the agreed settlement amount and disclosed in Other revenue. Other insurances relates to the Joint Venture, SCUH PPP and motor vehicles.

**Special payments**

Special payments relate to ex-gratia expenditure that is not contractually or legally obligated to be made to other parties. In compliance with the *Financial and Performance Management Standard 2019*, SCHHS maintains a register setting out details of all special payments greater than $5,000. During the year, no payments were made in excess of $5,000 (2021: one payment in excess of $5,000).

# Notes to the Financial Statements

## For the year ended 30 June 2022

## Section C: Notes about our Financial Position

### C1 Cash and cash equivalents

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Cash at bank and on hand | **29,056** | 32,585 |
| Cash on deposit | **10,486** | 9,591 |
| **Total** | **39,542** | 42,176 |

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

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

Cash on deposit, which is held on-call, relates to General Trust fund monies which are not grouped within the Whole-of-Government set-off arrangement and are able to be invested and earn interest. Cash on deposit with the Queensland Treasury Corporation earned interest at an annual effective rate of 0.77% (2021: 0.51%).

*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 2022, an amount of $10.490m (2021: $9.637m) in General Trust is set aside for specified purposes defined by the contribution. The majority of the balance in the General Trust is held as cash on deposit.

### C2 Trade and other receivables

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Trade receivables | **24,568** | 22,623 |
| Less: Allowance for credit losses | **(785)** | (703) |
| | **23,783** | 21,920 |
| GST Receivable | **2,344** | 3,164 |
| GST payable | **(1,421)** | (1,452) |
| | **923** | 1,712 |
| Accrued revenue | **10,834** | 15,461 |
| Contract assets - funding for public health services | **471** | 479 |
| **Total** | **36,011** | 39,572 |

**Receivables**

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

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

Accommodation billing makes up the majority of trade debtors.

# Notes to the Financial Statements

## For the year ended 30 June 2022

## 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.

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | **Trade receivables $'000** | **Loss rate %** | **Allowance for credit losses $'000** | Trade receivables $'000 | Loss rate % | Allowance for credit losses $'000 |
| **Aging** | | | | | | |
| Current | **14,843** | **1%** | **(182)** | 13,894 | 1% | (204) |
| 1 - 30 days overdue | **3,996** | **3%** | **(125)** | 3,945 | 3% | (106) |
| 31 - 60 days overdue | **2,050** | **7%** | **(138)** | 1,373 | 4% | (52) |
| 61 - 90 days overdue | **1,544** | **7%** | **(110)** | 708 | 5% | (35) |
| More than 90 days overdue | **2,135** | **11%** | **(230)** | 2,703 | 11% | (306) |
| **Total** | **24,568** | | **(785)** | 22,623 | | (703) |

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

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Opening balance | **703** | 868 |
| Additional provisions recognised in operating result | **2,662** | 987 |
| Receivables written off during the year as uncollectable | **(2,580)** | (1,152) |
| Closing balance | **785** | 703 |

## C3 Property, plant and equipment

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Land - at fair value | **84,863** | 83,123 |
| Buildings - at fair value | **2,427,749** | 2,149,344 |
| Less: Accumulated depreciation | **(675,679)** | (487,030) |
| | **1,752,070** | 1,662,314 |
| Plant and equipment - at cost | **238,096** | 232,092 |
| Less: Accumulated depreciation | **(139,135)** | (126,543) |
| | **98,961** | 105,549 |
| Capital works in progress - at cost | **40,062** | 34,052 |
| **Total** | **1,975,956** | 1,885,038 |

# Notes to the Financial Statements

## For the year ended 30 June 2022

## C3 Property, plant and equipment (continued)

### Reconciliation of carrying amount

| | Land Level 2 $'000 | Buildings Level 2 $'000 | Buildings Level 3 $'000 | Plant and equipment $'000 | Capital works in progress $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| Carrying amount at 1 July 2020 | 78,046 | 775 | 1,711,232 | 115,594 | 10,226 | 1,915,873 |
| Additions | - | - | 28 | 8,487 | 29,760 | 38,275 |
| Disposals | - | - | (42) | (632) | - | (674) |
| Revaluation increments | 5,076 | 30 | 25,374 | - | - | 30,480 |
| Transfers in | - | - | 31,965 | 12 | 288 | 32,265 |
| Transfers between classes | - | - | 1,641 | 4,581 | (6,222) | - |
| Depreciation expense | - | (112) | (108,577) | (22,493) | - | (131,182) |
| Carrying amount at 30 June 2021 | 83,123 | 693 | 1,661,621 | 105,549 | 34,052 | 1,885,038 |
| **Carrying amount at 1 July 2021** | **83,123** | **693** | **1,661,621** | **105,549** | **34,052** | **1,885,038** |
| Additions | - | - | **74** | **12,230** | **36,717** | **49,021** |
| Disposals | - | - | - | **(170)** | - | **(170)** |
| Revaluation increments | **1,740** | **70** | **179,615** | - | - | **181,425** |
| Transfers in / Donations | - | - | - | **1,513** | - | **1,513** |
| Derecognitions / Transfers out | - | - | - | - | **(63)** | **(63)** |
| Transfers between classes | - | - | **28,639** | **2,005** | **(30,644)** | - |
| Depreciation expense | - | **(83)** | **(118,559)** | **(22,166)** | - | **(140,808)** |
| **Carrying amount at 30 June 2022** | **84,863** | **680** | **1,751,390** | **98,961** | **40,062** | **1,975,956** |

### 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 |
|---|---|
| Land | $1 |
| Buildings (including land improvements) | $10,000 |
| Plant and Equipment | $5,000 |

### Acquisition

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

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

### Depreciation

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

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

# Notes to the Financial Statements

## For the year ended 30 June 2022

## C3 Property, plant and equipment (continued)

### Depreciation (continued)

Useful lives of assets are reviewed annually and where necessary are adjusted to better reflect the pattern of future economic benefits. Depreciation is not charged against land which has an indefinite life or assets under construction (capital works in progress) until they are ready for their intended use.

### Key judgement

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

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% | 1 - 97 years |
| Plant and Equipment | 4.4% - 33.3% | 3 - 23 years |

### Impairment

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

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

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

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

For the 2021-22 financial year, there were no impairment losses recognised.

### Asset revaluation

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

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

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

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

# Notes to the Financial Statements

## For the year ended 30 June 2022

## C3 Property, plant and equipment (continued)

### Asset revaluation (continued)

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that asset class.

On revaluation, for assets valued using a cost valuation approach, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life. On revaluation, for assets valued using a market approach, accumulated depreciation is eliminated against the gross amount of the asset prior to restating for valuation.

The impact of COVID-19 has been considered during the comprehensive and indexed revaluations, see Note G5 Impact of COVID-19 .

*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.

In 2022, three land parcels were comprehensively valued and sixteen land parcels in the portfolio were indexed. The range of indexation for the sixteen properties varied from 0% to 30%. The index was based on market conditions for commercial and residential property on the Sunshine Coast.

*Buildings*

Under a rolling 5-year valuation program, Gray Robinson & Cottrell Pty Ltd (GRC) performs a comprehensive valuation of all buildings measured on a current replacement cost basis (effective valuation date of 30 June 2022). 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.

No buildings were comprehensively valued in 2022. All buildings were indexed. GRC's calculated index of 11.48% was applied resulting in a net increase of $179.685m based on cost escalations evidenced in the market. The index movement comprises two key factors - Building Price Indexation (BPI) and structural shifts in Head Contracting pricing. Influencing factors incorporated changes in prices of raw materials, rapid potential wage growth within the construction industry, rapid changes in demand due to low cost of borrowing and diminished capacity within the wider Queensland construction industry.

*Revaluation movement*

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

# Notes to the Financial Statements

## For the year ended 30 June 2022

## C4 Intangibles

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Developed software | **17,032** | 17,032 |
| Developed software - Accumulated amortisation | **(15,439)** | (14,911) |
| | **1,593** | 2,121 |
| Purchased software | **238** | 238 |
| Purchased software - Accumulated amortisation | **(174)** | (114) |
| | **64** | 124 |
| Software work in progress | **-** | 502 |
| | **-** | 502 |
| **Total** | **1,657** | 2,747 |

### Reconciliation of carrying amounts

| | Developed software: At Cost $'000 | Purchased software: At Cost $'000 | Software work in progress $'000 | Total $'000 |
|---|---|---|---|---|
| Carrying amount at 30 June 2020 | 4,631 | 183 | 288 | 5,102 |
| Additions | 140 | 1 | 502 | 643 |
| Transfers | - | | (288) | (288) |
| Amortisation | (2,650) | (60) | - | (2,710) |
| Carrying amount at 30 June 2021 | 2,121 | 124 | 502 | 2,747 |
| Derecognitions | **-** | **-** | **(502)** | **(502)** |
| Amortisation | **(528)** | **(60)** | **-** | **(588)** |
| **Carrying amount at 30 June 2022** | **1,593** | **64** | **-** | **1,657** |

### Accounting policy

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.

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

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

## C5 Trade payables

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Trade payables | **92,090** | 72,661 |
| Funding for public health services | **50,210** | 50,141 |
| Health service employee expenses payable to the Department | **9,006** | 7,444 |
| Other payables | **10,029** | 10,230 |
| **Total** | **161,335** | 140,476 |

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

# Notes to the Financial Statements

## For the year ended 30 June 2022

### C6 Interest bearing liability

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| **Current** | | |
| Interest bearing liability - PPP arrangement | 10,736 | 9,869 |
| **Total** | 10,736 | 9,869 |
| **Non-current** | | |
| Interest bearing liability - PPP arrangement | 482,762 | 493,498 |
| **Total** | 482,762 | 493,498 |
| **Total** | 493,498 | 503,367 |

Refer to Note C8 Public Private Partnerships (PPPs) for details of the PPP arrangement at SCUH to which this interest-bearing liability relates.

### C7 Contract liabilities

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| **Current** | | |
| SCUH car park revenue | 3,738 | 3,738 |
| Funding for public health services | 1,137 | 10,955 |
| Grants funding | 1,131 | 2,522 |
| Other | 713 | 207 |
| **Total** | 6,719 | 17,422 |
| **Non-current** | | |
| SCUH car park revenue | 68,695 | 72,433 |
| Grants funding | 2,689 | - |
| Other | 1,878 | 2,525 |
| **Total** | 73,262 | 74,958 |
| **Total** | 79,981 | 92,380 |

**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 C8 Public Private Partnerships (PPPs) for details of the arrangement. The associated revenue will be unwound over the 25-year term of the agreement.

### C8 Public Private Partnerships (PPPs)

SCHHS has contractual arrangements for the construction and operation of public infrastructure facilities. These arrangements are located on land recognised as assets of SCHHS. The contractual arrangements that were operating during 2022 and 2021 are as follows:

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

SCHHS does not have any current agreements which are service concession arrangements within the scope of AASB 1059 *Service Concession Arrangements: Grantors*.

# Notes to the Financial Statements

## For the year ended 30 June 2022

## C8 Public Private Partnerships (PPPs) (continued)

### C8.1 Other Public Private Partnerships outside AASB 1059

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

| | **2022 $'000** | 2021 $'000 |
|---|---|---|
| **Assets** | | |
| Land and Buildings | | |
| SCUH | **1,197,960** | 1,274,528 |
| SCUH Car Parks | **132,128** | 127,505 |
| Noosa Hospital | **34,203** | 33,626 |
| | **1,364,291** | 1,435,659 |
| **Liabilities** | | |
| Trade payables | | |
| Noosa Hospital accruals for service provision | **5,212** | 2,100 |
| Interest bearing liability | | |
| PPP arrangement for SCUH | **493,498** | 503,367 |
| Contract liabilities | | |
| Deferred SCUH car park revenue | **72,433** | 76,171 |
| | **571,143** | 581,638 |

**Sunshine Coast University Hospital (SCUH) (Year 6 of 25)**

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

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

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

Service payments are recognised as supplies and services expenses each period when incurred, and interest payments recognised each period when incurred. The amounts are disclosed in Note C8.2 Operating statement impact below. The licence to occupy SCUH incorporates the commitment of EH to occupy and operate, or sublease, dedicated commercial areas to provide defined retail services at SCUH.

SCHHS is entitled to receive a minimum entitlement which is disclosed in Note C8.2 Operating statement impact. This is considered to be an operating lease and is included in the disclosed balance of lessor revenue commitments at Note D4 Commitments.

**SCUH car parks (Year 6 of 25)**

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

This arrangement is not a service concession arrangement under AASB 1059 because the services provided by EH are not assessed as contributing significantly to the public services provided by SCUH. As part of the PPP, SCHHS may be contractually obligated to make a revenue payment if a number of independent contractual tests are met. One such test relates to ensuring SCHHS employs a minimum number of staff physically based at SCUH from 1 July 2017 onwards. As at 30 June 2022 SCHHS has exceeded the minimum staff threshold.

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

# Notes to the Financial Statements

## For the year ended 30 June 2022

## C8 Public Private Partnerships (PPPs) (continued)

### C8.1 Other Public Private Partnerships outside AASB 1059 (continued)

**SCUH car parks (Year 6 of 25) (continued)**

SCHHS has deferred revenue from the carpark licence to operate the carpark granted to EH. Refer to Note C7 Contract liabilities. The revenue will be unwound over the 25-year term of the agreement. This is considered to be an operating lease and future revenue to be recognised from the agreement is included in Lessor revenue commitments disclosed in Note D4 Commitments.

**Noosa Hospital (Year 2 of 10)**

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

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

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

### C8.2 Operating statement impact

| 2021-22 | Note | SCUH $'000 | SCUH car parks $'000 | Noosa Hospital $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Rental income | | 24 | 3,738 | 3,248 | 7,010 |
| **Expenses** | | | | | |
| Supplies and services | B2.2 | (28,086) | - | (21,948) | (50,034) |
| Depreciation | C3 | (94,433) | (3,160) | (4,499) | (102,092) |
| Interest expense | | (21,574) | - | - | (21,574) |
| **Net impact on operating result** | | (144,069) | 578 | (23,199) | (166,690) |
| 2020-21 | | | | | |
| **Revenue** | | | | | |
| Rental income | | 2 | 3,738 | 3,095 | 6,835 |
| **Expenses** | | | | | |
| Supplies and services | B2.2 | (25,143) | - | (22,054) | (47,197) |
| Depreciation | | (81,920) | (3,871) | (6,713) | (92,504) |
| Interest expense | | (21,739) | - | - | (21,739) |
| **Net impact on operating result** | | (128,800) | (133) | (25,672) | (154,605) |

# Notes to the Financial Statements

## For the year ended 30 June 2022

## C8 Public Private Partnerships (PPPs) (continued)

### C8.3 Estimated future cash flows

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

| As at June 30 2022 | SCUH $'000 | Noosa Hospital $'000 | Total $'000 |
|---|---|---|---|
| **Cash inflows** | | | |
| No later than 1 year | **10,806** | **3,248** | **14,054** |
| Later than 1 year but not later than 5 years | **39,718** | **12,992** | **52,710** |
| Later than 5 years but not later than 10 years | **39,268** | **9,744** | **49,012** |
| Later than 10 years | **27,663** | **-** | **27,663** |
| | **117,455** | **25,984** | **143,439** |
| **Cash outflows** | | | |
| No later than 1 year | **(77,069)** | **(22,600)** | **(99,669)** |
| Later than 1 year but not later than 5 years | **(339,363)** | **(90,400)** | **(429,763)** |
| Later than 5 years but not later than 10 years | **(455,799)** | **(67,800)** | **(523,599)** |
| Later than 10 years | **(953,413)** | **-** | **(953,413)** |
| | **(1,825,644)** | **(180,800)** | **(2,006,444)** |
| **As at June 30 2021** | | | |
| **Cash inflows** | | | |
| No later than 1 year | 19,056 | 3,095 | 22,151 |
| Later than 1 year but not later than 5 years | 70,324 | 12,380 | 82,704 |
| Later than 5 years but not later than 10 years | 71,400 | 12,380 | 83,780 |
| Later than 10 years | 58,771 | - | 58,771 |
| | 219,551 | 27,855 | 247,406 |
| **Cash outflows** | | | |
| No later than 1 year | (74,701) | (22,600) | (97,301) |
| Later than 1 year but not later than 5 years | (318,366) | (90,400) | (408,766) |
| Later than 5 years but not later than 10 years | (334,676) | (90,400) | (425,076) |
| Later than 10 years | (1,063,348) | - | (1,063,348) |
| | (1,791,091) | (203,400) | (1,994,491) |

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

**Correction of error in calculating estimated future cash flows as at 30 June 2021**

In preparing the financial statements for the year ended 30 June 2022, a computational error was discovered in calculating the estimated future cash flows for the SCHHS public private partnerships for the year ended 30 June 2021. The corrected balances show an increase in Estimated cash inflows of $219.551m compared to those balances disclosed in the audited 2020-21 financial statements of Estimated cash inflows of $295.426m.

## 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 Minister for Health and Ambulance Services has approved a withdrawal of equity by the State for the same amount, resulting in non-cash revenue and non-cash equity withdrawal.

# Notes to the Financial Statements

## For the year ended 30 June 2022

## C9 Equity (continued)

### 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 2020 | 18,618 | 302,004 | 320,622 |
| Revaluation increase for the year | 5,076 | 25,404 | 30,480 |
| **Balance at 30 June 2021** | 23,694 | 327,408 | 351,102 |
| Revaluation increase for the year | 1,740 | 179,685 | 181,425 |
| **Balance at 30 June 2022** | **25,434** | **507,093** | **532,527** |

# Notes to the Financial Statements

## For the year ended 30 June 2022

## 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 2022 is 4.6% (2021: 2.8%). No interest has been capitalised during the current period.

# Notes to the Financial Statements

## For the year ended 30 June 2022

## D2 Financial instruments (continued)

*Categorisation of financial instruments*

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

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | **39,542** | 42,176 |
| Trade and other receivables | **36,011** | 39,572 |
| **Total** | **75,553** | 81,748 |
| **Financial liabilities** | | |
| Trade payables | **161,335** | 140,476 |
| Interest bearing liability | **493,498** | 503,367 |
| **Total** | **654,833** | 643,843 |

**Financial risk management**

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

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

*Credit risk*

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

*Liquidity risk*

Liquidity risk refers to the situation when SCHHS may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets. Liquidity risk is measured through monitoring of cash flows by active management of accrual accounts. An approved debt facility of $16 million under Whole-of-Government banking arrangements to manage any short-term cash shortfalls has been established. $nil funds had been withdrawn against this debt facility as at 30 June 2022 (2021: $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 2022 SCHHS has 6 litigation cases filed in the courts (2021: 4 cases).

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

All SCHHS indemnified claims are managed by QGIF. As at 30 June 2022, there were 35 (27 at 30 June 2021) 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.

# Notes to the Financial Statements

## For the year ended 30 June 2022

## D4 Commitments

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

| | 2022<br>$'000 | 2021<br>$'000 |
|---|---|---|
| *Capital expenditure commitments* | | |
| Committed at reporting date but not recognised as liabilities, payable: | | |
| within one year | **47,189** | 14,858 |
| one year to five years | **11,996** | 50,451 |
| **Total** | **59,185** | 65,309 |
| | | |
| *Lessor revenue commitments* | | |
| Committed at reporting date but not recognised as assets, receivable: | | |
| within one year | **7,804** | 7,735 |
| one to two years | **7,805** | 7,731 |
| two to three years | **7,805** | 7,732 |
| three to four years | **7,806** | 7,733 |
| four to five years | **7,793** | 7,733 |
| more than five years | **76,829** | 83,492 |
| **Total** | **115,842** | 122,156 |

*Lessor revenue commitments*

SCHHS is the beneficiary of rental income arising from the lease of space and commercial car parks to a third party. The retail space lease receipts are comprised of fixed components which include inflation and turnover clauses. The revenue from the commercial car parks will be unwound over the 25-year term of the agreement. Refer to Note C7 Contract liabilities.

## D5 Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the operations of SCHHS, the results of those operations, or the state of affairs of SCHHS in future financial years.

# Notes to the Financial Statements

**For the year ended 30 June 2022**

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

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

| | Variance Notes | Budget 2022 $'000 | Actual 2022 $'000 | Variance 2022 $'000 | Variance % |
|---|---|---|---|---|---|
| **Income** | | | | | |
| Funding for public health services | E1.1 | 1,220,778 | 1,305,378 | 84,600 | 7% |
| User charges and fees | E1.2 | 90,595 | 99,458 | 8,863 | 10% |
| Grants and other contributions | E1.3 | 22,065 | 29,790 | 7,725 | 35% |
| Other revenue | E1.4 | 14,630 | 16,565 | 1,935 | 13% |
| **Total revenue** | | 1,348,068 | 1,451,191 | 103,123 | 8% |
| Gains on disposal of assets | | 15 | 187 | 172 | 1147% |
| **Total income from continuing operations** | | 1,348,083 | 1,451,378 | 103,295 | 8% |
| **Expenses** | | | | | |
| Employee expenses | E1.5 | (142,531) | (151,762) | (9,231) | 6% |
| Health service employee expenses | E1.6 | (730,959) | (786,444) | (55,485) | 8% |
| Supplies and services | E1.7 | (306,227) | (340,528) | (34,301) | 11% |
| Grants and subsidies | | (236) | (475) | (239) | 101% |
| Depreciation and amortisation | E1.8 | (126,478) | (141,774) | (15,296) | 12% |
| Impairment losses | | (493) | (2,662) | (2,169) | 440% |
| Interest expense | E1.9 | (40,423) | (21,602) | 18,821 | (47%) |
| Other expenses | | (15,937) | (17,855) | (1,918) | 12% |
| **Total expenses** | | (1,363,284) | (1,463,102) | (99,818) | 7% |
| **Operating result for the year** | | (15,201) | (11,724) | 3,477 | (23%) |
| **Other comprehensive income** | | | | | |
| *Items that will not be reclassified subsequently to operating result* | | | | | |
| Increase in the asset revaluation surplus | E1.10 | 63,633 | 181,425 | 117,792 | 185% |
| **Other comprehensive income for the year** | | 63,633 | 181,425 | 117,792 | 185% |
| | | **48,432** | **169,701** | **121,269** | **250%** |

To be consistent with the Financial Statements, original budgeted figures are reclassified at the line-item level where necessary.

# Notes to the Financial Statements

## For the year ended 30 June 2022

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

| | Variance Notes | Budget 2022 $'000 | Actual 2022 $'000 | Variance 2022 $'000 | Variance % |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | E2.1 | (16,899) | 39,542 | 56,441 | (334%) |
| Trade and other receivables | E2.2 | 24,336 | 36,011 | 11,675 | 48% |
| Inventories | | 6,207 | 6,392 | 185 | 3% |
| Other current assets | | 3,631 | 3,732 | 101 | 3% |
| **Total current assets** | | 17,275 | 85,677 | 68,402 | 396% |
| **Non-current assets** | | | | | |
| Property, plant and equipment | | 1,922,104 | 1,975,956 | 53,852 | 3% |
| Right-of-use assets | | 710 | 1,048 | 338 | 48% |
| Intangibles | | 1,338 | 1,657 | 319 | 24% |
| **Total non-current assets** | | 1,924,152 | 1,978,661 | 54,509 | 3% |
| **Total assets** | | 1,941,427 | 2,064,338 | 122,911 | 6% |
| **Liabilities** | | | | | |
| **Current liabilities** | | | | | |
| Trade payables | E2.3 | 87,586 | 161,335 | 73,749 | 84% |
| Lease liabilities | | 49 | 395 | 346 | 706% |
| Interest bearing liability | | 10,737 | 10,736 | (1) | (0%) |
| Accrued employee benefits | E2.4 | 7,560 | 2,538 | (5,022) | (66%) |
| Contract liabilities | | 7,256 | 6,719 | (537) | (7%) |
| **Total current liabilities** | | 113,188 | 181,723 | 68,535 | 61% |
| **Non-current liabilities** | | | | | |
| Interest bearing liability | | 482,761 | 482,762 | 1 | 0% |
| Contract liabilities | | 71,626 | 73,262 | 1,636 | 2% |
| Lease liabilities | | 9 | 782 | 773 | 8589% |
| **Total non-current liabilities** | | 554,396 | 556,806 | 2,410 | 0% |
| **Total liabilities** | | 667,584 | 738,529 | 70,945 | 11% |
| **Net assets** | | **1,273,843** | **1,325,809** | **51,966** | **4%** |
| **Equity** | | | | | |
| Contributed equity | | 874,852 | 836,818 | (38,034) | (4%) |
| Asset revaluation surplus | E1.10 | 445,921 | 532,527 | 86,606 | 19% |
| Accumulated deficit | | (46,930) | (43,536) | 3,394 | (7%) |
| **Total equity** | | **1,273,843** | **1,325,809** | **51,966** | **4%** |

# Notes to the Financial Statements

## For the year ended 30 June 2022

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

| | Variance Notes | Budget 2022 $'000 | Actual 2022 $'000 | Variance 2022 $'000 | Variance % |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Funding for public health services | E1.1 | 1,094,300 | 1,157,125 | 62,825 | 6% |
| User charges and fees | E1.2 | 88,724 | 93,243 | 4,519 | 5% |
| Grants and other contributions | E1.3 | 11,693 | 18,263 | 6,570 | 56% |
| Interest received | | 106 | 69 | (37) | (35%) |
| GST collected from customers | | 6,414 | 6,538 | 124 | 2% |
| GST input tax credits | | 28,691 | 28,130 | (561) | (2%) |
| Other revenue | E1.4 | 13,014 | 15,023 | 2,009 | 15% |
| Employee and Health service employee expenses | E1.5, E1.6 | (872,876) | (935,981) | (63,105) | 7% |
| Supplies and services | E1.7 | (292,825) | (311,171) | (18,346) | 6% |
| Grants and subsidies | | (231) | (475) | (244) | 106% |
| GST paid to suppliers | | (28,691) | (27,310) | 1,381 | (5%) |
| GST remitted | | (6,413) | (6,569) | (156) | 2% |
| Interest expense | E1.8 | (40,624) | (21,803) | 18,821 | (46%) |
| Other expenses | | (17,555) | (17,687) | (132) | 1% |
| Net cash from/(used by) operating activities | | (16,273) | (2,605) | 13,668 | (84%) |
| **Cash flows from investing activities** | | | | | |
| Proceeds from disposal of property, plant and equipment | | - | 187 | 187 | 0% |
| Payments for property, plant and equipment | E3.1 | (101) | (48,399) | (48,298) | 47820% |
| Payments for intangibles | | (1,264) | - | 1,264 | (100%) |
| Net cash / (used by) investing activities | | (1,365) | (48,212) | (46,847) | 3432% |
| **Cash flows from financing activities** | | | | | |
| Proceeds from equity injections | E3.1 | 9,166 | 58,381 | 49,215 | 537% |
| Borrowing redemptions | | (9,868) | (9,869) | (1) | 0% |
| Principal payments of lease liabilities | | (249) | (329) | (80) | 32% |
| Net cash from / (used by) financing activities | | (951) | 48,183 | 49,134 | (5167%) |
| Net (decrease) in cash held | | (18,589) | (2,634) | 15,955 | (86%) |
| Cash and cash equivalents at the beginning of the financial year | | 1,690 | 42,176 | 40,486 | 2396% |
| | | **(16,899)** | **39,542** | **56,441** | **(334%)** |

# Notes to the Financial Statements

## For the year ended 30 June 2022

## E4 Explanations of material variances

### E1.1 Funding for public health services

The increase in funding for public health services is predominantly due to the response to the COVID-19 pandemic ($57.8m) and the Care4Qld strategy aimed at responding to the increase in demand for hospital services ($20.6m).

### E1.2 User charges and fees

The increase in user charges is predominantly due to revenue received for purchases of pharmaceuticals subsidised by the Commonwealth Government under the PBS.

### E1.3 Grants and other contributions

The increase in grants and other contributions is predominantly due to recoveries of non-capital expenditure from the Department for costs associated with projects including the Nambour General Hospital (NGH) redevelopment and expansion of services at SCUH ($7.6m).

### E1.4 Other revenue

The increase in other revenue is predominantly due to favourable movements in inventory price differences ($1.4m) and additional funding for specialists and Technical and Further Education (TAFE) student placements ($0.5m).

### E1.5 Employee expenses

The increase in employee expenses is predominantly due to higher costs of senior doctors and additional senior doctors to meet service delivery, including in relation to COVID-19 services.

### E1.6 Health service employee expenses

The increase in Health service employee expenses is predominantly due to the response to the COVID-19 pandemic ($35.6m) and the Care4Qld strategy aimed at responding to the increase in demand for hospital services.

### E1.7 Supplies and services

The increase in supplies and services is predominantly due to the response to the COVID-19 pandemic, higher costs of service delivery and various additional funded project initiatives. Additional expenditure was incurred on clinical and other supplies ($11.4m), pathology services ($6.6m), building services costs ($6.5m), contracted nursing and medical staff services ($4.8m), information and communications technology (ICT) and telecommunication charges ($2.0m), and additional expenditure on pharmaceuticals of which the majority was subsidised by the Commonwealth Government under the PBS ($8.8m). These were offset by lower costs for outsourced scopes, orthopaedics and urology services ($-6.3m).

### E1.8 Depreciation and amortisation

The increase in depreciation and amortisation is predominantly due to changes to the useful lives and componentisation of SCUH assets during 2021-22.

### E1.9 Interest expense

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

### E1.10 Increase in the asset revaluation surplus

The increase is predominantly due to overestimated revaluation increments in the budget for land ($1.7m) and underestimated revaluation increments in the budget for buildings ($119.4m) across the SCHHS. At the time the budget was set revaluation movements could not be reliably determined.

### E2.1 Cash and cash equivalents

The increase is predominantly due to the timing of the settlement of operating liabilities.

### E2.2 Trade and other receivables

The increase is due to higher inpatient fees receivable at year end ($2.3m), and receivables from the Department at 30 June 2022 to fund COVID-19 services ($5.3), non-capital expenditure associated with projects including ICT assets at SCUH ($3.5m), and enterprise bargaining ($0.5m).

# Notes to the Financial Statements

## For the year ended 30 June 2022

## E4 Explanations of material variances (continued)

### E2.3 Trade payables

The increase is due to the return of funding to the Department for the NGH redevelopment ($19.8m), for favourable movements in the floating interest rate on the financial liability used to purchase assets at SCUH ($18.8m), for enterprise bargaining ($3.2m), for capital expenditure associated with ICT assets at SCUH ($2.7m), for the clawback of surgery connect funding ($2.4m), for COVID-19 vaccination funding ($0.9m) and various other projects/initiatives ($2.1m). The increase is also due to higher payables to the Department for payroll ($13.9m) and supplies/services ($10.4m).

### E2.4 Accrued employee benefits

At the time the budget was set the impact of changes to prescribed employer arrangements on the general ledger was not fully known. The payable component of the employee expenses liability budget ($5.4m) was allocated to Accrued employee benefits.

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

Payments for Property, plant and equipment are reimbursed in arrears under equity injections from the Department. A budget for this was not set by SCHHS at the time. Payments for Property, plant and equipment were made for the NGH refurbishment ($23.7m), for other capital works including at SCUH ($16.2m), and for minor equipment including under the Health Technology Equipment Replacement (HTER) program ($8.4m).

# Notes to the Financial Statements

## For the year ended 30 June 2022

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

### F1 Agency and patient fiduciary transactions and balances

**(a) Granted private practice**

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

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

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

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

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| **Granted Private Practice Revenues and Expenses** | | |
| ***Revenue*** | | |
| Billing revenue - assigned arrangement | 8,821 | 9,946 |
| Billing revenue - retention arrangement | 9,907 | 16,505 |
| Interest revenue | 7 | 11 |
| ***Expenses*** | | |
| Payments to SCHHS relating to the assignment arrangement and interest | (8,828) | (9,964) |
| Payments to retention doctors | (2,537) | (4,122) |
| Payments to SCHHS for recoverable costs relating to the retention arrangement | (5,695) | (9,439) |
| Payments to SCHHS's Study, education and research trust account fund | (1,675) | (2,937) |
| | - | - |
| **Closing balance of bank account not yet disbursed** | 2,371 | 2,671 |

**(b) Patient fiduciary**

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

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| **Patient Trust receipts and payments** | | |
| Opening balance | 121 | 70 |
| Amounts receipted on behalf of patients | 1,163 | 749 |
| Amounts paid to or on behalf of patients | (1,193) | (698) |
| Closing balance | 91 | 121 |

# Notes to the Financial Statements

## For the year ended 30 June 2022

## 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 2022.

**(a) Minister for Health and Ambulance Services**

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

**(b) Remuneration expense**

*Key management personnel remuneration – Minister*

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

*Key management personnel remuneration – Board*

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

*Key management personnel remuneration – Executive*

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

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

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

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

## Notes to the Financial Statements

**For the year ended 30 June 2022**

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

**(c) Board**

| Position Title<br>Position Holder | Short term monetary benefits 2022 $'000 | Short term monetary benefits 2021 $'000 | Post-employment benefits 2022 $'000 | Post-employment benefits 2021 $'000 | Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|---|---|---|---|
| **Board Chair** | | | | | | |
| Provide strategic leadership and guidance and effective oversight of management, operations and financial performance. | | | | | | |
| Ms Sabrina Walsh (Board member from 18/05/2020, appointed Chair 11/06/2021) | **90** | 50 | **9** | 5 | **99** | 55 |
| Dr Lorraine Ferguson AM (from 18/05/2016 to 17/05/2021) | **-** | 81 | **-** | 7 | **-** | 88 |
| Contract classification and appointment authority: Board Chair *Hospital and Health Boards Act 2011* Section 25(1)(a) | | | | | | |
| **Board Member** | | | | | | |
| Provide strategic guidance and effective oversight of management, operations and financial performance. | | | | | | |
| Mr Brian Anker (Board member from 18/05/2013 and 01/04/2022, Deputy Board Chair from 22/10/2021 to 31/03/2022) * | **50** | 51 | **5** | 5 | **56** | 56 |
| Emeritus Professor Birgit Lohmann (from 18/05/2019) | **51** | 47 | **5** | 5 | **56** | 52 |
| Ms Debra Blumel (from 18/05/2019) | **52** | 47 | **5** | 5 | **57** | 52 |
| Mr Bruce Cowley (from 18/05/2021) | **49** | 5 | **5** | 1 | **54** | 6 |
| Mr Rodney Cameron (from 11/06/2021) | **54** | - | **5** | - | **60** | - |
| Mr Terrance Bell (from 18/05/2020) | **48** | 48 | **5** | 5 | **52** | 53 |
| Dr Abbe Anderson (from 01/04/2022) | **11** | - | **1** | - | **12** | - |
| Dr David Rowlands (from 01/04/2022) | **12** | - | **1** | - | **13** | - |
| Ms Anita Phillips (from 18/05/2017 to 31/03/2022) | **36** | 47 | **3** | 5 | **39** | 52 |
| Dr Edward Weaver (from 18/05/2020 to 31/03/2022) | **37** | 51 | **4** | 5 | **41** | 56 |
| Mr Peter Sullivan (Board member from 06/09/2012, Deputy Board Chair from 04/10/2019 to 17/05/2021) | **-** | 48 | **-** | 5 | **-** | 53 |
| Professor Julie-Anne Tarr (from 18/05/2016 to 17/05/2021) | **-** | 43 | **-** | 4 | **-** | 47 |
| Contract classification and appointment authority: *Board Member Hospital and Health Boards Act 2011* Section 23(1) | | | | | | |
| **Total** | **490** | 518 | **48** | 52 | **538** | 570 |

* No Deputy Board Chair is currently appointed.

During the year, there were nil reimbursements to Board members for out-of-pocket expenses (2021: nil).

## Notes to the Financial Statements

### For the year ended 30 June 2022

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

(d) Executive

| Position Title<br>Position Holder | Short term benefits: Monetary 2022 | Short term benefits: Monetary 2021 | Short term benefits: Non-monetary 2022 | Short term benefits: Non-monetary 2021 | Post-employment benefits 2022 | Post-employment benefits 2021 | Long term benefits 2022 | Long term benefits 2021 | Termination benefits 2022 | Termination benefits 2021 | Total 2022 | Total 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **$'000** | $'000 | **$'000** | $'000 | **$'000** | $'000 | **$'000** | $'000 | **$'000** | $'000 | **$'000** | $'000 |
| **Chief Executive**<br>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. | | | | | | | | | | | | |
| Dr Peter Gillies (from 04/10/2021) | **421** | - | **13** | - | **38** | - | **10** | - | **-** | - | **482** | - |
| Dr Mark Waters (Interim from 07/06/2021 to 08/10/2021) | **132** | 69 | **-** | - | **13** | 4 | **3** | 1 | **-** | - | **148** | 74 |
| Adjunct Professor Naomi Dwyer (from 11/12/2017 to 02/07/2021, on annual leave from 07/06/2021) | **(31)** | 413 | **2** | 6 | **(5)** | 35 | **(1)** | 9 | **267** | - | **232** | 463 |
| *Hospital and Health Boards Act 2011 Section 33* | | | | | | | | | | | | |
| **Chief Operating Officer**<br>Provide strategic leadership and assume accountability for the day to day delivery of operational excellence in clinical and clinical support services of SCHHS. | | | | | | | | | | | | |
| Joanne Shaw (from 06/12/2021) | **162** | - | **-** | - | **15** | - | **3** | - | **-** | - | **180** | - |
| Lisa Newport (Interim from 06/08/2021 to 31/12/2021) | **101** | - | **-** | - | **8** | - | **2** | - | **-** | - | **111** | - |
| Karlyn Chettleburgh (from 06/08/2018 to 05/08/2021) | **14** | 217 | **-** | - | **-** | 21 | **-** | 5 | **8** | - | **22** | 243 |
| HES3-2 *Hospital and Health Boards Act 2011* Section 74 | | | | | | | | | | | | |
| **Chief Finance Officer**<br>Provide strategic leadership, financial advice and governance in all aspects of finance management. | | | | | | | | | | | | |
| Karen Dean (Interim from 10/01/2022, appointed 14/06/2022) | **117** | - | **-** | - | **9** | - | **3** | - | **-** | - | **129** | - |
| Andrew McDonald (Interim from 27/08/2020 to 09/01/2022) | **111** | 192 | **-** | - | **9** | 14 | **2** | 4 | **-** | - | **122** | 210 |
| Loretta Seamer (from 10/02/2020 to 26/08/2020) | **-** | 39 | **-** | - | **-** | 3 | **-** | 1 | **-** | - | **-** | 43 |
| HES3-1 *Hospital and Health Boards Act 2011* Section 74 | | | | | | | | | | | | |
| **Chief Information and Infrastructure Officer ***<br>Provide strategic leadership and operational control of the information technology and infrastructure function. | | | | | | | | | | | | |
| Andrew Leggate (Interim from 11/10/2021 to 11/04/2022) | **120** | - | **-** | - | **9** | - | **3** | - | **-** | - | **132** | - |
| Angela Bardini (Interim from 15/07/2019 to 09/10/2021) | **53** | 169 | **-** | - | **4** | 14 | **1** | 4 | **54** | - | **112** | 187 |
| HES2-1 *Hospital and Health Boards Act 2011* Section 74 | | | | | | | | | | | | |

## Notes to the Financial Statements

**For the year ended 30 June 2022**

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

**(d) Executive (continued)**

| Position Title<br>Position Holder | Short term benefits | | | | Post-employment benefits | | Long term benefits | | Termination benefits | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Monetary | | Non-monetary | | | | | | | | | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Senior Director Capital Assets and Infrastructure *** | | | | | | | | | | | | |
| Provide strategic leadership in the development and delivery of facilities and property management. | | | | | | | | | | | | |
| Andrew Leggate (from 12/04/2022) | 31 | - | - | - | 5 | - | 1 | - | - | - | 37 | - |
| HES2-1 *Hospital and Health Boards Act 2011* Section 74 | | | | | | | | | | | | |
| **Executive Director People and Culture** | | | | | | | | | | | | |
| Provide strategic leadership, development and implementation of the People and Culture framework. | | | | | | | | | | | | |
| Silven Simmons (Interim from 10/01/2022, appointed 01/07/2022) | 110 | - | - | - | 11 | - | 3 | - | - | - | 124 | - |
| Colin Anderson (from 25/03/2020 to 31/12/2021) | 105 | 206 | - | - | 10 | 20 | 2 | 4 | - | - | 117 | 230 |
| HES2-5 *Hospital and Health Boards Act 2011* Section 74 | - | - | - | - | - | - | - | - | - | - | | |
| **Executive Director Medical Services (previously Executive Director Clinical Governance Education and Research) **** | | | | | | | | | | | | |
| Provide professional leadership for all medical practitioners and oversight of the patient safety agenda, credentialing, education and research. | | | | | | | | | | | | |
| Dr Marlene Pearce (from 07/03/2022) | 114 | - | - | - | 9 | - | 3 | - | - | - | 126 | - |
| Dr Susan Nightingale (from 04/02/2021 to 13/02/2022) | 296 | 191 | - | - | 24 | 15 | 7 | 4 | - | - | 327 | 210 |
| MMOI2 *Hospital and Health Boards Act 2011* Section 74 | | | | | | | | | | | | |
| **Senior Director Digital Health and Technology *** | | | | | | | | | | | | |
| Provide leadership and direction to define the use of ICT and Telecommunications across the SCHHS. | | | | | | | | | | | | |
| Jake Penrose (from 12/04/2022) | 38 | - | - | - | 4 | - | 1 | - | - | - | 43 | - |
| *Hospital and Health Boards Act 2011* Section 74 | | | | | | | | | | | | |

* During the 2022 year the position of Chief Information and Infrastructure Officer was abolished, and two new positions were created, namely Senior Director, Capital Assets and Infrastructure and Senior Director Digital Health and Technology.

** During the year 2022 year the position of Executive Director Clinical Governance, Education and Research was changed to Executive Director. Medical Services.

## Notes to the Financial Statements

### For the year ended 30 June 2022

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

**(d) Executive (continued)**

| Position Title / Position Holder | Short term benefits: Monetary 2022 | Short term benefits: Monetary 2021 | Short term benefits: Non-monetary 2022 | Short term benefits: Non-monetary 2021 | Post-employment benefits 2022 | Post-employment benefits 2021 | Long term benefits 2022 | Long term benefits 2021 | Termination benefits 2022 | Termination benefits 2021 | Total 2022 | Total 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Executive Director Nursing and Midwifery Services** | | | | | | | | | | | | |
| Provide leadership, strategic direction, clinical governance and professional support for nursing and midwifery services including credentialing, education and research. | | | | | | | | | | | | |
| Suzanne Metcalf (from 13/02/2017) | 263 | 274 | - | - | 25 | 28 | 6 | 6 | - | - | 294 | 308 |
| Lisa Newport (Acting from 01/01/2022) | 106 | - | - | - | 9 | - | 3 | - | - | - | 118 | - |
| NRG13-2 Queensland Health Nurses and Midwives Award - State 2015 | | | | | | | | | | | | |
| **Executive Director Allied Health** | | | | | | | | | | | | |
| Provide professional leadership for all allied health practitioners, including professional governance, credentialing, education and research. | | | | | | | | | | | | |
| Dr Gemma Turato (from 01/09/2017) | 212 | 188 | - | - | 23 | 20 | 5 | 3 | - | - | 240 | 211 |
| HP8.1. Health Practitioners and Dental Officers (Queensland Health) Award – State 2015 | | | | | | | | | | | | |
| **Executive Director Legal and Governance (previously Executive Director Legal, Commercial and Governance) ***** | | | | | | | | | | | | |
| Provide leadership and strategic direction across legal, commercial and governance functions. | | | | | | | | | | | | |
| Julian Tommei (from 31/01/2022) | 92 | - | - | - | 8 | - | 2 | - | - | - | 102 | - |
| Kristy Frost (Interim from 08/03/2021 to 31/01/2022) | 100 | 62 | - | - | 9 | 6 | 2 | 1 | - | - | 111 | 69 |
| Rebecca Freath (from 07/05/2020 to 28/03/2021) | - | 129 | - | - | - | 13 | - | 3 | - | - | - | 145 |
| HES2-1 *Hospital and Health Boards Act 2011* Section 74 | | | | | | | | | | | | |
| **Service Director Aboriginal and Torres Strait Islander Health (new to executive leadership team from 2021-22)** | | | | | | | | | | | | |
| Provide leadership and strategic direction for Aboriginal and Torres Strait Islander Health, with a focus on community partnerships. | | | | | | | | | | | | |
| Sharon Barry (from 10/01/2022) | 74 | - | - | - | 9 | - | 2 | - | - | - | 85 | - |
| HES2-1 *Hospital and Health Boards Act 2011* Section 74 | | | | | | | | | | | | |
| **Total** | 2,741 | 2,149 | 15 | 6 | 246 | 193 | 63 | 45 | 329 | - | 3,394 | 2,393 |

*** During the 2022 year the position of Executive Director Legal, Commercial and Governance was retitled to Executive Director Legal and Governance.

# Notes to the Financial Statements

## For the year ended 30 June 2022

## G2 Related party transactions

Related parties of SCHHS include:

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

**Transactions with Queensland Government controlled entities**

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

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

| Entity | Note | Revenue $'000 | Expenses $'000 | Assets $'000 | Liabilities $'000 |
|---|---|---|---|---|---|
| | | For the year ending 30 June 2022 | | As at 30 June 2022 | |
| Department of Health | (a) | 1,323,888 | 908,471 | 10,119 | 118,620 |
| Queensland Treasury Corporation | (b) | 59 | 15 | 10,486 | - |
| Workcover Queensland | (c) | 992 | 7,585 | - | - |
| | | For the year ending 30 June 2021 | | As at 30 June 2021 | |
| Department of Health | (a) | 1,234,088 | 849,685 | 15,054 | 63,036 |
| Queensland Treasury Corporation | (b) | 59 | 11 | 9,591 | - |
| Workcover Queensland | (c) | 1,075 | 7,974 | - | - |

*(a) Department of Health*

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

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

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

*(b) Queensland Treasury Corporation*

SCHHS holds cash investments with Queensland Treasury Corporation in relation to trust monies (refer Note F1 Agency and patient fiduciary transactions and balances (b) Patient fiduciary) and a commonwealth grant for replacement medical equipment.

*(c) WorkCover Queensland*

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

*(d) Other*

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

**Transactions with other related parties**

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

# Notes to the Financial Statements

## For the year ended 30 June 2022

## G3 Joint operations

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

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

SCHHS has a 28.9% (2021: 28.9%) interest in the SCHI. Each joint operator has rights and obligations to the assets, liabilities, revenue and expenses of the SCHI according to their interest in the joint operation. Under the JVA, the joint operators contribute to the running costs of the SCHI at set percentage allocations, which are a reflection of the relative space and resource utilisation of each joint operator under the Agreement.

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

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

| | **SCHI 2022 $'000** | **SCHHS share (28.9%) 2022 $'000** | SCHI 2021 $'000 | SCHHS share (28.9%) 2021 $'000 |
|---|---|---|---|---|
| Total income | **3,750** | **1,084** | 3,139 | 907 |
| Total expenses | **(5,304)** | **(1,533)** | (4,317) | (1,248) |
| **Total comprehensive result** | **(1,554)** | **(449)** | (1,178) | (341) |
| Current assets | **1,154** | **334** | 577 | 167 |
| Non-current assets | **13,793** | **3,986** | 15,348 | 4,436 |
| **Total assets** | **14,947** | **4,320** | 15,925 | 4,603 |
| Current liabilities | **1,118** | **323** | 577 | 167 |
| **Total liabilities** | **1,118** | **323** | 577 | 167 |
| **Net assets** | **13,829** | **3,997** | 15,348 | 4,436 |

2021 comparatives have been restated for financial transactions recognised in the accounts of SCHI but not taken up as of 30 June 2021.

## G4 Taxation

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

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

# Notes to the Financial Statements

## For the year ended 30 June 2022

## G5 Impact of COVID-19

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, including administering the COVID-19 vaccinations.

### Revenue

As disclosed in note B1.1 Funding for public health services, both Commonwealth and State Governments continued to provide funding for in-scope COVID-19 related expenditure under the COVID-19 National Partnership Agreement. In 2021-22, total funding of $57.960m (2020-21 $33.398m) was received towards the costs of managing the COVID-19 response, including administering the COVID-19 vaccinations.

### Direct expenses

SCHHS incurred total COVID-19 related expenditure of $57.775m (2020-21 $24.725m) excluding Capital funded items. This incorporated expenditure of $40.841m in relation to the COVID-19 response, $13.339m in relation to the COVID-19 vaccination program and $3.522m in relation to Special Discretionary Leave (SDL). In addition, $0.160m was spent on capital items purchased to assist with the COVID-19 response and vaccination program. This was funded by the Department.

### Asset valuations

The impact of COVID-19 has been considered as part of the Land and buildings revaluation programmes and whilst no specific impact of COVID-19 has been factored in, labour shortages and supply chain pressures have impacted construction costs and some of this is likely attributed to COVID-19.

### Collectability of receivables

There were no assessed COVID-19 credit risk impacts on trade receivables as at 30 June 2022. SCHHS is carefully monitoring all outstanding debts and has provided short term payment relief or payment plan arrangements to debtors where required.

## G6 Climate risk

SCHHS has not identified any material climate related risks relevant to the financial report at the reporting date. SCHHS continues to monitor the emergence of such risks under the Queensland Government's Climate Transition Strategy, and Climate Action Plan 2030.

No adjustments to the carrying value of recorded assets or other adjustments to the amounts recorded in the financial statements were recognised during the financial year.

## Management Certificate

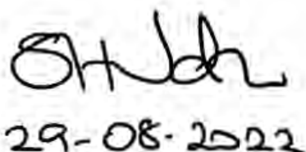
### For the year ended 30 June 2022

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 2022 and of the financial position of the Sunshine Coast Hospital and Health Service at the end of that year; and

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

| | | |
|---|---|---|
| Sabrina Walsh *Exec MPA, M.App. Psych.*<br>Board Chair<br>Sunshine Coast Hospital and Health Board | Dr Peter Gillies *FRACMA MBA MBChB GAICD*<br>Health Service Chief Executive<br>Sunshine Coast Hospital and Health Service | Karen Dean *FCPA*<br>Chief Finance Officer<br>Sunshine Coast Hospital and Health Service |
|  29-08-2022<br>Dated | <br>Dated 29.08.2022 | <br>Dated 29/8/22 |

# 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 2022, 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 2022, 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.

Queensland
Audit Office
*Better public services*

**Valuation of specialised buildings $1.75 billion**

*Refer note C3 in the financial report.*

| Key audit matter | How my audit addressed the 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.<br>Sunshine Coast Hospital and Health Service performs comprehensive revaluations of its buildings at least every 5 years under a rolling program, with desktop valuations based on appropriate indices used in intervening years. Indexation has been applied to the value of all buildings this year.<br>The current replacement cost method comprises:<br>• gross replacement cost, less<br>• accumulated depreciation.<br>Sunshine Coast Hospital and Health Service derived the gross replacement cost of its buildings at the balance date using unit prices that required significant judgements for:<br>• identifying the components of buildings with separately identifiable replacement costs<br>• developing a unit rate for each of these components, including:<br>– estimating the current cost for a modern substitute (including locality factors and on costs), expressed as a rate per unit (e.g. $/square metre)<br>– identifying whether the existing building contains obsolescence or less utility compared to the modern substitute, and if so estimating the adjustment to the unit rate required to reflect this difference.<br>Using indexation required:<br>• significant judgement in determining changes in cost and design factors for each asset type since the previous revaluation<br>• reviewing previous assumptions and judgements used in the last comprehensive revaluation to ensure ongoing validity of assumptions and judgements used.<br>The measurement of accumulated depreciation involved significant judgements for determining condition and forecasting the remaining useful lives of building components.<br>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:<br>In a previous year when a comprehensive revaluation was conducted:<br>• assessing the appropriateness of the valuation methodology and the underlying assumptions with reference to common industry practices<br>• assessing the appropriateness of the components of buildings used for measuring gross replacement cost with reference to common industry practices<br>• for unit rates, on a sample basis, evaluating the relevance, completeness and accuracy of source data used to derive the unit rate of the:<br>– modern substitute (including locality factors and oncosts)<br>– adjustment for excess quality or obsolescence.<br>In the current year when indexation was applied:<br>• assessing the competence, capability and objectivity of valuation specialists engaged to advise on suitable indices<br>• assessing the adequacy of management's review of the valuation process and result<br>• evaluating the relevance and appropriateness of the indices used for changes in cost inputs by comparing to other relevant external indices<br>• evaluating useful life estimates for reasonableness by:<br>– reviewing management's annual assessment of useful lives<br>– at an aggregated level, reviewing asset management plans for consistency between renewal budgets and the gross replacement cost of assets<br>– testing that no building asset still in use has reached or exceeded its useful life<br>– enquiring of management about their plans for assets that are nearing the end of their useful life<br>– reviewing assets with an inconsistent relationship between condition and remaining useful life.<br>• Where changes in useful lives were identified, evaluating whether the effective dates of the changes applied for depreciation expense were supported by appropriate evidence. |

**Responsibilities of the entity for the financial report**

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

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

**Auditor's responsibilities for the audit of the financial report**

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

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

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

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 2022:

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.

31 August 2022

D J Toma
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:<br>A management tool with the potential to enhance public accountability and drive technical efficiency in the delivery of health services by:<br>• capturing consistent and detailed information on hospital sector activity and accurately measuring the costs of delivery<br>• creating an explicit relationship between funds allocated and services provided<br>• strengthening management's focus on outputs, outcomes and quality<br>• 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<br>• 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:<br>• manage labour (obstetric)<br>• cure illness or provide definitive treatment of injury<br>• perform surgery<br>• relieve symptoms of illness or injury (excluding palliative care)<br>• reduce severity of an illness or injury<br>• protect against exacerbation and/or complication of an illness and/or injury that could threaten life or normal function<br>• 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.<br><br>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.<br><br>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.<br><br>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<br>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. |
| HES | Aboriginal and Torres Strait Islander Health Equity Strategy |
| HSCE | Health Service Chief Executive |
| Hospital | Healthcare facility established under Commonwealth, state or territory legislation as a hospital or a free-standing day-procedure unit and authorised to provide treatment and/or care to patients. |
| HHB | Hospital and Health Board |
| HHS | Hospital and Health Service |
| HITH | Hospital-in-the-home |
| ICT | Information Communication Technololgy |
| PHN | Primary Health Network |

# Compliance checklist

| Summary of requirement | | Basis for requirement | Annual report reference |
|---|---|---|---|
| **Letter of compliance** | • **A letter of compliance from the accountable officer or statutory body to the relevant Minister/s** | ARRs – section 7 | 3 |
| **Accessibility** | • **Table of contents**<br><br>• **Glossary** | ARRs – section 9.1 | 4<br><br>78 |
| | • **Public availability** | ARRs – section 9.2 | 2 |
| | • **Interpreter service statement** | *Queensland Government Language Services Policy*<br><br>ARRs – section 9.3 | 2 |
| | • **Copyright notice** | *Copyright Act 1968*<br><br>ARRs – section 9.4 | 2 |
| | • **Information Licensing** | *QGEA – Information Licensing*<br><br>ARRs – section 9.5 | 2 |
| **General information** | • **Introductory Information** | ARRs – section 10 | 8 |
| **Non-financial performance** | • **Government's objectives for the community and whole-of-government plans/specific initiatives** | ARRs – section 11.1 | 5 |
| | • **Agency objectives and performance indicators** | ARRs – section 11.2 | 8,25 |
| | • **Agency service areas and service standards** | ARRs – section 11.3 | 28 |
| **Financial performance** | • **Summary of financial performance** | ARRs – section 12.1 | 30 |
| **Governance – management and structure** | • **Organisational structure** | ARRs – section 13.1 | 20 |
| | • **Executive management** | ARRs – section 13.2 | 19 |
| | • **Government bodies (statutory bodies and other entities)** | ARRs – section 13.3 | 13 |
| | • **Public Sector Ethics** | *Public Sector Ethics Act 1994*<br><br>ARRs – section 13.4 | 24 |
| | • **Human Rights** | *Human Rights Act 2019*<br><br>ARRs – section 13.5 | 24 |
| | • **Queensland public service values** | ARRs – section 13.6 | 24 |

| Summary of requirement | | Basis for requirement | Annual report reference |
|---|---|---|---|
| **Governance – risk management and accountability** | • **Risk management** | ARRs – section 14.1 | 22 |
| | • **Audit committee** | ARRs – section 14.2 | 16 |
| | • **Internal audit** | ARRs – section 14.3 | 23 |
| | • **External scrutiny** | ARRs – section 14.4 | 24 |
| | • **Information systems and recordkeeping** | ARRs – section 14.5 | 24 |
| | • **Information Security attestation** | ARRs – section 14.6 | 24 |
| **Governance – human resources** | • **Strategic workforce planning and performance** | ARRs – section 15.1 | 22 |
| | • **Early retirement, redundancy and retrenchment** | Directive No.04/18 *Early Retirement, Redundancy and Retrenchment*<br><br>ARRs – section 15.2 | 22 |
| **Open Data** | • **Statement advising publication of information** | ARRs – section 16 | 2 |
| | • **Consultancies** | ARRs – section 31.1 | https://data.qld.gov.au |
| | • **Overseas travel** | ARRs – section 31.2 | https://data.qld.gov.au |
| | • **Queensland Language Services Policy** | ARRs – section 31.3 | https://data.qld.gov.au |
| **Financial statements** | • **Certification of financial statements** | FAA – section 62<br><br>FPMS – sections 38, 39 and 46<br><br>ARRs – section 17.1 | 73 |
| | • **Independent Auditor's Report** | FAA – section 62<br><br>FPMS – section 46<br><br>ARRs – section 17.2 | 74 |

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2019*

ARRs *Annual report requirements for Queensland Government agencies*